

PERCIVAL KNAUTH

1851-1900

**A MEMOIR
1951**

PERCIVAL KNAUTH

BORN at 313 West 22nd Street, New York City, on November 11, 1851. Eldest son of Franz Theodor Knauth of Leipzig in Saxony and his second wife. Fanny Elizabeth Steyer of Leipzig.

MARRIED Mary Iles Whitman, eldest daughter of Alfred and Sarah Andrews Whitman, on November 11, 1883 at the Church of the Intercession on Washington Heights in New York City.

DIED at his summer home, Waldeck, at Bolton Landing on Lake George, on July 17, 1900.

SURVIVED by his wife and five sons : Theodore Whitman Knauth, 1885; Oswald Whitman Knauth 1887. Arnold Whitman Knauth, 1890; Victor and Felix Whitman Knauth, 1895. His descendants numbered, on November 11, 1951, his five sons, their 13 children, and their 13 children (soon to be 14) with their respective spouses, ten wives and one husband; altogether 43 persons.

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Today it is just a hundred years since Percival Knauth was born, and it is therefore thoroughly appropriate for us, his descendants, to foregather in celebration of the day. This is all the more the case because for most of us, owing to his early death, he is a legendary figure. After more than half a century, there are not many left who knew him personally, and most of them are here with us today. For the rest of us, his picture, some scattered photographs and letters, or an occasional book with his name on the title page are all we have to show him as he was.

In those fifty years, the very world he lived in too has disappeared. So much has happened in the interval that even to us who knew those times they seem remote, unlinked to the world we live in now, a page that has been turned. They are done with, and have been tucked away, for what followed them was so tremendous that we of the present world can hardly realize how vast have been the changes. It is good for us, therefore, to look back on the time that went ahead of ours.

It was, above all, a time of peace. For a hundred years there were no major wars comparable to those of Napoleon and the First World War that ushered in the century and ended it. People thus were free to devote themselves to their own affairs, and they did so to the full. Never before in history were they as free to live their lives according to their lights, never was supervision by the state less onerous. People were free to think and talk, and if they did not like their life at home, they were free to move elsewhere. Even from the Russia of the Czars millions emigrated to Western Europe and to America and no one called them to account. Passports and visas were not required, and passage across the ocean cost less than a trip to Boston from New York costs us today. Each man made his own decisions and carried his own responsibility, but if he failed, there was none to succor him. Although between the nations the time was a time of peace, between the individuals who made it up it was a ruthless one. Unrestricted liberty could produce great good, but also suffering. Evils were engendered that we in our time have felt it necessary to correct.

The new spirit of unrestricted enterprise brought great results. The whole world was explored and great areas opened up to settlement. People moved of their own accord from continent to continent. New nations were organized, and old nations began to feel their rivalry. New industries were developed, all the world began to manufacture, and to trade its produce with its neighbors. Men of science, finding themselves released from ancient prejudices, proceeded to discover and invent. Communications by ship and wire united the nations into a single company, and newspapers kept everyone informed of what was going on. A commonplace to us today, these advances when they were making could not but fire a man's imagination. People began to travel as never in all history they had moved before. People came to know each other, though knowledge did not at once result in understanding. An older world, with all its jealousies and prejudice, would first have to be relegated to the past before the fruits of the new spirit could be gathered. A struggle with the past definitely underlay the great experiences of the time.

Percival Knauth and the business that he came to head were typical of the time in which he lived. As a partner in a private banking firm, his responsibilities were great, both financially and morally, and he did not take them lightly. The firm was widely known, and as his name was its name too, he represented it in his private as well as in his business life. While supervision by the State was not even thought of then, there was not even an income tax to call for an annual report, the business world itself kept watch on its own members. Their standing in the community was all the charter that they had, and if they were conscientious, they maintained their reputations with the greater care because of the informal supervision of their fellows. The capital of a firm was its own affair and disclosed to no one, but what counted in the community was the character of its partners, for on this depended its engagements. Surely private enterprise and personal responsibility were here displayed in their most attractive form, in the supervision of itself by the business world, and the term "banking fraternity" was no misnomer. It is against this background, of his business and of his times, that I will try to recall our ancestor to his descendants.

It was by accident that Percival was born in New York City, but it was a happy accident that had its influence on his later life, for when he came to America to live, he found himself a citizen at once. Unlike his brothers and many of his friends, he did not have to apply for naturalization, and in the family he was known as the one of them "who could be President". But a person's nationality was not taken quite so tragically in those days as it is in ours, for Percival's father took out his papers here and received an American passport, while at home he continued a subject of King of Saxony, and Percival himself apparently saw no reason why he should not serve in a Prussian cavalry regiment in Berlin. Many Germans, living in New York, lived here as they were limed to live at home, seeming to feel themselves exiles in a colony. This was not the case with Percival, and the accident of his birth here may well have been the reason.

The chance that made him an American by birth was a visit to this country by his parents, a honeymoon journey combined with a business trip. Theodor Knauth, his father, was a man of 48 when Percival was born, and for a dozen years had been the head of his own firm. Born in Leipzig in 1803, the Battle of the Nations, where Napoleon met his first defeat, was fought almost on the family's doorstep, and the boy may well have seen the Emperor in the flesh. His father, whose career had been unhappy, was ill with typhoid fever, and died on the day of the battle, cheered by the nearing sound of gunfire that betokened in Allied victory. After his death the family broke up, two older children remaining with their mother, while Theodor and Berthold, the two younger, were taken in charge by their father's family in nearby Naumburg. Here Theodor was apprenticed in the family business, the firm of Knauth & Brettschneider, commission merchants, and bankers on the side. When he grew up, his uncle Heinrich Huettner, a partner in the century old silk firm of Dufour Freres of Lyon, France, brought him into their branch in Leipzig, and here and in Lyon he stayed for almost twenty years. In 1829, with Louis Besson, an Englishman connected with the firm of William Leaf, Crofts & Co., in London, he went to Mexico to establish a business there, sailing from Le Havre to New York and from there to Havana and Vera Cruz. When Besson died, his young assistant was called on to liquidate the business, and then returned to Leipzig, richer in experience, and with valuable connections in London and in Paris, but otherwise frustrated.

In 1838 a young American, Samuel Appleton Storrow of Boston, came to Leipzig to look into the possibilities of doing business in German markets. German industry, after long periods of war and political disunion, was beginning to bestir itself, and in America, merchants were looking for opportunities to buy in other markets than in England. Together Knauth and Storrow visited the German fairs, and the prospects looked good to both of them. Where they found some capital, perhaps in Boston, or in Leipzig, or both, we do not know, but in 1839 the two joined hands, and founded the firm of Knauth & Storrow, which took over the local business of Dufour. They must have been successful from the start, for when Storrow died in 1842, their business was well enough established to continue. In 1842 Theodor Knauth had married Adelheid Esche in Leipzig, and he now took in her brother as his partner, changing the firm name to Knauth & Esche. Under this style, they opened an office in New York, sending over Frederick Kuehne from Leipzig to represent them there.

The partnership with Moritz Esche seems not to have been successful, and when his wife died in 1848, Theodor Knauth made further changes. Dropping Esche from the firm, Frederick Kuehne in New York and Jacob Nachod in Leipzig were taken in as partners, and on August 1, 1852, the firm name was changed for the last time. As Knauth Nachod & Kuehne of Leipzig and New York, a firm with two "houses" but a single set of partners, it took over the affairs of Knauth & Esche. The unique arrangement continued until the first World War compelled a separation. Frederick Kuehne in New York carried on for forty years, Jacob Nachod in Leipzig for thirty, and Theodor Knauth, the senior, traveling back and forth between the "houses", for over twenty, and all three of them, when they died, were succeeded by their sons. This fortunate continuity so established the character and reputation of the firm that it carried on by its own momentum long after it had ceased to be a purely family concern. It took the first World War to bring it to an end. The New York House closed down in 1923, and that in Leipzig was liquidated by the Soviet administration in 1946. The venture started by Knauth and Storrow therefore held together for 107 years.

It was the reorganization of his business that brought Theodor Knauth to New York in 1851, and he took with him his second wife. Fanny Steyer was 21 when he married her and put her in charge of the three young children the loss of his first wife had left him with. To these, after the birth of Percival, she quickly added four more of her own, so that the youngest was appropriately named Octavio. Johannes, Camilla, and Fridolin, then Percival, Selma (later Mrs. Henry Bowditch of Boston), Manuel, Antonio, and Octavio. The reason why they were given such extraordinary names we do not know, unless it was the desire of the new young wife to be a little "different". Percival was brought back to Leipzig as a little baby, and the first mention of him seems to be his appearance at a family gathering much like ours of today, a house warming in the new home his father had built in Leipzig. A poem read on that occasion tells of his crawling about the floor and tweaking people's legs. The new house and ample garden made the happiest kind of home for the growing family. Percival in due course was sent to the Nikolaischule in Leipzig, and later loved to describe the little streets through which he found the shortest way to school. He also learned to ride, and at twelve years of age he took his mother's place in a quadrille, dressed in a habit and a veil, and riding side saddle, and causing considerable mystery as to the identity of the slender little lady whom no one knew. Then he was sent to Switzerland to school, to "La Chatelaine", the Institute Thudichum in Geneva, which still exists. There he learned French, and became definitely tri-lingual. When he was eighteen, he left the family circle, and went to New York to enter into business.

Frederick Kuehne had gone far in establishing his business as a banking house. When he started in at 18 Liberty Street in 1850, Knauth & Esche were listed simply as "merchants" or "commission merchants". Knauth Nachod & Kuehne at 167 Broadway in 1852 were "importers of woollens", and of "cloths, cassimeres and vestings", but in 1857, when he was located at 164 Fulton Street, he had in addition a second firm, "Kuehne & Co., Bankers". In 1860, back on Broadway at the corner of Exchange Place, the two firms were one again, and were "bankers and importers", and Kuehne was a Consul, representing a dozen or more of the small states that made up Germany before it was united. Clearly he had found his place in the banking field, and among the 35 private banking houses listed in the 1850s, his is the only German name, unless it be that of "Auguste Belmonte", born Schoenberg, and the agent of the Rothschilds. Some of the other banking firms a hundred years ago are worth recalling, most of them on Wall Street : Brown Brothers & Co. at 59, Cammann & Co. at 56, Clarke Dodge & Co. at 51, Colgate & Co. at 72, Duncan Sherman & Co., the agents of George Peabody in London, at 48, Winslow Lanier & Co. at 52, de Coppet & Co. at 16 Exchange Place, and James G. King & Co. at 53 William Street. Knauth Nachod & Kuehne's business was tied in with the great wave of immigration that set in from Germany following the unsuccessful revolution of 1848-49, and also with the increasing industrialization of that country. To handle this it was well qualified, for the house in Leipzig was in touch with scores of banking houses in German cities. In Germany, no one city stood for the entire country, as London did in England, and Paris in France. Immigrants remitting their money home, therefore, demanded drafts on a variety of banking places, and these could be supplied through the intervention of the Leipzig House. A List of Correspondents was drawn up, and later extended to include all of Europe, and drafts could be drawn and sold to customers on scores of cities, including London and Paris. In these great banking centers, the connections established by Theodor Knauth in his younger days now bore fruit. Through William Leaf an account was opened with the Alliance Bank, later taken over by Parr's Bank, and today submerged in the great Westminster Bank. In France, through the Dufour firm, the connection was with the Credit Lyonnais, still one of the major banks in France. Then, when it was found possible to put the network of correspondents at the disposal of other banks in the United States, banks that had a foreign business waiting to be done by the immigrant population, but who lacked the elaborate machinery that it required, the final step was taken to set up the system that was from then on the special business of the firm. Knauth Nachod & Kuehne had invented the Inland Drawing System, which became a characteristic feature of American banking practice. Here, where banking was not centralized, 5,000 banks all over the United States did their foreign business through Knauth Nachod & Kuehne, - remittances and payments to Europe, collections, letters of credit for travelers, and eventually travelers' checks.

This was the business to which Percival was introduced when at 18 he started working for the firm in 1869. The following year there came an interruption, when war broke out between France and Prussia, and French warships blockaded the German coast. It did not last long, for the war was practically over in six weeks, and delivery of the mails was only briefly delayed. The firm was deeply committed to the intricate business of dealings in foreign exchange, in all the currencies of Europe, with their fluctuating rates.. Quotations came in by cable and were passed on to the customers of the firm, the National and State banks that were being organized as the West and Far West were opened up to settlement. Supplementing these there was the consular business of Mr. Kuehne, and in 1872 the firm went into the shipping business.

The Hamburg-American and the North German Lloyd were already represented by Oelrichs & Co. and by Kunhardt & Co., and to these there now was added the Eagle (Adler) Line of Hamburg, which hoped to put the struggling Hamburg-American out of business. Their agency was given to Knauth Nachod & Kuehne, and it was Percival who managed it. When in 1875 the Adler liner "Schiller" was wrecked at the Scilly Isles with heavy loss of life, it was left to him to give out the news, as fast as it came in, of the details of the catastrophe. All day Saturday and Sunday a milling crowd of relatives and friends of the hapless passengers besieged the office, and in the newspapers the firm received much favorable mention for the way it handled the situation. The competition with the Hamburg line had already been decided in favor of the latter and the "Schiller" disaster merely added a last minute complication. Instead of a vessel to deliver to the Hamburg line, the Eagle Line had insurance to collect. With the disappearance of the line, the passenger agency was turned over to the Kunhardts, probably without regret, and Knauth Nachod & Kuehne once more devoted itself to its proper business. Extra-curricular activities, it seemed, rarely came up to expectations.

In 1871, the German states united with the Kaiser at the head and the German Reich took its place as one of the major European nations. Two currencies, the Thaler in the north, and the Gulden in southern Germany, were abolished in favor of the Mark. The miscellaneous consulships held by Mr. Kuehne for the separate German states were likewise withdrawn when a new Reich consul opened his office. Theodor Knauth came over for his last visit to America, this time to see his daughter, now settled in Boston as Mrs. Bowditch, and Percival went to Berlin to serve in the 2nd Regiment of Dragoon Guards in company with Fritz Nachod, his friend and later partner. He was back in New York, however when the news came of his father's death, at the age of 71, in August, 1874. Great new responsibilities now were thrust on the young man of 23. Since his half-brother Johannes had left the family, owing to a marriage that was not approved there, and Fridolin, who was mentally afflicted, was in an institution, it was Percival who came into his father's kingdom, as a partner in the firm, and the manager of the family's affairs. The estate was kept intact as capital in the firm, provision was made for the older children, and income allotted to his mother and the sons who were still at home. The house in Leipzig was sold, and the family moved to New York. Here, in a new home on Washington Heights, the mother kept house for her four sons, Percival, Manuel, more noted as a violinist than as a businessman, Antonio at the Columbia Law School and also musically gifted, and Octavio, who entered the office. He and Percival, it may be noted, were not musical at all, while their two brothers showed talents of a high order. These two soon established a quartette, and made the home a center for music in the German colony. Percival's interest continued to be his riding, and he took a leading part in Riding Academy quadrilles and similar affairs. He also received an appointment to the Governor's staff, and at parades and reviews, in a brilliant uniform and mounted on a prancing steed, he made a dashing figure. The four Knauth brothers soon became a conspicuous feature in Washington Heights society. The community then formed a suburb with New York, connected with the city by the newly opened elevated railroad, which, powered by miniature steam locomotives, ran from 157th Street to the Battery through acres of potato fields and outcrops of Manhattan schist such as survive only in Central Park today, and on which the shanties of a squatter population perched precariously.

Percival experienced a series of happy years as the head of the reunited family. Things went well with them. His business engrossed him fully, and the first break in the association of the three founding partners was overcome as harmoniously as could be asked for. A tradition had been established that only needed to be followed, and Percival was not the man to break with it. As Mr. Kuehne represented the firm toward the outside, it fell to him to run the office as the chief cog in the working force, combining in himself all three of the elements of production, capital, management, and even labor. A partner in those days had many duties that today are delegated to specialists, - accountants, tax experts, economists, management consultants, personnel managers, publicity directors, public relations counsel, and the like, none of whom had made their appearance at that time, nor was the need for them appreciated. If new help were needed, every ship brought in a candidate for a job, and clerks were hired without further ado. At the end of the business year, a balance was struck, known as the "Sortie de Bilan", showing the net worth of the firm in the private ledger, kept in Leipzig. Each partner was allotted his share in the whole, according to an agreed percentage, and was charged with his withdrawals during the year, at the end of which he might be better off or worse, depending on how the year had gone. It was as simple as that.

What strikes one most, however, was the way that people had of blithely going about their business, never seeming to give thought to its relation to the world about them. Economics as a science was not regarded by the businessman as applicable to him. Each firm went ahead according to its own lights, and as a result there would develop situations where the prudent man found himself engulfed by the rash ventures of the speculatively inclined. One of the recurrent "panics" occurred in the 1870s, in London and in Germany as much as in New York, and was taken by business in its stride as a natural phenomenon. Knauth Nachod & Kuehne, much of whose business was for cash, and which neither demanded nor extended credits, reefed its sails and came through tile hurricane intact where other and much bigger houses had to close their doors. Its reputation as a financial "Rock of Gibraltar" was gained in just such times of storm as this. Mr. Kuehne had his outside interests, -in Republican Party politics, serving as an elector In the disputed Hayes-Tilden election, in the German-American Bank which he helped to found, and in the company that built the first overland telephone line to Boston. He even tried to interest the German Post Office in the telephone, though not successfully. None of these activities committed the firm to risky investment, as they did not bring it any profits either, and it depended wholly on its own special business, buying and selling foreign exchange. Actually, it was handling a decisive part of one of the main items of the Nation's balance sheet, namely Immigrants' Remittances, and a large share in another, Tourist Expenses. But no one knew that this was so, where no one had ever drawn up a balance sheet for the Nation, nor realized how neatly the firm balanced these outgoes by its purchases of cotton bills, which were a part of Export Trade. It all was done by instinct, not by giving economic thought. No one seemed to know, in fact, that there was a National Economy, nor how the business world supported it.

So Percival Knauth's life ran on placidly enough. In the social life of Washington Heights and in New York, a circle of friends began to form, by no means only German, but including many Americans of the old stock. When in 1883 he married, May Whitman was as much a novelty to his German friends as he was to her American circle. Wide new horizons opened to them both as they settled in their new home after an extended visit to Germany. The house in St. Nicholas Place, where I was born, and Oswald, still stands in the midst of apartment houses inhabited by a colored population, but it was then much like the rest of that pleasant neighborhood, not far south of Coogan's Bluff, and overlooking the Harlem flats. But Percival needed something better to accord with the position he was growing into. The Upper West Side, facing the Hudson and Riverside Park, was becoming the residential district of New York, with other attractions than Fifth Avenue and Madison. Here, on 76th Street, he built his own new home, as his father had on the Central Strasse in Leipzig, and like him with the family insignia of the three clover-leaves and saw to mark it as his. The family moved there in 1889, after a summer spent in Germany, and the Whitmans also moved to the same street. 302 and 232, all through the 1890s, housed the two families, one of them shrinking as the children married and moved out, the other increasing as new ones were added, - Arnold in 1890, then the little boy who did not live, and in 1895 Victor and Felix, the twins, to make up for him.

With his family established in its city home, Percival's next problem was the summer. Shandaken in the Catskills was given a trial, and then Connecticut, but Bolton Landing on Lake George was the place that best fitted all the requirements. A summer was spent in Villa Mathilde, hard by the old Mohican House. That fall a piece of land was bought, where the road and the lake came together by Artist Brook, with a high sand-bank on which to build a house, and what had been a field around it, in which a second-growth of little pine-trees stood waist-high. Here, in 1892, "Waldeck" was built by Philip Sawyer, of the later famous firm of York & Sawyer. Antonio built its neighbor "Felseck" a few years afterwards, and further forest land, the "Hinterland" was added, to form a vacation place that was ideal both for children and for grown-ups. Percival loved his wild woods the more because of his own childhood in civilized Europe, the swimming, and the rowing on the lake, and he also took up his riding again on the back roads among the hills. More even than 302, "Waldeck" became the family home, planned commodiously from the start for a big family and visitors in plenty. The family migrations in the early summer, and the return in the fall, undertaken jointly with other families, enough to fill a Wagner Palace Car on the Delaware & Hudson, with space on the Albany Night Boat, were an event. With the family away, Percival lived comfortably enough in the deserted city house, and took his holiday in August, the high spot of which was the fireworks display on Mother's Birthday, August 12th. What a day that always was !

The circle of friends that grew about the two homes in New York and on Lake George was both German and American. Heading the list of his closest friends were George Haven Putnam and Dr. John P. Peters, but only a step behind came the Schurzes and Jacobis, the Von Briesens, and the Knoblauchs. Mr. Knoblauch, before his early death, represented the Deutsche Bank, and the relationship was both social and in business. In New York, the circle included the Kuehnes, the Villards, the Alexanders, who dated back to old days in Washington Heights, the Townsends and the Dormerichs on 75th Street, not to mention the Strausses there, and the Clementses in Flushing. At the Lake, there were the Congers at the Fishers and the Loineses, the Burnhams and the Simpsons on Green Island, the Billwillers, the Meyers, and the Boases. At there were other friends in Germany, the Nachods, and the Roedgers, and a big family circle in Leipzig and in Naumburg, in Dresden and in Frankfurt, the connection with whom was kept up by Percival's mother, now an inmate of his home. How many of their names are still familiar to us today, truly, the foundations laid in the 1890s were deep and lasting.

When Mr. Kuehne died in 1894, the last of the three founders of the firm, Percival Knauth, still only 43, became the senior partner. The bond of early friendship that united him with Fritz Nachod in Leipzig was a warm and cordial one, and the two houses worked in the closest harmony. It was their association that gave the firm its unique position of an established place on the two continents of Europe and America. Each of them developed along the same lines, acting as the correspondent and the agent of other banks and banking firms, and bringing them together through their mediation. Mr. Kuehne, on his travels, never bothered to take along a letter of credit, for any bank in Europe, he could say, would know his signature and cash his checks. It was the same thing in America, where in almost every town and city there was a bank that knew the firm and worked with it. Perhaps it was the very unpronouncability of its name that gave it such a wide-spread notoriety, and the way it always had of coming through a crisis safely. It was by no means a large firm, measured by its capital and the sweep of its operations, but it was a solid one. It cultivated the grass roots, its customers were the little people, the smaller banks, of whom there are so many. The new business it now developed went on lines that were the same in principle, the support of German manufacturers in their exports to the American market. Many a German industry made its start with the aid and advice of Knauth Nachod & Kuehne, and of Briesen & Knauth, its counsel. The Botany Worsted Mills of today, the Locomotive Heater Corporation, Timken Roller Bearings, Bosch Magneto, all began in Germany and became established in America through their assistance, while others used the firm to control their sales. The field before it never looked more promising than it did to the second generation of tile partners in the 1890s. and it all developed naturally from the policies established by the early partners. And Percival Knauth was growing into a wider field himself. Through his friend Carl Schurz he was taking an interest in politics, and not just those of the Republican Party. He supported Grover Cleveland, but also McKinley when the issue was the gold standard as against free silver. He also took a hand in New York City affairs in the fight against Tammany that was then so hot. He was active in the Reform Club and in the City Club, and was one of the Committee of Seventy, and even ran for office in the city council. The further development of all these movements he did not live to see, but he was in them when they started.

The reason for the illness that beset him in the prime of life we do not know, but just when his activities, in the office, in his home life, and in his public life, were coming to fruition, he had to give them up. He did so very manfully, hoping that his retirement from active life would give him a reprieve. A whole summer spent at Lake George may have helped a little, and a winter in California, but in the spring of 1900 he knew that it was not to be. He had the satisfaction of arranging his affairs so that his departure from the scene would leave his family and his firm as well secured as could be hoped for, but he could not know that his brother Octavio, now also his partner in the firm, would so soon and suddenly follow him in death. What could be done he did to make things safe, and for fifteen years after his retirement his business ran on through the momentum it had acquired when he was running it.

Percival Knauth was all his life a modest and a quiet man, patiently following the path on which he had first set out, and conspicuous success to crown the efforts of a lifetime was not accorded him. His mission had been to carry on what his father had begun, and this he did successfully. He was not called upon to carry over into a new time, though he might well have been had he lived a little longer. He certainly could not foresee what the future was to bring, but he did his best to lay his plans so as to be ready to meet whatever happened. The job given to his time was the development of the world of us today, and in this he assisted nobly. With this we can safely leave him, and be proud of the life he lived.

THEODORE WHITMAN KNAUTH
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