

John Jacob Astor: Profiteer and Patriot

by Doyle Reid

The man who put the Astor in Astorian, and who was destined to become American's first multimillionaire, entered this world under very humble circumstances. Born the fifth and youngest son to the town butcher of Walldorf, Germany, in the summer of 1763, he was christened Johann Jakob Astor. Young Johann benefited from a superior education for the period, local school masters recognizing in him an able mind and strove to broaden the boy's horizon beyond the basic reading, writing, and ciphering. His instructors noted that while he was an avid reader of the limited books available in Walldorf, he was no dreamer and his talents were of an analytical and practical bent.

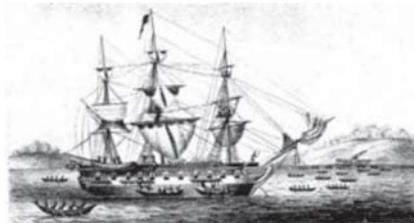
Unhappy with his prospects in the family butcher business, Johann left home just shy of his seventeenth birthday. He traveled to London to join a brother in his expanding musical instrument factory. He stayed four years in London, anglicized his name to John Jacob, and also became fluent in English, although he never lost his heavy guttural accent nor mastered English spelling.

John Jacob Astor left England in November of 1783 aboard the ship "Carolina" and sailed to America. His brother Heinrich, who had come to America during the Revolutionary War as a Hessian soldier, spoke in his letters of the opportunities the New World held for ambitious young men. Astor's arrival to America was less than auspicious when his ship became entrapped in ice and he had to walk across the frozen Chesapeake Bay to Baltimore, carrying his consignment of flutes to sell. After three weeks in Baltimore, he had sold enough flutes to pay for a coach ride to New York City.

Upon arrival in New York, Astor embarked on his career in the fur trade, working for fur dealer Robert Browne, beating furs and keeping the moths away for two dollars a week and board. After marrying his landlady's daughter, Sarah Todd, Astor used her three hundred dollar dowry and a couple of hun-

dred dollars he had saved from his musical instrument sales to set himself up in the fur buying business. He traveled the wilderness of upstate New York buying furs from trappers, but more importantly he was amassing a thorough knowledge of not only furs, but an extensive working knowledge of all aspects of his newest venture, the fur trade industry. In the fall of 1785, Astor had accumulated enough pelts to make it worthwhile to sail to London and there he was able to sell them at a considerable profit.

Astor next entered the China trade, initially buying consignments of tea and silk from other merchants while exploring the working of the Canton marketplace. First he partnered with three other New York merchants, and then eventually worked up to sole ownership of three Pacific bound trade ships. Again Astor earned a sizeable return on his investment.



After amassing profits in the China trade, he purchased \$300,000 (equal to \$5,820,000 today) worth of Manhattan real estate, as his friends and business rivals shook their heads in disbelief. Little did they realize they were witnessing the founding of an American financial empire.

The next entrepreneurial opportunity for Astor materialized as the result of political maneuvering by President Thomas Jefferson. Due to the numerous impressments of American sailors by the British Navy, Congress passed the Embargo Act of 1807, forbidding American citizens to trade with England or for that matter any other foreign country.

Astor quickly realized that the huge loss of income in exports would pun-



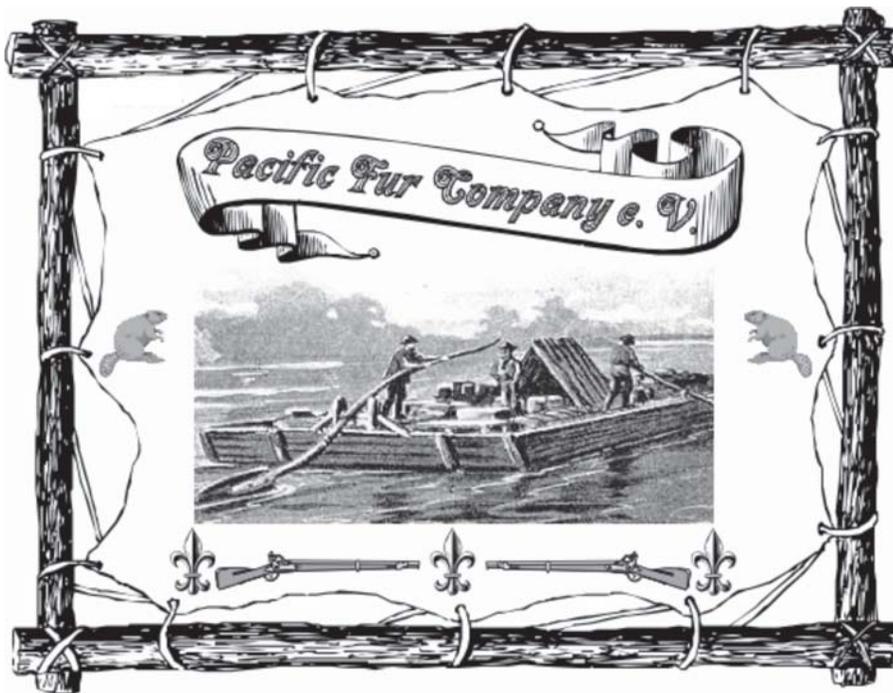
ish the United States more than it would our trading partners, so he schemed to be the first ship owner to break the embargo and profit from it.

In July of 1808, President Jefferson received a letter from U.S. Senator Mitchell of New York informing him that a highborn and influential Mandarin Chinese merchant had been stranded by the embargo and requested to be allowed to return to Canton. By allowing the Chinese merchant, named Punqua Wingchong, to return to his native county, Jefferson looked to score a diplomatic coup.

Jefferson gave Wingchong written permission to commission a ship in New York for his homeward journey. The ship he chose happened to be the Astor owned ship "Beaver," which just happened to be loaded with goods suitable for the Canton trade. After the ship's departure in August of 1808, the New York press discovered that the Canton merchant Punqua Wingchong had never existed and further claimed he was "a Chinaman picked up in a park" or "an Indian dressed up in silk and adorned with a peacock feather."

Astor had hoodwinked the United States Government into giving him a temporary monopoly of the China Trade, and when the "Beaver" returned a year later, insider gossip put the return on this trip at \$200,000 (equal to \$3,770,000 today).

Next, Astor turned his attention to the Pacific Northwest fur trade. He believed a fur trading post at the mouth of the Columbia River would anchor his dream of a Pacific trading monopoly, tying together American trade with Russian territories, and include the Hawaiian Islands en route to Canton, China.



Thinking it prudent to couch his ambitions with patriotic language, Astor headed to Washington and informed the U.S. government that his aim was to displace the North West Company of Canada and extend the territory of the United States, adding new states to the Union. With the government's recom-

mendation in hand, in 1810 he created the Pacific Fur Company to further his dream of an international trading empire.

Astor's Pacific venture was ultimately ruined by the onset of the War of 1812. When his supply ships were unable to reinforce Fort Astoria with weapons and supplies, and with the constant threat of

the British Royal Navy, his men felt they had been abandoned and sold out to the rival North West Company. Astor begged Secretary of State Monroe to send a United States Naval presence to the mouth of the Columbia, but was refused. For the remainder of his life he believed that for the want of a U.S. warship, 614,000 square miles of the Pacific Northwest, an area larger than the original 13 colonies was lost to the U.S., not to mention the loss of his investment which he later claimed to have been \$1,000,000 (approximately \$15,400,000 today).

As usual for Astor, another financial opportunity loomed just over the horizon. The United States was ill prepared to wage war when it was declared in 1812. Armies had to be equipped and paid, warships had to be built and outfitted, and soon the treasury was emptied and the national debt reached \$17,000,000 (approximately \$303,000,000 today). Secretary of the Treasury Albert Gallatin approached Astor and several other leading businessmen to purchase the \$16,000,000 (approximately \$285,000,000 today) in government securities that a desperate Congress had just authorized. Astor's ultimate contribution from his savings and bank loans may have approached one half the total amounts. Years later Horace Greeley of the New York Tribune would claim that Astor "must have cleared more than a million dollars in hard money on every two millions of paper thus lent."

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Astor had one more trick up his sleeve – he thumbed his nose at both sides of the conflict by floating part of his war loan in London.

By using subterfuge and outright deception, Astor continued to buy furs in British Canada. He sent Ramsay Crooks and Robert Stuart, both Scotsman who had been members of the Pacific Fur Company, over the border to collect furs and smuggle them into the United States on Lake Champlain. Fortunes in pelts reached his New York City warehouses and were sold at a great profit due to wartime shortages.

Astor had also purchased the ship *Hannibal* at a greatly reduced price when the outbreak of war spooked her previous owner. The ship contained a particularly rich load of teas which Astor stored in his warehouses (he later sold the tea chests for an enormous profit when wartime shortages drove the prices sky high). Astor loaded the *Hannibal* with several hundred tons of furs and with the connivance of former Russian Ambassador Dashkov, outfitted the ship with a Russian flag and papers. The ship easily sailed through the British blockade, as the Royal Navy could hardly detain a vessel belonging to as valuable an ally



as the Russian Czar. The *Hannibal* sailed unscathed to London and disposed of its load of furs at top prices!

Astor would later dabble in China's ginseng and opium trade, but it would be his investments in New York City real estate that would secure his financial empire. At his death in 1848 his wealth represented an astounding 1/15 of all personal wealth in the United States, rating him the fourth richest per-

son in American history.

A shrewd fur trader, international smuggler, bold war profiteer, brazen traitor, ruthless businessman, and yes, daring patriot – John Jacob Astor had a flair for empire building and self-interest. He still remains one of the most successful, and one of the most controversial icons of American history.

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