

Up and Down with Sam Insull

By John T. Flynn

He grew to be a colossus, and when he fell it cost stockholders in this country a billion dollars. That was the end of the story: this is the beginning. Mr. Flynn, in the first of a series of four articles, gives you a picture of Insull when he was Edison's secretary and the electrical industry was in its infancy

IN THE early days of last June crowds were milling around the lobby of the Blackstone Hotel in Chicago. The Republican convention was about to meet. An elderly man leaned wearily across the counter and asked a question. The clerk, who did not recognize him, though his name was on the lips of millions of Americans, answered curtly and turned away. In all that busy crowd but one person recognized the tired-looking old man who stood, now a little bewildered, at the clerk's desk. It was Samuel Insull, whose vast utility empire had crashed around him, and who that day had abdicated the throne from which he had ruled as an autocrat. The man who recognized him went over to him.

"Mr. Insull," he said, "I am sorry for all the trouble that has come to you."

Insull looked up, dazed. His eyes filled with tears. He recognized a man—a reporter on a Chicago paper—who for twenty years had attacked him and had written thousands of words in denunciation of his business and political schemes. Insull was touched. He shrugged his shoulders a little helplessly. Then he said:

"Think of it. Three years ago I was worth one hundred and seventy million dollars. Today I haven't a cent in the world."

He walked out of the hotel still unrecognized. That night he took an airplane for New York and, under an assumed name, sailed for France.

This was the end of the trail—a long

trail which began fifty-one years before, when on a blustery February night the steamship City of Chester deposited on her dock in New York the twenty-one-year-old Londoner, Samuel Insull, who had come to America to seek his fortune. Five decades had flown. The young English stenographer had risen to the overlordship of a vast empire of light and power, controlling properties worth three billion dollars in over five thousand American communities.

Now the depression, which had begun by throwing Bill Smith out of a job on a Kansas farm, and Bill Jones out of a job in a New England textile mill, had gotten around, in its inexorable way, to the mighty Sam Insull and swept his towering house of cards into the general dust bin. As noiselessly as he had entered half a century before and al-

most as poor, he slipped out of the America he had stirred so powerfully, back to his native Europe.

I arrived in Chicago for Collier's a few days after Insull's sudden flight from the city. And as I talked with financiers, brokers, business leaders, and that gentleman who is called "the man in the street," I was amazed at the complacency of everyone about the matter and the lack of any feeling of indignation against Insull.

Chicago, the Forgiving

This man had wrecked a vast financial fabric. He had destroyed the life savings of scores of thousands of people. He had delivered a staggering blow to the stability of business credit at a most critical moment. Yet most

of those I talked with spoke with sympathy for him. They talked about all the fine things he had done for Chicago, forgetting that he had done them with the money of other people drawn into his shaky holding company schemes by clever publicity. His tangle of schemes had crashed into a receivership and the court named him the receiver. His lawyers were appointed to represent the receivers. He and his brother and son were kept at the head of various companies. When it was discovered that his brother had taken funds and securities from the Insull companies and that Insull himself had aided him in this, he was forced to resign as receiver. Almost all of the startling performances of this man which have since made their appearance in the newspapers were known at this moment. Yet he was allowed to leave Chicago. Resolutions of regret and even approval of his services were passed by various companies and several of his former corporations voted



Right, the first building illuminated by electric light, 65 Fifth Avenue, New York. Below, Samuel Insull, a recent photograph

Wide World

Wide World

him thousands of dollars in life pensions. I found everywhere a disposition to secrecy to protect "the old man."

I was told that in those closing days Insull had ridden around in an armored car, fearful lest some crazed investor might shoot him. Apparently, at this moment his fears were misplaced, though later the sweet cream of human forgiveness curdled in Chicago as the stories of old men and women, school-teachers and clerks, whose life savings had formed the raw materials of Insull's magnificence and his rich benefactions, came to be told.

The whole story of Sam Insull is full of significance. For it is the story of a man who did a great and useful job and then became a victim of that madness for power and profit which poisoned so many men during the gaudy dozen years just closed.

Perhaps we should say Insull's adventurous trail began a few years earlier than his arrival in America. It began, in fact, upon a drizzly night in November, 1878, when a boy of nineteen waited at Holborn Station, London, to go to the suburbs for a little extra work. Young Insull worked by day in a real estate office for the sum of a pound a

time. The partners in the real estate firm sent for him and informed him that, as he put it later, "he was sacked." They were taking on an "articled clerk"—a quaint custom of the "good old days" by which generous-souled employers got the services of young men without paying for them. "I have never forgiven that man," Insull said later. "I go to call on him every time I am in London, and I go into the same room in which I was discharged. My pride was hurt as it was never hurt before or since."

A Career in the Making

The dislodged stenographer flew to the want-ad columns of the Times and there learned that a Colonel George E. Gouraud in Lombard Street wanted a part-time stenographer. Insull got that job and learned to his amazement that Colonel Gouraud was the London representative of Edison.

Insull was one of Samuel Smiles' men. Britishers today love to sneer at the American success story—the Horatio Alger motif of office boy to president. Long before B. C. Forbes or Sam Crowther told their tales of the motor and bank and steel and copper kings who

financial, good and bad. He reared the kind of reputation America understands best and admires most, he piled up a vast fortune of illusory millions, he preached the gospel of "eternal prosperity," bore his part in blowing into the giant bubble the excess of air which burst it and, in the end, was the central figure in a failure so tremendous that it commands, after a fashion, the admiration of the American people.

Insull was born in Westminster (London), November 11, 1859. But most of his early boyhood was spent in Oxford where his father was an indigent preacher. Later his parents moved to London to provide, as Insull explained, better schools for their children, but probably to find a wider field for their great mission. For Insull's mother and father were ardent temperance leaders. His mother conducted a kind of temperance shelter across the façade of which was displayed in huge letters the legend—INSULL'S TEMPERANCE HOTEL. His father went about the streets of London preaching against the rum devil of Beer Street and Gin Lane.

Insull's first contacts with Americans were such visitors to his father's home as General Neal Dow, who introduced

Cook had no job for his friend's son but promised something in a month. But young Sam wanted work at once and, like a true Britisher, went to the columns of the Times. Thus he got his first job as office boy in a real estate firm at five shillings a week.

There he found a patron in the office stenographer, who advised him to study shorthand and offered to teach him. The generous instructor gave him a lesson a day and informed him that any day he failed to appear with the lesson properly learned he would take him into the cellar and thrash him. This was a language Sam Insull could understand. In a few years he had risen to the eminence of a pound a week, with a few extra shillings for night work for various persons, until a fortunate chance brought him to the London office of Thomas Edison.

Europe's First Phone Operator

Young Insull now found himself on the fringes of Edison's famed house of magic. Colonel Gouraud was busy setting up the first telephone exchange in England. At the moment there was a race on between Edison and the Bell interests to get the first exchange working in Europe and thus capture that market. The historic moment came when the mechanism was all ready. For the first half hour in which that first European telephone exchange was in operation, Insull occupied the switchboard and was, therefore, the first telephone operator in the old world.

Some nights later Insull was sitting at the board which controlled wires running across the roof of Burlington House to the laboratory of the famous Professor Tyndall. Many visitors called to see the new marvel, and this evening Insull felt a tap on the shoulder and looked up to see with awe Queen Victoria's famous minister, William Ewart Gladstone, and his wife. Mr. Gladstone wanted to try the telephone! When connected, the minister in his deep, sonorous voice asked if the man at the other end could tell whether it was a male or female voice that addressed him. The man answered that he could and that it was a female voice. Gladstone and his wife had a good laugh. Still later, Insull listened to Lord Bouverie and Sir John Lubbock discussing the telephone and dismissing it as an instrument which might prove very useful for getting late parliamentary debates to the morning papers but for no other purpose.

Pioneering in Power and Light

About this time there arrived from Edison's office in America a Mr. Edward H. Johnson. The whole of Colonel Gouraud's staff gathered around while he gingerly unwrapped from its packing of cotton batting the first one of Edison's much-talked-of incandescent lamps to reach England. It was that little incandescent lamp with which Insull's life was to be linked. More than any other man, he was to be its salesman.

Most people think of Insull as a big, audacious utility financier who made millions selling utility stocks, got caught in an unsavory publicity scandal, got mixed up in the unlawful campaign fund of an Illinois senator and finally wrecked a lot of electric light companies. All this refers to the later years of this man's life. We will come to that story. But Insull's real work was as the organizer of the electric light industry in its infancy, first in the equipment field—culminating with the great General Electric Company—and then in the generating and distributing fields. He was the commercial pioneer as Edison was the scientific pioneer.

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Wide World



Acme

Old Print from Harper's Weekly

Left: Above, Samuel Insull, the secretary; below, Thomas Alva Edison, the pioneer. Right, laying electric light conduit in the streets of New York in 1882

week. He went several nights a week to take dictation for Thomas Gibson Bowles, then editor of the English Vanity Fair. Wanting something to read, he chanced upon a copy of an American magazine. As his train bumped out to the Bowles home Insull found himself reading an account of the amazing inventions of Thomas Edison, then a young man of thirty-one, who had just demonstrated his incandescent lamp.

The story fascinated Insull. He was a member of one of those literary societies which have always flourished in England, where youthful Britons flew at each other over the performances of Gladstone and Disraeli and Palmerston, the republican agitations of Dilke and the temperance movement of Lawson. Insull decided to write an essay for the club about this American wizard. He scoured London bookshops for data, and a few weeks later read a paper on "The Great American Inventor, Thomas Alva Edison."

Now see what Fate was doing mean-

rose from poverty, old Samuel Smiles was regaling the youthful Britons of the sixties and seventies with the tales of the men who were making England, of the boy who, as Gilbert put it, "polished up the handle of the big front door," and then "became the ruler of the Queen's Nav-vee."

He wrote inspirational books such as Orison Swett Marden and Elbert Hubbard wrote later in America. Insull devoured Samuel Smiles' books. He liked chiefly "Self-Help" and "Lives of the Engineers." He patterned his own life on the success saga. He loved to talk of his humble start "when he licked postage stamps." He took his rise and flourished in an era which will always be remembered for its worship of material success.

In his career he exemplified perfectly the character and spirit of those decades. He used its shibboleths. He was one of the ablest of its "organizers of things." He understood, believed in and used all its tools, mechanical and

prohibition into Maine, and Mother Stewart, who in the seventies in Ohio—along with the mother of John D. Rockefeller—hunted the Demon Grog into his very temple, the saloon, and, amid the greatest turbulence, sought to exorcise him therefrom by singing hymns upon the barroom floor. The crusaders of the United Kingdom Alliance—a kind of early British Anti-Saloon League—often consorted at the Insull house where the young Samuel heard the followers of Sir Wilfrid Lawson crying aloud for "local option" in England and flinging angry sneers at the great Gladstone for permitting London grocers to sell "light wines and beers."

When he was about fourteen it was decided the poor preacher and temperance apostle could no longer keep his son at school. One day he took the boy to the office of a friend in Ludgate Circus, a certain Thomas Cook, whose office, incidentally, is still in Ludgate Circus but whose name is known wherever a weary tourist sets his foot. Tom

The Right Crowd

*The story of a boy who didn't belong, and
a girl who didn't value things like that*

By Paul Jones

AMONG other men of his age, Big Joe Carter seemed a marvel of physical fitness. It was only when he stood beside his son, young Joe, that you saw what he had once been. In spite of tennis and golf, he was beginning to run to flesh, although the breadth of his shoulders concealed the extra weight under his loose, well-made clothes. His handsome face, red-brown with exposure to the sun, and from too many rye high-balls, was set in a strained, friendly expression. A little puzzle of red veins showed in the whites of his eyes.

He was still known as "the Joe Carter that picked up a loose ball and ran ninety yards for a touchdown against Harvard." Men of his own generation, meeting him for the first time in the customers' room of Arnold Knight and Company, always said: "Not *the* Joe Carter?"

When he stopped to talk to anybody on the street, he had a trick of moving his hat back and forth on his head, punctuating his conversation with a new angle of the deeply indented brown felt. Sometimes it was over one eye, sometimes pushed far back on his skull, so that you could see the worn spot in his closely trimmed hair. He always looked as though he had just left the barber's.

Big Joe's wife died just before young Joe entered the local prep school, where the boy made a great record in sports. He was not brilliant in his studies, but he stood well up in his class, and the professors considered him a serious student. His father was frank to admit that he had never been able to make much out of his books. "You seem to have the trick of it, kid," he told his son. "Must be from your mother's side."

AFTER his graduation, young Joe wanted to enter the state university. He had offers—all this happened years ago, of course—from four famous colleges, the Cleveland Indians and the New York Giants. Harry Blair, who coached the State football teams, made a special trip to see the boy. Young Joe heard that there need be no expense whatever. The other places had said the same thing, but State appealed to him, because they offered a real job on the experimental farm, and that was what young Joe wanted. He was certain that he belonged somewhere where he could work with his hands. Besides, State was close by, and he was in love with Arnold Knight's daughter.

But Big Joe wouldn't hear of it. "I want you to go to the old university, kid. That's the only place to go," he insisted. The old university where his father had gone was a thousand miles away. Young Joe looked at Big Joe.

"I suppose they take it for granted that you'll send me there. They didn't offer me an athletic scholarship, but I could get one." He knew his father was not prospering at that particular time.

"Nonsense. You don't want to get off on the wrong foot. My father went there, and I went there, and of course

you'll go there. An athletic scholarship for the third Joe Carter would be ridiculous. I want you to be in with the right crowd from the start."

"It would save some money," the son persisted. "I don't feel like taking money that you may need." He knew that the stock market was in bad shape and that his father had had to borrow on his insurance.

"Forget it. I can let you have two thousand a year without any trouble. You won't need any more, but you ought to have that much. I've already put it in the university bank for you. You'll like the university once you see what it's like."

It was true that Big Joe had no large expenses. Since the death of his wife, he had lived at the Athletic Club, while his son lived at the school. Most of his entertaining was paid for by Knight and Company. During the summer, he lived at Arnold Knight's big place in the country.

KNIIGHT had uprooted Joe and had brought him straight from the university, where they had been classmates and fraternity brothers, to the Middle West and a job selling bonds for Knight and Company. It was a curious pairing. Big Joe was everybody's friend, but Arnold Knight was a little, cold man who had gone through college without acquiring a single intimate friendship. At bottom, it must be supposed that Joe was useful to him, for Knight was one of those individuals who do nothing that does not lead straight to the hiding places of money.

Young Joe went to the university, and came back, after his freshman year, with the nimbus of a celebrity beginning to form around him. He was a natural athlete. There was no game he could not play well. Whatever the university had to offer would be his for the asking. But he had not liked the place. He had no criticism to make of it. It was simply not what he wanted.

He had spent the first month of his holidays in Rhode Island, and the second on Long Island. At the Wear's place in Rhode Island, he saw a good deal of Leila Knight, Arnold's daughter, who spent ten days there before going abroad with her aunt.

When she sailed, they were engaged, secretly, of course. "I'll change over to State," he told her, "so that I'll be near you. I don't like the university, anyhow, and I'm certainly not going to spend three years that far away from you."

She was completely in love with him, and when he said that he intended to study agriculture at State, and become a scientific farmer, she thought of nothing except that he would be near her. If he had declared his intention of becoming a chiropodist, she would have nodded in the same way. She listened, not to his words, but to the tone of his voice.

It was August when he went out to the Knight place. Leila had been home only two days. He found her playing tennis with his father. Big Joe was breathing hard when he came over to



Leila turned her face away. "You'll have to