



THE
ADVENTURES
— of a —
WALL STREET
LEGEND

BERNARD BARUCH

JAMES GRANT

Table of Contents

[Preface](#)

[Preface to the Earlier Edition](#)

[Chapter One: A Doctor's Son](#)

[Chapter Two: Three Dollars a Week](#)

[Chapter Three: Baruch's Wall Street](#)

[Chapter Four: "Wealth Commenced to Pour In on Me"](#)

[Chapter Five: His Own Man](#)

[Chapter Six: The Baron of Hobcaw](#)

[Chapter Seven: Striking It Rich Reluctantly](#)

[Chapter Eight: Poison-Pen Letter](#)

[Chapter Nine: Captain of Industry](#)

[Chapter Ten: Plainspoken Diplomat](#)

[Chapter Eleven: Farming, Money, McAdoo](#)

[Chapter Twelve: "I Would Stand Pat"](#)

[Chapter Thirteen: Suffering Roosevelt](#)

[Chapter Fourteen: "His Métier Was Peril"](#)

[Chapter Fifteen: The Atom and All](#)

[Notes](#)

[Chapter One: A Doctor's Son](#)

[Chapter Two: Three Dollars a Week](#)

[Chapter Three: Baruch's Wall Street](#)

[Chapter Four: "Wealth Commenced to Pour In on Me"](#)

[Chapter Five: His Own Man](#)

[Chapter Six: The Baron of Hobcaw](#)

[Chapter Seven: Striking It Rich Reluctantly](#)

[Chapter Eight: Poison-Pen Letter](#)

[Chapter Nine: Captain of Industry](#)

[Chapter Ten: Plainspoken Diplomat](#)

[Chapter Eleven: Farming, Money, McAdoo](#)

[Chapter Twelve: "I Would Stand Pat"](#)

[Chapter Thirteen: Suffering Roosevelt](#)

[Chapter Fourteen: "His Métier Was Peril"](#)

[Chapter Fifteen: The Atom and All](#)

[Index of Search Terms](#)

[About the Author](#)

Praise for Bernard Baruch: The Adventures of a Wall Street Legend

“Fortunately, the fallible, erratic Baruch of fact that emerges from Grant’s book turns out to be more fascinating than the blander one of legend.”

—Tony Bianco,
Business Week

“Anyone who reads *Bernard Baruch: The Adventures of a Wall Street Legend* will discover why James Grant has become our finest narrative historian of money. No one dissects the idiosyncrasies of supply and demand with greater wit and intelligence. While Baruch has had many biographers, none of them have attained Grant’s aesthetic sensibility, understanding of finance, or his inability to be more respecting than respectable.”

—Matthew Winkler,
Editor in Chief, *Bloomberg Business News*

“Similar to *Reminiscences of a Stock Operator*, only all fact, is James Grant’s excellent biography, *Bernard Baruch*. Not only does it cover such great moments as when Baruch visited the Tacoma suburb of Boston to acquire the copper mill for American Smelting, but all sorts of sophisticated dealings on Wall Street. It also contains Baruch’s set of trading tips.”

—Greg Heberlein,
The Seattle Times

Bernard Baruch
*The Adventures of a
Wall Street Legend*

James Grant

Grateful acknowledgement is made to the following for permission to quote excerpts:

From the Herbert B. Swope Collection, Howard Gotlieb Archival Research Center at Boston University.

Princeton University

Bernard M. Baruch Papers. Mudd Manuscript Library. Department of Rare Books and Special Collections.
Princeton University Library.

Axios Press
P.O. Box 118
Mount Jackson, VA 22842
888.542.9467 info@axiosinstitute.org

Bernard Baruch: The Adventures of a Wall Street Legend © 2012 by James Grant. All rights reserved. Printed in the United States of America. No part of this book may be used or reproduced in any manner whatsoever without written permission except in the case of brief quotations used in critical articles and reviews.

Ebook ISBN: 978-1-60419-067-0

Preface

Bernard M. Baruch and I were at each other's sides for four years, he in posthumous, archival form. We had our ups and downs together. I began work on his biography with the hypothesis that there was less to the legendary investor and mythical Adviser to Presidents than met the eye. Bringing out the truth, I hoped to put a famous American life in the context of almost a century of American financial history.

I was successful in one thing, at least. I was able to show conclusively that Baruch, as a moneymaker, was only human. Thus, he did not sell out at the top in 1929—he was, indeed, bullish—a fact that may prove to be of more than academic interest in the highly speculative market environment of 1996. However, what I quickly came to understand was that this fallibility was worthy and appealing. Certainly, the success that the mortal Baruch enjoyed through trial and error was harder won than any that the legendary Baruch might have achieved through pure clairvoyance. My skepticism turned to admiration.

And presently, admiration was mingled with affection. As I read Baruch's correspondence and talked to some of his surviving friends, I began to like him. ("I nearly laughed myself sick at the idea of your looking dignified at the time the degree was conferred upon you," Baruch wrote to his old friend Frank Kent, star political columnist of the *Baltimore Sun*, on the occasion of Kent's receiving an honorary degree for which Baruch had nominated him. "Your poor wife! Your poor wife!") I, too, became his friend. And then, as the years passed and as my research moved into the public phase of his career, all previous feelings gave way to an overwhelming sense of exasperation. By the time the first book was published, in 1983, I was glad to see the back of him. Then, again, I have no doubt, Baruch would have been delighted to be done with me.

The differences in our lifestyles were unbridgeable. Baruch, who was born in 1870 and died in 1965, lived in a Fifth Avenue mansion, a South Carolina plantation, and a Scottish castle, among other splendid addresses. He loved hunting, racing, boxing, motoring, speculating, and passing the time of day with his boon companions. He would travel to Saratoga for the racing season and to Europe to take the waters. He was a man's man and a ladies' man all at the same time. The circle of his friends naturally tended to exclude biographers, harmless, bookish people who are always writing (or preparing to write or pretending to write) and who tend to talk about little except their subjects. Baruch loved to talk about himself, but even for him there were limits.

The paucity of sex in this book (with which I was taxed by some readers after its first publication in 1983) can be put down to my determination to hold to the same high evidentiary standards in romance and adultery as in speculation. The unintended consequence of this scruple is the impression conveyed through omission that Baruch was not very interested in the opposite sex, that his marriage was a success, or both. Neither was true, in fact. The evidence on this score, although circumstantial, is strong and convincing. Baruch's marriage having become a formality, he ardently sought female companionship outside of it. He loved women and they him.

As for the financial side of things, previously untapped primary sources helped to

shed new light on Baruch's speculative and investment methods. These sources included the documents in which Baruch carried out some stock market-related litigation, the minutes of the New York Stock Exchange deliberations in which he participated and—a particular gold mine—the correspondence that traced his venture-capital investment in what was to become the Texas Gulf Sulfur Company. I studied his brokerage house records from the late 1920s and early 1930s and old documents, interesting and otherwise, from the State Department and the Federal Bureau of Investigation. None of these, I think, had been cited before.

Rereading my record of Baruch's life, I thought that the speculator particularly distinguished himself at the Versailles Peace Conference. In service of his hero Woodrow Wilson, Baruch brought a rare and valuable common sense to the economic negotiations, in the process crossing swords with John Maynard Keynes. As a rule, Baruch's pronouncements on public issues were oracular or platitudinous, and he was a tireless defender of the institution of the garrison state, from which the end of the Cold War has delivered us. At Versailles, however, his special Wall Street intelligence—intuitive, incisive, down-to-earth, impatient for results, focused on future outcomes—was just what the historical moment seemed to need.

My politics are libertarian, whereas Baruch's were not. Or, more correctly, his were usually not. Sometimes, he was the epitome of the Grover Cleveland Democrat, a proponent of limited government, hard money, and individual liberty. More often, he seemed to profess something else. In the political arena, he seemed to have no clear purpose, except patriotically to advance the interests of the United States as he understood them. Once he condensed his ideological contradictions into a single sentence of moderate length: "I have unlimited faith in the American people taking care of themselves—if they are told what to do and why."

In finance, in clear distinction, his life was purposeful, artful, and even inspirational. In the stock market, he realized harrowing losses as well as fabulous gains. In venture capital, he sometimes miscalculated (as with his attempted rehabilitation of the Wabash Pittsburgh Terminal Railway Company); or, calculating correctly, he sometimes committed himself too timidly (as in Texas Gulf). He did not buy the market at the 1932 bottom any more than he sold it at the 1929 top. Still, he made his millions, and, more impressively, he kept them. If he bought too little, sold too soon, or seemed on occasion to be otherwise risk-averse, it was perhaps because he was mainly risking his own money. He was a freelance capitalist, a type rarely seen in the institutionalized financial markets of the late twentieth century.

At this writing, the stock market is higher and more popular than it has ever been before, and the idea that a mutual fund is little riskier than an insured savings account has gained credence.¹ Baruch would have disagreed, I suspect, although there can be no telling how he might have been positioned in this, the greatest bull market ever. Possibly, he would be even more bullish than the next fellow, as, indeed, he was in the terminal phase of the Coolidge boom. Baruch's speculative genius was his trader's flexibility. What he said (or was quoted as saying) was less important than how he acted. That he was able to regain his bearings and salvage the greater part of his fortune during the long bear market of the early 1930s was a feat of discipline that every investor must admire.

Baruch was an old-fashioned millionaire who had less money than the public

imagined but more than enough to live as the public imagined that every millionaire should live. Was his a happy life? He was a poor father, he presided over no railroad (a lifelong ambition), and he spent the last several decades of his political career on the outside looking in. However, he was exceptionally happy in his own skin. His vanity was pure and innocent. “What a fine figure of a man I am,” he would say, meaning every word of it. Walking down Madison Avenue in New York, he would beam at passersby, trusting that they would beam back at him, which they often did.

In the special cutting department of the Brooks Brothers store on Madison Avenue and 43rd Street today is an unidentified portrait of an elderly gentleman, luminous, elegant, well tailored, and quite clearly pleased with himself. It is none other than Bernard Mannes Baruch, my friend.

James Grant
New York, New York
December 1996

¹ Higher as measured by the ratio of stock-market capitalization to gross domestic product; for example, more accessible as measured by unprecedented, \$20 billion-per-month inflows into equity mutual funds.

Preface to the Earlier Edition

Dorothy Parker once said that two things confused her: the theory of the zipper and the exact function of Bernard Baruch. If by function Mrs. Parker meant a salaried, every day job, Baruch was without one for most of his adult life. As a self-made millionaire he didn't need one, and as a man who, in the public arena, would rather advise than act, he usually didn't want one. In 1903, at the age of thirty-three, he gave up a lucrative partnership in a Wall Street brokerage firm in order to invest and speculate with his own money. In this he succeeded brilliantly, though not without suffering an occasional loss that (as he put it) "would make an ordinary married man go out and shoot himself." He remained a private investor until the First World War, when his function became the tangible one of heading the United States War Industries Board, an agency that sought to reorder the market economy with a kind of makeshift central planning. After the Armistice he traveled to Paris to serve with the American peacemakers, then came home to tend his fortune and to make a career in the ethereal capacity of counselor: to Presidents, the Democratic Party, farmers, Congressional committees, and, through his many friends in the press, the public at large. Though from time to time he did consent to serve in one official capacity or another—after the Second World War, for instance, as American delegate to the United Nations Atomic Energy Commission—his ordinary role was that of self-appointed consultant, not office-holder. As a literal matter he preferred the sunshine to any office, and the familiar photographs of him cogitating on a park bench across the street from the White House somehow reassured millions of Americans that the nation's leaders were being sensibly advised. Following his stint at the United Nations (which followed years of wartime advisory work) there was an outpouring of public affection for Baruch the likes of which few elected officials have ever enjoyed. For years, honorary degrees, testimonials, commissions, resolutions, awards, and citations poured in on him, not excluding a framed membership certificate from the Society of Yogurt Eaters in 1955 and, in 1956, a certificate of Honorary Membership in the Class of 1918 at West Point.

After his death in 1965 at the ripe age of ninety-four, *National Review* perceptively described him as a "good citizen" in the Stoic tradition, someone "not passionately committed to party, faction, or cause . . . but . . . firm in his belief that lawful government is a part of the reasoned order of nature. When lawful government [was] in danger from domestic or external enemies, he [was] ready to do his part in defending it."

It might fairly be asked what more can be said about a man whom four biographers have already tackled and whose autobiography runs to two volumes. My answer is that Baruch's financial career has been largely unexplored, except by Baruch himself, whose recollections on the subject were perhaps understandably selective. From time to time he would bemoan the myth of his trading infallibility, but he could bring himself to deflate only so much of it. He was, in fact, a gifted trader, but the details of his career as a New York Stock Exchange governor, as an unlucky railroad bondholder, and as a temporarily bewildered investor during the 1929 Crash have never been told before. Through most of this book my emphasis is on money and

markets.

Anyone who made \$1 million in the stock market then put that first million at risk to earn a second, less important million, and so on until he accumulated roughly \$25 million, as Baruch did, obviously was willing to climb out on a limb. “The very contemplation of it,” wrote Fred Schwed Jr. of that speculative cast of mind, “makes my bourgeois soul shudder.” Baruch amazed his middle-class friends with his proclivity to gamble—he told Harold Ickes that he had put \$10,000 on Roosevelt to win a third term in 1940, and that the President, not unreasonably feeling a proprietary interest in the outcome, had asked to be cut in on the winnings, and was—but by his forties he had put his plunging days behind him. In his middle and late years he conserved and husbanded his fortune. So careful a venture capitalist was he in what proved his grand coup, the founding of the Gulf Sulphur (later Texas Gulf Sulphur and still later Texasgulf) Company, that he declined repeated offers by his fellow investors to take the property off their hands for a song.

By necessity, a successful stock trader holds no brief with lost causes. If he’s wrong on the market, he must cut losses or risk financial extinction. Baruch brought this trader’s flexibility to national politics. In general he believed in the old-time Democratic tenets of hard money, low tariffs, and individual liberty, but when the political trend changed during the New Deal he bowed to the new age. In public life he was the least audacious, most risk-averse of men. As a young man he grew rich by taking chances, but as an old man he became famous by playing it safe.

Besides his autobiography, Baruch left behind an extensive and magnificently accessible archive at the Seeley G. Mudd Library of Princeton University, a lifetime’s trail of legal and corporate and public documents, and a small army of friends, admirers, and detractors. The years have thinned the ranks of that army, but a number of people whose lives touched Baruch’s were kind enough to share their reminiscences with me or in other ways to lend assistance. I am beholden, then, in strictly alphabetical order, to: Adele J. Busch, Benjamin J. Buttenweiser, John Chamberlain, Margaret Coit, Thomas G. Corcoran, Stanley T. Crossland, John Davenport, Harold Epstein, Virginia Epstein, Mae Fitzsimmons, Kathleen Gilmore, Eric Gordon, Luther H. Gulick, W. Averell Harriman, J. Victor Herd, W. J. Hirsch Jr., Ira Langsan, Samuel Lubell, Clare Boothe Luce, Marcia Kendrick McCue, John F. McHugh, Robert G. Merrick Sr., Robert Moses, James Myers, Elizabeth Navarro, Joseph Orecchio, Dorothy Rosenman, Vermont Connecticut Royster, Paul Sarnoff, Dorothy Schiff, Ella A. Severin, Oscar Straus, Henry J. Taylor, Blanche Higgins Van Ess, Dr. Henry Viscardi Jr., Irving Weiss, and Dr. Martin Zweig.

As far as possible I have tried to work from original sources and documents, but without the assistance of numerous experts, researchers, scholars, and archivists, that ambitious undertaking would have been impossible. I would therefore like to thank (also in alphabetical order): Katherine K. Baran, Florence Bartoshesky, John P. Boland, Nancy Bressler, Franklyn J. Carr, Mary Cope, Cindy Crowley, Ruth Dennis, Josephine C. Dzikowicz, Robert H. Ferrell, Deborah Gardner, Stephen P. Gietschier, Benjamin Greenberger, Gary Gunderson, Henry R. Hecht, Sim Johnston, John C. Kavanagh, Maria K. Kavanagh, Frank R. Levstik, Carol K. McGinley, Nicholas X.

Rizopoulos, Michael Sandroni, Darnall C. Steuart, Harold Swarthout, Kenneth W. Thornton Jr., Eliot B. Weathers, Dianne Yaeger, and Peter Yaeger. Special thanks go to Mark Fury, an indefatigable reporter, and to a scholar whom I have never had the pleasure of meeting, Jordan A. Schwarz, author of the rich political and economic study of Baruch titled *The Speculator: Bernard M. Baruch in Washington, 1917–1965* (Chapel Hill, North Carolina, 1981). And my appreciation of the scrupulous checking and editing of Patricia Miller is very great indeed.

My thanks, too, to my editor at Simon and Schuster, Alice Mayhew, and to my editors at *Barron's*, Alan Abelson and Robert M. Bleiberg, for their repeated gifts of that most precious commodity, time.

James Grant
Brooklyn, New York
August 1983

One

A Doctor's Son

Even when he was old and very deaf, Bernard Baruch liked to pass the time of day on the telephone with his stockbrokers. After the market closed he would stretch out in an easy chair, shut his eyes, and listen to the reading of long lists of quotations. Often he would talk about the menace of inflation (to the point of boring the party at the other end of the phone, because very few people were as worried about that problem as he was in the 1950s) or reminisce about himself.

"I guess that you've met a lot of important people in your time," he said one day, out of the blue, to his favorite broker.

The man agreed. "Most of them thanks to you," he said.

"Well, of all those people, how important would you say that I am?"

"Number two."

The answer jarred Baruch. In his Ptolemaic universe, he was the earth and other mortals were the lesser planets and moons. His vanity was pure and rarefied, and it hadn't occurred to him that his own broker would fail to understand what he himself saw so clearly. He tried to coax an amplification from the man, but none was given. Some time passed before Baruch's curiosity overcame his pride.

"A while ago," he ventured again, to the same broker, "you said that I was the second-most-important man you ever knew. Who was the most important?"

"Why, my father."

Baruch was delighted and relieved.

"You know," he said, "my father was the most important guy I ever met too."

Dr. Simon Baruch, the father of four sons of whom Bernard Mannes was the second, was born in the Prussian village of Schwersenz in 1840. In 1855, dodging the Prussian draft, he made his way to a seaport and sailed to America. He settled in Camden, South Carolina, where another emigrant from Schwersenz, Mannes Baum, owned a general store. Baum made the boy his bookkeeper, helped to teach him English, and generously financed his education at the South Carolina Medical College and the Medical College of Virginia. By the time Baruch graduated the Civil War was on, and the erstwhile fugitive from the Prussian draft decided to volunteer his services to the Confederacy. He was commissioned an assistant surgeon in the Third Battalion, South Carolina Infantry, in April 1862.

Without having so much as lanced a boil, as Dr. Baruch said, he was thrown into active service. He attended the sick and wounded at the Second Battle of Manassas, South Mountain, Fredericksburg, Chancellorsville, Gettysburg, Wilderness, Spotsylvania, Cold Harbor, Cedar Creek, and Petersburg. Twice he was captured by Union forces, occasions he remembered as the most agreeable of his Confederate service. A sense of his battlefield practice is conveyed by the title of an essay he drafted during a restful detention at Fort McHenry, in Baltimore: "Two Penetrating Bayonet Wounds of the Chest." His advice to his younger brother Herman, who had followed him from Germany to South Carolina and was seventeen when war broke out, was to stay out of the army. When the brothers next met, however, each was in

uniform, Herman in the garb of a Confederate cavalryman. The younger man explained that he had enlisted because he could no longer stand the reproach in the eyes of the ladies.

Family lore has it that Dr. Baruch fell in love with his future wife during a wartime furlough at her father's plantation in Winnsboro, South Carolina. Perhaps it was late in the war: Isabelle Wolfe, eldest daughter of thirteen children, was eleven when the fighting started. Her father, Sailing Wolfe, owned twenty-six slaves, and it was Belle's luxurious lot never to have to dress herself. The war was the family's financial ruin. Union troops burned its home, crops, and outbuildings, drove off its livestock, and freed its slaves. Many years later a friend of the Wolfes wrote to Baruch with her memories of that time:

My first recollection I have of your family was the night your home in Winnsboro was burned by Sherman's army; and my father, Dr. Robinson, was returning to his home after one of his long country visits, found your grandfather and grandmother with all their little children gathered around them offering up prayers in Hebrew.

After the war the family home was rebuilt, but the Wolfe fortune (put by the census taken in 1860 at \$13,000 in real estate and \$67,750 in "personal estate") was denominated irretrievably in Confederate money. Sailing Wolfe died, a poor man, at eighty-four, when the chair in which he was sitting to warm himself tipped forward into a fire.

As the war ended, Dr. Baruch was penniless and weakened by typhoid but eager to build a country practice in Camden. He came home on crutches to discover that not only had the Yankees borne off his surgical tools (he had been presented with an initialed set by a Confederate sympathizer in Baltimore) but also that a Union officer had insinuated himself into the good graces of Belle. This Yankee, a Captain Cantine, had performed some act of chivalry for Belle's sake, but Dr. Baruch was six feet tall and had blue eyes and claimed the advantage of proximity. On November 28, 1867, he and Belle were married. (Fifty-one years later, a visitor asked Bernard Baruch, then chairman of the War Industries Board under President Wilson, to help him get to the fighting in France. He bore a letter from Baruch's mother which said: "The bearer of this is a son of Captain Cantine. I know you will do what you can for him.")

Baruch put small store in genealogy but was pleased to repeat the family history that he was descended from priests and kings. In Germany his namesake and paternal grandfather, Bernhard Baruch (our Baruch came by his middle name from Mannes Baum), stated that the Baruchs were a rabbinical tribe of Portuguese-Spanish origin that was augmented by Polish or Russian blood. "Grandfather," wrote Baruch, "also claimed descent from Baruch the Scribe, who edited the prophecies of Jeremiah and whose name is given to one of the Books of the Apocrypha. On this claim Father himself was silent." After repeatedly being mistaken for Senator William E. Borah on a trip to Poland in 1931, Baruch lightheartedly offered the Idaho Republican an honorary membership in the Baruch clan, observing that among the advantages thereof was a presumptive link to King David.

Bernhard Baruch, who stood six feet tall and wore thick spectacles, was an amateur student of Sanskrit who loved to sit dreaming in beer gardens. Baruch's grandmother

was a very different type, short, blue-eyed, and (as her grandson found her on a visit to his father's German home) matriarchally thrifty and hardworking. Her maiden name was Theresa Gruen, and she was, Baruch thought, a Pole.

Never a hostage to the literal truth in matters involving him, Baruch implied that he was descended half from immigrants and half from early Americans. This was literally a half-truth. On Baruch's mother's side, Sailing Wolfe was a first-generation American: he was born in Prussia. Sailing's wife's family, however, was indeed established early in the New World. Its first colonial forebear, a ship owner named Isaac Rodriguez Marques, made landfall in New York in the 1690s. His vessel, the *Dolphin*, sailed between New York and England and also bore slaves to the New World from Africa. This commercial blot was disclosed by Baruch in his autobiography without apology but with the ameliorating fact that, on one voyage, the *Dolphin* was known to have carried a surgeon. Furthermore, in Baruch's view, Marques's sins were amply expiated by his descendants through their suffering in the Civil War. As Baruch was later to do, Marques bought a large house in a fashionable Manhattan neighborhood. His family was of Spanish and Portuguese descent, the Jewish strain known as Sephardic. A genealogical joke that was told at the expense of Baruch's vanity was that he (Baruch) was the only Sephardic Jew, ever.

The first of Baruch's maternal ancestors to turn up in South Carolina was Samuel Marks (as he spelled his name), who arrived about 1800. A daughter of his, Deborah Marks, married Rabbi Hartwig Cohen. It was *their* daughter Sarah who married the immigrant Sailing Wolfe. On the birth of Isabelle Wolfe, on March 4, 1850, it was written in the family Bible, "God grant her a blessing." When, in short order, she married Simon Baruch, whose surname is the Hebrew word for "blessed," the union was seen to be propitious. Hartwig, the first of their four sons, was born in 1868. Our Baruch followed on August 19, 1870. Herman was born in 1872 and Sailing in 1874.

The most elegant of men, Bernard Baruch was a chubby little boy called "Bunch." He had blue eyes, black hair, and freckles, and was prone to tantrums. Once in a fury he reached across the breakfast table and spitefully stuffed a piece of meat down his throat. He recalled losing fights. A favorite of his mother's, he insisted on sitting at her right hand at meals (a domestic custom he continued in marriage by stationing himself at his wife's right hand). A childhood ordeal he recalled with special clarity was an evening at the home of his father's old benefactor, Mannes Baum. His mother, who held high forensic hopes for her sons, led him to the center of the room.

"Now say something, dear," she said.

In a singsong voice Baruch began to recite the first few lines of "Hohenlinden" by Thomas Campbell:

On Linden when the sun was low,
All bloodless lay the untrodden snow;
And dark as winter was the flow
Of Iser, rolling rapidly.

His father, squirming with embarrassment, raised a finger to the side of his nose and made a derisive noise. The boy ran out of the house and all the way home and cried himself to sleep.



The speculator as toddler.

UPI / Corbis-Bettmann

The Baruchs lived in the town of Camden in a spacious three-story house with tall windows and a pillared balcony. At first they made do without much cash. The doctor's patients, as hard hit by the war as he was, sometimes paid in kind—some chickens or cotton, a day's work in the experimental garden behind the Baruch home, or a dog. Mrs. Baruch taught piano and voice and sold butter and milk. However, the family fared no worse than most in postwar South Carolina and in fact, one gathers, considerably better. The doctor's means increased and he accumulated some land and

livestock. A black nanny, Minerva, attended the boys. Baruch recalled that she was simple, superstitious, and loving, and that she was the exclusive administrator of household spankings. When Dr. Baruch grew severe, his wife admonished him, “Now, Doctor, don’t be hard on the boys or they won’t love you.”

The impression that Camden made on Baruch was profound and disproportionate to the ten years he spent there as a boy. He was a derivative southerner, taking his loyalty from his mother and father (she with her membership in the Daughters of the Confederacy, he with his rebel yell) and from the state of South Carolina, to which he returned as a millionaire to buy a barony. Seventy years after he came to New York he still hadn’t relinquished a trace of a southern accent.

In his reminiscences of boyhood, Camden appears as a fair copy of Mark Twain’s Hannibal. In the springtime the Wateree River obliged young raftsmen by flooding its banks. There was everyday swimming at Factory Pond and a regular baseball game between the uptown and downtown gangs. The Baruch boys, doctor’s sons, belonged to the affluent uptown side. In his autobiography Baruch wrote little about his younger brothers, Herman and Sailing, but a great deal about Hartwig. Harty fought and won, swam distances, recited coolly before adults, and had a dog, a white mastiff named Sharp, in his own sporting image. When Baruch started school, attending a kind of kindergarten with the schoolteacher’s wife, Sharp escorted him to the schoolhouse door and obediently went home again. “I have the most distinct impression of my sitting on the floor deciphering such things as ‘I see the cat,’ and ‘I see the dog,’ while she had her baby on her knee feeding it porridge,” wrote Baruch of that time to the journalist Mark Sullivan. “And how the lessons were interrupted by the squalls of the children!”

The Camden of Baruch’s boyhood was a tiny county seat in the north-central, or pine belt, region of South Carolina. In the year of his birth its population was 1,007. By 1880, it had grown to 1,780. The local economy was supported by a backward agriculture (in which, for example, crop rotation was largely unpracticed). An eclectic and public-spirited man, Dr. Baruch interested himself in the improvement of farming. He raised experimental crops of cotton, corn, and sugar cane in a three-acre plot behind the house and subscribed to farm journals that accumulated in yellow piles in his medical office.

Mrs. Baruch, who suggested that this agricultural energy might be profitably rechanneled into his medical practice, was a force for domestic gentility. Her religious appetites were prodigious, and she tried to imbue a sense of art and religion in her sons. She herself worshiped impartially among Christians and Jews, and she asked that her sons observe the Sabbath on both Saturday and Sunday. Baruch, more than his brothers, indulged his mother in her religiosity, but at last he followed his father into agnosticism. He was unable to carry a tune, refused to study piano, and liked to steal birds’ eggs and shoot rabbits (he picked cotton in order to earn the money with which to buy powder and shot). He had one other boyhood interest. At his grandfather’s house in Winnsboro, he was enchanted by the passing trains of the old Charlotte, Columbia & Augusta line. Watching the cars rumble by, and throwing rocks at them, he imagined the glory of actually owning a railroad—an acquisitive daydream for a child rising ten.

In the early 1870s South Carolina was conquered territory. It was a mark of the violence of the politics of the day that Dr. Baruch, who disliked firearms and had no truck with slavery, was moved to the idea of insurrection against Reconstruction rule. “There is one recourse when all is lost,” he wrote to a former Confederate colleague in a moment of despair or romanticism. “I mean the sword. What boots it to live under such tyranny, such moral and physical oppression when we can be much happier in the consciousness of dying for such a cause?”

Evidence of their father’s convictions was uncovered one day by Baruch and Harty in the family attic. Rummaging through a horsehair trunk, they turned up a Confederate uniform and, beneath it, a white hood, and a robe with a crimson cross—the regalia of the Knights of the Ku Klux Klan. In its heyday in the 1920s the Klan filled its ranks with lost souls from the Middle West. In Reconstruction days it was led by former Confederate officers, landed gentry, and professional men (even if louts and ruffians helped to fill out its ranks). In Kershaw County, of which Camden was the county seat, blacks outnumbered whites by two to one; this electoral imbalance the Klan sought to redress by terrorizing black militias, black voters, northern schoolteachers, Union Leaguers, Republican candidates, and others allied to the cause of equal rights (as it was known to one camp) or carpetbag rule (as it was known by the other). When Mrs. Baruch discovered the boys, bug-eyed, in the attic, she swore them to secrecy, for the Klan was outlawed and its members were wanted men. Harty and Baruch felt very grown up and extravagantly proud of their father.

Baruch saw something of the violence of the Reconstruction era with his own eyes. On an election night when his father was away, his mother became alarmed at ugly noises from the street. He wrote in his autobiography:

She told Harty and me to get our guns.

We got them—one a single-barreled and one a double-barreled muzzle-loader. Mother told us to load them and to take a position on the second-floor porch.

“But do not shoot,” she cautioned, “unless I tell you to shoot.” We stood there, our hearts pounding, each with a gun almost as tall as himself, watching the crowd of colored people milling about the street. Drunk on cheap whiskey, they were on their way to the polls or to a rally.

I have a blurred memory of what happened next. I recalled seeing a Negro fall from behind a tree. Suddenly everyone fled. We ran down to where the man lay to see what had happened. His head had been split as with an ax. Mother brought a basin of water and dressed the wound. I do not know what became of him, but he could not have lived long with his head as it was. . . .

Understandably, Mrs. Baruch wanted to raise her boys in a more peaceful setting, but for one reason or another Dr. Baruch had resisted the idea of a move. His mind was changed, according to Baruch, by the death of a friend, Colonel William M. Shannon, an attorney and father of thirteen, in a duel. The shooting occurred in July 1880, when Baruch was still young enough to be impressed with the marksmanship of the victor’s son, Boggan Cash, of the notorious dueling Cashes of Chesterfield County. Although no evidence has been found to support Baruch’s recollection that his father played a part in trying to head off the killing, and later a role in defusing a movement

to lynch Cash, it is likely that the episode shocked him. Camden was a Mecca for dueling in that day, and with Shannon's death, perhaps, Dr. Baruch decided that he had had enough of it. At all events the family made ready to leave. Late in 1880, the doctor sold his practice and house and amateur farm, the total, with his savings, yielding the tidy sum of \$18,000. Minerva was to stay behind, and Sharp was given away to friends. Mrs. Baruch, asked what she was going to do in New York, said she meant to find her boys the best overcoats that money could buy.

Bernard M. Baruch's first appearance in the city of New York occurred on an unknown date in the dead of winter 1881. It is safe to assume that he found the city too cold, because as a grown man he wore an overcoat, and sometimes long underwear, in order to ward off summertime drafts. Also, probably, he found the city too big and the pair of rooms that his father had rented in a boardinghouse at 144 West 57th Street too small.

New York City at the census of 1880 was more populous than the state of South Carolina. In one teeming square mile there were 222,000 souls, ten times the number in the entire county of Kershaw. The city's black population numbered 20,000, or 1.7 percent of the total. Foreign-born New Yorkers, on the other hand, amounted to 479,000, or 40 percent of the whole. In Kershaw County it had been the other way around. Blacks had been greatly in the majority. The foreign-born element (presumably including Dr. Baruch) numbered exactly 74.

Everything in New York, by Baruch's lights, was unfamiliar, or upside down, or both. Water ran from taps, everyone wore shoes all the time, and steam locomotives rumbled overhead on elevated tracks (ladies emerged from the smoky cars with the outline of their veils etched on their faces in ash). Baruch, not yet eleven, was awestruck and frightened but more than ever buoyed by the courage of Harty.

The Baruchs lived near the northernmost populous fringe of Manhattan. The future site of the Plaza Hotel, at Fifth Avenue and 59th Street, was occupied by a squatter and a mean little dog. There was a blacksmith nearby whom Baruch envied for his muscles. Except for the village of Yorkville, at 86th Street, the Upper East Side was sparsely settled. In 1884, a new apartment building at Central Park West and 72nd Street was called the Dakota, for its inaccessibility. Harlem was known as Goatville, for a still common Manhattan quadruped. The Bronx was exurbia; the Brooklyn Bridge had opened just the year before.

The family's first northern winter was cold, cramped, and anxiety-ridden. At the boardinghouse Baruch remembered huddling against a wall for the sake of the warmth that radiated from a chimney behind it. Sleeping quarters were allocated one room to Harty and Baruch and another to Sailing and Herman and their parents. Baruch remarked on the kindness of their landlady, a Miss or Mrs. Jacobs, who gave his brothers and him sweets.² Not long after their arrival the doctor took sick. He consulted a colleague who diagnosed a heart condition and warned him that his days were probably numbered. For a while there was sad talk of a return to South Carolina. Then a second opinion was sought. The welcome (and accurate) diagnosis was indigestion.

Soon the family found its urban bearings. Baruch was entered in Public School 69,

on 54th Street between Sixth and Seventh Avenues. He recalled vividly being led to class the first day by the principal; being introduced to his teacher, Katherine Devereux Blake; and being shown the way home by Clarence Housman, a fat boy who was to become Baruch's senior partner in Wall Street fourteen years later. At the end of the term he received a gift copy of *Oliver Twist* from Miss Blake in which she had written the inscription, "Awarded to Bernard Baruch for Gentlemanly Deportment and Excellence." (Baruch later did his best to reciprocate. In 1923, when Miss Blake's name came up for promotion to district superintendent, he put in a good word with Mayor John F. Hylan.) Harty gained new stature by facing down a gang that had taunted him and Baruch with the name "sheenie," challenging any two of its members to a fight and whipping the boy who did step forward.

As Baruch and Harty distinguished themselves, each in his own way, their father advanced professionally. In 1884 he was named physician in chief of Montefiore Home for Chronic Invalids, and he played an advisory role in the development of the appendectomy. A consummately general practitioner who attended lectures and clinics on subjects ranging from gynecology to ophthalmology, he developed a special interest in the curative power of water. He wrote the first English-language text on the subject, *The Uses of Water in Modern Medicine*, in 1892, taught hydrotherapy at the Columbia University College of Physicians and Surgeons, became a chronic writer of letters to newspaper editors, and was the chief exponent of public baths in the United States.

For the would-be reformer in health and sanitation, Manhattan of the 1880s was so much unformed clay. Dr. Baruch appositely described the city as a "body of land surrounded by sewage." The Census Office commented in 1886: "The method of disposal of sewage in New York is to conduct it by the most convenient course to the bulkhead of the nearest river, and to leave the rest of the operations to nature." Every year fifteen thousand beasts, mostly horses, were hauled, dead, from city streets. There was a great manure pile surrounded by breweries at the foot of East 46th Street, and the East Forties were lined with slaughterhouses. (In June 1881 a thousand-pound steer escaped from a pen near First Avenue and 47th Street. Before a brave butcher dispatched it near First Avenue and 30th Street, the animal had knocked down two pedestrians and gored a black mare.) The city's medical establishment, which soon included Dr. Baruch, pleaded for reform. Early in 1881, the president of the New York Academy of Medicine warned that the streets, come the thaw, would yield enough filth to start an epidemic. The Police Department, which was responsible for the cleanliness of the streets, countered that they were not nearly so vile as the drinking water, and within a month, in fact, in an area south of the Baruchs' boardinghouse, the water tasted strongly of fish. The autumn brought a drought.

Appalled by these conditions, Dr. Baruch began to apply himself to the propagation of municipal baths. He made some headway in 1891 when the New York Association for Improving the Condition of the Poor opened the People's Baths on the Lower East Side, but he wanted action by government, not charity. As progressive ideas and politicians gained sway in the 1890s, the bath forces made strides in Albany and Tammany Hall, but the increase in public bath and shower facilities coincided with improvements in apartment-house plumbing. According to a historian of the movement, the baths so ardently championed in the event enjoyed only a limited

patronage. However, declared Dr. Baruch, "I consider that I have done more to save life and prevent the spread of disease in my work for public baths than in all my work as a physician." Under his father's influence Baruch became a lifelong patron and advocate of spas and water cures. Late in the 1920s, when the governor of New York, Alfred E. Smith, wanted to enlist Baruch's help in restoring the spa at Saratoga, he knew that his surest talking point was to invoke the memory of Simon Baruch.

In New York Mrs. Baruch found a feast of ladies' clubs and churches and synagogues. On Sundays she made the trip to Brooklyn Heights to hear the sermons of the evangelist Henry Ward Beecher. At the top of her form she belonged to thirty-two different organizations, including the Daughters of the American Revolution, Daughters of the Confederacy, Drama Comedy Club, Eclectic Club, Washington Headquarters Association, and Widowed Mothers Association. In 1914, lightening up, she resigned from seven simultaneously.

As her sons grew up (to anticipate our story), and as her husband's practice improved and her second son struck it rich in Wall Street, she accumulated some servants. In the past she had received her boys in the morning for inspection and instruction. Now she saw her laundress, chauffeur, maid, and cook. After the turn of the century, at the family's spacious home at 51 West 70th Street, she entertained in a living room done all in red. Her clubs and charitable work brought her a large correspondence for which she retained a secretary, a favorite niece from Chicago, Virginia Wolfe (later Epstein). One day Virginia confessed that she was a socialist. "Yes," said her aunt without rancor, "and you're not nearly as sweet and lovely as you used to be."

Mrs. Baruch, who had a vast Wagnerian bust and who regarded the camera lens imperiously, held definite opinions. She repudiated women's suffrage, feminism, and socialism, as her husband did, and she made speeches in favor of domesticity. Once she was hissed by suffragists. In 1914 she gave her views on sex and the family, as follows:

Not long ago, out of the purest curiosity, I looked in at an afternoon dance at one of the big hotels. There I saw several melancholy sights.

Among them was that of a lovely young woman whom I know smoking a cigarette in a public room filled with strange men. I may be an old fogy, but I feel sure that if that was a possibility, almost anything is a possibility.

It was half after 6. Presently I saw the mother of another young lady whom I know, evidently unescorted, but dancing now and then.

It troubled me. I might take more privileges than many women might because my life and age would warrant it, but I would not remain unescorted in the public room of a hotel after 6 o'clock at night, much less there participate in the prevailing gayeties. . . .

There is too little chaperonage. . . .

Of the widely criticized dances I have seen nothing. My objection to the dance craze is that it is too absorbing. I have seen the tango and found it beautiful. Some steps in the maxixe seem questionable to me. Of course I have never visited second-rate places. . . .

I believe the modern woman's aim in life should be to bring the modern man