

# Introducing Otto H. Kahn (1867-1934)

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Anthropologist Clifford Geertz has quipped about social scientists being "allergic to anything literary or inexact." [Geertz, 1983] The biography of Otto Kahn could be an antidote. During the first third of the twentieth century, hardly anyone in the arts of modern theatre, film, literature or dance seemed unfamiliar with Otto Kahn, and hardly anyone who read the financial press or followed Washington's investigations of Wall Street could have missed his name. An outstanding character within New York's "Our Crowd" of German-Jewish elite, Kahn was a partner and spokesperson for Kuhn, Loeb and Company (the investment house second only to J.P. Morgan and Co. among America's private banks), and he was the most influential patron of the arts ever known in America. Patronage was Kahn's business of virtue, and he used the arts to draw America more tightly into the general union of the world while banking was drawing New York upward in the ranks of the world's financial centers.

Born in 1867 in Germany, a British subject for many years, and then an American, Otto Kahn was himself more a citizen of the world than any one nation. From Gustav Mahler to Sergei Eisenstein, he was the man who could "fix up a contract to go to America," or, as he did for Paul Robeson, establish American talent abroad. As president and chairman of New York's Metropolitan Opera Company, Otto Kahn was the first Jew to successfully lead an ethnically mixed, private franchise of high culture in America. He also brought the Ballets Russes to America, and helped to launch the careers of great young talent, including the poet Hart Crane, the promoters of the Provincetown Players, and the editors of *The Little Review*. Ultimately Otto Kahn became the most legendary patron of artistic institutions and individuals in America, and one of Wall Street's most popular figures.

Our inherited picture of Otto Kahn is one of divided identities, as if the financier and patron could be broken apart and treated separately. This is not a lately lamented disconnection between business and the rest of historiography. These same divisions were fashioned in the press of Kahn's day, writing of "two

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Otto Kahns,” the Wall Street character and the man of culture. An equivalent partition exists in archival sources. Otto Kahn has resisted serious study by business historians because there is no business archive of Kuhn, Loeb. The relevant archives consist of personal files, including 200,000 pages of Kahn’s papers at Princeton University, which are used frequently, but selectively, by business, diplomatic and literary historians, among others. The pattern has been pretty well fixed. A thorough student of bankers’ diplomacy takes every box, then skips every folder marked, “Metropolitan Opera.” Others pick interesting names from an index thick with cultural luminaries, and look at nothing else. The popular biographers, finally, have little patience for much of the relevant scholarly literature. The result has been a cursory leitmotif — an unexplained Otto Kahn popping up in a multitude of histories.

My study, the first scholarly biography of Otto Kahn, follows a different pattern. It instead draws out coherence through comparisons. I find more resemblance and interdependence than previously noticed among the presumed separate spheres. Kahn’s story encourages us to weigh questions of modernity in the distinct, but in Kahn’s life related, domains of artistic collaboration and financial intermediation. The biography is also a lens through which to examine how we fashion public images and symbols. As important, it discusses the American millionaire in an international context, and it illuminates a Euro-American cosmopolitanism that contributed to the self-definition of wealth and art. This one life contains many antecedents of our so-called borderless world. Through Kahn’s career one can follow the ways of international finance and cultural exchange, along with shifts in the cosmopolitan orientations of money, art and business. Our expectations for biography shift, too, because the central character is a banker and a patron, who is mainly an intermediary and, while this social role is underestimated in all accounts of modernity, it is as necessary for blends and hybrids as it is for difference and otherness in modernity.

First, a look at Kuhn, Loeb and Co. finds the house handily located in a continuum of transitions. Founded in 1867, but extinct since the 1980s, Kuhn, Loeb was a proud and solid, unincorporated partnership, organized in a paternal system, and a leader among international private banks during Kahn’s career. As in the case of any such firm, various challenges of continuity helped to shape its history, and no profile of Kuhn, Loeb or Otto Kahn is complete without understanding two substantive elements of continuity. One was replenishing the partnership with new generations of talent, and, in this case, designing the order of succession that would follow Jacob Schiff. Another was attaining and preserving the firm’s good reputation over the long term.

The conventional view is that, except for the founders who arrived in America as impoverished émigrés, Kuhn, Loeb partners were men of exceptional hereditary distinction (or *yichos*). It is not my intention to wholly discard that notion. The most famous partners of the house indeed came from privileged backgrounds, and Kahn’s own credentials were impressive. His father was a regionally important banker and city councilman in Mannheim, an entrepôt on the Rhine. One brother-in-law was Felix Deutsch of AEG, and an aunt

was married to George Lewis, the high-society solicitor and confidante of Edward, Prince of Wales. Kahn had also worked at Deutsche Bank in London and the Speyer house in New York before joining Kuhn, Loeb. He was therefore well connected.

It nonetheless displeased Jacob Schiff when Kahn's prospective partnership emerged in 1896. Kahn was admitted only because the senior felt obliged to honor the wishes of Abraham Wolff, a longtime partner whose daughter had recently married Kahn. The prevailing explanations for this reluctance tell us Schiff's orthodoxy conflicted with Kahn's religious ambivalence, or Schiff frowned upon Kahn's many artistic interests, but these overlook Schiff's tolerance for the same in many respected colleagues. A better reason is worth considering, though it requires another modicum of disbelief.

Otto Kahn surely had enough respectability for his story to skip the rags and go straight to the riches, but little to strengthen the dynastic traditions of Kuhn, Loeb. These did need strengthening if Kuhn, Loeb was to be a peer of the Rothschild and Speyer houses, and that was the destiny Jacob Schiff seemed determined to achieve for his dynasty. Schiff had entered the firm and the Loeb family by marriage in 1875, and he had led the firm out of obscurity to surpass the Speyers as New York's leading non-Yankee house. He would expect to pass the reins to his son, Mortimer, but he would also welcome the brothers from Hamburg, Paul and Felix Warburg, who not only married into the Loeb and Schiff clan, but also brought an alliance with the powerful, M.M. Warburg & Co. By comparison, Otto Kahn had less *yichos*. Although his mother's ancestry was elite, his father's money was parvenu, and that was probably perceived as weakness, for Jacob Schiff traced his own paternal ancestry to the 14th century. Nor was Kahn related to the core of partners by blood or marriage.

Otto Kahn would always be a familial outsider, a lesser partner, lacking the power to govern, but he soon became more influential and prominent than anyone foresaw at the beginning. First, he worked well with clients — not just any client, but the firm's most important and difficult one, E.H. Harriman, who made much money and not a little trouble for the firm. Then, within a decade of his arrival, Otto Kahn proved to be the best among the new partners in what was to be a new role for financiers in the new century: public relations or impression management. Kahn was to be a keen defender of the house's reputation.

Impression management is but one area in which Kahn's financial career overlapped with his famous patronage. Kahn himself said as much. Sounding like a stage critic, he decried elements of cheap entertainment in investigations of business during the Progressive era. With the instincts of a dramatic coach, he demonstrated better ways for financiers to play such scenes. Other resemblances include the emphasis upon performance in theater and business alike, similarities between artistic collaborations and industrial combinations, and how Congressional investigations of business came to be played like set pieces. All are amplified in numerous, concrete illustrations that pair Kahn's experience in art and finance. These begin in 1907, when Otto Kahn first stepped into the public arena, and in one month battled censorship at the Metropolitan

Opera, then in the next fought attacks against Harriman at the ICC's hearings on railroad consolidations.

As every student of investment banking history knows, Kahn's greatest performance came in 1933, during the Senate's probe of the securities industry. He stood as a witness at the Pecora Hearings, and he came out looking good. This dissertation posits some reasons why. At his best in the limelight, Otto Kahn spoke well and photographed nicely. Not a dry ledger man or scrappy speculator, he was dignified, charming, and good humored. Sartorially impeccable, he stood with full confidence in representing Kuhn, Loeb's conservative financial practices. He was familiar with the public gaze as well. (Just eighteen months earlier he had testified on defaulted foreign bonds.) Otto Kahn was Wall Street's most experienced witness. Having played the role of spokesman for thirty-five years, the continuity was appreciated as much as his critique, when in candor Kahn would admit selected wrongdoing on Wall Street (such as bear raids, a practice from which Kuhn, Loeb had refrained).

During the worst crisis of capitalism, the Pecora Hearings actually energized Kahn. The witness could reasonably hope to do good work, when such opportunities and optimism had grown scarce for the banker-patron. Not only had the Great Depression and Hitlerism tipped him toward despair, but at some level Kahn also suspected that heart disease was drawing his life to an end, and this was to be his final tour de force.

Theatre helped Kahn express the virtue of business. The integrity of his house gave him an easier case to make. But his esteemed patronage was itself important. It meant the labels of Philistine and Babbitt did not stick to Otto Kahn. He made a favorable impression throughout the general society. His patronage amounted to more than cash donations, too. As one journalist noticed long ago, Kahn's philanthropy was not that of the "the conventional millionaire . . . [putting] aside a certain sum toward a foundation bearing his name." Otto Kahn came into direct contact with the producers of art, often in his or their homes, at the theaters of his patronage, and in the offices of Kuhn, Loeb. There always seemed to be a diva, a publisher, or a playwright scheduled to meet him. They came for advice, critiques, referrals, and ego-stroking as well as money. They also got a glimpse of enormous wealth, of Wall Street at work, and of Otto Kahn, doing what he thought a perfectly modern millionaire should do.

What combined in the conventions of cultural brokerage also coalesced in the way art examined moneyed culture. Just as Otto Kahn used art to make statements — about civilization, the virtues of cosmopolitanism, and his individual goodness — the beneficiaries of Kahn's largess used Kahn to make art, present art, and see art. These are dense relationships. To unpack them and not sound like James Joyce is difficult. Nonetheless, my dissertation charts the protocol of patronage and its products, which is to ask, can we locate Otto Kahn in the art? That is another form of impression management. My next argument would be less convincing if Hart Crane, Ezra Pound and Eugene O'Neill did not all play with Kahn in puns of Kublai Khan, a fashionable symbol of money

among the moderns. (Crane did it in *The Bridge*, Pound in *The Cantos*, and O'Neill in *Marco Millions*.) A trace of the same is found, after Kahn's death, in the opening newsreel of *Citizen Kane*. These draw us into closer study of Kahn's meaning. He was a unique idiom of business culture, when idioms of business culture were the stock trade of modernists. Please note, too, how the Khan metaphor distanced the banker-patron from the more difficult, Shylock.

Beyond impression management, and his personal pleasure, patronage compensated for Kahn's limitations as an international financier, leveraging small improvements for Kuhn, Loeb, especially after the war began in 1914, and "the Jewish question" along with German ancestry compounded in nearly crippling liabilities. The aftermath of the Anglo-French loan of 1915 is exemplary. The story's beginning is well known. Kahn and the majority of his pro-Allied partners were frustrated when overruled by Jacob Schiff, who fatefully decided to continue a policy of neutrality (a policy damaging to the firm's reputation). What followed was a pairing of business and artistic activism guided to the same goal. One opportunity came fresh on the heels of the Anglo-French loan, when Kahn became a founding director of the American International Corporation (AIC). A trading, finance, and holding company of wide scope, the AIC was so forward-looking it was avant-garde. It was also part of a broad effort by Kahn to assert himself and Kuhn, Loeb, seeking postwar world leadership after the war had irreparably damaged the international networks and prestige of German-Jewish financiers.

The founding of AIC is not a new story, and neither is Kahn's parallel activism in the arts, but following them together leads to a new perspective. Around the same time AIC got underway, Kahn orchestrated a very famous, successful *cause célèbre* — with great support from the gala avant-garde of Paris — when he obtained the release of Vaslav Nijinsky from Austrian custody (the Russian dancer was being held as a prisoner of war). Kahn then sponsored the premiere tour of the Ballets Russes in America. In different forms of brokerage, Kahn's cultural mission was comparable to his interest in AIC. Both expressed what Kahn thought the United States needed for world leadership. Each played a similar role in bridging the past with the future, and both promised a return to internationalism.

The renewed liaison between Kahn and continental patrons was followed by a burst of French music and drama in New York, much of it facilitated by Kahn, who was making a fresh start for his German-born self among the French while solidifying Franco-American cultural relations. By mid-1916 Otto Kahn was gaining esteem in France while respect for the Morgans was waning. In due time, French interests would be courting Kahn for financial assistance — municipal loans for French cities, then proposals for port development. Kahn's success pricked the Morgan partners like a thorn, and that would smart well into the 1920s, but Kahn would never fully strike against the Morgan-supremacy.

In many terms, Otto Kahn was not Wall Street's most successful financier. He did not make the really big deals of his time. During the war years and after, he was never officially invited to decide the fate of Euro-American finance.

Kahn's shortcoming cannot be reduced to any one cause, but in international affairs it was largely a punishing effect of Morgan leadership. Colored loudly by ethno-religious hostility, the consequences for cosmopolitanism were deep when the negotiation of Europe's future was left to experts with little respect for or knowledge of Germanic cultures.

Other assessments figure Kahn as Wall Street's best product, its most benevolent and persuasive representative — the rare capitalist with a soul. In his many performances and their interconnections, the banker and patron was always a middleman. Otto Kahn connected extensive, collaborative, as well as competitive and cross-cultural environments. He also played a good hero convincingly, knowing that a hero needs only to be more good than bad. In that role he pioneered better public relations for Wall Street — in the style of a modern, fun-loving celebrity, but still a staid banker.

At the same time, he assured the emerging financial center of the world, New York, would be a global capital of culture, a hub of aesthetic cosmopolitanism along with foreign investment. Doing this not only helped to establish American talent in the minds of Europeans, it also helped the reception of European moderns in America. Kahn died in 1934, before most of the artistic and intellectual refugees to flee Hitler's Germany arrived in the United States, but Kahn's business of virtue — in support of modernist arts, in laying the tracks between New York and Hollywood — helped to prepare the environment for their arrival. That too, together with his performance in banking, made Otto Kahn a pivotal figure in the transitions of many modernisms, bridging the nineteenth and the twentieth century.

## References

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