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The title I have selected for my paper is the "Rise of the duPonts in America". My interest was created from reading a book titled "Blood Relations", by Leonard Mosley. This title is most appropriate to describe the duPont family relationship as I will attempt to portray. Almost from the moment they landed in America, the duPonts began to produce a breed, fired by the challenges of a new nation, and prepared to fight for their share of its power and success. The duPont mills on the banks of the Brandywine River in Delaware, sold gun powder to the North in the Civil War, and without their powder source, the United States would not have been able to fight, much less win, the Spanish American War. In World War I, the British bought their explosives from the duPonts. By the 1920's, the company had branched out into a wide range of chemical products. In 1922, the family gained control of General Motors and thereby created what the Sherman Antitrust suit brought by the government in 1950 called "the largest single concentration of power in the United States". For a long time, the duPont family virtually controlled the State of Delaware. They collected the tolls on the turnpike, they operated what schools existed, they manipulated state and local government, and they had a member of the family in the U.S. Senate. Their personal power lasted until the 1960's when, for the first time, there was no duPont at the helm of what had been one of the largest family owned and operated businesses in the world. My paper will summarize their rise in America until the early 1920's.

DuPont is a name almost as common in France as Smith is the English speaking countries. Pierre Samuel duPont was the second child born in 1739 of Samuel and Anne, watchmakers in Paris. During his early years he was a sickly child, and he received a good deal of extra attention from his mother. This resulted in his receiving a fine education, and he read everything he could get his hands on. He became a watchmaker like his father, but he also wrote plays for amateur actors, performed in them, and started writing on the



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political economy in France. These writings became the topic of conversations in the fashionable salons of Paris, where he soon became a welcome guest. There, he met the aristocracy of France, which led to his employment by the government to perform economic surveys and edit government periodicals. He soon became known as an expert in Commerce. His writings became known in the Western World, and it was through them that he became acquainted with Benjamin Franklin and Thomas Jefferson. Louis XVI recognized the value of Pierre's diplomatic achievements by bestowing on him a patent of nobility which raised him to a rank roughly equivalent to British Knighthood. A coat of arms was one of the honors accompanying the distinction.

Pierre Samuel married Marie LeDee, and they had two sons, Victor, born in 1767, and Irenee', born in 1771. At ages 17 and 13, their mother died of Typhoid fever. Pierre called them together and asked them to promise one another that, "you will always stand together, united, that you will comfort one another in every sorrow and distress, and that you will help one another in all your endeavors; that you will stand by one another no matter what the difficulty or the danger.". When they had pledged themselves, he concluded the ceremony with these words: "Bless you my children, and may heaven also bless you. Bless your labors and your children. May your families be carried on by wives who are good, sensible, courageous, economical, generous, simple and modest like the mother you have lost. May each generation of your descendants struggle uncessingly to pass on to its children a better heritage than it received".

Victor duPont became an unpaid secretary to the French Legation in New York and later rose to become French Consul General at Philadelphia. Irenee' joined the National Powder Works, a government monopoly, much to his father's dissatisfaction. However, father Pierre was much too busy being a French politician, and a successful one, until bad times fell on



France as a result of Louis XVI having neither the wit nor the wisdom to accept advice from his counselors, and the bad times led to the Revolution. Pierre lost his position in government and had to go to work for a livelihood. He started a publishing business in Paris, and his son Insee' later joined him in the business. As the revolution forces began to organize, Pierre gathered a group of approximately 60 people in support of the King. Pierre, being very well known, was threatened by the opposition, and he had to resort to hiding to save his life. Son Insee' continued running the publishing house.

Pierre was in hiding for approximately two years until he was found by the revolutionaries and put in prison. Unbeknown to the duPonts, Pierre was sentenced to death. Three days before the execution date, he was freed by his fellow revolutionaries who carried on until they put an end to the terror. The following month Pierre was elected to the upper house of the new <sup>parliament</sup> ~~parliament~~. He continued to have difficulty with the reactionaries and again was thrown in prison. He was soon released, but was scheduled to be deported along with his political allies.

Pierre realized that a France which had imprisoned him twice for his political opinions, had threatened his life and had twice ravaged his publishing house, offered no hope for a tranquil future. He decided to emigrate to America.

It was on October 2, 1779 when Pierre, at age 60, left for America aboard the ship, "American Eagle", with his sons Victor and Insee', their wives and five children. Ninety one days later they landed in Newport, Rhode Island. The trip was financed by selling stock in a proposed company to establish a colony in the United States. Most of the subscribers reneged on their pledges, and only about 10 percent of the planned financing was raised. From Newport, the duPonts traveled by stage to New York City where they set up company offices. They soon found that aliens could not own land in many states. Unable to follow



through with their original plans for colonization, they turned to other business schemes involving trade and shipping.

It was in the fall of 1800 that Irenee' came upon the idea of manufacturing gun powder. In the course of his hunting with a fellow Frenchman, in the Delaware countryside, outside Wilmington, he ran out of ammunition and stopped at a country store to fill his powder horn. The poor quality and high price of gun powder appalled Irenee'. He recalled the finer product he helped to make back in France. His fellow companion assured him that the price and quality was typical of American gun powder. The only good powder was imported from England. This was a matter of concern to American leaders, who distrusted Britain's attitude toward her former colonies. With a new and hopeful idea in mind, Irenee' visited an American gun powder mill at Frankford, Penn. Although the saltpeter they used was better than that available in France, they refined it so badly that it had little strength. Their mills were inefficient, producing little powder at great effort, with too many workmen. Irenee' saw that a <sup>powder</sup> mill could count on a high price and a sure market for its product, especially in a pioneer country that was growing in population and area. For not only did the armed forces need dependable powder, but so did the frontiersmen who were pushing the wilderness beyond the Alleghenies. In addition, the plantations of the South and of the West Indies required powder to blast out stumps and rocks, and to perform a million and one other tasks.

Pierre Samuel was not too receptive to Irenee's idea of manufacturing gun powder. It was dull stuff, working in a wretched factory like any common laborer. However, nothing else was working too well for Pierre, and the family money was dwindling fast. Irenee's plan was to have one stamping mill and one wheel mill to produce 100,000 pounds of powder annually on a 200 day operating basis.



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The capital required was \$36,000 and the annual profit was estimated at \$10,000. With Pierre's final approval, Victor and Irene left for France to raise the necessary capital and to buy the equipment required. Pierre had agreed to advancing \$24,000 of family funds, leaving \$12,000 to be raised in France. The French government took a lively interest in Irene's proposed powder works. The French were delighted at the prospect of a French owned factory that would cut deeply into England's virtual monopoly of the American powder market. Irene had little difficulty raising the capital and obtaining the equipment. His company was incorporated in 1801 in Paris for the "manufacture of military and sporting powder in the United States of America".

When Irene returned from France, he started searching for property to build a mill. In and about the Wilmington area, there were many French immigrants to whom the duPonts had been introduced. It was through these acquaintances that they were encouraged to search the Brandywine Creek area. In the end, Irene bought 95 acres in this area for \$6,740.

Because the law in Delaware prohibited ownership of property by aliens, Alexander Hamilton, as the duPont attorney, tried to persuade the state legislature to pass a special act, permitting Irene to own real estate. Hamilton met opposition due to unreasonable animosity against the French. Finally the property had to be purchased by a naturalized Frenchman friend of the family. The location was also near Washington. This was important to Pierre since he felt that only government work could make the mill profitable.

The design of the buildings were strange to the colony workers. However, Irene was no fool; he planned for misfortune. Instead of one building, he put up several small ones. He allowed for a generous space between each, so that a fire or explosion in one would be less likely to spread in a chain reaction to the others.



Three sides of each building were constructed of stone walls three times as thick as an ordinary structure. The fourth side, facing the creek, was not so high as the opposite wall and not as strong. The roof was a flimsy structure, slanting down to the stream. The reason for this design was in case of an explosion; the force of the blast was directly up and toward the creek, thus minimizing the damage and the number of casualties. Three years later in 1804, the first black powder was poured into barrels at the duPont mill.

Despite initial difficulties, the mill started producing powder at an opportune time. War had broken out in Europe, and therefore American made products did not have to compete with imports from abroad. Within a year, with Victor's help and contacts, the firm was able to organize a network of sales agents throughout the country to market the product. Pierre helped the business by utilizing his friendship with Thomas Jefferson in the procurement of government orders. By 1807, the mill gave employment to 140 workers. They worked 12 hours a day in the summer, and nine hours in the winter. duPont workers labored shorter hours for more money than did employees of most other companies of that day.

The first explosion occurred in August 1807. Two buildings were destroyed. Nearby homes suffered broken windows, dishes and foundation damage. The mill workers had built their homes around the mill and near the shore of the Brandywine Creek. Therefore, whenever a catastrophe at the mill occurred, some of the homes suffered damage also.

While business was good, profits were difficult to come by as more capital had to be poured back into the business to re-build after the explosion, and to expand the production with the growth in sales. Competitors took pop-shots at duPont gun powder by cutting prices and using political influence to gain government orders. Regardless of pressures from creditors, in 1813, Irenee' purchased adjacent property to provide room for further mill expansion. Although the war of 1812 was opposed by many Americans, it had Irenee's full



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support. The powder mill was handsomely paid for the orders they received in support of the war. At a time when the company was still in a shaky condition, and in urgent need of financial support, the profit from the war made a great difference - possibly the margin between success and failure.

During these years, Victor was primarily engaged in trading ventures and real estate, all of which eventually turned bad. He was forced to return to Brandevine where brother Irene' bailed him out. Pierre had returned to France, but his many ventures with government and finance finally forced him to return to America, and to Irene'. By this time, in 1815, Irene' also controlled a tannery, the powder mill and a cotton factory. Pierre's health deteriorated and he died at the age of 77 while helping to man the bucket brigade at another mill fire.

Two years later, in the spring of 1818, a huge explosion destroyed the upper mill and rocked the countryside. Thirty six workers were killed instantly, and many were injured. The fire spread, destroying homes nearby. In this, as in all emergencies, the wives of the duPont family worked with the men, dressing the wounded, feeding the injured, comforting the widows and rounding up the orphans. Irene' did his best to provide for the families of dead workers. Widows received a pension, a place to live and firewood. Children who lost both parents were made wards of the duPonts. They provided the orphans with shelter, clothing, food and schooling. This policy turned out to be good business for the duPonts. Despite the work hazards, the employees remained to work in the mill.

It was in 1827 that Victor died at the age of 60 while on a business trip to Philadelphia. Irene' found the loss almost unbearable. Although he recognized Victor's shortcomings, he always understood that those weaknesses, in large measure, had stemmed from his brother's good nature. To Irene', he always remained the big brother who could do scarcely any wrong.



Once when Victor lamented that he had become a financial burden on Irene's, the reply was "We are as twins - when one dies, the other dies". Irene's had never forgotten the words from his father when his mother passed away.

Now, as head of the family, Irene's looked after all the family needs. He became the decision maker and head of the duPont clan. His business continued to prosper. The duPont name became a stronger and larger factor in the economic and political decisions that impacted the Wilmington area. It was in October 1834, at age 62, Irene's passed away while on a business trip to Philadelphia, almost exactly as Victor had died nearly 8 years before. The family was then faced with the question of who was to carry on the business that Irene's had so successfully created. It was here that the duPont women showed their strength. They met to discuss and decide who was to become leader to carry on the company. Irene's three sons did not seem qualified at the time. The eldest, Alfred, was a chemist and could keep the mills running. However, he was not interested or qualified to handle delicate <sup>financial</sup> matters. Henry was 22 and had only 5 months with the company. Alex, 18 years old, was a hard working powderman, but far too young to be trusted with the welfare of the company. In this crisis of leadership, the husband of Irene's daughter, was selected by the duPont women to take over the management of the company. His name was Antoine Bidermann. After two years as head of the firm, the company had prospered so well that Bidermann was able to pay off all the firm's obligations and to satisfy the debt to European creditors that Pierre Samuel had incurred when raising capital to start the American venture. The duPont Company then became American owned and family owned. In 1837, the company became re-organized as a partnership with Irene's three sons and four daughters as the partners. Bidermann, at his own insistence, was not a partner, and no longer continued any active participation in the company. The new partners then elected Alfred, Irene's oldest son, head of the firm with Henry and Alex, the other



sons, as operating partners to assist him.

The entire duPont family centered their attention and activities to running the business. They did their best to prevent competitors from learning about process refinements. This secretive attitude made the duPonts appear to be hostile, or at least suspicious of outsiders. The reaction of many of their neighbors and much of Wilmington, was therefore rather unfriendly. Rarely did the family entertain friends or neighbors in their home. The duPonts became a unique family; disciplined to an unusual degree because powder making was too hazardous to permit breaches of discipline; secretive because they felt the need to hide their manufacturing process from the curious; hard working because this was an essential part of Irenee's nature, and a necessity to the family's survival in a strange land; loyal to the family, and simple in their tastes and habits.

An example of the duPont concern for outsiders and competitors is the Powder Trust which was started in 1872. This was a period of falling gun powder sales, following the Civil War, and as a result, gun powder prices were declining as competitors attempted to unload their pile up of inventory. Henry duPont, Irenee's middle son, and then head of the company, sent letters to six of the largest gun powder manufacturers, inviting them to a meeting for the purpose of ensuring an equitable adjustment of prices and terms of sales of powder throughout the United States. The Gun powder Trade Association resulted from this meeting, and rules governing prices and competition were established. Price lists were drawn up and minimum and maximum margins agreed upon. The country was divided into territories, and each member company would have a territory where it had preference over the others in controlling sales; and in those common territories where it was agreed they should continue to compete, it was also agreed that the company that won a particular contract, would compensate the others for having lost it. When one company was accused



by another of having violated the rules, GJA held a trial of the issues and punished any company found to be at fault. Other companies joined the GJA - some because they believed that its methods offered the best way to keep the powder trade healthy; others because they feared that they would be driven out of business if they stood alone. The Powder Trust carried on price wars against those who were not members. Bankruptcy soon faced those non-member companies, and the duPonts aggressively moved to purchase at least controlling interest in these companies. As a result of these maneuvers, duPont acquired a practical monopoly of the business on the West Coast. Once in control, duPont compelled the acquired companies to abide by the GJA rules, and by 1879, 61% of all the powder consumed in the United States, was made by duPont, or one of its innumerable subsidiaries. By 1881, the GJA included 85% of the industry, and duPont controlled the Powder Trust through its majority interest.

Each time the reigning family member passed away, the surviving partners, male and female, gathered to select that family member who would carry one, and not only head the company, but be head of the family group as well. As the years progressed, this became a more difficult matter because the family was becoming larger, with more potential candidates. Family interests were becoming more wide-spread, with a larger and larger number of the children having other interests than the duPont powder business. Their growing wealth permitted them to branch out into politics, education, investments, and other business interests. In addition, their large number resulted in bickering and varied opinions as to who should become the company head. It was one of those situations that arose in 1902. Again there were five surviving partners who were faced with nomination of a new company president. Three of the partners were grandsons of founder Irenee',



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one son of Victor, Inenee's brother, and one great grandson of Inenee'. Four of the five partners disqualified themselves because of poor health, interest in politics, or no prior company experience. That left Alfred, great grandson of Inenee', 38 years old, as the only contender. Alfred never even bothered to attend the first meeting intended to select a company head. Alfred worked for the company and had already proved that he knew more about powder making than all the rest of the family put together, but in the eyes of his fellow partners, that did not outweigh the disadvantages of his character. They had formed an exceedingly low opinion of his good judgment and business ability which they did not hesitate to express. They also felt he would not inspire confidence among the other members of the family, let alone the business community. Weary, after hours of fruitless discussion, the four partners reached what seemed to them the only possible solution. They would sell the duPont Company. They decided to offer the business to their biggest and most respected rival, the Laflin and Rand Powder Company. For decades the two companies had dominated the explosive business through the powder trust. Upon hearing of this decision, Alfred made sure he did not miss the second meeting, where he spoke of his desire to purchase the business that the duPonts had spent a century to build up, spilling blood and sweat in the process. The other partners were so surprised, but finally agreed to sell the business to Alfred and two cousins, Coleman and Pierre S. A selling price of \$12,000,000 was put on the duPont assets, and the cousins had a week to find the money. In available cash and assets, they had less than \$1,000,000 among them. The three cousins quickly discovered that the duPont assets were worth at least double and perhaps triple the asking price. Since historically the president of the company was also head of the family, the surviving partners were also ignorant of what the assets were really worth since they had never been permitted to examine the records in detail. The assets included thriving mills in Pennsylvania,



Iowa and Tennessee, vast quantities of land on both sides of the Brandywine and ownership or interest in numerous subsidiaries purchased as a result of the Powder Trust. In their search for ways of raising the purchase price, Coleman, a born promoter, went before the old partners and told them that he and his two cousins did not have the \$12,000,000 they were asking for the duPont assets, but did they really want \$12,000,000 in cash anyway? Coleman emphasized how embarrassing it would be to the three cousins to search for that amount of money on the open market, and also made a big story out of the trouble the old partners would have reinvesting that amount of money in something safe. He proposed that instead of cash, he would give them 25% interest in the new company and would pay them 4% interest on 12,000,000 over 30 years minus any profits they received from the new company. The proposition was accepted. It was high level salesmanship on the part of Coleman, and no one else could have pulled it off. The three young men had taken over the biggest powder maker in the U.S., and probably in the world, and it had not cost them a cent!

One more incident is noteworthy in the early history of the duPonts. It began in 1907 and involved Robert J. Waddell, a former duPont employee. Waddell had worked out of Cincinnati as a go getting salesman. Following a quarrel with his superiors, he branched out on his own as president of the Buckeye Powder Company. He ran up against duPont's competitive tactics, and his company had trouble surviving. Waddell, probably rightly so, attributed his lack of success to the price cutting and often cut-throat competition the duPont organization turned against any firm that stood in its way. Waddell thirsted for revenge against the duPont machine, and went to Washington to arrange an appearance before the Senate Appropriations Committee. When he left duPont, he had taken with him a bundle of letters, memoranda, price agreements, and contracts which



he now proceeded to wave before the committee. A fluent and convincing witness, he had some tantalizing revelations to make about the duPont's methods. For instance, he described how Coleman duPont employed a chief mechanic at the Brandywine works who always seemed to live better, in a bigger house and with more money than could be reasonably expected of someone in his position. The role of the mechanic was to travel to places where rival firms were operating and find a job with them. Once hired, he would keep his ears and eyes open, discover the company's strengths and weakness, who its customers were, what methods and machines it used. He reported back to Coleman with material that enabled him to assess the value of the rival, undercut its costs, and steal its customers before making an offer to buy it up at a bargain price. Waddell also accused Coleman of engineering a family member's election to the Senate for the sole purpose of having someone there to wheel and deal on the company's behalf. He charged that the duPonts Powder Trust and its family directors were "an absolute and exclusive monopoly for the manufacture of all government gun powder, and that they were daily, continually and openly defying and breaking the laws of the state and the United States". He demanded that they be sued under the Sherman Act. At first the three cousins did not take the suit seriously. However, the nation was in a mood of hitting out at big business, and President Roosevelt's "big stick" had already struck out at such giant corporations as Standard Oil and American Tobacco Company. To the duPont's surprise, the justice department announced duPont would be prosecuted. Waddell's testimony was so incriminating that although the trust-busting regime of Theodore Roosevelt gave way in 1910 to the more conservative sentiments of Republican President Taft, the court still brought in a guilty verdict against duPont.



The court found them guilty of maintaining an illegal association to dominate the explosive industry and regulate prices "not according to any law of supply and demand, but according to the will of the parties to the said contract". The government gave the duPonts a deadline to produce a plan to break-up the company or the government would do it for them. The duPont's proposed plan called for wiping out of existence all the individual companies brought under its wing, and in its place, forming the E. I. duPont de Nemours Powder Co., plus two new companies, the Hercules Powder Company, which was given one of duPont's patented formulas, and the Atlas Powder Company, likewise given a duPont patented process. The new companies were to be completely independent of the duPont organization. Under Teddy Roosevelt's administration, it is doubtful that the plan would have been accepted since it left duPont pretty well intact. However, the court at that time accepted it. Though it was a costly experiment in corporate dismemberment and, on paper at least, left the company millions of dollars poorer, it was far from being the complete break-up that the court's verdict had predicated.

I've reached the period of the early 1900's, and what has happened to the duPonts since that time is recent history and known to many of you. The company business was further challenged by other antitrust suits. Irving Shapiro, an attorney who successfully defended the company, emerged in the 1960's to take more and more control of the company. Finally in 1974, he became chairman of the board and chief executive. There were then 2,000 duPonts living in and around Wilmington, but not a single one was on the board of directors or a member of the planning committee. They, who had once been the owners of duPont, were now living on the dividends earned for them by prior family members.