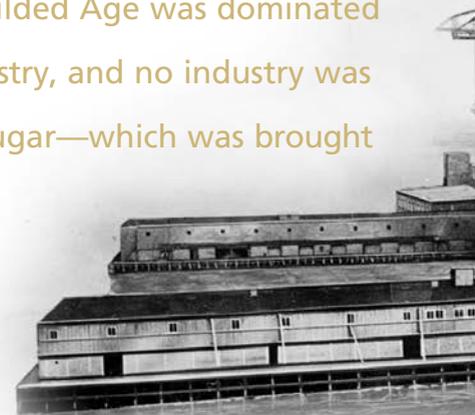




# GILDED

The Gilded Age was dominated by captains of industry, and no industry was as dominant in New York as sugar—which was brought to Brooklyn by the sons of two German immigrants who went on to create the food giant, Domino Sugar.



BY MARTIN L. SCHNEIDER

In the nineteenth century, sugar made huge fortunes for its producers, provided regular work for thousands, and helped to turn some free-enterprisers into aggressive colonists in the Caribbean and the Philippines. The steady growth of the world's sugar consumption started in the 1840s, when improved refining technology began making it affordable for everyone. By 1880, sugar had become a daily necessity rather than an occasional luxury.

It also was the commanding industry in the City of Brooklyn. With 2,500 workers, it represented nearly half the total value of all of Brooklyn's manufactured products. By 1899, Americans were using two million tons of refined sugar a year, which worked out to roughly one pound per citizen per week. Ships docked

in New York from nearly anywhere sugar cane grew, and by 1900 Brooklyn's thriving waterfront had become the greatest center of sugar refining in the world, thanks to two enterprising German immigrants, Frederick and William Havemeyer, and their descendants.

### A Family Enterprise— and Fortune

The brothers had arrived in Manhattan in 1802 after working briefly at a sugar refinery in London. In 1805, they bought some land from Trinity Church at 87 Van Dam Street, built a small refinery, and opened for business on January 1, 1807. The business did so well that the brothers bought a little more land for expansion and were soon producing 4,000 pounds of sugar a day. By the 1830s,

their two sons, cousins William, Jr. and Frederick, Jr., were managing it.

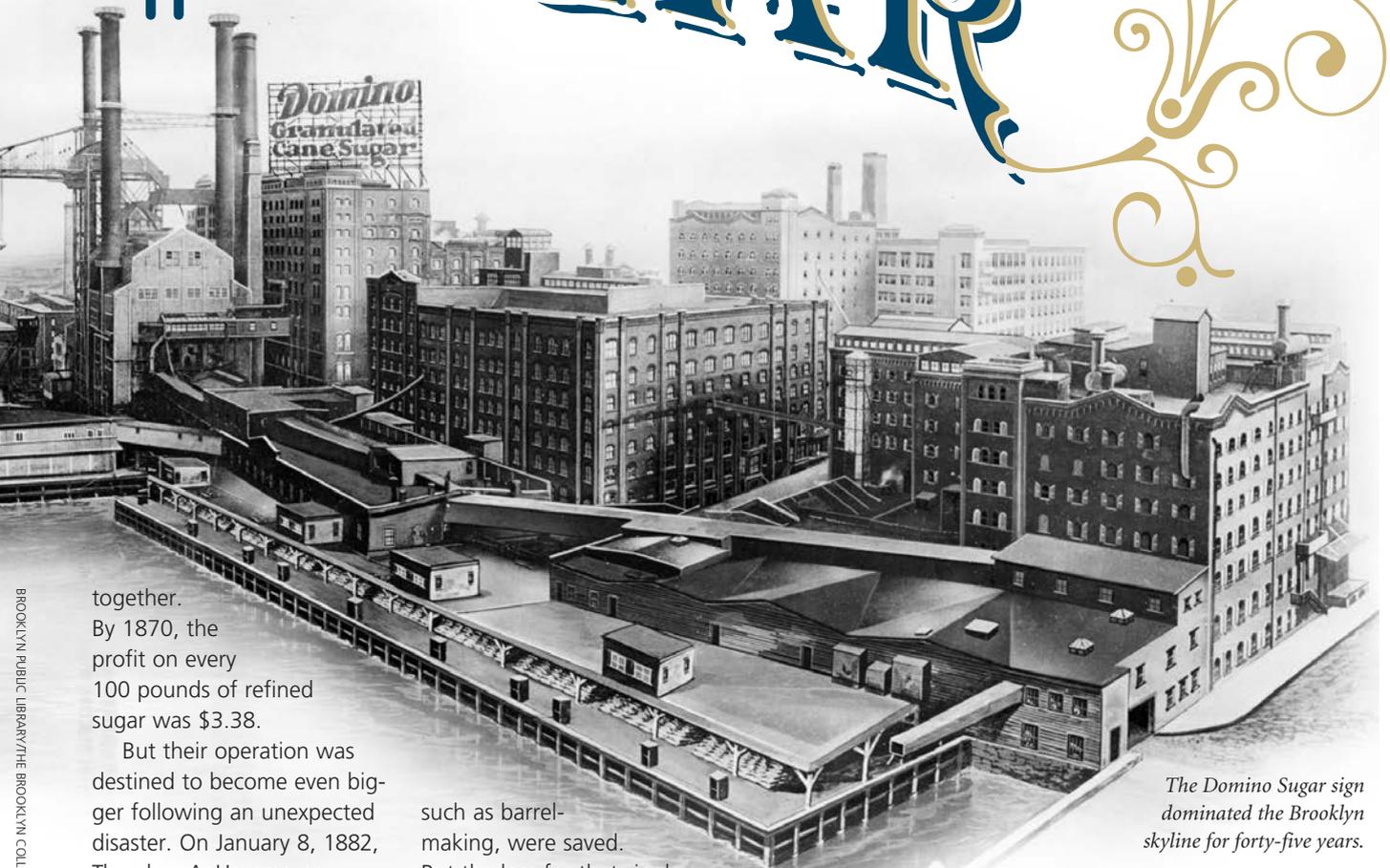
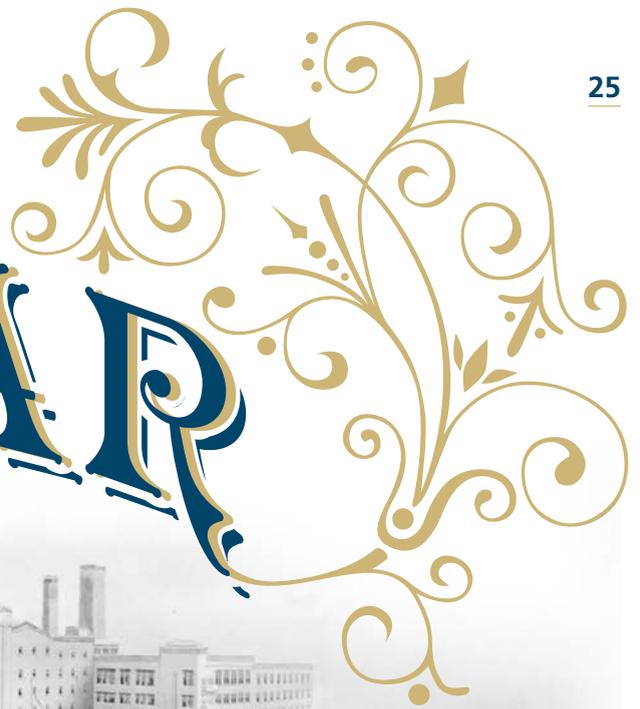
The Havemeyers prospered and became assimilated New Yorkers; William, Jr. became mayor of New York City three times. Frederick, Jr., however, did not go directly into the business; instead he went to Columbia College, traveled in Europe, and upon his return scouted out Williamsburgh on the Brooklyn waterfront, where he found "good deep water, plenty of labor, and...space to build." In 1858, the cousins opened the Havemeyers and Elder Company (the Elders were related by marriage) in Brooklyn, which soon became the leading sugar refinery in the country. The sprawling enterprise produced 300,000 pounds of sugar a day—more than all the existing Brooklyn refineries put

FROM THE COLLECTION OF HARRY W. HAVEMEYER/PHOTO BY M.L. SCHNEIDER



*Henry O. and Louisine Elder Havemeyer in Paris in 1889, where Mary Cassatt introduced them to the glories of French Impressionism and the earlier major works of European art.*

# \$UGAR



together. By 1870, the profit on every 100 pounds of refined sugar was \$3.38.

But their operation was destined to become even bigger following an unexpected disaster. On January 8, 1882, Theodore A. Havemeyer, Frederick Jr.'s son, was called to Brooklyn from his Madison Avenue mansion because of an explosion and fire described by the *Brooklyn Daily Eagle* as "one of the most destructive and at the same time the grandest conflagrations" ever seen. Only the main seven-story refinery building burned; two other immense buildings and a fire-protected storage building (which that day held 8,000 barrels of sugar), as well as the waterfront piers, rail yards, and other supporting manufacturing industries

such as barrel-making, were saved. But the loss for that single building and its machinery, which was covered by over 300 insurance companies here and abroad, was valued at about \$286 million in today's dollars.

### **A Monopoly of Wealth**

Barely eighteen months later, on July 30, 1883 the *Eagle* enthusiastically described the rebuilt Havemeyers and Elder establishment as "the largest of the kind on the face of the globe." Its expanded capacity was capable of turning out 1,250,000 pounds of sugar

every day. Soon there were 650 ships a year tying up at the Havemeyer docks to deliver raw sugar. By then, Brooklyn was the source of sugar for two-thirds of the nation, as well as a prime source for customers around the world.

Of course, the sugar business attracted other refiners. This posed a serious business problem for the Havemeyers. They figured that with so much capital invested and so much profit to be made, they needed protection from what they viewed as unnecessary

*The Domino Sugar sign dominated the Brooklyn skyline for forty-five years.*

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and disruptive price competition. On October 11, 1887, the *New York Times* revealed some inside information: "It is understood down town that a trust is about to be formed from a combination of leading sugar houses. The project...has been discussed by refiners... for several years. It is said that the refiners have come to the conclusion that the manufacture of sugar can be kept down to the required limit for domestic use only by a combination." The formation of the notorious Sugar Trust, with the Havemeyers in the lead, was underway.

Henry O. Havemeyer, Theodore's brother, enlisted the help of Elihu Root, then a downtown lawyer with a flair for large-scale thinking (Root would later become President Theodore Roosevelt's secretaries of both war and state). Soon the Sugar Trust had seventeen refiners signed up, representing 78% of the

nation's refining capacity, and price controls were in effect. The powerful Trust proved to be a financial bonanza for the Havemeyers to regulate the price of refined sugar, affect the tariff on imported raw sugar, make rebate arrangements with favored customers, manipulate suppliers, conduct destructive price wars, and generally run amok in the sugar business world.

In 1890, the federal Sherman Anti-Trust Act was passed to outlaw just such overreach. In response, the Havemeyers created the American Sugar Refining Company, a new form of corporation that enabled them to maneuver around the loophole-filled anti-trust law. In fact, perhaps as an unintended consequence of the Sherman Act, the Havemeyers ultimately ended up controlling an astonishing 98% of the sugar business in America and presiding over a total monopoly on an essential commodity. In one spectacular instance after the Spanish-American War—no doubt with the help of Elihu Root, who was officially overseeing America's Cuban "interests"—they carved out the world's largest sugar plantation.

Havemeyer's personal wealth allowed him to become an avid art collector, and his first gift to the fledgling Metropolitan Museum of Art in 1888 was a Gilbert Stuart portrait of George Washington. After his sudden death in 1907, his widow, Louisine Waldron Elder Havemeyer, continued to

build one of the great private collections of European art in America. Upon her death in 1929, the Metropolitan received from her estate what art historians consider "among the greatest [gifts] any museum has ever received": nearly 2,000 paintings, sculptures, and other prize objects.

### Jobs for Thousands

In 1900, the Havemeyers' company became known by a name still familiar today: Domino Sugar. From 1890 to 1910, during Domino's most lucrative period, there were about 3,000 men working in its Brooklyn refineries—unpleasant and physically demanding labor. Sugar dust produced skin and lung ailments, and dust explosions were not uncommon. Factory ventilation was primitive until the 1900s, and even then it was limited to some large fans and East River breezes. But the workers came, and stayed.

The Havemeyer enterprise had always attracted a mostly German immigrant workforce, although there were places for Irish teamsters and later, Polish workers. Because of the Williamsburgh neighborhood's large population of Germans, estimated in 1900 to be about 100,000, this part of Brooklyn was known as Dutchtown. The Germans proved to be good and compliant workers, and the work was steady, with most staying for eight or more years. Job actions at the refinery were discouraged, and the Havemeyers had to fight off

Above: By the late nineteenth century, 650 ships a year delivered raw sugar to the Brooklyn refinery.

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only two strikes. In 1906, when workers demanded a raise in the eighteen-cents-per-hour salary, the company won a bitter fight, though it certainly could have afforded the raise, since its profits that year were \$50 million.

The average weekly wage was \$13, the lowest being \$6 a week for boys and girls in the packing department. Unskilled labor got \$10.60 a week for nine to twelve hours per day; skilled mechanics, at the top of the scale, earned as much as \$21 a week. A single man would pay \$4 to \$6 a week for room and board, while a cold-water tenement flat with three bedrooms, no outside windows, and a shared toilet would cost a family man \$8 a month, or a little less than a week's wages. A meal at a communal restaurant might be fifteen cents, and breakfast could be a nickel. By today's health standards, the typical diet was lethal, featuring such things as "...an undesirable corner of the cow...and...bakers pie, sweetened so much that it makes your heart burn to think of, and tea and coffee boiled out of recognition." The May 1900 issue of the *Brooklyn Daily Eagle* noted, however, that niceties of good food weren't what these "burly fellows" were looking for: "What they want most, is enough."

#### How Sweet It Was

Henry Havemeyer, who had put the Domino brand on the public's very idea of sugar by

inventing and patenting the small sugar carton and making the domino-sized sugar cubes to go in them, was secure in his enormous personal fortune, but the business began a long, slow decline. In 1922, the huge Domino Sugar sign that would define Brooklyn's skyline for forty-five years was erected atop the refinery, but in 1970 both Domino and the old American Sugar Refining Company became the Amstar Corporation. In 1988, Amstar was bought by the British sugar company Tate and Lyle, which began shifting operations to Baltimore. In 2001 the company became Domino Foods, and in 2003 the doors to the Brooklyn Domino Sugar refinery were permanently shut.

The property, with its unparalleled views of Manhattan, was acquired in 2004 by a major real estate developer seeking to convert the existing buildings to residential use. But in October 2006, the New York State Office of Parks, Recreation and Historic Preservation found that the property met the criteria for inclusion on the National Register of Historic Places. On September 25, 2007, New York City's Landmark Preservation Commission

designated three of the buildings, the Domino sign, and its special chimney as landmarks.

By spring 2008, the preservation issue had shifted to a practical one: the developers promised that the project would "balance the old and the new, preserving the best of the past to inform and grace the future." To that end, they engaged the adaptive-use specialists Beyer Blinder Belle, and the internationally respected firm of Rafael Viñoly, to design the site. In mid-2010, the New York City Council approved the \$1.5 billion, 2,200-unit, eleven-acre, ten-year project. Thus the Havemeyers' contribution to the city's commerce and culture will survive, as will their remarkable story of enterprise and power that is woven deeply into Brooklyn's history. ■

*Workers at Domino Sugar, ca. 1950.*



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## THE ARCHIVES CONNECTION

My research was conducted at the Brooklyn Collection of the Brooklyn Public Library, which provided access to nineteenth-century issues of the *Brooklyn Daily Eagle*; the Brooklyn Historical Society's library; and the archives of the *New York Times*. Other sources of early history were *The Industrial Record of the County of Kings and the City of Brooklyn, New York* by Henry R. Stiles (1884), and *Henry Osborne Havemeyer, The Most Independent Mind* by his grandson, Harry W. Havemeyer (privately published, 2010). The papers of Theodore A. Havemeyer (brother of Henry) are in the Baker Library of Harvard Business School.