

# ALBERT BALLIN, THE HAMBURG-AMERICA LINE AND HAMBURG

Structure and Strategy  
in the German Shipping Industry (1886–1914)

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## 1. *Introduction*

The theme of this article is the transformation of the Hamburg-America Line (HAL; its official German name was Hamburg-Amerikanische Packetfahrt Actien-Gesellschaft, often abbreviated to Hapag)<sup>1</sup> from a purely North Atlantic shipping company into a global enterprise and, in particular, how the HAL's policies were shaped and executed by its leader, Albert Ballin. Ballin (1857–1918) was one of the most successful and remarkable personalities in international shipping and a highly prominent business leader in Wilhelmine Germany. Within a dozen years of his entering the HAL he made it the biggest shipping company of Germany and the world. He never ceased to intensify and expand its network of services so that the HAL in early 1914, with a share capital of 180,000,000 marks and debentures to the value of about 80,000,000 marks, possessed a fleet of over 1.3 million GRT. With the single exception of Australia, the company was active in all continents and oceans of the world.

Growth and concentration were the hallmark of the imperialist and social-darwinist era of modern capitalism.<sup>2</sup> Like in industry and banking ashore, at sea ever larger and more powerful companies arose. The merchant fleets of Great Britain, Germany, France, Japan and the other maritime nations were increasingly dominated by large liner companies and their leaders such as Ballin, Heinrich Wiegand (North German Lloyd), Thomas Sutherland (P & O), Inchcape (British India) or John Ellerman. Competition between the companies was extremely sharp, reflecting the social-darwinist "Zeitgeist", yet they virtually always combined forces in cartels or agreements, the so-called conferences.<sup>3</sup> In international shipping the Hamburg-America Line was the most extreme example of this convergence of power. Far more than Britain's traditional liner companies did in their homeports<sup>4</sup>, the HAL dominated Hamburg. In 1886 the company had counted only 62,000 GRT or about 25% of the city's total steam tonnage. By 1914, however, its tonnage had grown to 1.35 million GRT which constituted over 50% of Hamburg's fleet.<sup>5</sup> The HAL had clearly distanced itself from the North German Lloyd of Bremen (983,000 GRT) which until 1897 had been Germany's largest shipping enterprise.<sup>6</sup> Not less important, a number of agreements and joint ventures linked the HAL with almost all other Hamburg liner companies and gave Ballin's company considerable power and influence on their affairs. Through common directorates with steamshipping companies as well as leading shipbroking firms an even greater concentration of power was achieved.<sup>7</sup> Finally, intimate connections existed between Ballin and other leaders of the HAL and the commercial and political élite of Hamburg. With justice, Rohrmann has stressed the importance of the "personal

union” between the HAL and the local Chamber of Commerce (through Laeisz, Schinckel and others).<sup>8</sup>

As the HAL ruled Hamburg, so Albert Ballin ruled the HAL. Although he never held absolute power, also not after he was made “Generaldirektor” in 1899<sup>9</sup>, he took all initiatives and made all decisions within the HAL relating to such strategic matters as, for example, the opening of new lines, the ordering of new tonnage, the increasing of the company’s capital, the beginning and ending of rate wars, and especially the conduct of shipping diplomacy and concluding of agreements with his rivals. Ballin was not dominated or even pushed by the HAL’s financiers and bankers; on the contrary, the latter’s main representative, Max von Schinckel, was sometimes accused of being an impediment rather than a positive influence.<sup>10</sup>

A new assessment of the dramatic growth of the HAL and Ballin’s leadership and strategy is long overdue, even if the company and Ballin have been the subject of a large number of monographs and biographical works. At least ten more or less original studies have been devoted to Ballin personally.<sup>11</sup> Although the most recent of these, by Cecil and Hauschild-Thiessen, are somewhat more critical in their appraisal than their predecessors, there is nevertheless a virtually unanimous and unqualified praise for Ballin’s commercial conduct. (This specifically excludes his political activity, as far as that did not concern the HAL, and also his socio-industrial policies within the company.) As already was the case during his lifetime, the immense growth of the company is regarded as Ballin’s greatest achievement. Not far behind, however, and often directly and organically linked to the former, these authors emphasise how Ballin acted to *limit competition in international shipping through the formation of joint ventures and cartels, so-called pools and conferences ... and to ensure that all participants* [my emphasis, F.B.] *could enjoy satisfactory results through rate fixing, delineation of spheres of influence and the sharing of profits.*<sup>12</sup>

Almost pure panegyrics are both early and, despite their many shortcomings, highly informative biographies by Ballin’s former collaborators, Huldermann and Stubmann. But the opinion of Kurt Himer, before the Great War the leader of the HAL’s propaganda bureau (the Literarische Büro), is fully representative of the consensus on Ballin in his role as *the great creator of international understanding in world shipping*.<sup>13</sup> As *the man of compromise*<sup>14</sup> and *the man who worked hard to foster friendly relations and to negotiate for mutually profitable agreements between competitors in world shipping*<sup>15</sup> Ballin appears as an apostle of international peace rather than as the ruthless protagonist of the interests of the HAL. It is true, Ballin’s best friends did not deny that he could fight long and hard, but they insisted – and many historians with them – that that was no more than tactical play. In their view Ballin was a man of peace and a supporter of all German shipping interests. Often it is emphasised how Ballin, despite many and grave problems, succeeded in maintaining a tie of friendship with the North German Lloyd.

A totally different image arises as soon as one adopts another than Hamburg perspective. It is useful to remember that the conference system was not created by Ballin but originated in the 1870s in the trade of British India after the collapse of the Suez Canal steam mania. Also the foundations for the first continental North Atlantic conference, the Nordatlantischer Dampferlinien-Verband, were laid as early as 1885, before Ballin entered the HAL. But in Bremen<sup>16</sup> and, for example, the Netherlands<sup>17</sup> the HAL and the Hamburg shipping companies which were associated with it were not so much seen as friendly partners but rather as direct threats to the prosperity and even the very existence of their local shipping interests. But, equally importantly, also when one probes a bit further in Hamburg itself and looks beyond the propaganda which the HAL and its supporters churned out in great mass, serious cracks appear in the picture of consensus. Many in Hamburg already at the time knew that behind the scenes things were not quite as the HAL propaganda machine painted them.<sup>18</sup> Although it is, perhaps,

understandable, that Hamburg shipping historians have taken little notice of extraneous critiques, it remains astonishing that so little attention has been paid to the views of Johannes Merck, Ballin's own financial director, Max von Schinckel, who as chairman of the Board of Control was Ballin's counterpart inside the HAL, or also other prominent Hamburg shipping personalities. Even if some, but by no means all, of these had ground to resent Ballin's policies, their opinions were often based on hard facts and can not be pushed aside as irrelevant. Indeed, Ballin's plans and manoeuvres often caused considerable bitterness, opposition and criticism. In consequence, it may be questioned whether the growth and expansion of the HAL within Hamburg was as "natural" and friendly a process as the protagonists of the company and Ballin claimed.

In the revolutionary process, during which the HAL from 1897 was transformed from a North Atlantic into a general or global shipping company, three separate yet closely connected elements or spheres can be distinguished. First, there is the geographical expansion of the network of the HAL's services and the company's growing power within Hamburg vis-à-vis the city's other steam navigation companies; second, the fundamental rivalry with the North German Lloyd of Bremen; and, third, the relationship between the HAL and its foreign competitors, such as the Cunard and White Star Lines, the Royal Mail Group, the Koninklijke Nederlandsche Lloyd, the various Italian companies or also the Austro-Americana of Trieste. This article will deal with the first sphere that of Ballin's position within Hamburg; essays on the other two themes can be found elsewhere.<sup>19</sup> It may be useful, however, first to outline the three main periods in which the Ballin era can be divided;

1. from 1886 to 1897, when the HAL after the merger with the Carr-Linie and under Ballin's leadership in its passenger department regained its strength but restricted its activities to the North Atlantic. Although by 1900 it was the world's biggest shipping company (620,000 GRT), the HAL still lagged far behind the Lloyd in the passenger trade;

2. from 1897 to 1910, when the HAL, since 1899 led by Ballin as "Generaldirektor", in quick tempo broke into a large number of new trading regions and, with the exception of Australia, served all continents (1910/11 fleet size: 1,020,000 GRT); and

3. from 1910 to the outbreak of war in July 1914, when the HAL, despite massive growth in virtually all directions (1913/14 fleet size, 1,360,000 GRT), through the construction of the giant *IMPERATOR*, *VATERLAND* and *BISMARCK* redirected the bulk of its investments to the traditional North Atlantic trade and, in so doing, raised significant questions about its true nature and even its very existence.

Although there were both general commercial crises and many localised economic problems throughout this period, the overall trend in imperial Germany's economy and, in particular, in that of her foreign trade and emigration was sharply upward. Ballin and the HAL worked within an almost uniquely positive economic climate and conjuncture.

## 2. *The Pattern of Expansion*

The first phase of expansion of the HAL after Ballin's entry in 1886 was characterised by a twin-barrelled policy of inner revitalisation and external security through mergers and agreements. Typically, Ballin's consolidation always contained the seeds of expansion. The "Peace" of 1886, which brought the merger between the HAL and the Carr-Linie and established Ballin as the leader of the HAL's passenger department, made an end to a disastrous competition between shipowners and brokers. All realised only too well that Hamburg, despite the city's superior location, had fallen far behind in the steam shipping trade with the USA which, moreover, in future years was capable of further great expansion. Within the HAL Ballin was wel-

comed and immediately accepted by the Board of Control and, especially its Chairman, Carl Laeisz. Such recognition by Hamburg's leading shipping identities was not only based on profound respect for Ballin's expertise in the passenger trade<sup>20</sup> but also reflected the desperate situation of the HAL. It is possible to discern how much the company's patrician leaders saw the need to bring about a change of generations which, in the process, also meant the introduction of modern technocracy. It is not unlikely that they also realised that, just when Bismarck's new imperial mail contracts (viz. to East Asia and Australia) had been given to the North German Lloyd, in their circles in Hamburg no man existed like H.H. Meier in Bremen who, in Arnold Otto Meyer's words, *possesses the fullest confidence of all his fellow citizens and who, thus supported and strengthened, could wield all power which such unity creates. Unity brings victory.*<sup>21</sup> Some, in assessing developments in Bremen, perhaps also looked forward and recognised that the model to be followed was that of the brilliant and non-patrician young director of the Lloyd, August Lohmann.<sup>22</sup> Thus they contrasted the vibrant young Ballin as the modern manager [Generaldirektor-typus]<sup>23</sup> with the worn-out and unimaginative patrician, Adolph Godeffroy. Whatever the exact motives of Ballin's appointment, with him the "managerial revolution"<sup>24</sup> entered the HAL and Hamburg steam shipping.

It was also Laeisz who in 1888 made Ballin a director of the HAL and threw his full weight behind Ballin's policies. These included a significant new capital emission and, in 1892, the purchase of the Dampfschiff-Rhederei Hansa<sup>25</sup>, of which Laeisz himself was the leader. This signified further rationalisation and concentration in Hamburg's American trade and, at the same time, definitive hegemony for the HAL which itself since Ballin's entry had opened new services to Baltimore, Philadelphia, New Orleans, Boston and Montreal. Also the seasonal winter services of the Hansa between the USA and the West Indies fitted tailor-made in the growing liner network of the HAL which since the early 1870s had included services from Hamburg to the Caribbean and Mexico. During these same years the Hamburg-Südamerikanische Dampfschiffahrts-Gesellschaft [Hamburg-Süd] and the newly-founded Deutsche Ost-Afrika Linie (DOAL), recognising the HAL's experience and *well-organised network of over 3,000 agencies and numerous general agencies*, transferred control over their passenger trade to it.<sup>26</sup> During the middle 1890s, when Hamburg's terrible cholera epidemic of 1892 exacerbated the effects of the general trade depression, the HAL already showed remarkable resilience on its complex North Atlantic network.<sup>27</sup>

The first major expansion of the HAL outside the North Atlantic, the opening to East Asia, was precipitated by the imminent expiration of the imperial mail contracts of 1885. Since the early 1870s the Hamburg-China trade was maintained by the Deutsche Dampfschiffs-Rhederei zu Hamburg, or Kingsin-Linie. In comparison with the imperial mail service of the Lloyd, however, the Kingsin Line had a much smaller fleet of inferior quality.<sup>28</sup> In the early 1890s the line had almost been annihilated by a failed attempt to open a second line, to the Dutch East Indies. By 1897 it was as unable as it had been in 1885 to challenge for at least a part of the new mail contract which, again, was to run for fifteen years, from 1 January 1900 to 31 December 1914. But before any initiative could arise to inject new finance into the Kingsin Line, which after all had a quarter of a century experience in East Asian waters, and thus make it a plausible contender Ballin intervened by announcing that the HAL itself would be interested in bidding for the contract. Ballin was driven by the desire to attack the Lloyd outside the North Atlantic in its second-most important field, where its director Heinrich Wiegand had just made an extensive and highly successful fact-finding mission which included the purchasing of two local British-owned shipping companies.<sup>29</sup> Unable to leave the field to others, Ballin was greatly assisted by the fact that the Kingsin Line's financial problems had led to severe differences of opinion which, in turn, virtually paralysed its Board of Directors. At the same time Ballin operated on the political scene in Berlin. Demonstrating his determination by actually begin-

ning a HAL service to China, his double strategy bore fruit. Secretary of State Podbielski forced the leaders of the Lloyd to negotiate with Ballin and to reach an agreement in which the mail contract was divided between the two contestants.<sup>30</sup>

It needs to be observed that Ballin did not attack the Hamburg-based *Deutsch-Australische Dampfschiff-Gesellschaft* [DADG] and thus did not challenge the Lloyd in the Australian-Pacific mail contract. Strategically, Ballin was certainly right in preferring the Far East to Australia. Just at this time of social-darwinist enthusiasm for adventures overseas<sup>31</sup>, all commercial and political attention was rivetted on China whose potential market was regarded as far more important than that of the far less populous Australian colonies. Even so, it is remarkable that Ballin soon afterwards agreed with both the Lloyd and Otto Harms, the managing director of the DADG, to keep the HAL away from Australian waters.<sup>32</sup> It is impossible to be certain about Ballin's motives in leaving the DADG alone.<sup>33</sup> Probably he was led by a mixture of considerations, including his documented respect for Harms (as he himself a technocrat born outside traditional Hamburg shipping circles)<sup>34</sup>; his respect for the strong and well-organized conference in the Australian trade<sup>35</sup>; his own role in the creation of the DADG which had directly led to his entry into the HAL's directorate<sup>36</sup>; his friendship with the late Jacob Meyer, the senior partner of DADG's freight brokers Knöhr & Burchard Nfl.; and, finally, the wish of the HAL's own Board of Control to stay away from the strong DADG. While the Australian trade did not seem capable of rapid expansion, the DADG had trump cards in its exclusive contracts for the shipment of dynamite to South Africa en route to Australian ports and its homeward lines from the Dutch East Indies.<sup>37</sup> In the final analysis, the HAL would not have found it easy to finance a double expansion into East Asia and Australia. Between 1897 and 1901 its capital was increased from 30 to 80 million marks and it also issued debentures to a value of 27.5 million marks. It was these enormous financial demands which had also induced Ballin to suspend the HAL's service to Bengal which he had acquired through the takeover of the sickly Hamburg-Calcutta Linie.<sup>38</sup>

It is well-known how the entry of the Rickmers-Linie of Bremen into the Hamburg-China trade gave Ballin the opportunity to force the hand of the Kingsin Line. When the North German Lloyd bought its ships, Ballin moved swiftly and, in turn, bought the Lloyd's Hamburg freight broker. Thus he was able to direct all Hamburg exports to the HAL, a tactical stroke of genius which made a deep impression in Hamburg.<sup>39</sup> The General Meeting of the Kingsin Line of 26 March 1898, two months after Ballin had sent his first ship to China, could do little else but to sell out to the HAL. In similar fashion, Ballin in February 1901 forced the expatriate German shipowner M. Jebsen to sell him his two mail steamers for the new HAL coastal service from Shanghai via Kiaochow to Tientsin. As had been the case with the Kingsin Line and the Lloyd itself, these aggressive acquisitions left severe scars in the relationship between Ballin and the victims of his expansionary policies.<sup>40</sup> The East Asian network was completed by the takeover of the ships of the *Chinesische Küstenfahrt Gesellschaft*, which was led by Ballin's friend and HAL Board of Control member Woldemar Nissen, and the opening of a new service from Hamburg to Vladivostok and Nikolaievsk. Typically, in the latter already two Hamburg firms operated but that was not sufficient to keep Ballin out.

If the Kingsin Line had been the weakest and least-respected of all Hamburg's overseas shipping companies, the reverse was true of the Hamburg-Süd which in 1900 came into Ballin's sights. Also this company had been founded in the "Gründerjahren" of the early 1870s but its services to Brazil and La Plata had been far more successful and profitable. Between 1886 and 1900 it had paid the highest dividends of all Hamburg shipping companies<sup>41</sup> and through its Directors and Board of Control it was as intimately linked to the Hamburg patriciate as the HAL itself.<sup>42</sup> Also here Ballin's attack was precipitated by a tactical opportunity, in this case a bitter fight between the Hamburg-Süd and newcomers A.C. de Freitas & Co.<sup>43</sup> But he was

by no means motivated by short term circumstances or defensive considerations. Ballin wanted to enter the South American trade *mit Gewalt*<sup>44</sup>, i.e. without tolerating any opposition and if necessary with force, and that with good reason as both passenger traffic and export volumes from South America rose rapidly. The high dividends of the Hamburg-Süd were the best proof that high profits could be made in the trade.

The traditional account of this episode revolves around the claim that the exhausting struggle with de Freitas induced the Hamburg-Süd to seek assistance from the HAL.<sup>45</sup> In this version Ballin bought the fleet of de Freitas, after which the Hamburg-Süd voluntarily offered a share of their trade to the HAL. Huldermann conceded that Ballin valued the South American trade so highly that he bought de Freitas' line and ships at an exorbitant price, uttering the famous phrase *I know but I want the business*. But he provided no details about the purchase contract with de Freitas and drew no conclusions from this remarkable frankness.<sup>46</sup> It is, however, possible to assess this episode in a totally different light. The buying of de Freitas' line gave Ballin a powerful instrument to force the Hamburg-Süd, which had been hurt but by no means badly damaged, to accept the HAL as partner in its trade.<sup>47</sup> Despite de Freitas' success in gaining the agency of the resourceful firm of Th. Wille & Co. in Rio de Janeiro and Santos and capturing a part of the Brazilian coffee exports<sup>48</sup>, his line by the end of 1900 was virtually exhausted [*praktisch erledigt*].<sup>49</sup> The Hamburg-Süd, in collaboration with its conference partner North German Lloyd, could easily have maintained its position and should have made an offer to de Freitas.<sup>50</sup> But when the company failed to act, Ballin saw his chance. After brief negotiations the Hamburg-Süd had to concede defeat. The powerplay and the surrender took place on the highest level:<sup>51</sup>

*The contract between the HAL and Hamburg-Süd was an exclusive matter between Ballin and Carl Laeisz. The other members of the Board of Control and the directors of the Hamburg-Süd first knew of it, when the contract's draft was submitted to them in print. [my emphasis, F.B.]*<sup>52</sup>

Johannes Merck, Ballin's financial director and intimate friend of Hamburg's patriciate, suggested a possible explanation for Laeisz' actions which stood in such stark contrast with his well-known affection for the Hamburg-Süd.<sup>53</sup> According to him, Ballin had already much earlier exerted pressure on the leaders of that company but without success. Finally he made Laeisz, who was depressed by the early death of his brilliant son C. Ferd., such a good offer for his shares that the latter gave up his resistance. Instead of preserving the independence of "his" Hamburg-Süd, Laeisz allowed his protégé Ballin to move in on it. There is a photograph of Laeisz and Ballin together on the deck of one of Laeisz' big sailing-ships which is symbolic for the succession of the generations which this transaction signified.<sup>54</sup> After the surrender of Laeisz the other leaders of the Hamburg-Süd had no other choice but to give in to Ballin's demands: a full one-third share for the HAL in Hamburg's Brazil and La Plata trades. Free will played no role in the conclusion of this agreement.

As Merck and von Schinckel, who was a member of the Board of Control of both HAL and Hamburg-Süd, have emphasised in their memoirs, Ballin never took the pressure off the latter company, probably with the ultimate aim of incorporating it into the HAL.<sup>55</sup> In order to understand the dynamics of this continued rivalry it is vital to understand the nature of the companies' pooling arrangement. Although the tonnage to be employed in the trade was divided on a basis of 2/3 for the Hamburg-Süd and 1/3 for the HAL, the division of the joint venture's profits was made according to the current book value of the vessels employed by each company. Thus, to the disgust of the Hamburg-Süd leaders, the excessive price paid for de Freitas' ships worked to advantage of the HAL as they had to pay the HAL in 1902 and 1903 over 1.2 million marks in compensation. To add insult to injury Ballin already in June 1901 let the Hamburg-Süd officially know that his fleet was incapable of meeting the required standard

of services to South America.<sup>56</sup> Until 1914 the HAL consistently employed well over 1/3 of the book value in the trade. After the top years 1902 and 1903, in which its participation amounted to no less than 43.08% and 40.17%, its share ranged from the lowest point of 33.95% in 1905 to 39.82% in 1910. But per voyage its vessels were far less profitable than those of the Hamburg-Süd and from 1904 to 1910 the HAL received further 1.6 million marks in compensation; had the companies not decided in 1904 to accept a maximum of 300,000 marks for these payments another 1.2 million marks had been due.<sup>57</sup> In early 1911 the maximum was lowered further to 200,000 marks.<sup>58</sup>

Ballin also pressurised the Hamburg-Süd in his dealings with other companies. In 1902 he demanded a share for the HAL in the Brazilian coffee imports of Rotterdam, which until then had been the subject of an exclusive contract shared in equal parts by the Hamburg-Süd and North German Lloyd.<sup>59</sup> The Lloyd refused flatly to make any concessions without adequate compensation elsewhere and the Hamburg-Süd became the victim of this powerplay.

But henceforth the Hamburg-Süd was able to organise its defences, not in the least because the company strengthened itself through the election to its Board of Control of powerful men like Max von Schinckel, Adolph Woermann and “King” Richard Krogmann. Significant was that both von Schinckel, a “collector” of directorates, and Krogmann, who did not value such board memberships, were particularly keen to protect and assist the Hamburg-Süd.<sup>60</sup> Krogmann may well have been motivated by a desire to counter Ballin’s aggressive policies, as he had been one of the leaders of the Kingsin Line, but he and von Schinckel evidently were also impressed with the opportunities in the South American trade and respect for the management of the Hamburg-Süd’s capable director, Theodor Amsinck.<sup>61</sup> Krogmann’s son Carl Vincent, the later Nazi mayor of Hamburg, in his memoirs testified from personal experience to the continued and bitter rivalry between HAL and Hamburg-Süd.<sup>62</sup> After the initial shock, the latter gave as much as it got. When in 1909/1910 the original contract between the two companies was running out, the Hamburg-Süd did not, as many had expected, have to concede a further share in the trade to the HAL.<sup>63</sup>

How bad the relationship between the two companies was, appears eloquently from a letter written by Ballin during this period. In it he referred to the *perfectly unintelligible behaviour* of the Hamburg-Süd’s leadership whom he accused of being totally *removed from any commercial logic*.<sup>64</sup> Very much to Ballin’s chagrin, the Hamburg-Süd often took an active role and did not hesitate to expand their fleet with ever larger vessels. When, in 1912, the Hamburg-Süd ordered the CAP TRAFALGAR of almost 20,000 GRT, Ballin insisted that the Hamburg-Süd and HAL agree not to build ships exceeding the dimensions of that ship without a specific agreement.<sup>65</sup> But shortly later he himself ordered no less than three ships of c. 20,000 tons for the HAL’s service.<sup>66</sup> Although ultimately intended to counter the four-ship SIERRA-class of the Lloyd, it was once again the Hamburg-Süd which became the direct target of Ballin’s expansionary policies. The outbreak of war intervened before the HAL’s new trio was completed and it was not until 1921 that the South American service could be resumed. Under all these circumstances one can understand Theodor Amsinck’s profound irritation that Mathies, in his “Hamburgs Reederei”, discussed the South American trade from 1900 primarily as a field of the HAL and dealt with the Hamburg-Süd by writing that all important issues had already been mentioned!<sup>67</sup>

A third field which the HAL entered in 1900, was the west coast of South and Central America. This was the preserve of the Deutsche Dampfschiffahrts-Gesellschaft Kosmos, as so many others a product of the “Gründerzeit”. During the boom of the late 1890s the Kosmos had increased its capital from 3 to 11 million marks and opened new services to Patagonia and California. Its results in 1899 had been most satisfactory [*recht erfreulich*] and after providing for 1.5 million marks in depreciation the company had paid a dividend of 11% (1898: 9%).<sup>68</sup> Ballin

saw his chance, when the prospectus of a new company was circulated in Hamburg's shipping circles. Through the HAL and Kosmos he arranged for a payment of 500,000 marks to be made to its promoters, F.C. Bramslöw and C.W. Dahlström<sup>69</sup>, and shortly afterwards it was announced that the Kosmos voluntarily had offered a share in its business to the HAL.<sup>70</sup> The agreement had been mediated through Kosmos director Wilhelm Volckens, who was a partner in the HAL's New York agency, Funch Edey & Co., and had in 1897 arranged the sale of Kirsten's Hamburg-Calcutta Line to the HAL. Merck believed that it was likely that Ballin had used Volckens to obtain inside information.<sup>71</sup> *In general*, he commented on this case, *Ballin had a fine nose for smelling if something stank in the neighbourhood and for creating an opportunity to become involved. Shipping brokers with inside information and who knew Ballin's nature, of course, were keen to bring it to his attention; after all, that was their business.*<sup>72</sup>

During the next years the HAL made an increasing number of steamers available to the joint service with the Kosmos and the line showed a steady growth. Somewhat surprisingly, Bremen did not respond to the HAL's expansion until 1905 with the Lloyd-related Roland Linie.<sup>73</sup> In the course of this bitter struggle Ballin was able to capitalise on his dominating position in Hamburg and establish the so-called Syndikats-Rhederei. This was a fighting company under the control of the HAL, which signed for 55% of its 6 million marks capital, but with the participation of all other major Hamburg steam shipping companies.<sup>74</sup> The confrontation ended with a compromise and a four-cornered joint-venture including the HAL, Kosmos, Roland Line and North German Lloyd. The imminent opening of the Panama Canal from 1912 brought considerable uncertainty and instability in the relationship between HAL and Kosmos. At one point even rumours circulated that the Kosmos would be merged into the HAL, but professional circles generally counted on the Kosmos having to make major concessions.<sup>75</sup> Also here the outbreak of war intervened before any specific steps could be taken.<sup>76</sup> As the Hamburg-Süd on the east coast, the Kosmos in its particular field was not so much a partner but rather a stepping stone for the HAL.

The first years after 1900 were overshadowed by the formation of the Morgan Trust and its aftermath<sup>77</sup>, and a market depression in the freight market. When the economic climate improved, Ballin was initially preoccupied with his lucrative but politically highly sensitive coal contracts with the imperial Russian fleet.<sup>78</sup> But he also entered the east Siberian trade, forcing the HAL on a small group of local shipping brokers worked with chartered ships.<sup>79</sup> Services to the Far East were rationalised in a clever agreement with the Lloyd in which the latter, once again, took over the entire mail service and the prestige but the HAL kept the profitable freight lines. Soon afterwards, however, the peace was disturbed by the Roland Line's attack on the west coast of South America; soon afterwards Ballin countered by entering another two new areas: the Persian Gulf and Africa.

The imperial government by 1906 was increasingly keen to establish a German shipping presence in the Persian Gulf in order to possess a tangible and effective argument in their geopolitically crucial negotiations with Britain about the construction of the Baghdad railway.<sup>80</sup> Until that time British interests had enjoyed not just a monopoly of the river traffic in Iraq but also a dominating position in the steam shipping of the Gulf itself. Undisputed leader was the quasi-official British India Steam Navigation Company [BISN] under the leadership of one of the British Empire's leading businessmen, Sir James Mackay (1912: Lord Inchcape).<sup>81</sup> No direct service existed between Germany and the Gulf and, as the operations of BISN demonstrated, the Gulf trade was closely intertwined with that of the west coast of British India, another area where the HAL had no presence.

It is not known, whether the DDG Hansa of Bremen at that time considered taking up the Gulf trade; this company began its soon highly successful services not until after World War I.<sup>82</sup> But the Deutsche Ost-Afrika Linie, which often had its ships return to Hamburg from



Bombay and the Indian west coast, was keen to establish a line to Persia and Basra.<sup>83</sup> Its leaders probably were motivated by the desire to reduce the paralysing effects of their East African mail contract and branching out into a promising new area. As member of the Board of Control of the DOAL Ballin, however, could not fail to become aware of these plans and within a few months the HAL despatched its first steamer on the new route. Merck believed that Ballin's main motive was not to assist German trade in the region but to impress the imperial government in Berlin<sup>84</sup>, but these two elements are inextricable interwoven. The service certainly was far from profitable (until 1913 it incurred losses of 2.5 million marks), and at one stage Ballin even considered the possibility of a state subsidy.<sup>85</sup> But precisely because the service was run at a loss and by the Hamburg-America Line many observers in Britain and elsewhere believed that it had profound political significance. The emir of Kuwait, by then a British protectorate, refused the HAL's local agents, Robert Wonckhaus & Co., to open an office in his town.<sup>86</sup> Much more than in his opening of the line to Arabia and Persia Ballin showed in the Africa trade how he was ruthlessly capable of exploiting the smallest tactical opportunities. For a long time the Hamburg-based Woermann Line had been the only German company in the trade. But after the conclusion of the Herero War in South west Africa (where both the HAL and the Lloyd had shared in the German government's charters) it was suddenly confronted by competition from the Hamburg-Bremer Afrika Linie. When the HABAL received support from the Lloyd, Ballin saw his chance. In presenting the Woermann Line as "unhealthy", the HAL announced that it had responded positively to a Woermann request for assistance.<sup>87</sup> In reality, however, the Woermann Line was not in trouble and had sufficient employment for its steamers.<sup>88</sup> As was repeatedly testified before the British Royal Commission into Shipping Rings, the Woermann Line had an excellent reputation with its British customers and was, whenever possible, preferred over its British rival Elder Dempster.<sup>89</sup>

Also after the Lloyd stepped in behind the HABAL Adolph Woermann did not need the HAL's support. He did not request it. It was, on the contrary, Ballin who went to Woermann. In the presence of Arnold Amsinck, the line's manager, Ballin declared that he could not allow the Lloyd to establish itself in a field where the HAL did not operate. His company could now not remain outside the African trade. As Amsinck later summarised it: *Woermann was simply raped. It was this* [rather than a dispute with the imperial government over chartering expenses] *which later rankled him so much.*<sup>90</sup> If Ballin's victory over Carl Laeisz and the Hamburg-Süd can to a certain extent still be regarded as a voluntary change of generations, such a view can not apply to the case of Woermann. It must also be emphasised that Mathies accepted Amsinck's version of events in his 1928 history of Hamburg shipping.<sup>91</sup> And it was with particular reference to this revised account that E. Wiskemann, in his review of Stubmann's biography of Ballin, argued that that book, as Huldermann's work a few years previously, contained less a critical biography than a hagiography of the HAL's former leader.<sup>92</sup>

The HAL's new Africa service was managed by the Woermann Line, clear evidence that its presence in African waters and power behind the scenes rather than managerial control were Ballin's highest priority. Through its participation in the Woermann Line the HAL also became part-owner in three other African companies: the DOAL, the Compagnie Maritime Belge which sailed between Belgium and the Congo and the Kameruner Schifffahrts-Gesellschaft, when, in due course, the interests of the Woermann Line were rationalised.<sup>93</sup> Although Ballin, ultimately, may have desired to bring the Woermann Line fully under his control,<sup>94</sup> the means of the HAL were insufficient for such a purpose and required for more important fields. When, in 1913, the Woermann Line increased its capital to 20 million marks, the new funds were entirely raised by the existing owners.<sup>95</sup> It was only during the Great War, under vastly different circumstances, that a new powerplay broke out in which Ballin, the Lloyd and Hugo Stinnes became involved in further attempts to control the Woermann Line.<sup>96</sup>

The continued competition between the Woermann Line and the two Bremen companies, after the HAL had intervened but before the agreement was signed, almost led to a serious rift between Ballin and his fellow Hamburg shipowners.<sup>97</sup> In order to attack the Lloyd in one of its other fields, Woermann proposed opening a new line to Australia. The only continent not served by the HAL, Australia in Hamburg “belonged to” the DADG. Thus the matter needed to be discussed at a special meeting of the Syndikats-Rhederei, the fighting instrument of the alliance of Hamburg shipowners, created by Ballin in 1905. A crucial element of that alliance was mutual respect by all companies for each other’s field of operations. Without subtlety the DADG questioned the motives of the Woermann Line’s choice of its battle field. The strong suspicion was voiced that Woermann was pushed by Ballin who might in this way find a back door for the HAL into the Australian trade. After a full and frank discussion no more was heard of the plan and soon peace was established in the African trade.

That Ballin did not hesitate to include Australia in his strategic perspectives became evident in 1913 when, once again, open warfare with the Lloyd had broken out. He announced the opening of a new line to Australia which did not touch Hamburg and Bremen, but originated from Stettin and sailed via Emden and Antwerp. Emden was being promoted strongly by the Prussian government and with the call at Antwerp this new service could have done real damage to the DADG. Although the Syndikats-Rhederei had been allowed to lapse in 1911/12, this meant breaking the understanding he had with the DADG, whom he forced to accept a new agreement.<sup>98</sup> In exchange for some compensation in East Asia, which was more onerous than profitable, the DADG had to accept the HAL as fellow participant in the Australian trade. No details about the agreement were given to the public.<sup>99</sup> The new service was given up when Ballin in early 1914 reached agreement with the Lloyd, but he specifically reserved the right to re-open it five years later.<sup>100</sup>

In 1914 came also the takeover of the Deutsche Levante-Linie [DLL] by the HAL. This was the end of a long story, in which a host of groups had struggled to gain control over the politically and economically important Levante trade. This mainly concerned Turkey but also Greece and Bulgaria. By contrast to the strongly-led Argo Line of Bremen, the Levante scene in Hamburg had more of a comic opera, in which the so-called princes’ consortium [Fürstengruppe] had been a particularly disruptive element.<sup>101</sup> Although Ballin had followed developments at the DLL closely, it is difficult to see why just he and the HAL were bestplaced to take over the Levante Line when its own directors had revitalised the company (in 1913 it paid a record dividend of 10%). In the process he also pushed aside Rob.M. Sloman jr. Ballin planned to open a joint HAL-DLL service to the United States which, in view of the eastward shift of European emigration, had some potential for growth.<sup>102</sup> The literature is unanimous that he intended to let the DLL retain its own management, but the outbreak of war makes it impossible to form a definitive judgement. On balance, the evidence on Ballin’s motives in breaking into the Levante trade remains ambiguous.

The picture of the HAL’s expansion is, of course, not complete without considering its investments and daughter companies outside Hamburg. Several of these, such as the Compagnie Maritime Belge, have been mentioned, others include the Atlantic Fruit Company, the Austro-Americana (of Trieste), the Liverpool-based Gulf Transport Line, and the Ligure Brasiliana. But with these dimensions of the HAL one enters an entirely different arena than that of the Hamburg shipping scene which is the subject of this article. The outbreak of the Great War marked a sharp end to the often aggressive expansion of the HAL within Hamburg, although Ballin’s thoughts never left the subject. Indeed, during the war he developed ideas about a gigantic trust in which all Hamburg shipping interests could be combined and prepared for the big struggle he expected once peace had been re-established.<sup>103</sup> Although nothing came from this, the 1920s were to witness a further concentration of power within Hamburg

which seemed to give credibility to Ballin's vision. It was not until the aftermath of the Great Depression that the independence of companies in their individual fields, once again, was accepted as guiding principle.<sup>104</sup>

### 3. *The Dynamics of Expansion*

In about 17 years Ballin had made the HAL into the most complete global company in steam shipping. How must we evaluate the geographical expansion of the HAL, as opposed to its general growth in tonnage? The literature has not skirted the question. But it must be stressed that much of what has been written equates result with intention and that very little attempt has been made to critically analyse the methods used by Ballin. Especially works like those of Huldemann, Stubmann and also Murken, which have their origins in the HAL itself, must be read with caution. Representative of this genre is Kurt Himer, long-standing leader of the HAL's propaganda machine. He declared Ballin's policy to have been rational and unambiguous, observing that Ballin strove to establish a "universal foundation" aimed at giving the HAL a profitable solidity. In his view it was on the basis of this "wise insight" that Ballin became *the great mediator of international cooperation in world shipping*.<sup>105</sup> In sharp contrast to this "rationalist" theory stands the very personified opinion of Max von Schinckel who may have known Ballin better than any other:<sup>106</sup> *It was Ballin's dream to take over all other Hamburg shipping companies (and preferably also those of Bremen) and to merge them into the HAL, as he had done with the Kingsin Line, the de Freitas Line and finally also the Levante Line and partly also both African lines. Only too gladly he would also have swallowed the South American, Kosmos and Austral [DADG] Lines in order to bring e v e r y t h i n g under his sceptre.*

As these opposing views show, Ballin's policies can be interpreted very differently. In practice, both "commercial-rational" or objective and "personal-psychological" or subjective factors influenced Ballin's decisions; the historical problem is just to analyse the interrelationship between such diverse dynamics and to weigh the relative importance of each. Moreover, there is the problem of assessing which motives can be accepted as valid and which represent no more than rationalisations or justifications in hindsight. In other words, the historical problem is not just to isolate Ballin's influence on the development of the HAL, but also to investigate and assess the motives of his behaviour.

In order to understand the development of liner shipping in general and in Ballin's era in particular, it must be stressed that liner shipping possesses extremely strong autonomous dynamics.<sup>107</sup> To put it in a nutshell, liner shipping offers regular services between two ports, or groups of ports, of which the most important features (above all: frequency, dates of departure and arrival, identity and tonnage of ships) have been fixed and advertised beforehand. Besides its head office in its homeport, the company in each port either has a branch office or employs a local firm as agent to whom existing and potential shippers can turn in order to obtain information, book freight, etc. (The same applies to passenger traffic, although there can exist a far more complex network of agencies throughout each port's hinterland.) These offices and agencies are the pivotal nerve centres of overseas trade: they link the profound insights into the structure and requirements of overseas commerce and build up relations with both importers and exporters throughout their port's hinterland. It is because of this very centrality that, in Hamburg as in so many other port cities, shipping agents played such an outstanding role in the transition from sail to steam and the founding of new steamshipping companies.<sup>108</sup> As the latter took up their business it remained an important task of the agents, as experts on the spot, to inform their principals and to stimulate them into opening new feeder and trunk lines to support, complement and expand those already in existence.

Thus it is possible to observe a gradual expansion of the network of virtually all successful transatlantic companies. Most often their first line ran from their homeport in Europe to New York, but soon afterwards services to Baltimore, Boston, Philadelphia, etc. followed. At the same time agencies in the USA could play an active role in urging the opening of new lines to the West Indies which could be particularly attractive if the company already had a service from Europe to that area. Conversely, a strong presence in New York could, as Cunard showed in the 1850s, lead to setting up of cross trades with the Mediterranean. In the case of the HAL it was Ballin's experience in migrant traffic which led to the opening of new lines from Italy to the USA and, later, also South America. Thus, from the very beginning liner shipping is characterised by the continuous expansion and intensification of its network of services, especially during periods of strong economic growth.

The HAL was as much subject to these »structural« or »objective« forces as any other company. Part of its geographical expansion would also have come about without Ballin. Its West Indian service dated, as so many other Hamburg initiatives, from the early 1870s. In the North Atlantic one can easily observe a pattern of expansion as sketched in the previous paragraph, even if it soon became far more complex as also the Gulf of Mexico and Canada became involved. A similar development took place in the years after 1900 in East Asia: after the opening of the trunk line from Hamburg to China quickly followed coastal services, a secondary line to Siberia and, in due course, a transpacific service to the American west coast. The Dutch shipping companies based on the East Indies and the British Ocean Steamship Company followed very similar policies.<sup>109</sup>

Such "organic" or "structural" dynamics, however, can only explain regional growth and not the worldwide expansion of the HAL. To a certain extent one might rationalise the entry of the company into the Brazil and La Plata trades in this manner (if they are seen as emerging from the existing Genua-La Plata and Hamburg-North Brazil services and related to the passenger agency of the Hamburg-Süd held by the HAL), but this bore no relation to Ballin's real motives in the affair. It is even more unrealistic to see Ballin's thrusts into East Asia, the west coast of Latin America, the Persian Gulf or Africa in this light. The contrast with the growth pattern of, for example, the British companies P & O, British India, Elder Dempster and Ocean Steamship, or also the Dutch East Indian companies is self-evident.

For many observers at the time and later it was just the lack of functional linkages between the various fields of the HAL which provided the key to Ballin's thinking and distinguished him from his contemporaries in world shipping. Above all, they saw Ballin's policy as consciously aiming at a universalisation of the HAL in order to spread the risks of its large but until the late 1890s almost exclusively North Atlantic investments over possibly many fields in order to make the company less susceptible to crises [krisenfest]. Himer's already cited words point clearly in this direction. Especially the severe depression of the early 1890s, which the HAL felt particularly badly as it was also hurt by Hamburg's terrible cholera epidemic of 1892, is supposed to have shown Ballin the vulnerability of the HAL and, more in general, that of all companies operating in only one field.

Theoretically, this observation appears quite plausible, but I do not believe that one can draw the conclusions from it which so often have been drawn. First, it is evident that in the modern world economy cyclical crises occur which are not limited to one particular area. On the contrary, as the Baring crisis of 1892 or also the crises of 1902/03 and 1908 demonstrated, they were remarkably global in scope and influenced all parts of the company. Thus the annual report of the HAL for 1908 stated that during that year an average of 136,000 GRT had been laid up and identified the South American trade besides the North Atlantic as severely affected by the slump.<sup>110</sup> Investment risks were not so much spread as run in far more fields than previously – and that, of course, with a far higher nominal capital and company assets than before.

Between 1897 and 1907 the HAL issued new shares at a value of 95 million marks and in 1908 Ballin had to raise another 30 million marks in debenture stock. Local problems, as cholera in Hamburg, cattle plague in the Argentine, or a failure of the bean harvest in Manchuria, could occur everywhere. The financial results of the HAL were by no means “*krisenfest*” and its dividends clearly followed the general cyclical patterns of the world economy.

In fact, when it comes to profitability, there is no reason to believe that before the container revolution of the 1960s and 1970s the universal shipping company had any intrinsic advantages over smaller and more specialised enterprises. The evidence in Hamburg is unambiguous on this point. Between 1900 and 1913 the dividends paid by the specialist Hamburg-Süd, Kosmos, DADG and Bremen-based DDG Hansa were, on average, between two and three percent per year higher than those paid by the HAL.<sup>111</sup> By 1913 other financial indicators, such as gearing ratios and the level of reserves in proportion to share capital, showed the HAL to be far less successful than those four companies.<sup>112</sup>

At this point it must be stressed that at this time outside Germany no company existed with even vaguely a similar liner network to that of the HAL. Most British companies were active in only one field. The Australian lines of the P & O had emerged synergically from its Indian and Chinese services.<sup>113</sup> Only the White Star Line sailed to both North America and Australia.<sup>114</sup> The British Royal Mail group of 1911 was, as Ballin himself emphasised<sup>115</sup>, a financial trust with very loose connections between the individual parts and it had nothing like the HAL’s centralized administration and decision-making centre.<sup>116</sup> The Japanese Nippon Yusen Kaisha, from a totally different location within the world economy, operated services to India, Europe and Australia and the state-subsidised Messageries Maritimes (France) and Navigazione Generale Italiana had lines to Australia as well as Latin America. In all these cases political rather than commercial factors had led to such diversification. The only company which was truly comparable to the HAL was the North German Lloyd – as German as the HAL itself.

It would not be possible or useful to discuss here the full dynamics and extent of the rivalry between Lloyd and HAL,<sup>117</sup> but two aspects must be emphasised. The Lloyd was a global company even before Ballin joined the HAL and also in its case political forces had been very significant in shaping the growth of its liner network. The influence of politics can be observed on both the national-imperial and local level. When, in 1884/85, Bismarck and imperial Postmaster-General Heinrich von Stephan urged the introduction of subsidised mail services to East Asia and Australia they insisted that the two contracts be given to a single existing and experienced company.<sup>118</sup> It was in accordance with current conditions that, besides the Lloyd, no other company could claim to be a credible candidate for the contracts. Suddenly, the Lloyd sailed between four continents: Europe, the Americas, Asia and Oceania. Bismarck’s intervention thus had enormous repercussions for the future of the Lloyd and the structure of German shipping. In all this the leaders of the Lloyd fully accepted the fact that the mail services were not particularly profitable and, in fact, had a negative influence on the financial results of the company; between 1890 and 1913 the dividends of the Lloyd annually averaged some two percent less than those of the HAL.<sup>119</sup> Transport-economically, Bremen was located so much less favourably than Hamburg that active overseas liner shipping was not just an economic enterprise in its own right but, perhaps even more importantly, also a vitally important means towards supporting and strengthening the economic life of its homeport.<sup>120</sup> During the early 1870s the Lloyd itself had taken up the trade to South America, as otherwise not sufficient capital could have been mobilised.<sup>121</sup> For this reason, too, the cooperation of the various shipping companies in Bremen was far more harmonious than in Hamburg. Equally, the Lloyd (and later also the DDG Hansa in its fields) was always determined to challenge, match or outflank the HAL. In this titanic struggle between the two giants of world shipping it was often difficult to distinguish between offensive and defensive moves.

Because of the exceptional circumstances of the 1880s the North German Lloyd occupied a unique position in world shipping. This was clearly recognised and accepted as such in professional circles. Ballin occasionally spoke disparagingly about the fragmentation [Parzellierung] of British shipping<sup>122</sup>, but the specialisation of companies like the P & O, BISN, Royal Mail, Ocean Steamship, Glen Line, Cunard, etc., was seen as organisationally and entrepreneurially optimal. As, for example, Himer acknowledged and the companies' results clearly demonstrated, the specialised companies generally made higher profits and paid better dividends. The Hamburg-Süd and Kosmos represented this type in Germany and, as has already been indicated, their results (1890–1912: three percent p.a. higher than those of the HAL!) and financial strength were considerably higher than those of the HAL.<sup>123</sup> Correspondingly, the individual companies within the Morgan Trust and Royal Mail group maintained a virtually complete autonomy – as was the case with the Bremen specialist companies which had been founded with the active support of the Lloyd: Atlas-Linie, Roland-Linie and HABAL.<sup>124</sup>

The actual series of events through which Ballin built up the global network of the HAL makes it highly implausible that he was motivated by a policy designed to increase the financial security of his company. As the earlier section of this article has shown, his actions were above all driven by tactical opportunism. Moreover, he had very little regard for the price he paid for his expansion. It is true, that Ballin had a good feeling for the timing of when to break into a new trade route. Although world trade as a whole increased during his era, growth differed markedly from area to area.<sup>125</sup> Good strategic timing could result in over-proportional benefits. It was exactly in the years before 1900 that East Asia and Latin America created great expectations in commercial circles in Germany and all through western countries which regarded the conquest of overseas markets as existentially vital in their social-darwinist struggles for survival.<sup>126</sup> Although such hopes never found realisation in China, the meteoric growth of Brazilian coffee exports and the meat trade from La Plata gave credence to business optimism. It was also no coincidence that, whenever Ballin forced his way in through the purchasing of a rival to the established Hamburg company (as was the case with de Freitas or the Dahlström-Bramslöw project for the west coast traffic), the business climate was favourable – otherwise no such rival would have existed. Perhaps a similar optimism may have played a role in the case of the Levante Line, but certainly this did not apply to Africa and the Persian Gulf. The contrast with the Lloyd may one more time be stressed: with the possible exception of the Gulf, the expansion of the HAL always took place in areas where other Hamburg companies were already active.

Even if Ballin's opportunism contained more than a grain of justified optimism, his decisions were never inspired by any attempt to calculate costs and benefits. As his friend Max Warburg expressed it, Ballin was *more artist than accountant* [*mehr Künstler als Rechner*].<sup>127</sup> Several of the HAL's new lines made good money, especially when conference agreements resulted in significant freight increases. Commenting on the agreement in the African trade Ballin put it rather crudely: *If three horses have to eat instead of one, more oats have to be put in the trough*.<sup>128</sup> Even so, the other services of the HAL hardly ever matched the profitability of its traditional trunk line to New York!<sup>129</sup>

A final argument in favour of the universal liner company might be that its very size and network could result in economics of scale or rationalisation. With regard to organisation it has already been remarked that contemporary opinion preferred the smaller specialist company dedicated in its purpose, organisation and fleet to the specific requirements of its field. Within the HAL the various services were not integrated but remained in separate divisions. This was no more than realistic. Although, for example, both East Asia and La Plata were served by ships of 10,000 to 15,000 GRT, the commercial, geographical and climatological conditions of trade were so different that no degree of integration would have been beneficial. Merck's

memoires show that the HAL possessed a large number of extremely competent and energetic directors and section chiefs who within their spheres were given a considerable amount of freedom.<sup>130</sup> Ultimately, however, all threads of power came together in Ballin's hands. He was undisputedly a genius in the passenger business, but could hardly be expected to be an expert in all the many trades served by the HAL. It is doubtful, whether he was always sufficiently informed when he made his decisions.<sup>131</sup> In consequence, the very advantage of specialised expertise could be blunted through over-centralisation of power.

In two aspects economics of scale might have occurred but, apparently, did not do so for the HAL: finance and new-building. Indeed, there is no evidence to show that the HAL raised new equity or debentures more easily or more cheaply than any other shipping company of good reputation in Hamburg. The Norddeutsche Bank was a great and continued supporter of the HAL, but Merck attacked the bank sharply for the manner in which it used its monopoly position to obtain excessive advantages.<sup>132</sup> At the time of the large new emissions around 1910 the HAL was able to break through this bondage, which had been quasi-confirmed through Schinckel's position on its Board of Control, and to carry out a much more flexible financial policy. But such liberty did not last long; by 1914 all large German banks had made a common front against which the HAL despite its size was powerless to act.<sup>133</sup>

It is equally difficult to see how the HAL could reap benefits from its enormous building programs. The Royal Mail group, which combined a large number of daughter companies active in quite different fields, was not capable of achieving significant results with such a policy after 1918.<sup>134</sup> Ballin did not even attempt to create such a policy. He gave all his orders on the open market, mostly competitively by tender, and if economics could have been achieved through the building of series, such advantages would have been available to specialist companies as well. Often, however, the ships of one class were distributed over several shipyards and cost a variety of prices.<sup>135</sup> Such a practice is certainly justified, as any service must be initiated with as homogeneous a group of ships as possible, but Ballin often interfered and changed individual ship's specifications during construction. The P-class vessels for the New York service indeed were an extremely successful example of such flexibility, but more often Ballin ordered ships individually.<sup>136</sup> His directors and section chiefs complained bitterly about his frequent alterations which, without exception, increased the ships' prices. An additional problem was that the rapid growth of the HAL led to ships being employed in other trade routes than for which they had originally been intended. The BLÜCHER and MOLTKE, for example, for many years sailed to New York, although they had been designed for the tropics. Alfred Jarcke, chief of the Brazil services, once quipped, when he learned of new ships being ordered for East Asia: *That's great, I'm sure I'll get them for Brazil.*<sup>137</sup>

Altogether Ballin proceeded *totally unbusiness-like* in placing orders.<sup>138</sup> The worst case was that of the IMPERATOR: the Board of Control agreed to build this ship on the basis of a sketch made by Ballin's private secretary Huldermann on the back of an envelope.<sup>139</sup> Instead of the estimated 25 million marks the ship ultimately cost 38 millions, and its sistership VATERLAND no less than 42 millions. Ballin's centralisation of power clearly showed the disadvantages of the global company: *Often there were no extensive consultations with the various sections or a calculation about the feasibility of any project. We could have saved much money.*<sup>140</sup> Also von Schinckel referred later to the *general waste in the company's finances*, which Merck's meticulous supervision had not been able to prevent.<sup>141</sup> That people like Merck and von Schinckel had allowed such conditions to continue says much about the hold Ballin had over the HAL.

Financially, the HAL under Ballin on balance derived more disadvantages than advantages from its size. But for Ballin's arguments about the spreading of risks and/or economies of scale were never significant motives; at the most he used them after his decision had been made as

justifications and rationalisations about what otherwise would certainly have been perceived in public as the disturbing growth of his company. There were indeed some observers who believed the greatest questions concerning the HAL were, whether such a *monstrous concentration ... was healthy* and what would happen to the company after Ballin's death.<sup>142</sup>

Having established the vital difference between what might have been the "structural" or "natural" growth of the HAL and the company's actual development, we can now turn to the more personal dynamics of Ballin's leadership. Above all, there was his desire to beat the North German Lloyd. As has already been suggested earlier, Ballin's thoughts were consumed by the wish to overtake to Lloyd where both companies were active, to break into trades where the Bremen company had gained a footing, and elsewhere to open services where the Lloyd was still absent.<sup>143</sup> The fundamental rivalry between HAL and Lloyd, consequence but increasingly also dynamic cause of the profound competition between Hamburg and Bremen, can be felt in all his moves and decisions.<sup>144</sup> It is certainly not dangerous to speculate that it was this which, more than anything else, was responsible for the fact that within the HAL and Hamburg as a whole Ballin's aggressive behaviour towards his fellow Hamburg shipowners was applauded or at least tolerated.<sup>145</sup> However this may be, it is hardly possible to underestimate the all-pervasive and existential struggle between the two Hanseatic cities or to add new insights to it; Kurt Nathan, who originated from neutral Magdeburg, has formulated its main elements most effectively and elegantly.<sup>146</sup> While Bremen needed the Lloyd to survive as a major economic centre, the very success of the Lloyd made that company both the example for and the major target of the HAL. The Lloyd's superiority over the HAL was never more pronounced than in the late 1880s. Indeed, the very reason for Ballin's entry into the HAL in 1886 was to end the debilitating rivalry between Hamburg's various shipping companies in the American trade which had allowed the Lloyd to take such a commanding lead and to enable the revitalised company to shift the balance again in favour of Hamburg.

No HAL director or Hamburg shipowner would ever have lost sight of the rivalry with Bremen, but it is extremely doubtful whether anyone but Ballin would have acted with the same aggression, ambition and excessive propaganda<sup>147</sup> and would have turned the HAL into the global company which he created. Ballin had no hesitation in attacking the Lloyd wherever that company showed the Bremen flag and to attack other Hamburg companies in the process. With the possible exception of the Kingsin Line all these sister companies were perfectly capable of looking after their own interests and none entered their joint ventures with the HAL out of enthusiasm or even free will. Without Ballin the HAL would have remained an Atlantic company.

In the final analysis, therefore, it is impossible to overlook Ballin's personal and deeply-seated lust for power, the "Ballinismus" as it was called on the Hamburg exchange. One can, ultimately, only speculate about the origins of this drive and the importance of Ballin's origins from outside the patrician establishment of Hamburg. Specifically, it can not be proved that Ballin ever consciously aimed to succeed C. Ferd. Laeisz and Adolph Woermann as the "greatest Hanseat", even if his funeral oration for the latter may suggest such ambitions.<sup>148</sup> However this may be, there is no doubt that Ballin fully identified his historical role with the growth of the company as is shown in a letter he wrote in 1901 about the establishment of a transpacific service. *The Hamburg-America Line will then circle the globe and perhaps this Pacific Line will be my swansong ...*<sup>149</sup> There is, indeed, no qualification in the famous and well-publicised motto Ballin gave the HAL and the challenge he set himself: *My field is the world [Mein Feld ist die Welt]*. I have little doubt that von Schinckel was right in believing that Ballin had no rational or finite objectives but, instead, aimed to *conquer the world*.<sup>150</sup> He was driven by nervous energy from within, not by any definable target in his economic environment. Only this can explain Ballin's expansionism, his vendetta against the Lloyd, and the continuous pressure



which applied to his fellow shipowners in Hamburg. The telling phrase: *I know, but I want the business*, does not only relate to the South American business of the outsider de Freitas, but also to the entire establishment of Hamburg's overseas liner companies.

#### 4. Conclusion

Without Ballin, his personal aims and ambitions, and the strategy he adopted to obtain his objectives the HAL would have remained a specialist North Atlantic company. In consequence, the position of the HAL within Hamburg and the structure of German liner shipping as a whole would have developed quite differently. Less intra-German rivalry would also have created less pressure for foreign shipping and, most probably, outside Germany less apprehension would have been felt about the fast-growing German liner companies. Ballin changed the mission and direction of the HAL in revolutionary fashion. His actions can only be understood by accepting that he was not a man of peace or compromise. During this period of growth and concentration in all branches of the modern world economy many small enterprises lost their independence, but the question remains to what extent their fate was an inevitable and impersonal part of a "natural" process of rationalisation and to what extent the result of the megalomania and power politics of the leading entrepreneurs. The development of the HAL demonstrates that personal and psychological facts indeed could play an extraordinarily powerful role, probably more so than rational commercial dynamics. In the historical record too often only the victors speak. Thus there was, and often still is, a sharp contrast between the images of peace and friendly cooperation created by the HAL's "Literarische Büro" and perpetuated by later historians and the harsh reality of pressure and violence with which Ballin confronted his Hamburg colleagues. But the more the HAL grew and was regarded as the embodiment of Hamburg's pride and strength, the less Hamburg's public was inclined to ask questions about the aims or methods of the company or to criticise its relatively low dividends.<sup>151</sup> Also within shipping circles and the HAL itself criticism remained muted and impotent. Even the critical Siegfried Heckscher and Johannes Merck himself, who at least once intended to resign, could not free themselves from the glamour of the HAL.<sup>152</sup> Ballin had made it into something far larger than a mere collection of ships and services: the Hamburg-America Line was the very essence of commercial Hamburg and it was a rare person who dared turn his back on it.<sup>153</sup>

This judgement should not imply that Ballin's dictatorial leadership of the HAL and his aggressive behaviour against his fellow Hanseatic shipowners had a negative influence on the economic growth of their cities. On the contrary, the rivalry and growth of all companies and the rough-and-tumble of shipping politics produced powerful stimuli to Germany's overseas trade, shipbuilding and many other forward and backward linkages. Inevitably, and indeed often intentionally, these had a significant and positive impact on the country's leading ports and port cities. Although the impact of the HAL's growth on Hamburg has never been analysed in specific terms, it is not too daring to suggest that it was felt throughout the city. Above all, it was symbolised by the company's new head office Ballin built on the Alsterdamm – now Ballindamm.

## Notes:

- \* Here I wish to express my deep gratitude to the Alexander von Humboldt-Foundation. Without its financial support this study could never have been undertaken. I dedicate this article to the memory of Walter Kresse without whom I would never have travelled to Hamburg.
- 1 The legally established and full name of the company was never changed, but as Ballin did not like it and regarded "Hapag" as unelegant he introduced in 1898 the alternative "Hamburg-Amerika Linie". In this fashion he tried to match his Bremen rival, the North German Lloyd [Norddeutscher Lloyd], whose short name "Lloyd" was famous worldwide. Ballin's financial director, Johannes Merck, recounted that Ballin was chronically frustrated as he could not give his company a similarly impressive and recognisable name (Staatsarchiv Hamburg [StA HH], Familienarchiv Merck, II 8, Johannes Merck, Konv. 2b, "Meine Erinnerungen an die Hamburg-Amerika Linie und an Albert Ballin 1896–1919" [1920], p. 142).
  - 2 William O. Henderson: *The Rise of German Industrial Power. 1834–1914*. London 1975, part 3; Franz F. Wurm: *Wirtschaft und Gesellschaft in Deutschland 1848–1948*. Opladen 1975, ch. 2; Friedrich-Wilhelm Henning: *Die Industrialisierung in Deutschland 1800 bis 1914*. Paderborn 1976, pp 215–217.
  - 3 Daniel Marx Jr.: *International Shipping Cartels*. Princeton 1953; B.M. Deakin & T. Seward: *Shipping Conferences, A Study of their Origins, Development and Economic Practices*. Cambridge 1973; K.A. Moore: *The Early History of Freight Conferences*. London 1981. Of special importance to Hamburg and the North Atlantic region is Erich Murken (a long-time Hamburg-America Line official): *Die großen transatlantischen Linienreederei-Verbände, Pools und Interessengemeinschaften*. Jena 1922. See also Frank Broeze: *Albert Ballin, The Hamburg-Bremen Rivalry and the Dynamics of the Conference System*. In: *International Journal of Maritime History*, vol. 3 (1991), pp. 1–32.
  - 4 S.G. Sturme: *British Shipping and Foreign Competition*. London 1962, ch. 14.
  - 5 It is impossible to give a complete list of the extensive literature dealing with Hamburg shipping and the HAL during this period. Important titles are Christian Grote: *Die deutsche Schifffahrt in Wirtschaft und Recht*. Stuttgart 1914; Heinrich Flügel: *Die deutschen Welthäfen Hamburg und Bremen*. Jena 1914; Otto Mathies: *Hamburgs Reederei 1814–1914*. Hamburg 1924; Rolf Engelsing: *Zur Geschichte der deutschen Handelsschifffahrt*. In: *Tradition*, vol. 5 (1960), pp. 39–48; Friedrich Pruser: *Hamburg-Bremer Schifffahrtswettbewerb in der Zeit der großen Segelschifffahrt und der Dampfer*. In: *Zeitschrift des Vereins für Hamburgische Geschichte* [henceforth ZVHG], vol. 49/50 (1964), pp. 147–189; Lars U. Scholl: *Struktur und Wandel in der deutschen Handelsschifffahrt 1815–1918*. In: *Scripta Mercaturae*, vol. 18, no. 2 (1984), pp.30–60; and Walter Kresse: *The Shipping Industry in Germany, 1850–1914*. In: L.R. Fischer & G.E. Panting, eds.: *Change and Adaptation in Maritime History. The North Atlantic Fleets in the nineteenth Century*. St. John's 1985. For the HAL in particular see, besides the annual reports, also Kurt Himer: *75 Jahre Hamburg-Amerika Linie*. 2 vols., Hamburg 1922; Hans J. Witthöft: *HAPAG*. Herford 1973; Otto J. Seiler: *Einhundert Jahre Ostasienfahrt*. Hamburg 1985, *Einhundert Jahre Australienfahrt*. Hamburg 1985, and *Amerikafahrt*. Hamburg 1990; and, of course, also the biographical studies on Ballin listed in n. 11.
  - 6 The most important works on the Lloyd are Georg Bessell: *100 Jahre Norddeutscher Lloyd-Bremen 1957*; Arnold Petzet: *Heinrich Wiegand: Ein Lebensbild*. Bremen 1932; Paul Neubaur: *Die deutschen Reichspostdampferlinien nach Ostasien und Australien*. Berlin 1906; H.J. Witthöft: *Der Norddeutscher Lloyd*. Herford 1973; and Seiler's three works mentioned under 5.
  - 7 The best example of such combination of interests is the firm F. Laeisz which itself or through its various partners was actively interested in all major Hamburg steamshipping companies. Others were Woermann, Amsinck, A. Kirsten, Richard (Kaiser) Krogmann and A. Vorwerk. Ballin himself represented the HAL in many shipping and other companies, and as an individual held shares in several steamers. Even Max von Schinckel, the many-sided banker and long-standing Chairman of the HAL Board of Control [Aufsichtsratsvorsitzender] in 1881 had invested in all ships of the very Carr-Linie which Ballin in 1886 used to enter the HAL and take over its passenger department (StA HH, Schiffsregisteramt, vol. 6, nos. 1112, 1126, 1132, 1193, 1198, 1239, 1244, and 1298).
  - 8 Elsäbea Rohrmann: *Max von Schinckel*. Hamburg 1971, pp. 116–117. Of the 14 members of the HAL's Board of Control between 1886 and 1914 no less than eight, at one time or another, were elected to Hamburg's oligarchic city parliament [the Bürgerschaft], as was in 1907–1914 also the case with four other prominent officers of the company (Mummsen, Polis, Eckert, and Stubmann). See F.M. Wiegand: *Die Notablen. Untersuchungen zur Geschichte des Wahlrechts und der gewählten Bürgerschaft in Hamburg 1859–1919*. Hamburg 1987, pp. 192–193 and 266–267. After Adolph Woermann's retirement, however, the HAL had no representative in the German Reichstag (StA HH, Familienarchiv

- Versmann, ICX, Johannes Versmann, A 9, Tagebuch 1898–99, [p. 4], 8.1.1898). Since that day Hamburg only sent Social-democrats to Berlin.
- 9 In imitation of the Lloyd where Wiegand's leadership had thus been recognised.
  - 10 Max von Schinckel: Vertrauliche Bemerkungen zu dem Buche "Albert Ballin" B. Huldermann, Albert Ballin. Berlin [1922] (StA HH), p. 2, and Lebenscrinnerungen (privately printed), Hamburg [1929], pp. 269–272.
  - 11 The most important biographies of Ballin are Bernhard Huldermann: Albert Ballin. Berlin 1922; Peter Franz Stubmann: Albert Ballin: Berlin 1926; Kaspar Pinette: Albert Ballin und die deutsche Politik. Hamburg 1938; Lamar Cecil: Albert Ballin. Hamburg 1969 (orig. in English, Princeton 1967); and Renate Hauschild-Thiessen: Ballin. In: Gerhard Ahrens & Hauschild-Thiessen, eds.: Die Reeder. Hamburg 1989. Valuable are also Adolf Goetz: Ballin, ein königlicher Kaufmann. Leipzig 1907; Eduard Rosenbaum: Albert Ballin. In: Qualität, 17.4.1922 (ms. copy in the Commerzbibliothek, Hamburg); Felix Pinner [= Frank Faßland]: Albert Ballin. In: Helden der Arbeit. Leipzig 1925, pp. 25–67; Morus [= Richard Lewinsohn]: Albert Ballin. In: Wie sie groß und reich wurden. Lebensbilder erfolgreicher Männer. Berlin 1927; Gottfried Klein: Albert Ballin. In: Neue Deutsche Biographie, vol. 1, Berlin 1953, pp. 561–562; and Eduard Rosenbaum: Albert Ballin: A Note on the Style of his Economic and Political Activities. In: Leo Baeck Institute for Jews from Germany (London), Year Book, vol. 3 (1958), pp. 257–299.
  - 12 Klein: Ballin, p. 562. In principle, I have translated all quotations, but particularly telling phrases and expressions will also be given in the original German text.
  - 13 Himer: 75 Jahre, vol. 2, p. 49.
  - 14 Huldermann: Ballin, p. 384.
  - 15 Cecil: Ballin, p. 93.
  - 16 See, e.g., Weser Zeitung, 16.9.1905, Ein feindlicher Vorstoß ...?
  - 17 Maritieme Geschiedenis der Nederlanden, vol. 4, Bussum 1978, p. 213.
  - 18 In this context it is instructive to compare Mathies' Hamburgs Reederei of 1924 with the abbreviated version of the same work which he published four years later (Hamburgs Seeschiffahrt und Seehandel. In: O. Mathies, H. Entholt & L. Leichtweiss, eds.: Die Hansestädte. Hamburg-Bremen-Lübeck. Gotha 1928, pp. 1–128). Since his original book had appeared, Mathies had received comments and background information from several leading shipping identities and he worked some of this material into his article. Mathies wrote summaries of these verbal or written communications in his own copy of Hamburgs Reederei (now in my collection) to which I shall refer repeatedly in the following. See also the privately printed review of Huldermann's biography of Ballin by Max von Schinckel: Vertrauliche Bemerkungen zu dem Buche "Albert Ballin" (StA HH) or also the latter's Lebenscrinnerugen; the lengthy review by the arch-conservative Ernst Graf zu Reventlow. In: Der Reichswart, 21.1.1922 (copied in StA HH, Johannes Merck, Konv. 3, pp. 223–227); or also E. Wiskemann's review of Stubmann's Ballin. In: ZVHG, vol. 30 (1929), pp. 265–267.
  - 19 See Broeze: Ballin and the Hamburg-Bremen Rivalry, and Albert Ballin and the Hamburg-America Line: commercial geopolitics and social-darwinism in international shipping before World War I, forthcoming.
  - 20 The "Grand Old Man" of Hamburg shipping, Robt. M. Sloman jr., himself had insisted that the HAL took Ballin on board (Schöler: Ballin, p. 37).
  - 21 StA HH, Familienarchiv Lorenz-Meyer, c. IX, Arnold Otto Meyer (1825–1913), d. 4f, Meyer to J. Albers (partner in the prominent Bremen firm Fa. Joh. Lange Sohns Witwe & Co), 5.5.1885.
  - 22 Pinner: Ballin, p. 107.
  - 23 Morus: Ballin, p. 226.
  - 24 Cf. Alfred D. Chandler, Jr.: The Visible Hand. The Managerial Revolution in American Business. Cambridge Mass.-London 1977, remains the classical text on the general phenomenon.
  - 25 This company should, of course, not be confused with the much larger and more diversified DDG Hansa of Bremen.
  - 26 StA HH, pamphlet: Hamburg-Amerika Linie. Auskunftsbuch über die Beförderung von Reisenden nach Süd-Amerika mit den Postdampfern der Hamburg-Südamerikanischen Dampfschiffahrtsgesellschaft. Hamburg 1898/99, p. 10.
  - 27 It resumed paying dividends in 1895, one year before the Lloyd. Besides the many services from Hamburg the company's network also already included a line between Genua and New York and, later in the decade, a similarly emigrant-driven service between Genua and the La Plata region.
  - 28 The founders of the line were the patrician trading houses of Wm. O'Swald & Co. and Wachsmuth & Krogmann.

- 29 Neubaur: Reichspostdampferlinien, pp. 85–92.
- 30 Versmann: Tagebuch, [pp. 7–10], 12.1.1898. Ballin added insult to injury by calling his first new ship for the Chinese mail service HAMBURG.
- 31 It may be remembered that Germany in late 1897 had occupied the port of Kiaochow with its Shantung hinterland and that in May 1898 the British Prime Minister Salisbury, in a speech to the Primrose League, made his famous reference to *living and dying empires* (C.J. Lowe: *The Reluctant Imperialists*. Vol. 1: *British Foreign Policy 1878–1902*. London 1967, p. 225).
- 32 Otto Harms: *Deutsch-Australische Dampfschiff-Gesellschaft*, Hamburg. Hamburg 1933, pp. 130–134.
- 33 The Hamburgische Börsenhalle, 8.12.1900, p. 2, reported that in London a rumour was circulating to the effect that Ballin was on the point of joining the Board of Control of the DADG; Ballin himself categorically denied such intentions (*Ibid.*, 12.12.1900, p. 2).
- 34 This factor is, understandably, emphasised in sympathetic biographies as, for example, Stubmann: Ballin, pp. 141–142.
- 35 On this conference see Harms: DADG, ch. 8; B. Aagaard: *Hamburg Commercially Considered*. London 1899, p. 45, Paul Adler, John Bach: *A Maritime History of Australia*. West Melbourne 1976, ch. 8; and Great Britain: *Royal Commission into Shipping Rings*. vol. 4, London 1909, qq. 20489–669, testimony by Sir Thomas Sutherland, Chairman of the Peninsular & Oriental Steam Navigation Company.
- 36 Stubmann: Ballin, p. 142; see also StA HH, Familienarchiv Krogmann, A 2 a, R.C. Krogmann, *Erinnerungen*, pp. 6–7.
- 37 Harms: DADG, chs. 3 and 5; see also Neubaur: *Reichspostdampferlinien*, ch. 5.
- 38 Mathies: *Hamburgs Reederei*, p. 112. Significantly, the purchase of this line was made through the mediation of Wilhelm Volckens who, later, also provided the link between the HAL and the Kosmos Line. On the Hamburg-Calcutta Linie see Maria Möring: *A. Kirsten*, Hamburg. Hamburg 1952, pp. 93–103. From 1902 the HAL loaded again at Calcutta, in agreement with the Bremen-based DDG Hansa (see the agreement, dated 21.7.1902, with the Hansa and Lloyd in Hapag 2468).
- 39 Versmann, *Tagebuch*, [p. 4], 8.1.1898.
- 40 Ernst Hieke: *Die Reederei M. Jebsen A.G. Apenrade*. Hamburg 1953, pp. 95–98; and Engelsing: *Deutsche Handelsschiffahrt*, p. 44.
- 41 *Handbuch der deutschen Aktien-Gesellschaften*, 1913–1914, vol. 1, Berlin-Leipzig-Hamburg 1914, *passim*.
- 42 Herbert Wendt: *Kurs Süd Amerika. Brücke zwischen zwei Kontinenten*. Bielefeld 1958, and A. Simmig: *Hamburg-Süd*. Hamburg 1930.
- 43 On de Freitas see Aagaard: Hamburg, p. 42, and Wendt: *Kurs Süd Amerika*, p. 116. See also Mathies' copy of his *Hamburgs Reederei*, p. 106, and Börsenhalle, 5.3.1900, p. 2, and 29.3.1900, p. 1. De Freitas' massive entry into the South American trade (the firm had previously only been active in the Mediterranean) had two intriguing aspects: its Hamburg freight brokers were by no means fly-by-night operators but the prominent firms of Knöhr & Burchard Nfl. and Robt. M. Sloman jr., and the source of the considerable funds necessary for its new fleet was never made public. Ballin had at several instances previously dealt with de Freitas, but there is no evidence that he supported them behind the scenes.
- 44 This is how the brothers Theodor and Arnold Amsinck called it in their comments to Mathies (note in his copy of *Hamburgs Reederei*, p. 106).
- 45 See, e.g., Huldermann: Ballin, pp. 117–118. Stubmann's and Cecil's biographies, remarkably, are totally silent on the matter.
- 46 The terms of the purchase were never made public, but Huldermann conceded that the valuation of the ships had been made at the height of the Boer War boom and was based on prices which until 1914 were never seen again. (For the ships alone Ballin paid c. £ 700,000, or about 14 million marks.) What Huldermann, however, did not report was that de Freitas received (1) an additional 4 million marks for terminating their South American line and (2) a ten year appointment as the HAL's freight brokers for its new lines to Brazil and La Plata with a minimum net income per year of 150,000 marks. The text of the contract with de Freitas is in StA HH, Firmenarchiv Hapag 2469, file F.
- 47 Comments from T. and A. Amsinck, in Mathies' copy of *Hamburg Reederei*, p. 106.
- 48 Wendt: *Kurs Süd Amerika*, pp. 116–117.
- 49 Comments from T. and A. Amsinck, in Mathies' copy of *Hamburg Reederei*, p. 106.
- 50 Johannes Merck (*Erinnerungen*, p. 86) independently gave an identical assessment of the position of de Freitas as the Amsinck brothers did. He also judged that de Freitas was ripe for an offer (*gerade reif für solche Transaktionen*) and that it had been a grave mistake of the Hamburg-Süd not to grasp that opportunity.

- 51 T. and A. Amsinck, in Mathies' copy of Hamburg Reederei, p. 106. Copies of the definitive agreement between the companies, of 22/28.10.1901, can be found in the archives of the Hamburg-Süd, Hamburg, and in StA HH, Hapag 2450, file UV.
- 52 As Max von Schinckel (Lebenserinnerungen, p. 266) observed, Laeisz had a special affection for the Hamburg-Süd in which company he ruled without opposition (*absolut souverän und maßgebend*).
- 53 Merck: Erinnerungen, p. 87.
- 54 Opp. p. 80 in Paul Rohrbach, ed.: FL. Die Geschichte einer Reederei. Hamburg 1954.
- 55 Merck: Erinnerungen, pp. 87–89; von Schinckel: Lebenserinnerungen, p. 270, and Vertrauliche Bemerkungen, p. 4.
- 56 Hapag 2450, minutes of meeting HAL-Hamburg-Süd, 15.6.1901.
- 57 Hapag 2451, file F, Murken's Exposé, 18.8.1915, esp. pp. 1–3 and appendices.
- 58 Ibid., file L, Hamburg-Süd to Ballin, 21.4.1911.
- 59 This passage is based on the correspondence and cables in StA HH, Familienarchiv Krogmann, Richard Krogmann, A 2 b, esp. Wiegand to Krogmann, 25.8.1902.
- 60 Von Schinckel: Lebenserinnerungen, p. 276; Harald Pohlmann: Richard C. Krogmann. Leben und Leistung eines hamburgischen Kaufmanns und Reeders. Hamburg 1986, p. 61.
- 61 Theodor's brother Arnold was the managing director of the Woermann Line. On the Amsincks, who stood at the heart of Hamburg's patriciate, see Maria Möring: Johannes Schuback & Söhne, 1757–1957. Hamburg 1957.
- 62 C.V. Krogmann: Bellevue. Die Welt von damals. Hamburg n.y., pp. 253–254.
- 63 Neue Hamburgische Zeitung, 10.9.1909.
- 64 Hapag 2450, file K, Ballin to Hamburg-Süd, 24.6.1909.
- 65 Ibid., file A, correspondence of 12, 16 and 18.9.1912.
- 66 Merck: Erinnerungen, p. 101; for technical details of these vessels, whose dimensions actually stayed within the limits of the 1912 agreement, see N.R.P. Bonsor: South Atlantic Seaway. Jersey 1983, p. 354.
- 67 Note in Mathies's copy of Hamburgs Reederei, p. 176.
- 68 Börsenhalle, 7.3.1900, p. 1.
- 69 Mathies' copy of Hamburgs Reederei, p. 104, information from Bramslöw.
- 70 A copy of the agreement between the HAL and Kosmos, dated 4.1.1901, is in Hapag 2725. From it appears that also A.C. de Freitas & Co. had been involved. One is left to wonder, whether they had played a similar role as in the Brazil- and La Plata trades and, even more speculatively, whether they had had some prior understanding with Ballin.
- 71 Merck: Erinnerungen, pp. 80–81. Mathies, who certainly can not be regarded as an enemy of Ballin's, accepted this explanation and copied it in his copy of Hamburgs Reederei, p. 110.
- 72 Merck: Erinnerungen, p. 81.
- 73 This episode was described in great detail in Adolf Goetz: 25 Jahre hamburgische Schiffahrtspolitik. Hamburg 1911, pp. 103–132.
- 74 The statutes of the company, dated 19.12.1905, are in Hapag 1605. The other participants were the Kosmos, DADG, DOAL, Hamburg-Süd and Woermann Line. A crucial element of the relationship between the various companies was respect for each other's field of operations.
- 75 Vossische Zeitung, 5.5.1913: Leo Jolles: "HAL". In: Der Tag [Berlin], 20.9.1913; and Neue Hamburger Zeitung, 7.11.1913.
- 76 At least in the Hamburg-USA west coasts trade. In order to participate in the USA domestic trades between east and west coast Ballin initiated the setting up of a fully-owned American company, the Transoceanic Shipping Company, with which he anticipated outflanking US cabotage restrictions. See Hapag 2419, file Sch; Hamburger Nachrichten, 12.3.1913; and Kölnische Volkszeitung, 15.4.1913.
- 77 The text of these agreements can be found in Hapag 2452.
- 78 See esp. Lamar Cecil: Coal for the Fleet that had to Die. In: American Historical Review, vol. 69 (1964), pp. 990–1005.
- 79 Hapag 2467. By purchasing a majority share in the Russian East Asiatic Company Ballin also entered the St. Petersburg-Siberia trade, but heavy losses made him give up that business a few years later.
- 80 Cecil: Ballin, pp. 79–91.
- 81 Stephanie Jones: Two Centuries of Overseas Trading. The Origins and Growth of the Inchcape Group. London 1986, ch. 3, and Trade and Shipping. Lord Inchcape 1852–1932. Manchester 1989; George Blake: B.I. Centenary 1856–1956. London 1956, chs. 4–9; Hector Bolitho: James Lyle Mackay, First Earl of Inchcape. London 1936; and Sturmey: British Shipping, pp. 365–368.
- 82 Hans Georg Prager: DDG Hansa. Herford 1976.

- 83 Communication by Arnold Amsinck, in Mathies' copy of Hamburgs Reederei, p. 106.
- 84 Merck: Erinnerungen, p. 89.
- 85 Cecil: Ballin, pp. 86–87.
- 86 A. de L. Rush, ed.: Records of Kuwait. London 1989, vol. 4, pp. 699–709.
- 87 This version was also given in Huldermann: Ballin, pp. 150–154, and Mathies: Hamburgs Reederei, pp. 182–184. The agreement between the HAL and the Woermann Line is in Hapag 2466, file WZ.
- 88 Arnold Amsinck's view in Mathies' own copy of Hamburgs Reederei, p. 182. Uniquely, to help cover up the truth the HAL-Woermann agreement included a preamble, in which the leaders of the Woermann Line explicitly acknowledged the need for a *full alliance with another large Hamburg company [Schutz- und Trutzbündnis mit einer anderen grossen hamburgischen Rhederei]*.
- 89 Charlotte Leubuscher: The West African Trade. Leiden 1963, pp. 13–28; and Peter N. Davies: The Trade Makers. Elder Dempster in West Africa 1852–1972. London 1973, ch. 6.
- 90 In Mathies' copy of Hamburgs Reederei, p. 182. According to a letter from Amsinck to Merck (26.2.1925, in StA HH, Familienarchiv Merck, II 8, Konv. 5), Amsinck had also written marginal corrections in his copy of Huldermann's biography of Ballin.
- 91 Mathies: Hamburgs Seeschiffahrt, pp. 64–66.
- 92 ZVHG, vol. 30 (1929), p. 265.
- 93 Hapag 2466, 2413, 2418, and 45.
- 94 Von Schinckel: Lebenserinnerungen, p. 270, and Vertrauliche Bemerkungen, p. 4.
- 95 Arnold Amsinck, in Mathies' copy of Hamburgs Reederei, p. 185.
- 96 See Ballin's correspondence in Hapag 3732.
- 97 This paragraph is based on Huldermann's minutes of the meeting of the Syndikats-Rhederei, 28.8.1907, and the account by Otto Harms, the DADG's manager, of 27.8.1907, in Hapag 1188. There is no reference to it in Harms' printed history of the DADG.
- 98 See, for example, the Berliner Tageblatt, 21.10.1913; Kölnische Zeitung, 22.10.1913; and Vossische Zeitung, 25.10.1913.
- 99 See, e.g., the Neue Hamburger Zeitung, 10.3.1914.
- 100 In 1926, of course, the HAL fully acquired the DADG-Kosmos group; it was then that the yellow HAL funnel received its "Böger cap", the thin rings of red, white and black which had been the DADG colours.
- 101 For full details see Mathies: Hamburgs Reederei, pp. 186–196; see also Reinhart Schmelzkopf: Die Deutsche Levante-Linie 1890–1967. Teil I 1890–1920. Hamburg 1984, ch. 9.
- 102 Vossische Zeitung, 23.1.1914; see also the Berliner Actionair, 11.3.1914, on a contemplated passenger-freight service from Varna and Dedeagach (Alexandropolis).
- 103 See his memorandum in Hapag 1193 and the extensive correspondence in Hapag 3732.
- 104 Witthöft: HAPAG, pp. 77–80.
- 105 Himer: 75 Jahre HAL, vol. 2, pp. 48–49.
- 106 Von Schinckel: Vertrauliche Bemerkungen, p. 4.
- 107 This force can be observed implicitly in almost all company histories, but has as yet not been systematically investigated. I signalled it earlier in my chapter "Rederij" [shipowning] in *Maritieme geschiedenis der Nederlanden*, vol. 4, Bussum 1978, p. 174–175.
- 108 Cf. Mathies: Hamburgs Reederei, pp. 2 and 126–127; and, in the context of one particular trade, Frank Broeze: Distance tamed: steam navigation to Australia and New Zealand from its beginnings to the outbreak of the Great War. In: *Journal of Transport History*, vol. 10 (1989), pp. 8–13.
- 109 I.J. Brugmans: Tachtig jaar varen. Den Helder 1950, pp. 45–47; Francis E. Hyde: Blue Funnel. A History of Alfred Holt & Co of Liverpool 1865–1914. Liverpool 1957, pp. 126–133.
- 110 Cf. also Huldermann: Ballin, p. 161.
- 111 Handbuch der deutschen Aktien-Gesellschaften, 1913–1914, Berlin 1918, vol. 1, *passim*.
- 112 See the table *Die grösseren Hamburger und Bremer Schiffsahrts-Gesellschaften 1908/1913*, in Hapag 2438.
- 113 Broeze: Distance tamed, pp. 4–13.
- 114 But this company did not use the highly successful strategy of the North German Lloyd to employ its second-class Atlantic tonnage during the winter season in the Australian trade and the volume of through-traffic from the USA to Australia via Britain was insignificant.
- 115 Cited in the Frankfurter Zeitung, 24.12.1911.
- 116 On the Royal Mail see Edwin Green & Michael Moss: A Business of National Importance. The Royal Mail Shipping Group. 1902–1937. London 1982. ch. 3.
- 117 See: Ballin and the Hamburg-Bremen Rivalry, and sources mentioned there.

- 118 Neubaur: Reichspostdampferlinien; Seiler: Ostasienfahrt; see also H.-U. Wehler: Bismarck und der Imperialismus. Cologne 1969, pp. 239–257.
- 119 Handbuch der deutschen Aktien-Gesellschaften, 1913–1914, pp. 705 and 740.
- 120 This theme is almost the “Leitmotiv” of Petzet’s biography of Wiegand, whose son-in-law he was. See esp. ch. 6. Very similar observations can be made with regard to Amsterdam in its competitive relationship with Rotterdam.
- 121 Engelsing: Deutsche Handelsschiffahrt, pp. 43–44.
- 122 See, e.g., Neue Hamburger Zeitung, 29.4.1909. On the structure of the British shipping industry see Sturmey: British Shipping, pp. 381–382.
- 123 See, above, note 111.
- 124 Engelsing: Deutsche Handelsschiffahrt, p. 44.
- 125 See, e.g., the trade figures in the Statistisches Jahrbuch des deutschen Reiches. They show that between 1891 and 1913 German exports as a whole rose by 302%, but to the USA only by 200%. For East Asia the figure was 547%, for South America 567%, and for all German colonies no less than 1,400%. For the context of world trade and the world economy in this period see A.J. Latham: The International Economy and the Underdeveloped World 1865–1914. London 1978, and J. Foreman-Peck: A History of the World Economy. Brighton 1983.
- 126 See, e.g., Wolfgang J. Mommsen & Jürgen Osterhammel, eds.: Imperialism and After: Continuities and Discontinuities. London 1986.
- 127 Quoted in Stubmann: Ballin, p. 124; cf. also Pinner: Ballin, p. 110.
- 128 Arnold Amsinck, in Mathies’ copy of Hamburgs Reederei, p. 184.
- 129 Merck, Erinnerungen, pp. 80, 83, 88, 89 and 95, based on his own financial reports over 1906–1913 (in StA HH, Familienarchiv Merck, II 8, Konv. 6).
- 130 Merck: Erinnerungen, pp. 10–12, 16–26, and 34–35. See also the highly informative reminiscences of one such HAL official, Max Landmann, on the West Indian conference in Hapag 363.
- 131 Merck: Erinnerungen, p. 176.
- 132 Ibid., pp. 28 and 125–126. Von Schinckel offered a spirited but not convincing defence against these claims in a letter to Merck (StA HH, Familienarchiv Merck, II 8, Konv. 5); see also his Vertrauliche Bemerkungen, p. 3, and Lebenserinnerungen, p. 267.
- 133 StA HH, Familienarchiv Merck, II 8, Konv. 6, Berichte der Finanzabteilung der Hapag pro 1913, p. 2.
- 134 Green & Moss: Business of National Importance, ch. 4.
- 135 See, e.g., the list of ships on order per 1.1.1914 in StA HH, Familienarchiv Merck, II 8, Konv. 6, Berichte der Finanzabteilung der Hapag pro 1913.
- 136 Merck: Erinnerungen, pp. 92–98.
- 137 Ibid., p. 94.
- 138 Ibid., p. 96.
- 139 Ibid., pp. 108–109.
- 140 Ibid., pp. 97 and 141.
- 141 Brief an Merck, 10.2.1922, in StA HH, Familienarchiv Merck, II 8, konv. 5.
- 142 See, e.g., Ernst Graf zu Reventlow, in his review of Huldermann’s Ballin. In: Der Reichswart, 21.1.1922, and Deutsche Tageszeitung [Berlin], 30.3.1912.
- 143 Cf. Mathies: Hamburgs Reederei, p. 6; Engelsing: Deutsche Handelsschiffahrt, p. 44; Prüser: Hamburg-Bremer Schifffahrtswettbewerb, pp. 182–183; and also Broeze: Ballin and the Hamburg-Bremen Rivalry.
- 144 It must remain an open question to what extent Ballin was motivated by a personal rivalry with his counterpart of the Lloyd, Wiegand. Interestingly, within a month after Wiegand’s death a shareholder of the Lloyd referred to rumours of an imminent merger between the HAL and Lloyd (Hamburger Nachrichten, 26.4.1909).
- 145 See, e.g., the remarkable contradiction in von Schinckel: Lebenserinnerungen, p. 270.
- 146 Kurt Nathan: Der deutsche Schifffahrtskampf von 1913. Kiel 1935, esp. ch. 1.
- 147 It was generally conceded by HAL officials that it would have been better for the HAL, if victories had not been trumpeted so loudly. As Heckscher put it, *Lerne Eier legen, ohne zu gackern* (Schifffahrt-Zeitung, 12.4.1922).
- 148 Richard Krogmann regarded Laeisz, Woermann and Ballin as the three men who during his time had been the most powerful in Hamburg (StA HH, Familienarchiv Krogmann, Richard S. Krogmann, A 2 a, Erinnerungen, p. 22); cf. also Rosenbaum: Albert Ballin’s Style, p. 261, n. 2. Arnold Otto Meyer, by contrast, did not see Ballin in this class as he wrote at the occasion of Laeisz’ death (25.8.1900): *Who in Hamburg will be a second C. Ferd. Laeisz?* (StA HH, Familienarchiv Lorenz-Meyer, C IX, 3 a, Chronika, vol. 1, p. 139).

- 149 Letter to his friend, Dr. E. Francke, 30.3.1901, quoted in Stubmann: Ballin, p. 171.
- 150 Von Schinckel: Lebenserinnerungen, p. 270.
- 151 See, e.g., Hamburger Fremdenblatt, 30.3.1911, and Neue Hamburger Zeitung, 31.3.1913, reporting on the lack of questions asked at the Annual General Meetings of the HAL.
- 152 Merck: Erinnerungen, p. 25, and Merck to Ballin, 16.11.1908, in StA HH, Familienarchiv Merck, II 8, Konv. 5.
- 153 During Ballin's long reign no one challenged his supreme position within the HAL, but his most capable colleague, director Julius Thomann, was forced to resign in December 1915 after too much opposition and trespassing on Ballin's terrain (Merck: Erinnerungen, pp. 18–19, and Hapag 363, Max Landmann: Julius Thomann; p. 3). The full story of Ballin and the HAL as employer remains to be written, but very much the same conclusions would result from such investigations.
- In the meantime a history of German passenger shipping was published. Unfortunately, the results of this study could not be incorporated in my paper. See Arnold Kludas: Die Geschichte der deutschen Passagierschiffahrt. Bd. 1–5, Hamburg 1986–1990.

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