



Claus Spreckels: A Biographical Case Study of Nineteenth-Century American Immigrant Entrepreneurship

Uwe Spiekermann

Claus Spreckels (1828–1908) was perhaps the most successful German-American immigrant entrepreneur of the late nineteenth century. The career of the “sugar king” of California, Hawaii, and the American West consisted of building and breaking monopolies in sugar, transport, gas, electricity, real estate, newspapers, banks, and breweries. This essay uses a biographical approach to discuss central questions of American immigrant entrepreneurship. First, it analyzes the family and ethnic background of Spreckels’ business. Second, it examines the business development of his widespread investments. Finally, it discusses the significance of Spreckels’ immigrant status and experience for his successful career.

Claus Spreckels was perhaps the most successful German-American immigrant entrepreneur of the late nineteenth century.¹ When the self-made man unofficially retired in 1905, his estate was valued at approximately \$50 million. The “sugar king” of Hawaii and the West was one of the ten richest Americans of his time. In 1998, he was ranked

¹ Whether Frederik Weyerhaeuser was even more successful is still an open question. See Michael Klepper and Robert Gunther, *The Wealthy 100: From Benjamin Franklin to Bill Gates—A Ranking of the Richest Americans, Past and Present* (Secaucus, N.J., 1996) or—with different information—“Fr. Weyerhaeuser, Lumber King, Dead,” *New York Times*, 5 April 1914. Similarly, Spreckels’ fortune was often overestimated. See Thomas William Herringshaw, “Claus Spreckels,” in Herringshaw, *The Biographical Review of Prominent Men and Women of the Day* (Chicago, 1889), 491-92, at 491, who speculated about an estate of from one to two hundred million dollars.

Uwe Spiekermann <spiekermann@ghi-dc.org> is deputy director of the German Historical Institute in Washington, D.C.

© Business History Conference, 2010. All rights reserved.

URL: <http://www.thebhc.org/publications/BEHonline/2010/spiekermann.pdf>

fortieth on the list of wealthiest U.S. Americans of all time—with an estate worth more than \$15 billion.² The career of this “money-making genius” consisted of building and breaking monopolies in sugar, transport, gas, electricity, real estate, newspapers, banks, and breweries.³ Ruthless and jovial, progressive and exploitative, he represented fundamental American virtues: independence and liberty, courage and risk-taking. At the same time, he returned to Germany year after year to recover from his taxing life in the West.

Spreckels is therefore a first-class example of an important group of American immigrant entrepreneurs who used opportunities in nineteenth-century America to create new forms of entrepreneurship and a new type of economy.⁴ Immigrants made the difference. This is a main thesis of the research project “Immigrant Entrepreneurship: The German-American Business Biography, 1720 to the Present” at the German Historical Institute, Washington, D.C., running until 2014.⁵ Most studies of immigrant entrepreneurs focus on small businesses that relied on self-employment and family labor. In contrast, this study will deal with leading and successful business people and businesses in order to explore the chances of upward mobility and the economic benefits of immigrant entrepreneurship. Claus Spreckels and some 250 other entrepreneurs will be analyzed to explore fundamental questions of modern American business history, entrepreneurship, and immigration. Among these are the reasons for their migration, their social origins, the sources of their entrepreneurship, as well as their regional, ethnic, and religious identities. On a more general level, the project will consider the comparative advantages and disadvantages enjoyed by German-American immigrant entrepreneurs, the relevance of their ethnic networks for economic and social success, and their Americanization.

Family and Ethnic Background

Claus Spreckels was born on July 9, 1828, the first of six children, in the small village of Lamstedt, then in the Kingdom of Hanover and today a part of the Cuxhaven administrative district.⁶ His parents, John Diederich

²“Wealthiest Americans,” 6 Jan. 2005, Illinois Mathematics and Science Academy Index; viewed 6 Oct. 2009. http://staff.imsa.edu/socsci/jvictory/progressives_trusts/wealthiest%20Americans.xls.

³ “At War with Two Sons,” *Washington Post*, 19 Jan. 1896, p. 20.

⁴ Charles Hirshman, “Immigration and the American Century,” *Demography* 42 (2005): 595-620; Reinhard Bendix and Frank Howton, “Social Mobility and the American Business Elite,” in *Social Mobility in Industrial Society*, ed. Seymour Martin Lipset and Reinhard Bendix (New Brunswick, N.J., 1992), 114-46.

⁵ For more detailed information, visit http://www.ghi-dc.org/index.php?option=com_content&view=article&id=964&Itemid=856.

⁶ For a general overview, see the detailed but hagiographic work of William Woodrow Cordray, *Claus Spreckels of California* (Ph.D. diss., University of Southern California, 1955).

Spreckels (1802–1873) and Gesche Baak (1804–1875), were farmers with a homestead that had been in the family for generations.⁷ Spreckels grew up under moderate circumstances and received a primary school education. Beginning in 1843, he found employment as a farmhand, but he lacked prospects for further advancement during the “hungry forties.” The typical reaction to this on the North German coast was emigration. With borrowed money, he followed others from his home region and boarded a ship to the United States in 1848.

Arriving in Charleston, South Carolina, a mere boy of nineteen, he did not know English and had only one German *Taler* in his pocket—75 cents after he exchanged the currency. However, through an ethnic network he was able to acquire a job as a junior clerk at a German-owned grocery store. In the first six months he received only room and board, but later he earned \$4.00 per month. After a year and a half, the shopowner retired, allowing Spreckels to buy the grocery trade on credit. He paid off the purchase price in a year and managed the business until 1855.

The next steps of his career were based on his family network. On July 11, 1852, he married his childhood sweetheart, Anna Christina Mangels (September 4, 1830–February 15, 1910), who was working as a housemaid in New York. With the help of his brother-in-law, Claus Mangels, Spreckels purchased a wholesale and retail business at West Broadway and Anthony Street in 1855. He managed the enterprise with great success, soon expanding it. He purchased another grocery business in San Francisco from his brother, Bernhard Spreckels, sold his New York business to his brother-in-law, and headed for California in June of 1856. There he became “one of the many successful industrial leaders that the Fatherland of Germany has given to the United States.”⁸ His industrial career was based, as in so many other cases, on capital made in the retail and wholesale businesses.

Business Development

The first industry in which Spreckels succeeded was quite typical for German immigrants: beer brewing. In the spring of 1857, together with his brother Peter Spreckels and Claus Mangels, among others, he founded the Albany Brewery, the first large-scale producer of beer in San Francisco. Spreckels sold his grocery business for \$50,000 in order to focus on brewing, and he introduced some technological improvements that afforded the brewery the lead in the regional market for several years.⁹ Adapting to the moderate climate, the Albany Brewery introduced steam

⁷ “Spreckels, Claus,” Bancroft Library C-D 216-230, reel 25, C-D 230. In contrast, most biographical sketches stress—without evidence—the poverty of Spreckels’ family.

⁸ James Burnley, “Havemeyer and Spreckels: The Sugar Kings of America,” in Burnley, *Millionaires and Kings of Enterprise* (London, 1901), 212-23, at 220.

⁹ “Claus Spreckels,” in *San Francisco’s Representative Men*, 2 vols. (San Francisco, 1891), 1: 315-17, at 315.

beer, a lager yeast beverage with lively carbonation. Though profitable, beer brewing was not a rapid moneymaker, which prompted Spreckels to sell his shares in 1863 for \$75,000. Already well-to-do, he switched to a new field that would make him rich: sugar.

In contrast to beer, sugar was consumed in the United States in a much higher volume than in Europe. In the early 1880s, consumption exceeded 50 pounds per capita per annum, and after 1900, 70 pounds. In 1863, Spreckels returned to New York to study the business of sugar manufacturing by working in a large refinery. He bought the machinery of the bankrupt United States Refinery and took it to San Francisco. At the same time, he organized the Bay Sugar Refining Company in cooperation with several partners beginning in 1863 and incorporated in 1864. Spreckels directed operations until 1865 and then sold his interest in the company, again at a considerable profit.¹⁰

He was, however, still not satisfied. Again, he went east and visited Germany to investigate beet sugar production. He obtained employment in a Magdeburg factory, most likely Jacob Hennige & Co., and improved his knowledge of sugar refinement. He learned about the complex combination of agricultural science, farming, labor costs, refining, waste utilization, transport, wholesale trading, and export—and he decided to return to refining sugar cane, primarily from the Philippines. Returning to San Francisco, he erected the California Sugar Refinery in 1867. It initially had a capacity of 9,000 tons per year, but Spreckels accelerated the production process with new machines patented in his own name and efficient organization. Again, he invented several new products. At that time, grocery stores mainly sold sugar loaves, but Spreckels introduced granulated and cube sugar, both already well known in Europe, which allowed consumers more easily to divide portions. His sugar had a clean appearance and good quality, and it was “sold at a low price.”¹¹ Spreckels also benefited from economies of scale, enlarging his buildings on four occasions. Most of his competitors were blown out of the western market, and only one larger firm survived the attack of this newcomer, who constructed a new refinery in 1881, the most modern American facility of the time. Spreckels had become the “sugar king” of California—and a millionaire.

The growing sugar business widened Spreckels’ prospects. For one, the western market was shielded by protective tariffs, bounties, and freight costs. Moreover, further expansion depended on the import of a growing volume of sugar cane. Initially, he opposed the new reciprocity treaty with the independent Kingdom of Hawaii in 1876 because he was afraid of

¹⁰ “Manufactures (Sugar). C Spreckels,” Bancroft Library C-D 216-230, reel 25, C-D 230. Cf. David J. St. Clair, “The Gold Rush and the Beginnings of California Industry,” *California History* 77, no. 4 (1998/99): 185-208.

¹¹ Frederick Houk Law, “Poor Boys Who Became Great: Claus Spreckels—The Sugar King,” *Washington Post*, 7 June 1922, p. 2.

ruinous competition.¹² From the beginning, however, he took advantage of the chance to plant sugar cane on the Sandwich Islands in order to earn a bounty of two cents per pound and refine it in his San Francisco plant. Aided by his financial power, he bought and seized 40,000 acres on the Island of Maui, erected an impressive system of irrigation, expanded his influence by corrupting the king and his government, and extended his economic power year by year.¹³ In 1883, Spreckels purchased the entire Hawaiian crop of sugar to refine at his San Francisco plant.¹⁴ When he incorporated the Hawaiian Commercial and Sugar Company with \$10 million capital in 1884, it included four sugar mills, some thirty-five miles of railroad with equipment, a water reservoir, and the most advanced canal system in the Pacific region—constructed by a German-American engineer.¹⁵ With these additions to his holdings, Spreckels had built a veritable “sugar empire,” which his two eldest sons helped him to run and which produced at a much lower cost than its competitors. At the same time, his market power allowed Spreckels to sell his sugar in the West at prices higher than in the East. The last rival firm, the American Refinery, had comparable capacities but found it difficult to obtain enough raw sugar. It was compelled to enter a pool with Spreckels and to accept an arrangement to produce only a small portion of its capacity.¹⁶ Thereafter, however, the price of raw sugar declined, leading to Spreckels’ first financial difficulties. These deepened in 1885, when Hawaiian planters began to plan a new refinery in San Francisco to be erected in 1886.¹⁷ Although there was no “collapse of the Hawaiian monopoly,” Spreckels lost ground, especially after he had overreached with King Kalakaua in 1886. During a card game that included the king, Spreckels held three kings, while his opponents had three aces. Spreckels claimed that his four kings still gave him the winning hand.¹⁸ “Where is the fourth king?” asked Kalakaua. “I am the fourth king,” answered Spreckels—and King Kalakaua

¹² Donald Marquard Dozer, “The Opposition to Hawaiian Reciprocity, 1876-1988,” *Pacific Historical Review* 14 (June 1945): 157-83.

¹³ Jacob Adler, “Water Rights and Cabinet Shuffles: How Claus Spreckels’ Hawaiian Career Began,” *Business History Review* 34 (Spring 1960): 50-63; Jacob Adler, “The Spreckelsville Plantation: A Chapter in Claus Spreckels’ Hawaiian Career,” *California Historical Society Quarterly* 40 (March 1961): 33-48; Jon M. Van Dyke, *Who Owns the Crown Lands of Hawai‘i?* (Honolulu, 2008), 100-110.

¹⁴ “Claus Spreckels’s Little Bid,” *New York Times*, 28 Oct. 1883.

¹⁵ “The Hawaiian Sugar Monopoly,” *New York Times*, 19 Nov. 1884.

¹⁶ “Pacific Sugar Monopoly: How Claus Spreckels Retains His Control of the Californian Market,” *New York Times*, 19 Sept. 1885.

¹⁷ “An Adverse Report on the Hawaiian Treaty,” *Los Angeles Times*, 25 Feb. 1886; “Honolulu Letter,” *Science* 8 (1886): 74-76, at 76.

¹⁸ “Hawaiian Sugar Monopoly: Claus Spreckels’s Control of the Production in Danger,” *New York Times*, 23 Aug. 1885.

was not amused.¹⁹ However, the Hawaiian sugar king still maintained a leading economic position until 1893.²⁰ The Hawaiian enterprise made Spreckels a multimillionaire with a fortune estimated at \$12 to 25 million in the late 1880s.²¹ He believed that he had “done more for that country than any living man,” a position supported by the U.S. government and many contemporaries.²² Nevertheless, to make a fortune quickly, Spreckels had bolstered corruption and often bent the law, undermining his long-term economic prospects.



Figure 1. Influencing Politics: Claus Spreckels as puppeteer of the Hawaiian Commissioner and Commission. Caricature, 1893.

Source: *Judge* 24 (1893): 562.

Yet Spreckels had new ambitions. From May to October of 1887, he visited Austria, France, Belgium, and Germany “for the purpose of studying the methods of cultivation of the sugar beet.”²³ He then moved from

¹⁹ Cited by Jacob Adler, *Claus Spreckels: The Sugar King in Hawaii* (Honolulu, 1966), 30.

²⁰ John Tyler Morgan, *Report from the Committee on Foreign Relations and Appendix in Relation to the Hawaiian Islands* (Washington, D.C., 1894), 67-77.

²¹ “Personal Intelligence,” *Washington Post*, 29 Sept. 1887, p. 2.

²² *Report in Relation to the Sugar Trust and Standard Oil Trust by the Committee on Manufactures*, House of Representatives, 5th Congress, 1st sess. (Washington, D.C., 1889), 180.

²³ “The Tariff on Sugar: Claus Spreckels Tells about His Beet Sugar Business,” *New York Times*, 10 Jan. 1889.

cane sugar to beet sugar production. This was a highly risky undertaking, because the beet sugar business had been “a series of disasters” up to that time.²⁴ Spreckels’ Western Beet Sugar Company incorporated in 1887 at Watsonville in the Pajaro Valley, south of San Francisco, and was the first U.S. beet sugar factory that consistently succeeded from the start.²⁵ Spreckels carefully prepared this coup. During the 1880s, he had worked with beet seeds, financed agricultural experiments, propagated his idea to Californian farmers, and influenced federal policy in favor of a bounty on beet sugar and protective tariffs on all sugar. He invested nearly \$500,000 and imported machinery and beet seeds from Germany, and the Watsonville plant began processing in 1888. This German immigrant trained American farmers and his own workmen—most of them immigrants as well—but did not import laborers from Europe.²⁶ The raw sugar was shipped to his San Francisco refinery with the help of a new railroad company and his steamship company. Watsonville was highly successful and ran until 1898, when farmers switched to more profitable cash crops.

This success was overshadowed by the formation of the so-called Sugar Trust in 1887, represented by the American Sugar Refining Company of the East Coast, which third-generation German-American entrepreneur Henry O. Havemeyer dominated.²⁷ The trust desired Spreckels’ involvement: “They wanted me to become one of the trust, and I refused, and said no.”²⁸ Although Spreckels was attracted to money, being his own master was more important: “I am my own and only trust.”²⁹ Soon after, the “sugar war” began, an amazing chapter of American business history. The Sugar Trust purchased Spreckels’ former competitor in San Francisco and slashed sugar prices, but instead of surrendering, Spreckels attacked: “This trust has trampled on my toes and I won’t stand it.”³⁰ The immigrant refused to accept that he had “to turn over all the property that [he] had worked for years to accumulate to a Wall-street crowd, and no longer have control of it.”³¹ He went east to “show his power by smashing the Eastern trust,” and, after negotiating with the local authorities of Baltimore, New York, and Philadelphia, he invested approximately \$4 million to establish the world’s largest refinery in Philadelphia, which

²⁴ *Progress of the Beet-Sugar Industry in the United States in 1902* (Washington, D.C., 1903), 83. Cf. Leonard J. Arrington, “Science, Government, and Enterprise in Economic Development: The Western Beet Sugar Industry,” *Agricultural History* 41 (Jan. 1967): 1-18.

²⁵ *Progress of the Beet-Sugar Industry*, 85.

²⁶ “To Fight the Sugar Trust,” *New York Times*, 25 April 1889.

²⁷ William M. Doyle, “Capital Structure and the Financial Development of the U.S. Sugar-Refining Industry, 1875-1905,” *Journal of Economic History* 60 (March 2000): 190-215, at 194-97.

²⁸ *Report* (1889), 180.

²⁹ “No Trust for Claus Spreckels,” *New York Times*, 8 Sept. 1889.

³⁰ “The Sugar Trust’s Foe,” *New York Times*, 14 May 1888.

³¹ “To Fight the Sugar Trust.”

offered cheap coal, an abundant water supply, and first-class transport facilities.³²

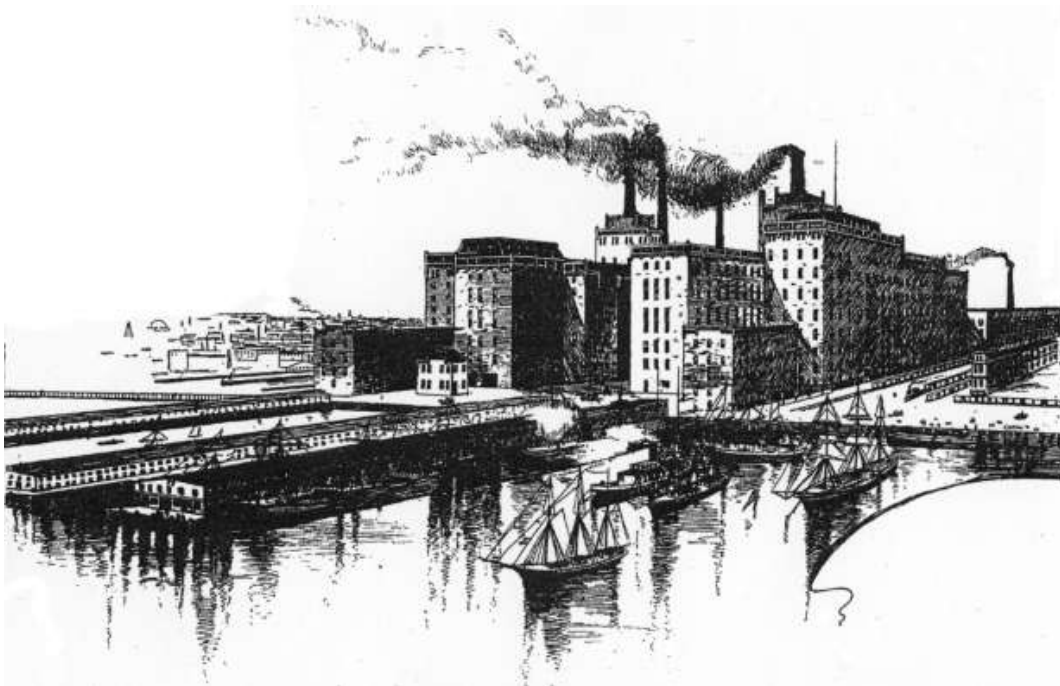


Figure 2. Fighting the Sugar Trust: The largest sugar refinery of the world in Philadelphia, 1890.

Source: Claus Spreckels and the Sugar Industry,” *Frank Leslie’s Illustrated Newspaper* No. 1821, 8 Aug. 1890, p. 576.

Although influenced by the Sugar Trust’s actions, Spreckels’ idea of establishing a plant in the East was not new; however, now it was supported by public opinion.³³ By the time the refinery started production in 1889 with a capacity of 2 million pounds per annum (which was doubled the same year), Spreckels had become a prominent public figure in his fight for cheap sugar and private entrepreneurship. Sugar prices dropped dramatically, while Spreckels spread rumors of establishing another refinery in New Orleans.³⁴ Both parties cut and raised prices, while the McKinley tariff in 1890 raised tariffs to protect American sugar producers. Agents of the Sugar Trust destroyed parts of Spreckels’ machinery, the most significant being the modern vacuum pans. Sugar was spoiled overnight. Even a chief accountant was bribed to inform the

³² “Trust to Fight Trust,” *New York Times*, 24 Feb. 1888.

³³ “Claus Spreckels’s New Scheme,” *New York Times*, 22 Jan. 1883.

³⁴ “The Sugar Trust’s Foe,” *New York Times*, 24 Oct. 1889. Cf. David Genesove and Wallace P. Mullin, “Predation and Its Rate of Return: The Sugar Industry, 1887-1914,” *RAND Journal of Economics* 37 (Spring 2006): 47-69.

Sugar Trust of Spreckels' orders and finances.³⁵ At the same time, the Sugar Trust tried to reach an agreement with Spreckels, but he was more interested in his public status and the success of his Philadelphia plant: "I came here to fight the trust, and I have fought it, and I intend to keep on fighting it."³⁶ However, in March of 1891, the "sugar war" ended, both parties remaining silent on the issue.³⁷ The Sugar Trust's California plant was closed, and Spreckels was the confirmed sugar king of the West. The Sugar Trust bought the Philadelphia refinery for nearly \$7 million and ran it from 1892 onward.³⁸ Thereafter, both sides cooperated. Spreckels had supposedly won the "war," because he preserved his independence, but critics judged differently:

This is the man by whose action the Sugar Trust was enabled to complete and perfect its monopoly. His surrender to the Trust for a price 100 percent greater than his investment, gave the Trust power to add three-eighths or one-half of a cent to the price of every pound of refined sugar consumed in this country, and the power was exercised without delay.³⁹

Spreckels, however, made new plans. In 1896, he announced his intention to erect the world's largest beet sugar refinery in Salinas Valley, California. This project entailed not only building a huge factory but also changing and developing a whole region: "My scheme will be the salvation of the country."⁴⁰ Spreckels invested \$2.5 million in the factory and began to buy farmland. Starting with 6,000 acres in 1897, the company owned, leased, or operated 66,000 acres by 1919. An intertwining network of roads, railways, dump stations, irrigation canals, wells, pumps, and pipelines formed the infrastructure, and the new company town of Spreckels was also established.⁴¹ Upon completion in 1899, the Spreckels Sugar Factory was 582 feet long, 102 feet wide, and five stories high. The daily water supply during the harvest and production cycle was equal to the total water consumption of San Francisco at this time. To finance the whole enterprise, Spreckels got the Sugar Trust to purchase a 5 percent—or \$8 million—interest in his Californian refineries without conceding any real control, while Spreckels himself owned a sizable portion of Sugar

³⁵ "Acquitted of a Charge of Fraud," *Washington Post*, 8 May 1891, p. 7; Lincoln Steffens, "Rudolph Spreckels: A Business Reformer," in Lincoln Steffens, *Upbuilders* (New York, 1909), 244-84, at 252-53.

³⁶ "Mr. Spreckels Wants War," *New York Times*, 12. Feb. 1890.

³⁷ "Wall Street Believes It," *New York Times*, 1 April 1 1891; "The Sugar Combine," *Wall Street Journal*, 11 April 1891, p. 1.

³⁸ "Spreckels' Refinery Absorbed," *Washington Post*, 28 March 1892, p. 1.

³⁹ "Cool Assurance of Spreckels," *New York Times*, 13 July 1892.

⁴⁰ "Santa Claus Spreckels," *Los Angeles Times*, 3 July 1896, p. 1.

⁴¹ Gary S. Breschini, Mona Dudgeon, and Trudy Haversat, *Images of America: Spreckels* (Charleston, S.C., 2006).

Trust shares.⁴² He then incorporated the newly formed Spreckels Sugar Company and became president of the group.⁴³



Figure 3. The largest sugar refinery in the world and the company town Spreckels in 1900.

Source: Monterey County Historical Society Museum, Salinas, Calif.
<http://www.mchsmuseum.com/images/spreckels1.jpg>.

Spreckels was more than a sugar king, however. He was interested in several other industries as well—mainly those necessary to bolster vertical integration. Starting with his Hawaiian sugar business, he financed the shipping line J. D. Spreckels & Bros. in 1879, which was incorporated as the Oceanic Steamship Company in 1881.⁴⁴ It was the first line to offer regular service between Honolulu and San Francisco, and his sons managed to reduce travel time immensely. While the sailing ship *Claus Spreckels* made a record run of less than ten days in 1879, Claus Spreckels needed less than six days with the new steam vessel *Mariposa* in 1883.⁴⁵ The family enterprise controlled the sugar trade and, from 1884, the mail service on the San Francisco-Honolulu stretch as well. In 1885, steamer service was extended to New Zealand and Australia, and the Oceanic

⁴² “C. A. Spreckels Tells of the Spreckels-Havemeyer War,” *Wall Street Journal*, 24 July 1911, p. 7.

⁴³ Jimmie Don Conway, *Spreckels Sugar Company: The First Fifty Years* (M.A. thesis, San Jose State University, 1999), 24.

⁴⁴ Jacob Adler, “The Oceanic Steamship Company: A Link in Claus Spreckels’ Hawaiian Sugar Empire,” *Pacific Historical Review* 29 (Aug. 1960): 257-69.

⁴⁵ Adler, *Claus Spreckels*, 104-11.

Steamship Company remained an important factor in supplying the Spreckels' raw sugar until it was sold in 1926.

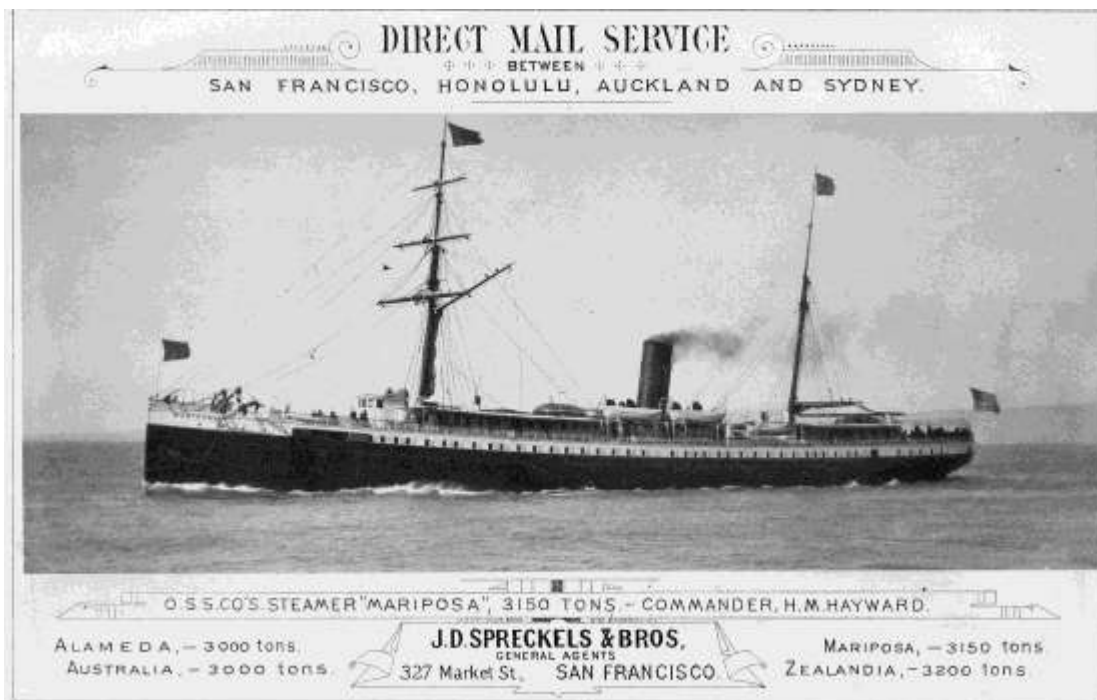


Figure 4. The steamer *Mariposa*, part of Spreckels' Oceanic Steamship Company. Source: J. D. Spreckels & Bros., eds., *Ports of San Francisco, San Diego, Portland, Puget Sound, Vancouver Island, Burrard Inlet, and Honolulu* (San Francisco, 1889), 61.

To transport bulk cargo, Claus Spreckels was additionally engaged in several railroad ventures. Maui Island was developed with the help of a narrow gauge railroad network. From 1890, the Pajaro Valley Railroad Company connected Watsonville and the Pacific Ocean, providing easy transportation of beets, farm products, and passengers. With the San Francisco and San Joaquin Valley Railroad Company, incorporated in 1895, Spreckels broke the monopoly of the Southern Pacific Railway.⁴⁶ In 1897, the Pajaro Valley Consolidated Railroad linked the Watsonville and Spreckels plants, while the Bakersfield and Los Angeles Railway Company closed the gap with the San Francisco and San Joaquin Valley Railroad, helping to develop middle and southern California.⁴⁷ Spreckels' last investment was the purchase of the National City & Otay Railroad for \$700,000 two years before his death.⁴⁸ Driven by his sugar interests, Spreckels' investments in these other industries improved the infra-

⁴⁶ "The Valley Road," *Los Angeles Times*, 22 July 1896, p. 2.

⁴⁷ "New Road Into San Francisco," *Washington Post*, 21 Sept. 1898, p. 9.

⁴⁸ "Southern California Growing," *Wall Street Journal*, 26 Aug. 1906, p. 7.

structure of his home state, where he was able to benefit from the economic rise of Californian agriculture.⁴⁹

Spreckels additionally made investments in real estate. During the 1880s and early 1890s, he bought and built up several blocks of office buildings in San Francisco; between 1895 and 1897, he invested one million dollars to erect “the tallest building west of Chicago.”⁵⁰ The Claus Spreckels Building was San Francisco’s first skyscraper and was celebrated as “the most symmetrical and monumental office building in the world.”⁵¹ A 19-story, baroque style, steel frame building on a base of only 70 by 75 feet, it boasted independent electric power, heat, and water systems. The 272-office building was constructed for the *San Francisco Call*, a newspaper that Spreckels owned, but it primarily served as a unit of offices. Only the *Call*’s press and mailing rooms were located within, and in the basement no less, while the working machinery of the newspaper was placed in a newly erected four-story building connected with the main building via underground tunnel. All in all, Claus Spreckels’ real estate investments were valued at more than \$10 million in San Francisco and \$8 million in San Diego, a town dominated by his son John D. Spreckels.⁵² Claus Spreckels suffered severe losses, though, in the San Francisco earthquake and fire of April 1906, but he invested heavily in reconstruction: although the Claus Spreckels Building was internally burned out, it was one of the few larger buildings in San Francisco to escape structural damage.

Additionally, Spreckels invested in other sectors that, in some way, affected him. A good example can be found in the so-called San Francisco gas war of 1899-1901. Two small gas works were blowing smoke into the Claus Spreckels Building, causing many tenants to protest. Spreckels met Joe Crockett, the president of the San Francisco Gas and Electricity Company, at the Pacific Union Club and urged him to take action. Crockett replied that a club was not a place to discuss business and walked off. In retaliation, Spreckels organized two companies, first the Independent Light and Power Company, touted to be “an electric plant that will be without a rival in the world,” and then the Independent Gas and Power Company.⁵³ Although the offending gas works were closed, Spreckels started a fierce price war based on efficient machinery and organization. In 1901, the former top dog was forced to merge with his competitor.

⁴⁹ David Igler, “The Industrial Far West: Region and Nation in the Late Nineteenth Century,” *Pacific Historical Review* 69 (May 2000): 159-92.

⁵⁰ “Claus Spreckel’s Sky-Scraper,” *Washington Post*, 18 Aug. 1895, p. 2.

⁵¹ Alfred Darmer, “A Factor in the New San Francisco: The Claus Spreckels Building,” *Overland Monthly* 30 (1897): 571-76, at 571.

⁵² “Southern California Growing,” *Wall Street Journal*, 26 Aug. 1906, p. 7; “The Career of Claus Spreckels,” *Louisiana Planter and Sugar Manufacturer* 42 (1909): 101.

⁵³ “Light and Power at Cost,” *Washington Post*, 30 March 1899, p. 10; “Spreckels’s Reply to Crockett,” *New York Times*, 3 April 1899.

Spreckels, who had invested \$2 million, sold his stocks and made a profit of \$4 million, while his son, Rudolph Spreckels, served as director. He also involved himself in public utilities with a street railway company in Sacramento.⁵⁴

Although Spreckels' business career was a success story, there were failures as well. In 1889, for instance, he applied for a patent on a process for artificial stone masonry. Sugar would be hardened, and the new material would be cheaper than any building stone, "harder than granite, impervious to moisture and unaffected by heat, whiter and more beautiful than marble."⁵⁵ The German-American immigrant even suggested constructing the proposed new wings of the White House out of such sugar blocks. The public was attracted, while comments ranged from those like "How sweet!" to sarcastic irony, but neither the White House nor any other building was built with hardened sugar.⁵⁶

Personality and Social Status



Figures 5 and 6. Portraits of Claus Spreckels, 1895.

Source: Left: David H. Walker, *Pioneers of Prosperity* (San Francisco, 1895), past 147; right: "He will Double His Big Subscription," *The Morning Call* (San Francisco), 8 Feb. 1895, p. 12.

Claus Spreckels was a controversial figure. A stubby man of medium height with blue eyes and white hair, he was active, energetic, sociable,

⁵⁴ "California," in *The New International Yearbook*, ed. Frank Moore Colby (New York, 1908), 123-27, at 126.

⁵⁵ "A New Use for Sugar," *Washington Post*, 29 Aug. 1889, p. 2.

⁵⁶ "In the Sweet By and By," *Washington Post*, 3 Sept. 1889, p. 4.

and nearly always accompanied by others. In the 1880s, he started enjoying his wealth, favoring haute cuisine and dollar cigars.⁵⁷ Breeding thoroughbred horses was another passion, which he cultivated at his Aptos Ranch in Santa Cruz County. It was a pleasure for Spreckels to purchase a horse, “Speculation,” for no less than \$8,500.⁵⁸ For friends, he was a man “with a fine presence, an open, pleasant countenance and a cheerful word for everybody.”⁵⁹ Others, however, characterized him as impatient, implacable, and ruthless, driven by “Dutch obstinacy.”⁶⁰ He was notorious for his “thirst for lucre.”⁶¹ “He had carved out a throne of golden dollars, and he recognized no other signet of authority.”⁶² It was said that Spreckels never turned his back on a friend or to an enemy because he was fundamentally mistrustful.⁶³ Although described as healthy and physically strong, he suffered severe health problems beginning in his forties and underwent treatment nearly every year. As to his character, he acted as a lone operator, although he established several long-lasting business relationships. He was a public figure, a respected person, autocratic, but perhaps without any real friends. He was hard on himself and others and lived by a Lutheran motto: “What is worth doing is worth doing well.”⁶⁴ Spreckels was harsh in his reactions and judgments, both choleric and sentimental. During a farewell gathering organized by his San Francisco workers in 1888, he was truly touched and “completely broke down and wept like a child.”⁶⁵ He fought the sugar war not only for his independence but because he refused to throw out men who had served him for more than twenty years. It is unlikely that San Francisco was hit by “a gloom of sorrow” when Spreckels died on December 26, 1908, of pneumonia, but he must have been widely admired.⁶⁶ That even competitors like Robert Oxnard were among his pallbearers showed more than mere respect.⁶⁷

Although a public figure, Spreckels was first and foremost a family man. Together with his spouse Anna, he had thirteen children, eight of whom died in childhood. The surviving five—John Dietrich (1853–1926), Adolph Bernhard (1857–1924), Claus August (1858–1946), Emma (1869–1924), and Rudolph (1872–1958)—formed an important family network

⁵⁷ “A Sugar King’s Dainty Lunch,” *Washington Post*, 22 July 1889, p. 4.

⁵⁸ Joseph Crain Simpson, “Horses of California: From the Days of the Missions to the Present; Fifth Paper,” *Sunset* 8 (1901/02): 25-42, at 29.

⁵⁹ “Claus Spreckels” (1891), 317.

⁶⁰ *Ibid.*, 315.

⁶¹ “At War with Two Sons,” 20.

⁶² “Career of Claus Spreckels,” 101.

⁶³ “[No Title],” *Washington Post*, 27 Dec. 1908, ES4.

⁶⁴ “Mr. Claus Spreckels,” *The Stanford Quad* 8 (1902): s.p.

⁶⁵ “A Sugar King in Tears,” *New York Times*, 18 May 1888.

⁶⁶ “Grief for Demise of the Sugar King,” *San Francisco Call*, 27 Dec. 1908, p. 1.

⁶⁷ “Noted Pioneer Is Buried with Simple Rites,” *San Francisco Call*, 29 Dec. 1908, 3. Cf. Thomas J. Osborne, “Claus Spreckels and The Oxnard Brothers: Pioneer Developers of California’s Beet Sugar Industry, 1890-1900,” *Southern California Quarterly* 54 (1972): 117-25.

that expanded the family's influence and wealth, first for their father and then for themselves.

The family idyll was, however, shattered again and again. In 1884, his son Adolph attempted to kill the proprietor of the *San Francisco Chronicle*, Michel de Young, because of the press campaign Young had begun in 1881 denouncing Claus Spreckels' Hawaiian business affairs.⁶⁸ Injured during the shooting, Adolph was arrested and later acquitted on account of a "neuralgic headache."⁶⁹

More severe was the rebellion of three of Spreckels' sons against his economic dominance. In 1893, Claus A. Spreckels filed a lawsuit against his brother John D. and his father in connection with their purchase of Claus A.'s interest in J. D. Spreckels & Bros. He received \$2.25 million, but that was not enough. The father and his "good son" paid additional money, but the relationship with Claus A. "Gus" Spreckels ended.⁷⁰ Together with his brother Rudolph, Claus A. began another suit against his father, this time over Spreckels' Hawaiian sugar plantation. The father lost his interests, and, in 1898, the Spreckels brothers lost their business.⁷¹ Not long before, in 1895, first Claus A. Spreckels and then his brother Rudolph sued their father for "defamation and libel for statements made while he was a manager of the Spreckels' Philadelphia refinery," and to receive additional money for their Philadelphia engagement. At this time, Claus Spreckels prevailed, but his family business was hit again. These lawsuits were bitter for the father, although on some level he was proud of his boys' toughness: "I was never beaten but once in my life, . . . and it was by my own boy."⁷²

Finally, his relationship to his daughter Emma, who had "always been the favorite child," fell apart.⁷³ Instead of living with her parents in the San Francisco mansion, she secretly married Thomas Watson, a 55-year-old English grain merchant, in 1897. Moreover, she returned to her father \$1.5

⁶⁸ "A Dastardly Deed," *Los Angeles Times*, 20 Nov. 1884, p. 1; "Attempt at Murder by a Man Who Didn't Like Criticism," *New York Times*, 20 Nov. 1884; "The De Young Shooting," *North American*, 21 Nov. 1884.

⁶⁹ "The Spreckels Trial," *Los Angeles Times*, 6 June 1885, p. 4; "The Spreckels Case," *Daily Evening Bulletin*, 8 June 1885.

⁷⁰ "Claus Spreckels Sued," *New York Times*, 26 Nov. 1893; "Spreckels Suit Settled Without Trial," *New York Times*, 6 Jan. 1894.

⁷¹ "Spreckels v. Nevada Bank," *American State Reports* 54 (1897): 348-51; "At War with Two Sons," *Washington Post*, 19 Jan. 1896, p. 20; "Favorable to Young Spreckels," *Washington Post*, 24 March 1897, p. 1. Cf. John S. Whitehead, "Western Progressives, Old South Planters, or Colonial Oppressors: The Enigma of Hawai'i's 'Big Five'," 1898-1940," *Western Historical Quarterly* 30 (Autumn 1999): 295-326.

⁷² "Spreckels Sues His Father for Libel," *New York Times*, 5 April 1895; "Deposition in the Spreckels Case," *New York Times*, 12 April 1895; "The Spreckels Happy Family," *New York Times*, 19 May 1895; Steffens, "Rudolph Spreckels," 251.

⁷³ "Miss Spreckels Secretly Married," *Washington Post*, 5 Jan. 1897, p. 9.

million that he had previously given her. “Her action was caused by the taunts of her father and his accusations of ingratitude.”⁷⁴ However, from 1898, she tried to retrieve this money with the help of the Hawaiian courts, arguing that her deed had not been “signed by her husband.”⁷⁵ Claus Spreckels and his friends cut the couple off and they were practically forced to leave San Francisco and to settle in England. After Watson’s death in January 1904, she returned to San Francisco and reconciled with her father. In 1906, she married again, this time with her father’s blessings.⁷⁶

The public was interested in these litigations and the quarrels of the richest California family, but its perception was more than ambivalent:

The Spreckels family is an institution in California and, generally regarded as a unit, is not popular. The Spreckelses fight. They fight hard. But they don’t fight together. They are not a unit. The family fights inside as well as out, and not all the members speak to one another. They differ among themselves in character, tastes, methods, purposes and, apparently, in morals. All they seem to have in common is a certain aggressive independence.⁷⁷

From 1896 to 1897, Claus Spreckels attempted to heal the deep wounds left by these family settlements and to reconcile the family. With the exception of Claus A. Spreckels, he was successful. The father invested the bulk of his fortune to please his sons—to buy their support, respect, and love. Between 1896 and 1905, he presented gifts worth at least \$25 million to his sons John D. and Adolph Bernhard.⁷⁸ However, after the father’s death and then the mother’s, the children—all of them multimillionaires—sued each other for larger shares of their parents’ fortune.⁷⁹

As early as the 1880s, Claus Spreckels was a figure in American and then international high society. However, with the exception of his interest in horses and in contrast to his children, he was never attracted by fancy or splendid passions. Instead, he was and remained a member and supporter

⁷⁴ “Condensed Dispatches,” *Washington Post*, 7 Jan. 1897, p. 9; “She Renounces a Fortune,” *New York Times*, 7 Jan. 1897; “Returns Father’s Property,” *New York Times*, 15 March 1897.

⁷⁵ “Mrs. Watson Has Repented,” *Washington Post*, 8 Feb. 1898, p. 1; “Daughter Sues Spreckels,” *New York Times*, 16 July 1903.

⁷⁶ “Mrs. Watson Did Wed,” *Washington Post*, 5 June 1906, p. 7.

⁷⁷ Steffens, “Rudolph Spreckels,” 248. Cf. Bernice Scharlach, *Big Alma: San Francisco’s Alma Spreckels* (San Francisco, 1990), 19-31.

⁷⁸ “Spreckels et al. v. Spreckels et al. (S.F. 6753.),” *Pacific Reporter* 158 (1916): 537-42, at 538. Other sources calculated about \$18,716,752 (“Sue for Spreckels Gifts,” *Washington Post*, 22 Dec. 1911, p. 3).

⁷⁹ For details, see “Estate of Claus Spreckels, deceased,” *Reports of Decisions in Probate* 5 (1910): 311-75, at 312-15; “John D. Spreckels and Adolph B. Spreckels v. Claus A. Spreckels and Rudolph Spreckels,” in *Cases Decided in the Supreme Court of the Territory of Hawaii January 9, 1912, to December 13, 1913* (Honolulu, 1914), 556-71, at 559-61.

of the Lutheran Church. As early as 1862, he offered a loan to the St. Markus Evangelical Lutheran Church to purchase land for its new church building. He donated regularly and whenever it was needed. For instance, the Schoenstein & Co. organ and chandelier from Germany, seen when the new St. Markus Church opened its doors in 1895, were financed by Spreckels.

He was also a member of the most prestigious associations in San Francisco, notably the Pacific Union Club, the Union League Club, the Merchant's Club, and the San Francisco Art Association.⁸⁰ Additionally, he joined and supported the San Francisco Verein, organized by prominent German citizens in 1853, and the Verein Arion, "the foremost German-American Club of the Pacific Coast."⁸¹

Spreckels donated great sums to many public and charitable organizations in California, particularly in San Francisco. One donation of \$100,000 funded the erection of the great stone band shell, the Spreckels Temple of Music, at the head of Golden Gate Park's music stadium. During the 1898 drought, he also gave generously to the farmers of Monterey County, and he contributed greatly to the San Francisco Relief Fund after the earthquake in 1906. At the University of California, Berkeley, the bulk of post-1900 books in history, political science, economics, and finance were purchased with the Claus Spreckels Fund.⁸² Friends stressed that Spreckels "spent his wealth in the betterment of his adopted city, San Francisco, with the same largeness of mind that characterized his money-making enterprises," while critics claimed that San Francisco was not "indebted to him for much more than mere money may give."⁸³

Immigrant Entrepreneurship

Claus Spreckels was often perceived as a German immigrant. German journals portrayed him as the "German" sugar king, and, even at his funeral, he was characterized as a German oak.⁸⁴ In the melting pot of the United States, national origins were highly important, and his image seemed to represent his fatherland: "He has the light hair and complexion, and the eyes and features of the ordinary German."⁸⁵ Spreckels was

⁸⁰ *The Elite Directory for San Francisco and Oakland* (San Francisco, 1879); *Our Society Bluebook: The Fashionable Private Address Directory; Season of 1902* (San Francisco, 1902), 306.

⁸¹ *Our Society Bluebook* (1902), 351.

⁸² *Biennial Report of the President of the University on behalf of the Regents to His Excellency the Governor of the State, 1904-1906* (Berkeley, Calif., 1906), 102.

⁸³ "Sugar Magnate Spreckels Dies," *Christian Science Monitor*, 26 Dec. 1908, p. 1; "Career of Claus Spreckels," 101.

⁸⁴ "Die Zucker-Industrie in den Vereinigten Staaten von Amerika," *Die chemische Industrie* 24 (1901): 520-25, 563-69, at 524; "Noted Pioneer," 3.

⁸⁵ Herringshaw, "Claus Spreckels," 492.

celebrated as an “amiable German” and attacked as a “greedy Prussian,” driven by “German thrift and caution.”⁸⁶

He defined himself, however, as an American. He learned English quickly and spoke it “with scarcely a trace of accent.”⁸⁷ For him, fighting at business was fighting for American values: “I came to this country from Germany for liberty, and liberty I shall maintain.”⁸⁸ He was grateful to the American democracy, which afforded him the opportunity to become a king. From the 1890s onward, however, he often criticized American politics as contrary to “American” values. He fought against the U.S. annexation of Hawaii, arguing that “the people of Hawaii want to be free to manage their own affairs in their own way.”⁸⁹ American imperialism was contrary to his understanding of “the spirit of fair play,” and during the 1890s, he became a progressive Republican, fighting unethical trusts, corruption, and graft and supporting his son Rudolph’s crusade against the San Francisco political establishment.⁹⁰

Being an American did not, however, mean forgetting the virtues of his country of origin. Without the German ethnic network, Spreckels would not have had the chance to become a wealthy businessman. Without German-American engineers and architects, the establishment of neither his Hawaiian plantation nor his Philadelphia plant would have been possible. Additionally, a high percentage of his skilled workers originated from Germany and Denmark, and, as he admired German science, he sent his two eldest sons, John D. (1867–1869) and Adolph B. (1869–1871), to the Polytechnic School of Hanover.⁹¹ His sugar empire would have been unthinkable without such knowledge and technology transfers from Germany to the United States.

From the mid-1860s on, Spreckels travelled to Germany in order to learn more about sugar production, to buy new technology, and, as early as 1867, to buy beet seeds.⁹² His beet sugar plants in Watsonville and Spreckels, California, were run predominantly by German machines, most of which were produced by the *Maschinenfabrik Grevenboich*. He bought not only material goods but also technological knowhow: “Germany is away [*sic*] ahead of us, and I have been all over the country to find out

⁸⁶ “Spreckel’s Sugar,” *New York Times*, 6 Jan. 1883; “At war with two sons,” 20.

⁸⁷ “Claus Spreckels’s Sand and Sugar,” *Washington Post*, 23 March 1888, p. 3.

⁸⁸ *Report* (1889), 184.

⁸⁹ “Hawaiian would fight,” *Washington Post*, 18 Sept. 1893, p. 1. Cf. William A. Russ Jr., “The Role of Sugar in Hawaiian Annexation,” *Pacific Historical Review* 12 (Dec. 1943), 339-50; Sumner J. La Croix and Christopher Grandy, “The Political Instability of Reciprocal Trade and the Overthrow of the Hawaiian Kingdom,” *Journal of Economic History* 57 (March 1997): 161-89.

⁹⁰ “Claus Spreckels’ Indifference,” *Washington Post*, 23 Oct. 1893, p. 4; Walter E. Bean, “Boss Ruef, the Union Labor Party, and the Graft Prosecution in San Francisco, 1901–1911,” *Pacific Historical Review* 17 (Nov. 1948), 443-55.

⁹¹ *Who’s Who in Finance and Banking, 1920–1922*, ed. John William Leonhard (New York, 1922), 643.

⁹² Conway, *Spreckels Sugar Company*, 11.

whatever there is to learn. I have secured a number of patents which are indispensable for making the production of beet-sugar a success.”⁹³ But Spreckels was interested in the best technology, not German origin. When Danish or French breeders offered better quality, he bought their products. The sugar king was well informed about German beet sugar production, but he was able to adapt his information to American conditions: “Experience has shown that the rules of cultivation adopted in Germany are unsuitable for California.”⁹⁴

Throughout his entire life, Spreckels had close familiar ties to his home region. Bremen being his most frequent destination, he travelled to Germany more than two dozen times for periods of two or three months, visiting for the last time in May of 1908. He even stayed in Germany for eighteen months from 1869 to 1871 in order to restore his health. After becoming a member of international high society, though, his destinations changed. Starting in the 1890s, he regularly visited famous spas like Baden-Baden, Karlsbad, and Marienbad as well as Western European capitals, most frequently Paris.

Conclusion

Claus Spreckels was a financial and industrial capitalist. Obtaining, investing, and multiplying money was his main business, and only for that reason did he become the pioneer of the Hawaiian sugar plantation and California beet sugar production. His entrepreneurial success was closely connected with family and ethnic networks. These were important to his procurement of wealth, but a great deal more was necessary to become a king.

First, Claus Spreckels was a master of vertical integration—combining cane and beet sugar cultivation, transport, refining, and financing. Praised as a “genius for executive management and commercial control,” his enterprises had multi-divisional forms controlled either by himself or his sons.⁹⁵ Spreckels tried to act as the ultimate decision maker and accumulated information and resources for himself: it “is my intention to engage in business entirely upon my own account and without the interference or co-operation of any other individuals. I do not need, and never have needed, assistance from others.”⁹⁶ This position allowed him to use economies of scale, scope, and speed.

Second, Spreckels’ success was based on technological innovation. As a brewer and a sugar refiner, he developed new processes, machines, and products in order to produce more quickly and cheaply than his competitors. At the beginning of his career, he undertook costly experiments and invented new technology. From the late 1880s, he bought

⁹³ “Santa Claus Spreckels,” *Los Angeles Times*, 3 July 1896, p. 1.

⁹⁴ “Tariff on Sugar.”

⁹⁵ “Claus Spreckels,” in *A History of the New California, Its Resources and People*, ed. Leigh H. Irvine, 2 vols. (New York, 1905), 1: 332-33, at 332.

⁹⁶ “Spreckels will not sell out,” *Washington Post*, 21 Oct. 1889, p. 6.

patents and ideas to increase productivity and reduce costs. Such improvements were crucial in a market dominated by tariffs and subsidies, because he could thus withstand political changes longer than others. Spreckels established his own agricultural experiment station and was one of the first to hire chemists to standardize and control production. Many commentators conceded that Spreckels' "methods are more scientific" than those of his competitors.⁹⁷

Third, Spreckels managed to win political support and influence to promote his economic interests. His Hawaiian sugar empire was based on his close relationship to the crown and the corruption of the political elite. In the United States, he was a regular supporter of the protective Republican Party. Spreckels was first proposed as a presidential elector in 1880 and became one in 1896.⁹⁸ From 1887, he had private contact with all U.S. presidents, first because of his position in Hawaii and then as a lobbyist in tariff debates. Spreckels was also a regular guest at Congress, where he attempted to influence politics both directly and indirectly. Additionally, he supported the political ambitions of his son John D., who attempted to become a senator in 1893, while his son Rudolph was "frequently coupled with the ambassadorship to Berlin."⁹⁹ Claus Spreckels himself was discussed as a candidate for California state senator in 1896, but he opposed such ambitions.¹⁰⁰ His excellent connections to politics and politicians aided the establishment of the highly subsidized beet sugar industry in California: "If I go into a beet factory, where we have to pay more for labor and fuel, there must be some protection."¹⁰¹ He not only benefited from federal bounties and subsidies, but he also received support from local governments to establish and run his factories. These close relations to the political class were supported by the strategic marriages of his grandchildren, one example being the wedding of a granddaughter to Spencer Eddy, the first secretary of the German Embassy.¹⁰²

Fourth, Spreckels benefited from the relative isolation of both Hawaii and California. His dominance in the West was based on high transport and freight costs. Until the completion of the transcontinental railroad in 1869, California was relatively cut off from the economic centers of the United States. Spreckels not only ruled the waves, but he also negotiated with railway companies to maintain prohibitive freight rates for sugar. On the other hand, Spreckels profited from the transition of California's economy from mining to the production of exquisite wines, fruits, and vegetables, which needed sugar for their manufacture or canning.

⁹⁷ "Spreckels's Sugar," *New York Times*, 6 Jan. 1883.

⁹⁸ "An Elector's Eligibility," *New York Times*, 2 Sept. 1880; "Legal Notes," *Washington Post*, 14 Jan. 1897, p. 4.

⁹⁹ "People Met in Hotel Lobbies," *Washington Post*, 20 Aug. 1913, p. 4.

¹⁰⁰ "Claus Spreckels Wants No Office," *New York Times*, 6 Aug. 1896.

¹⁰¹ *Report* (1889), 185.

¹⁰² "Americans in Berlin," *Washington Post*, 9 June 1907, p. 11.

Furthermore, Spreckels used cheap immigrant workers for the labor-intensive sugar plantation.¹⁰³ His plantations and factories were characterized by racial segmentation: while factory work was reserved for white workers, seasonal and farm work was done by casual workers, originating mostly from China, Japan, or Mexico. In contrast, the company town of Spreckels or the Salvation Army colony financed by the Spreckels, Fort Romie, were examples of paternalism in support of his white employees and farmers.¹⁰⁴

Claus Spreckels was perhaps the most successful German-born entrepreneur of the late nineteenth century, richer than all native-born capitalists with the exception of Alfred Krupp. Although none of his firms survived, he is still mentioned in San Francisco or Hawaiian travel guides today as an exceptional self-made man: “The life of Claus Spreckels is one of the interesting and absorbing personal histories of which America is so proud.”¹⁰⁵ In Germany today, Claus Spreckels is unknown.

¹⁰³ Richard K. Fleischman and Thomas N. Tyson, “The Interface of Race and Accounting: The Case of Hawaiian Sugar Plantation, 1835–1920,” *Accounting History* 5 (May 2000): 7–32.

¹⁰⁴ “Rural Homestead Plan,” *New York Times*, 21 May 1897; “Salvation Army Colony,” *Los Angeles Times*, 20 May 1897.

¹⁰⁵ “Claus Spreckels” (1905), 332.