

## Introduction

Upon his arrival at the Port of New Orleans in late 1845, nineteen-year-old Jewish immigrant Julius Weis boarded a Mississippi River steamship bound for the region at the heart of the United States' cotton production. There, he peddled throughout the countryside, later operating a storefront in the bustling Mississippi River port city of Natchez, and then opening what would become one of the most successful cotton commission houses in postbellum New Orleans. For Weis, and most others in the cotton economy, economic success was predicated upon credit. While he had the option of fronting cash to furnish his own stock, he could offer far more variety to his customers if he could acquire credit himself, take delivery of goods before the start of the growing season, and sell staples and luxury goods to his customers.

But extending credit was risky business in an era before scientific credit reporting. To mitigate risk, entrepreneurs relied on trust; indeed, J.P. Morgan considered trust, "the fundamental basis of business." Credit reporters, however, did not trust Jews. They were suspicious of Jewish immigrants like Julius Weis, and often advised against extending credit to them. In need of the trust necessary to conduct business, Weis and his fellow Jewish merchants turned to each other. For them, trust generally boiled down to shared ethnicity. Jews, much like other ethnic minorities, trusted one another more than they trusted strangers with whom they had no connections. Such was the case for Weis, and it was also the case for the prominent banking house of Lehman Brothers, which, credit reporters warned, was also operated by Jews. Lehman Brothers relied on ethnic trust networks to conduct business, bringing European investment to the scores of Jewish merchants who fanned out across the cotton-producing regions of the Gulf South. Leveraging these ethnic networks, Jewish merchants created a niche economy in the

nation's most important industry—cotton. In so doing, they positioned themselves at the forefront of global capitalist expansion for much of the second half of the nineteenth century.<sup>1</sup>

Weis' story, and that of Lehman Brothers, represents the quintessential Jewish immigrant experience. Alongside scores of other Jewish merchants, they peddled on geographic and economic frontiers, and graduated from peddlers to shopkeepers. A visible cohort reached the pinnacle of success. Across the nation and the globe, Jews followed this pattern, clustering in niches as diverse as second-hand clothing and ostrich feathers. In postbellum America, the key niche in which Jews clustered was cotton. Exploring Jews' success in that industry reveals the myriad ways in which economic forces defined the contours of the American Jewish experience as a whole. The golden age for American Jewry that grew out of the cotton industry dictated the ways in which Jews shaped, and were shaped by, the communities in which they lived. Their success in the cotton industry redrew the American Jewish map, changing the internal dynamics of American Jewish communities, redefining Jews' levels of integration in the cities and towns in which they lived, and reshaping the growth and development of the towns themselves.

This, however, is not a book about Jewish success. Rather, it is about the niche economy that *fostered* their success. It analyzes that niche economy and asks how it came to be.<sup>2</sup> While some would quickly offer a recipe for success highlighted by ingenuity, an enterprising spirit, and an abiding business acumen, the ingredients are in fact far more complex. Certainly, timing mattered, alongside a host of often overlooked structural factors, that created the conditions that allowed Jewish merchants to succeed in the cotton industry.<sup>3</sup> But this book argues that within this milieu, ethnic networks of trust served as the primary force that fueled this niche economy.<sup>4</sup> In the face of suspicions that limited access to traditional sources of credit, shared ethnicity and the trust that it instilled provided the glue essential for Jewish success within the

cotton industry. Jewish merchants in the Gulf South shared ethnic ties with Jewish-owned firms in New York and with Jewish investors across the globe. This connection provided the level of trust that allowed their economic networks to operate effectively. Those with access to these economic networks enjoyed significant competitive advantages. Then, as now, lenient treatment from creditors during an economic downturn often separated success from failure.

While this book investigates the ways in which both structural factors and ethnic networks mattered in the emergence of a niche economy, it also acts as a case study to explore the role of ethnicity in the development of global capitalism more broadly. Ethnic minorities frequently stood at the forefront of entrepreneurship, clustering in narrow sectors of the economy.<sup>5</sup> For Jews, their historical relationship to capitalism entails countless examples of economic niches that stretch well beyond their participation in the cotton industry.<sup>6</sup> But this was also the case for other ethnic minorities.<sup>7</sup> Yet despite the universality of minority economic niches,<sup>8</sup> very little scholarship has asked how they emerge and function. This book seeks to fill that lacuna through the example of American Jewish merchants. Their story, as we shall see, unfolds as more than just a tale of success and integration. It is, instead, the story of how ethnicity mattered in the development of global capitalism.

Cotton, known to much of the world as “white gold,” stood at the center of nineteenth century global trade, and at the heart of both the European and U.S. economies. It fostered industrialization, furthered emergence of global capitalism, and was the key dynamic in many of the world’s labor battles—including those over slavery, and those between workers and factory owners. It linked farmers and merchants across the globe to wealthy financiers in New York and European financial centers, bringing rural cotton-growing areas to the forefront of the modern