

*Entrepreneur of the Gilded Age:  
Arthur Stilwell in Kansas City*



Western Historical Manuscript Collection  
Kansas City

Charles N. Kimball Lecture

Landon H. Rowland  
October 27, 2003

## The Charles N. Kimball Lecture Series

is a tribute to our late friend and civic leader, Dr. Charles N. Kimball, President Emeritus of the Midwest Research Institute, to acknowledge his support of the Western Historical Manuscript Collection-Kansas City and his enduring interest in the exchange of ideas.

Charlie Kimball was a consummate networker bringing together people and ideas because he knew that ideas move people to action. His credo, “Chance favors a prepared mind,” reflects the belief that the truest form of creativity requires that we look two directions at once—to the past for guidance and inspiration, and to the future with hope and purpose. The study of experiences, both individual and communal—that is to say history—prepares us to understand and articulate the present, and to create our future—to face challenges and to seize opportunities.

Sponsored by the Western Historical Manuscript Collection-Kansas City, the Series is not intended to be a continuation of Charlie’s popular *Midcontinent Perspectives*, but does share his primary goal: to encourage reflection and discourse on issues vitally important to our region. The topic of the lectures may vary, but our particular focus is on understanding how historical developments affect and inform our region’s present and future. The Lectures will be presented by persons from the Kansas City region semi-annually in April, near the anniversary of Charlie’s birth, and in October. Additionally, presentations may occur at other times of the year, if opportunities present themselves.

WHMC-KC appreciates the substantial financial underwriting and support for this Series provided by the **Charles N. Kimball Fund** of the Midwest Research Institute and by other friends of Charlie Kimball.



1911-1994

# INTRODUCTION

## to the October 27, 2003 Charles N. Kimball Lecture

### **David Boutros**

Associate Director, WHMC-KC

Good afternoon and welcome. I am David Boutros, Associate Director of the Western Historical Manuscript Collection-Kansas City, host of the Charles N. Kimball Lecture Series.

Bob Richmond, a mainstay of the Kansas State Historical Society and a former Kansas State Archivist, likes to talk about the lack of public knowledge about archives and archivists. He often tells about being introduced to an audience of club women as the State Anchovy of Kansas.

I have had similar experiences, given that the Western Historical Manuscript Collection is a difficult name to remember and does not intuitively tell you what we do or why we do it. That's why I thought to take a few minutes and explain about archives in general and WHMC-KC in particular.

The word "archives" in the computer age is commonly understood as saving files you no longer need but don't have the heart to erase, onto a backup disk where they will eventually be forgotten or lost. This is not the case with a real-world archives where archivists work to assure that the records are not lost, but are also preserved and available for those who need the information in them. Archives are kept not just to scratch a nostalgic itch, but to answer significant questions about why and how changes occur and about the facts of things that change, or stay the same. As an example, WHMC-KC has about 300,000 sheets of architectural drawings for buildings in Kansas City, or designed by Kansas City architects. Those drawings are routinely used by building owners who need to know how their structures were built. One architect told me that our having the plans saved the owner tens of thousands of dollars! The alternative was to break into the walls, re-measure the rooms, and redraw the plans.

If you attend or read these lectures you know that I often quote Charlie Kimball's motto, "Chance favors a prepared mind." I like to think that is why Charlie supported WHMC-KC with the donation of his personal papers, his good advice, and his friendship. He understood the preservation of a community's memory in an archive—and memory is a critical ingredient to a prepared mind.

So what is the purpose of an archives? It is to collect, preserve, and make available the records of organizations, businesses, and the papers of individuals. These records and papers are the stuff of community memory. When they are used to write articles and books, to make documentaries and exhibits, they engage us, teach us, and guide us in understanding place and time. They prepare our minds.

WHMC-KC is a significant collection of records and papers. In fact, we are one of the largest such institutions in the region with more than 11 thousand cubic feet of material containing:

- 15 million pages of manuscripts;
- 5 million negative and photographic images;
- 300 thousand sheets of architectural drawings and maps;
- 400 rolls of microfilm and 80 thousand aperture cards and microfiche;
- 10 thousand volumes of books, scrapbooks, and ledgers; and
- 3 thousand hours of audio visual material including oral histories, home movies, and promotional, educations, and commercial moving images.

WHMC-KC is the place where Kansas City's history resides.

To introduce our speaker today is another friend to the value of history, Jonathan Kemper....

## Previous Charles N. Kimball Lectures

The Charles N. Kimball lectures may be found on the Western Historical Manuscript Collection-Kansas City website at [www.umkc.edu/WHMCKC/](http://www.umkc.edu/WHMCKC/). Also located there is the full text of the Midwest Research Institute's *Midcontinent Perspectives Lecture* series from 1974 to 1993.

- April 20, 1995 - Robert A. Kipp, *Crown Center: an Emerging Vision for Urban Development*
- April 22, 1996 - Albert P. Mauro, *The Realization of a Dream: the Development of Hospital Hill*
- April 21, 1997 - Dr. Robert H. Freilich, *To Sprawl or Not to Sprawl: A National Perspective for Kansas City*
- April 21, 1998 - Mr. James M. Kemper, *Community Banks and Their Role in Civic Planning*
- October 21, 1998 - Mr. Donald H. Chisholm, *The Philanthropic Philosophy of Arthur Mag*
- April 21, 1999 - Ms. Vicki Noteis, *Visions of a City: Kansas City's Planning Legacy*
- October 21, 1999 - Mr. John A. Dillingham, *It's All About Eating: Kansas City's History and Opportunity*
- April 24, 2000 - Mr. Gerald W. Gorman, *Ilus Davis: Exemplar of "The Greatest Generation"*
- October 23, 2000 - Rabbi Michael Zedek, *One man views the Heartland: a Critical study of Character and Community*
- April 23, 2001- Dr. Kala M. Stroup, *Kansas City and Higher Education: A Partnership for Prosperous Citizens and Cities*
- October 22, 2001 - Mr. Robert R. Wheeler, *A Review of Education in 2001: And a Look Forward*
- April 30, 2002 - Dr. Charles J. Carlsen and Dr. Wayne E. Giles, *The Peoples College: Community Colleges in Kansas City*
- October 22, 2002 - Dr. Carol A. Mickett, *History Speaks: Visions and Voices of Kansas City's Past*
- April 21, 2003 - Mr. Andres M. Dominguez, *A Latino Presence in the Heartland: Challenges and Opportunities*

## **Jonathan M. Kemper**

Chairman, Commerce Bank of Kansas City

Pointing to its location at the center of the North American continent, its temperate climate, and its rich hinterlands, Kansas City's earliest boosters predicted the inevitable growth of a great metropolis at the confluence of the Missouri and Kansas Rivers. However, to achieve its predicted destiny as the regional center, our community required more than these natural endowments—it required leaders of energy, vision, and skill. These virtues are not common in themselves, and rarer still in combination in a single individual.

In a community that takes great and justifiable pride in its entrepreneurial heritage, the story of Arthur Stilwell and his marvelous hunches is lamentably not well known. This despite finding his name scattered around the geography which he personally sought to develop: the Stilwell Building downtown, the town of Stilwell, Kansas, and of course, Port Arthur, Texas. As you will soon hear, Arthur Stilwell was an extraordinary man, and his life's work in transportation, finance, real estate development, and philanthropy is a story which should certainly be shared today, and hopefully passed to another generation of Kansas Citians.

While many people know Arthur Stilwell as the promoter of the Kansas City Southern, he had a second, lesser-known enterprise which was to link Kansas City by rail via a southwest route through Chihuahua, Mexico. In this regard and in the spirit of full disclosure, I must note that my family owes a gratitude to the vision and work of Arthur Stilwell. My great-great grandfather, Dr. W.S. Woods was involved in promoting this grand scheme, and my great-grandfather, W.T. Kemper was appointed as receiver of the Kansas City, Mexico and Orient Railway—the U.S. portion of which was sold to the Santa Fe line in 1928.

One of the questions I am often asked is “why study regional history?” I believe that the study of regional history has potential for great benefits in the development of community identity. The special power of history to explain, educate, enrich, and inspire adds value and meaning to both the individual and collective experience. Communities which seek to know themselves—their history, their people, and their special character, will have an advantage in attracting talent and capital, and so remain competitive in a world of increasing competition and risk.

I commend David Boutros and the Western Manuscript's Kimball Lecture series for their ongoing work, and especially for their selection of Landon Rowland to give his observations on Arthur Stilwell. My experience with people who have been senior executives of railroads is that they tend to be succinct and to the point. When I asked Landon how I should introduce him today, he replied “briefly.”

And so I will be brief: Landon Rowland is by training a lawyer. After leaving practice of the law, Landon later became Arthur Stilwell's successor as Chief Executive of Kansas City Railway. As you will see, he brings to his subject a combination of intellectual curiosity, business expertise and care for Arthur Stilwell, the man, his vision and his legacy. Landon most recently has served as Chairman of Stilwell Corporation, the successor to the diversified Kansas City Southern Industries and the Kansas Southern Railway—the product of the vision of Arthur Stilwell, and the origin of a great deal of wealth and talent in our great city today.

## *Entrepreneur of the Gilded Age: Arthur Stilwell in Kansas City<sup>1</sup>*

**Landon H. Rowland**

Chairman, Janus Capital Group

October 27, 2003

Magnificent personalities of yesteryear, their innovations, and their great effects too often are the casualties of faded memories in a community that has moved on. Arthur Stilwell is one such personality.

An “entrepreneur”, according to the Oxford English Dictionary, was originally an impresario, one who puts on a musical show. Only later does an entrepreneur become one who puts capital and labor together. This definition misses the essential ingredient, however. That ingredient is the idea which animates capital and labor in their combination. Arthur Stilwell stands out among his peers in first having the ideas and then putting capital and labor together in enterprises driven by the idea, not in a parochial or petty application, but in a grand style—macro-economic and macro-geographic.

His life story is a work in progress. None of his autobiographical materials are completely reliable by modern scholarship standards. His own words, and there are plenty, are insufficiently exact to satisfy. Not infrequently they are self-serving, self-congratulatory, self-conscious to a flaw. Nonetheless, they bare witness to the hazards and rewards of innovation and are used here to capture some of the man’s unique qualities.

Arthur Stilwell was born October 21, 1859, in Rochester, New York. (We are close to celebrating his 144<sup>th</sup> birthday). His father ran a retail business inherited from the father’s father—a pale figure in the older man’s shadow. This grandfather had a role in building the New York Central and the Canal. He was also a founder of the Western Union Telegraph Company. Because of Stilwell’s delicate health, he spent much of his youth at home with his grandfather, learning at the old man’s knee.

In 1874, Stilwell at 15, with savings of \$707, left home to make his way and his fortune. From watching his father and grandfather, Stilwell believed in the adage, “From shirtsleeves to

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1. The author acknowledges the help of David Boutros, Associate Director, Western Historical Manuscript Collection; Yvonne A. Sutherlin of Port Arthur, Texas, for her help in presenting the Port Arthur part of the Arthur Stilwell story; Rick Powell for his information on Stilwell’s offices; William Worley for his materials and pictures of Janssen Place; William Least Heat-Moon for the account of Stilwell’s last years in his book *PrairyErth*, copyright 1991, pages 249-250, and Keith Bryant for his book *Arthur E. Stilwell Promoter with a Hunch* which remains the best and most comprehensive account of Stilwell’s career. Bryant also shows sensitivity to Stilwell’s character and the special challenges he faced in his various business adventures.

shirtsleeves in three generations.” He was determined to escape the bleak future that adage promised him.

He first traveled to St. Louis to work in the hotel of a former Rochester neighbor, then, to New York to work as a floor walker at a novelty store in that city. His mother called him home to help the family because his father had lost most of the family fortune in speculations in the oil fields of Titusville, Pennsylvania. With \$400 inherited from his grandfather, Stilwell bought a printing plant in Rochester. After the business was set up and profitable, he became what in the 19<sup>th</sup> century was called a “commercial traveler,” selling business and legal forms on the road.

In the course of these sales calls, he noted that the New York Central Railroad carried ads in its time table, but that railways in the south did not. He went south and negotiated exclusive contracts with a number of railways to print their timetables and to sell ads.

In his travels he used the connections he developed in selling railroad timetables to learn all he could about railroading. He rode in cabs with the engineer and conductors, he roamed the rail yards, he talked to the car men and locomotive mechanics, and he learned the cost and useful life of ties, rail, and equipment.

At age 19, Stilwell was doing very well by 19<sup>th</sup> century standards. His expenses were subsidized by the railways on whose business he traveled and by the hotels, whose ads he included in the timetables. He was a seasoned sales executive, and he was on the lookout for ways to use his “subsidized” business to sell other services—wholesale supplies, stationery, and business directories. He was “taking home” approximately \$2,000 per year.

A friend of Stilwell’s persuaded him to come to Kansas City to acquire a printing plant in the West Bottoms. He was a practical hand in this trade and shortly became the printer of choice for local packing houses. The Missouri River flooded him out briefly and Stilwell came down with typhoid fever. In his recovery, he decided to become a commercial traveler for suppliers to printers, leaving the business in the care of his partner.

He moved to Chicago as a “general agent” for a Philadelphia lithographer, a New York photo engraver, and a Rhode Island steel-plate engraver. He introduced photo engraving to Chicago.

To his wife’s surprise (he married in 1878 at age 19), he insisted on living in a first class hotel, somewhat beyond his means. He believed in the wisdom of meeting prosperous people. At the Southern Hotel he and his wife became friendly with the state agent for Travelers Insurance Company and his wife. Stilwell was persuaded that he would have a bright future with Travelers. He joined the company as assistant state agent for Illinois and resigned from his other appointments. To no one’s surprise, he was successful in this business as in his other ventures.

After a brief exposure to life insurance he developed new insurance products to serve the needs of the emerging commercial market for life insurance. The first of these was a whole life policy to be paid up by the time of retirement from active employment and thereafter allowing periodic payments to the policy holder to sustain his retirement. This policy was the first “coupon endowment” or “coupon annuity” policy and it was adopted by the industry. Stilwell’s modest per policy royalty of \$.50 per \$1,000 coverage was good as long as he worked for Travelers.

His account of these innovations illuminates his active, inquiring mind:

*I had been studying life insurance with as much interest as I had previously studied railroading, and I got to wondering whether the policies we were selling were the most beneficial it was possible to design. In those days the great bulk of insurance business was written on the straight-life principle, which meant that the holder would continue paying, if he were financially able, right up to the moment of his death, when his heirs received the sole benefits. We will say at the age of thirty a man desired to protect his wife and children. By the time he had reached sixty, the weak he had tried to protect had become the strong and he had become the weak. The endowment policy had come into*

*existence, but it wasn't extra popular, and it looked to me as if there was some inherent weakness in the form of insurance people were buying.*

*Thereupon I designed and copyrighted the coupon annuity. The plan was that a man paid his premiums until he was fifty-nine, during the productive period of his life, and then received back for himself, by cutting the coupons, one-twentieth of his policy as an annual income, the first coupon being due when he had reached age sixty. In case he died before reaching sixty his family received the full face of the policy, and after sixty the insurance paid to his beneficiaries was the balance of the uncashed coupons. This enabled the policy holder to protect his family during the years they needed protection and to protect himself during the years he needed protection. And at fifty-nine his burden ceased.<sup>2</sup>*

He extended the implications of this policy form to accident coverage:

*Another change I worked out was an accident policy on which premiums were paid until the insured was seventy, at which age all insurance companies refuse to carry accident insurance. Under my plan the insured paid for his protection in annual premiums, or in ten large sums providing for a paid up policy, and when he reached seventy the entire sum he had paid in was returned to him. Meanwhile, in case of accident incapacitating him he received the stipulated benefit, and in the event of death, his family the principal sum. I called it an endowment accident policy.<sup>3</sup>*

Pride of authorship fueled further innovation. Not having received the credit he deserved because of "corporate ownership" of these policy forms, he created an extension of his first idea—this third plan he sold to Penn Mutual in Philadelphia:

*Concretely, the thing I wanted most at that moment was to get a policy in circulation bearing my own copyright. So I devised a new one and called it the annuity draft insurance, in which I accomplished the same thing I had in the coupon endowment, except that this new policy was a book of drafts. It looked like a checkbook, and upon the arrival of the insured at the requisite age, had the same utility as a check book.<sup>4</sup>*

His employment with Travelers ended as did his royalty when Stilwell pursued his long held desire to go West to start what was a venture capital and investment firm.

One may quite reasonably suppose that Stilwell came to Kansas City in 1885 to participate in the long running land boom which marked the nation's course since pre-Revolutionary War days. Real estate speculators were with us from the beginning when the Crown made grants of millions of acres to favorites and friends of favorites. The grants were further divided and sold for cents on the acre. The appeal of the New World—to many of the rich and most of the rest—was the opportunity, foreclosed in Europe, to buy and own land.

The American Revolution left the state and federal governments in possession of large tracts of land which they began to sell to reduce their debts. In the beginning, sale terms and acreage minimums favored speculators in the large public lands west of the Appalachians until the Congressional Act of 1820, reduced the minimum purchasable tract to 80 acres and the minimum purchase price to \$1.25 per acre. This statute truly opened the West to mass settlement.

George Dangerfield has captured the abiding motive which drove the population west: "It was perhaps the last time in all history when mankind discovered that one of its deepest needs—the need to own—could be satisfied by the simple process of walking towards it."<sup>5</sup>

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2. Arthur E. Stilwell, and James R. Crowell, *I Had A Hunch: The Amazing Story Of The Last Of America's Great Empire Builders*, 15.

3. Stilwell, *I Had A Hunch*, 15.

4. Stilwell, *I Had A Hunch*, 18.

5. George Dangerfield, *The Era of Good Feelings*, 120.

Kansas City especially, if belatedly, benefited from this fixation on land speculations. A recent history of Missouri described Kansas City origins in this way:

*The second shaping influence on Kansas City was that it began and remained as a speculative venture—the City was established by a private company. Near-fatal conditions between 1855 and 1865 encouraged a Kansas City obsession with success which showed itself especially in boasts about its material prospects. From the 1870s through the 1970s, Kansas City remained preoccupied with the future, its stress on the ‘about to be’ remaining so markedly materialist that the town could never successfully claim intellectual or cultural achievements comparable to those of St. Louis. Kansas City never quite forgot that it was a struggling river hamlet in the 1850s with only a better position for river commerce to distinguish it from Independence.<sup>6</sup>*

By 1880, Kansas City was one of America’s fastest growing cities, the “capital” city of the region and the largest city between St. Louis and San Francisco. It grew from 23,000 in 1860 to 284,000 in 1910. It was regarded as offering unusual opportunities to investors and developers. Real estate was thought to be the prize as settlers swelled the number of residents.

Local resources were inadequate to support such growth. As with many technology companies of the present, internally or regionally generated cash was insufficient to feed the growth. “Foreign investment” was needed and the enterpriseness spirit of the Kansas City area suggested that any investment would be repaid with handsome profits. Some years ago Daniel Serda spoke in the *Midcontinent Perspectives Series* on the importance of Boston investors in the early development of Kansas City. Many believe that Kansas City was unique in owing its progress in the late 19<sup>th</sup> century to “eastern energy and capital”.

Serda observed that Kansas City was but one of many western towns projected to flourish because of geographical advantages and business climate. Boosterism alone did not guarantee commercial success. That various rivals of St. Louis lost the regional contest despite their geographical advantages was due to neither location nor local spirit, but the ability of land speculators and local politicians in these cities to attract and maintain outside investment, and thereby develop their ties to national markets. Serda goes on:

*The 1866 decision by the directors of the Chicago, Burlington and Quincy Railroad to extend the Hannibal & St. Joseph over the Missouri River at Kansas City rather than at Leavenworth (or across Iowa to connect with the Union Pacific at Omaha) was but the first of several events that contributed to the city’s eventual growth. The opening of the bridge alone lacked sufficient momentum to fuel Kansas City’s economic growth. The ongoing investment decisions made by Easterners greatly influenced the gradual development of Kansas City and its Midwestern hinterland.*

*Attracting Eastern capital was a matter of necessity. Western towns simply lacked the resources needed to finance development. Competition for eastern investment became a staple of local politics. Towns throughout the west printed promotional brochures, pamphlets, and even newspaper stories for distribution back east. In fact, the 1886 decision to name Kansas City, Kansas, was influenced by the fact that easterners were more familiar with that name than with Wyandotte, and could be confused into believing they were investing in Kansas City, Missouri. Speculative investment drove the economy of nearly every western town.*

*Today, the pursuit of outside investment is typical of developmentally oriented city governments seeking to expand their tax bases. In the late 19<sup>th</sup> century, however, real estate provided a tremendous opportunity for speculators to make a fortune. This was particularly true in Kansas City, which explains the drive by locals to attract the railroads. Kersey Coates is a good example. Sent here by Philadelphia capitalists, he owned most of the prime real estate in and along the west bluff by the*

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6. Paul C. Nagel, *Missouri, A History*, 81-82.

*end of the Civil War. He and other boosters stood to earn a considerable profit by attracting investment. The scramble for the railroads and outside capital was the basis of local politics and the local economy in many cities.<sup>7</sup>*

Stilwell shared this mindset, but he also had a grander goal. In one of his several autobiographical reflections, he said that he came to Kansas City for something more than real estate. At age 11, he told Cornelius Vanderbilt, a friend of Stilwell's grandfather, that his ambition was to go west to build a railroad. He kept this ambition to himself. Nonetheless, he had a clear idea of the need for additional rail service in the Midwest.

Early in his business career and throughout his work with railways, he observed that Midwest farmers and ranchers suffered from, by Stilwell's standards, "expensive" rail rates for their products. Moreover, these ranchers and farmers had only eastern destinations. Eastward was the orientation of the Missouri Pacific which came to Kansas City in 1865, and the Burlington group which came to Kansas City in 1866. In Stilwell's view, these conditions put a lid on development of the Midwest and as long as they persisted, neither the people of the Midwest nor their customers would benefit from regions climate and natural resources. Kansas City and other cities would fail to thrive.

He conceived of a railway linking Kansas City directly to ports on the Gulf of Mexico, 600 miles from Kansas City, compared to 1,400 miles to terminals and ports on the east coast. This alternative pathway to world markets would make Kansas City, in his words, "the nation's provisioner", giving farmers and ranchers real competitive transportation options.

*Throughout this period, and especially in its later stages, (Stilwell) had been reading much about the terrible financial conditions in the Middle West. Kansas and Nebraska were in distress. Mortgages were being foreclosed hourly. Corn was fifteen cents a bushel and being burned for fuel. Wheat was thirty-five cents a bushel. Farmers were having a fearful time keeping their heads above water and many of them were in dire want...*

*What was the basis of all this suffering? Was agriculture an unsound economical pursuit, that men and women should toil from sunup to sundown and receive less for their investment of money and brains and labor than the hordes pouring into the urban districts from Europe were getting for work requiring nothing but sinew to perform it? Surely, I concluded, the seat of all this misfortune must be elsewhere than in any fundamental ailment with that industry we called the backbone of the country. I analyzed every scrap of data relating to the situation I could obtain and finally made up my mind that the misery of the West was due to the unjust prices the farmers had to pay for the transportation of grain for export.*

*Day after day I was thinking of my remark to Mr. Batterson (President of Travelers) that I was going west to found a trust company and build a railroad. I founded the trust company, but where the railroad was coming from was more than I could see. The only gleam of hope at all—and it wasn't anything tangible in the way of a start toward railroad construction—was the fact that as president of a flourishing trust company I held a vantage point to visualize the whole perspective of the business situation in the Middle West. The standard rate for transporting export grain was twenty-six cents a hundred. There was only one elevator in Kansas City—in the heart of the grain district—and that running only half time. On the Grain Exchange seats were selling for fifty dollars each and the members were sorry they had paid that much.*

*I kept thinking: "What a shame it is to force export grain 1400 miles east to the seaboard when there are unused ports to the south, 600 miles nearer."<sup>8</sup>*

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7. Daniel Serda, "Boston Investors and the Early Development of Kansas City, Missouri", 13.

8. Stilwell, *I Had A Hunch*, 18.

The idea of a railroad from Kansas City to the Gulf was not original to Stilwell. As early as 1858, a railroad convention in Kansas City endorsed an east-west railroad and a railroad from the mouth of the Kaw to Galveston, Texas. Stilwell undoubtedly knew of this early proposal when he announced his new project. His focus on the economics of transport was fresh, however.

He was 27 when he arrived in St. Louis in 1886 to create his investment vehicle, Missouri Kansas Texas Investment Company, later the Guardian Trust Company. He used the Trust Company to devise and sell a financing product for the purchase of houses by the wage earners swarming into Kansas City and other Midwestern cities. The product was a mortgage supported by a life insurance policy which was to be paid off over ten years in equal annual payments, with the policy guaranteeing that the wage earner and his family had a place to live if he died before the pay off date. For Stilwell, this plan was a refinement of his life policy. Both addressed basic needs of working people—for home ownership and for retirement income.

*I had saved up about \$25,000. Of course it seemed to me a colossal sum. But I knew I could not build a railroad with any such capital as this and that I could not start laying ties the first day I arrived in the West. So I decided I would create a trust company to finance my railroad through, and as a means of making the trust company a profitable enterprise from the outset, I designed a plan for building houses. My plan was to sell the projected house for 20 per cent cash and the balance payable in monthly installments during ten years. The houses and lots would average from \$2500 to \$5000. In case the person for whom we build the house died the debt was canceled. Thus, to interpret it in terms of the insurance business, every person who lived in one of our houses was living in his own endowment policy and raising chickens in the back yard. That idea became my slogan, which I turned to good advertising advantage subsequently.”<sup>9</sup>*

Capital for the Trust Company came from local Kansas City investors (Dr. W. S. Woods of the National Bank of Commerce was notable among them) and from St. Louis, Philadelphia, and New Haven, all raised by Stilwell. By 1888, the company had \$1,000,000 in capital, and not only financed home purchases according to the Stilwell plan in Kansas City, Lincoln, St. Joseph, and Wichita, but industrial projects including the Sioux City Stockyards and office buildings in Missouri and Iowa.

At the end of the first year of operation, one of his directors in the Trust Company asked for help in meeting the terms of a franchise to build a belt railroad around the southern parts of Kansas City to interconnect rail carriers and their customers. With uncertainty about meeting the deadline for the start of construction, Stilwell once again called on financiers in Philadelphia and the same A.J. Drexel who financed Kersey Coates and the Guardian Trust. Drexel told him: “I believe in terminal railroads”.<sup>10</sup> In six months Stilwell raised the capital required, and work started on his partner’s original plan. Construction of the Suburban Belt Railroad began in 1887; Stilwell was 28.

Stilwell, however, had a larger vision for the project, consistent with his practical understanding of railroading and commercial opportunity. His aim was to expand the railway “wherever advisable” and to “form a bond” with as many of the seventeen railroads then entering Kansas City as possible. The result would be and was the Kansas City Terminal Railroad.

Terminal railroads play an essential role in the creation of urban transportation infrastructure for inter-city and intra-city transportation, manufacturing, and distribution. Efficient transportation systems require quick “seamless” interchange among carriers and between carriers and their shippers. Terminal railroad revenues and car counts are a rough measure of a city’s economic

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9. Stilwell, *I Had A Hunch*, 19.

10. Stilwell, *I Had A Hunch*, 31.

activity. In 2002 the Kansas City Terminal in this second largest rail hub in the nation had revenues from all rail companies of \$19,200,000. The building of the Kansas City Terminal Railroad was a first step toward achieving Stilwell's western railroad system.

Construction of the Belt and its various extensions to create the terminal railroad taught Stilwell some hard lessons about railroad "etiquette." Rail laid by Stilwell during daylight were torn up at night by the Missouri Pacific. The Missouri Pacific interfered with and frustrated acquisition of right-of-way. Injunctions finally stopped these shenanigans. Ultimately, Stilwell prevailed:

*The Kansas City Suburban Belt Railroad was a tremendous success. It became the Terminal for the Kansas City Southern, Kansas City Southwestern (then owned by Blair), the Kansas City Northern Connecting, the Omaha and St. Louis, the Quincy, Omaha and Kansas City and the Chicago and Great Western. It reached all packing houses, connected with all railroads, and its interchange of business with connecting lines called for ten switch engines; the trackage reached 50 miles or more; thirty to forty trains per day arrived and left the new station at the foot of Wyandotte Street. On its line seven [grain] elevators were erected, as well as large manufacturing and wholesale houses.*"<sup>11</sup>

Several years after he had left his Kansas City railroad creations, the Kansas City, Pittsburg, and Gulf Railroad (KCP&G) and the Kansas City, Mexico, and Orient Railroad, he dined with L. F. Loree, then chairman of the Kansas City Southern and president of the Delaware and Hudson. In the opinion of his contemporaries and later transportation scholars, Loree was "a railroad man of commanding genius." Stilwell valued Loree's assessment of the terminal: "Mr. Stilwell, do you know that you created one of the greatest terminals in the West? I often wonder how you had the temerity to go out where no business existed and build such a terminal. If it is any satisfaction to you—and I am sure it will be—your terminal handled last month in exchange of cars more cars than all the railroads of Kansas City combined."<sup>12</sup>

The terminal project was hardly completed when Stilwell began work on the line to the Gulf that he had envisioned and planned from his days as a commercial traveler. The first extension south from the suburban line was to Hume, Missouri, to reach its coal; on to Pittsburg, Kansas, for more coal; and then to Joplin for lead and zinc so "we won't have all our eggs in one basket." He did not tell his partners of his goal to get to the sea.

The new property, The Kansas City Pittsburgh and Gulf, was an extension of the belt railway from Kansas City south.

By 1891, Stilwell was 32 and the youngest president of a north/south railroad—the railroad was in Joplin and headed south. He leapfrogged from Ft. Smith to Texarkana, Texas, acquiring the Whitaker line and an important bridge over the Red River, thereby frustrating efforts of George Gould of the Texas Pacific to keep KCP&G out of his territory. The gap between Ft. Smith and Siloam Springs to Shreveport remained to be filled.

By now his ability to attract capital from the network he maintained among insurance customers, agents, financiers, investors, and partners was well known and effective.

The crash of 1893, however, dried up the money to build beyond Siloam Springs. There was no capital to be found anywhere. Stilwell acted quickly, concluding that he had a chance for investment from European sources. He and his wife sailed to Holland. An old Dutch acquaintance, a coffee broker named John de Geojen, became the means to arouse interest in this new U.S. rail venture and then to attract investment. Stilwell opened an office of Guardian Trust in Amsterdam with his Dutch friend in charge to handle this business. With investment subscriptions in hand,

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11. Arthur E. Stilwell, *Forty Years of Business Life*, 9-10.

12. Stilwell, *I Had A Hunch*, 39.

he returned to the United States to continue laying rail. In 1893-94, the KCP&G led the nation in miles of rail laid.

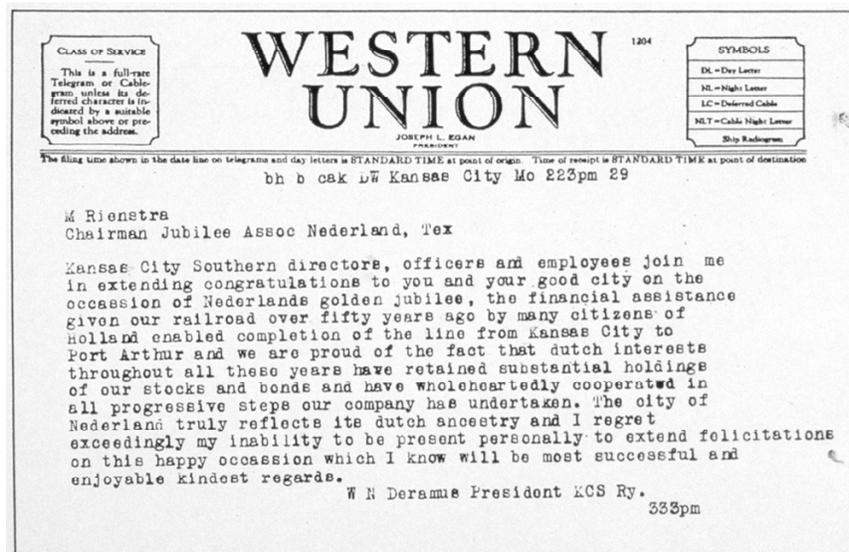
In his original plan, Stilwell intended to stop construction at Shreveport, Louisiana, and to secure access to Gulf ports at New Orleans and Galveston through purchase of a connecting line. The purchase did not occur and he was blocked from going into New Orleans. He also believed that Galveston was exposed to rough weather from the Gulf of Mexico. Stilwell began to look for an alternative.

The alternative was to build straight through to Lake Sabine, to build a new port in a large land locked, but suitable, body of water next to the Gulf of Mexico. Stilwell was convinced that Lake Sabine would be a safer harbor than Galveston and that a ship canal could be dug to serve the port. His convictions were confirmed by the 1903 hurricane which destroyed Galveston. With considerable difficulty and in the face of local resistance, he built a ship canal opening Lake Sabine to the sea, maintained at a depth of 24 feet—the same, he proudly announced, as the Suez Canal. He purchased the land for the town of Port Arthur in 1895; the railroad reached the town in 1897.

On September 11, 1897, the line from Kansas City to Port Arthur was complete. Stilwell celebrated in his box at the horse show in Fairmont Park. He unveiled a huge sign overlooking the Park that read: “Kansas City is now connected with its own seaport, Port Arthur, by its own rails, the KCP&G. The last spike has just been driven.” The band proceeded to play the Port Arthur March to the cheering crowd. Similar celebrations occurred up and down the line, but the greatest was in Port Arthur.<sup>13</sup>

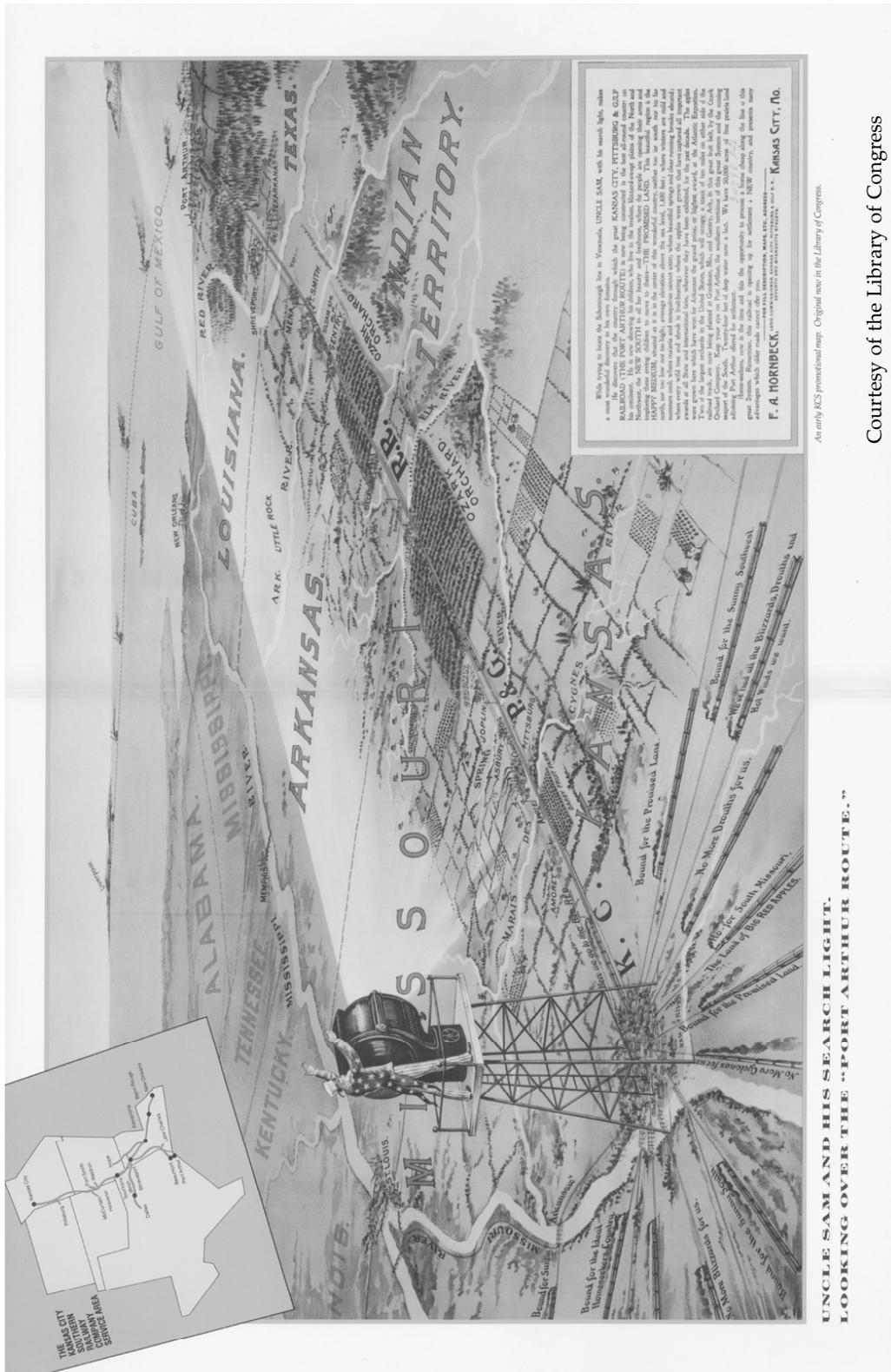
Populating Port Arthur and properties along the new line was a challenge. Stilwell resisted cannibalizing the nearby towns to fill up his own. Instead he reached to the north and west of Kansas City to those worn out by hard summers and winters and insufficient rainfall.

He also reached out to Europe—the rice industry he established around Port Arthur depended on the Dutch farmers he attracted there to plant and harvest this crop. The contributions of Dutch finance and people to the success of the Kansas City Southern Railway and surrounding communities have created an abiding legacy which is still honored.



The KCP&G, once it reached Kansas, Louisiana, and Texas, opened up the vast southern pine and hardwood forests to Kansas City and points north. The railroad made Kansas City a premier

13. Bryant captures this moment in *Arthur E. Stilwell: Promoter with a Hunch*.



This promotional map was circulated by the Immigration Department of the Kansas City Southern Railway in approximately 1906. Copies of this map and similar maps of other railroads are in the collection of the Library of Congress.

Courtesy of the Library of Congress

lumber market. Rates for lumber shipment on the KCP&G were considerably lower than those prevailing up to that time, principally over the Missouri Pacific (through St. Louis) and the Illinois Central (through Chicago). In 1898, other railroads declared a boycott of the KCP&G and embargoed its interchange with other carriers until it could be made to bring its rates in line. If the embargo continued, Stilwell's new line would be forced out of business.

Stilwell confronted the other railroad owners in Chicago. He gave this account of his remarks and the outcome:

*"Gentlemen, you are wrong. We are not demoralizing the rate situation; we are equalizing it. If the railroads can haul grain from Kansas City to the seaboard — 1400 miles — for twenty-six cents a hundred they certainly can afford to haul 800 miles for sixteen cents a hundred. Your whole trouble is that Wall Street dominates you. No strings from Wall Street run into the offices of the Kansas City Southern, and that is the reason we are able to do things you have not been able to do."*

*My purpose was to hit them a hard blow at the outset with these generalities in order that I might hold their undivided attention. I now went on: "Whenever we build a railroad we get the right of eminent domain from the people, and it is therefore only just that they should be considered and served. In the South are the great ports of Galveston and New Orleans, and still there are no elevators at these places and the farmers have had to contribute at the rate of eighty cents an acre for export. But now we have Port Arthur, and we have told the farmers to ship their grain to that point at a greatly reduced cost — a cost which not only enables them to live happily but is sufficient to return a fair profit to us. And what we have done for the farming interests we are now doing for the people who want to build homes. Is it not plain to you that every man who had built a house in Kansas or Nebraska or Missouri has had to pay an unjust tax on lumber he has used?"*

*One of the presidents interposed: "Mr. Stilwell, it is you who are wrong. The rates on lumber to Chicago are not sixteen cents a hundred, as you say, but twenty-six cents."*

*"Yes, that is true. They are if any lumber manufacturer is fool enough to bill his stuff from the mills in Arkansas to Chicago. But as the lumber producers of this region are not fools, they bill their stuff to St. Louis, which is ten cents a hundred, and then they rebill from St. Louis to Chicago, which is six cents a hundred."<sup>14</sup>*

The embargo evaporated in the face of these realities.

Intermittent crises were met and overcome as the railroad went south and began operations. At one point, George Pullman rescued Stilwell with supplier financing for the large number of cars needed to satisfy the rapid growth in traffic from Arkansas north. Dutch hesitation about long effects of the 1893 crash and the possible election of William Jennings Bryan in 1896, frustrated purchase of locomotives needed for the traffic. Once again Stilwell found supplier financing to solve the immediate problem. This last traunch enabled KCP&G to complete the line from Mena, Arkansas to Shreveport.

As the new railroad's business in lumber and coal thrived, Stilwell observed the distress and ineffective management of the coal companies it served. He conceived that combining them, with better financing and a more consistent approach to pricing would enable all to do better. The company he created, Central Coal and Coke, accomplished its goals, but its coal has been supplanted today by low sulphur western coal. Nonetheless, it remains in existence with similar investments in the region south of Kansas City.

Growth and prosperity of the railroad continued in the late 1890's — its earnings were as Stilwell said "exactly as I figured them — \$5,000 a mile a year," the same as older and more established railroads. This prosperity created a new crisis. Financing such rapid growth was confounded by the unexpected death of George Pullman and a flaw in the basic financial structure of the railroad.

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14. Stilwell, *I Had A Hunch*, 87-88.

Stilwell had used a “closed mortgage” rather than an “open” mortgage to finance its construction and equipment, and so could not easily take on new debt for cars and locomotives.

By the late 1890’s a fundamental reorganization was necessary. Stilwell developed an acceptable plan but its implementation required a reorganization committee. The committee was initially chaired by a Stilwell ally, De Gorijen. On his way to America to participate in the negotiations for the reorganization, De Gorijen met and was induced to include Ernest Thalmann, a New York investment banker, in the matter – because outsiders believed more financial expertise than Stilwell possessed might be needed. At the same time, John “Bet a Million” Gates became an investor and wanted to be on the reorganization committee. Stilwell acceded to both requests to his later regret.

As the reorganization proceeded, Stilwell conceived of acquiring two railroads north of Kansas City connecting with Quincy, Illinois, and Omaha, Nebraska. Stilwell also pursued purchase of the Chicago and Alton from the Blackstone Estate. In that project he worked with E. H. Harriman, president of the Illinois Central who also wanted to be in the KCP&G reorganization committee. He joined Gates and Thalmann, and the three would become Stilwell’s nemeses in realizing the destiny of the KCP&G.

By early 1899, however, Stilwell’s reorganization plan had been approved. As the refinancing succeeded, the rebound from the crisis was becoming evident. With the inclusion of the new properties north of Kansas City, the KCP&G would be a “transcontinental railway”.



Stilwell was soon to be brought up short. On Easter morning, 1899, he awoke to read that a federal judge in St. Louis had, at the instigation of Thalmann, put Stilwell’s railroad in receivership during the night. The basis was an unpaid printing bill of \$40.

To this surprise was added the request of Gates to also put the three northern lines in receivership so that, in Stilwell's view, the insiders could convert the clear value created by the pending reorganization to their benefit. Stilwell declined the offer and stymied the proposal.

As the reorganization proceeded to a successful conclusion, the three Stilwell enemies combined to oust him from the company. By 1900, on the eve of creation of a fabulous western railway, Stilwell, its author and builder, was dismissed. He was 41.

The new régime at the KCP&G changed the name to Kansas City Southern. It also began a vigorous attack on the Guardian Trust and the financing by the Trust Company of the Belt Railway and KCP&G. Stilwell was ultimately vindicated, but the conflict effectively forced him out of the new KCS and its progress.

After his dismissal and resignation from the KCP&G, he returned to Kansas City for a dinner convened in his honor by old friends and investors. To their astonishment he chose the occasion to announce another railway line, this time to the southwest with a goal of bringing Kansas City closer to the Pacific than San Francisco. The route was through Kansas, Oklahoma, Texas, and Mexico to the deep water of the Gulf of California at Topolobampo.

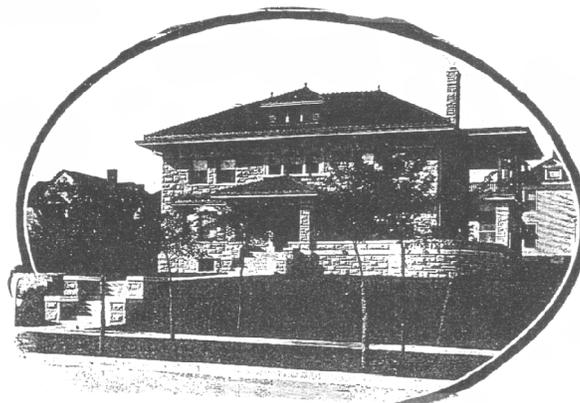
No sooner was the plan announced than Stilwell set out to build the line. He went to Mexico and met President Diaz who awarded Stilwell the right of way and funds for construction of the Mexican portion. Meanwhile, the U.S. portion, from Wichita west to San Angelo, Texas was underway. With great enthusiasm and support, Stilwell moved ahead with this new venture, Kansas City, Mexico, & Orient Railway. By 1905, substantial progress had been made in the U.S. and Mexico.

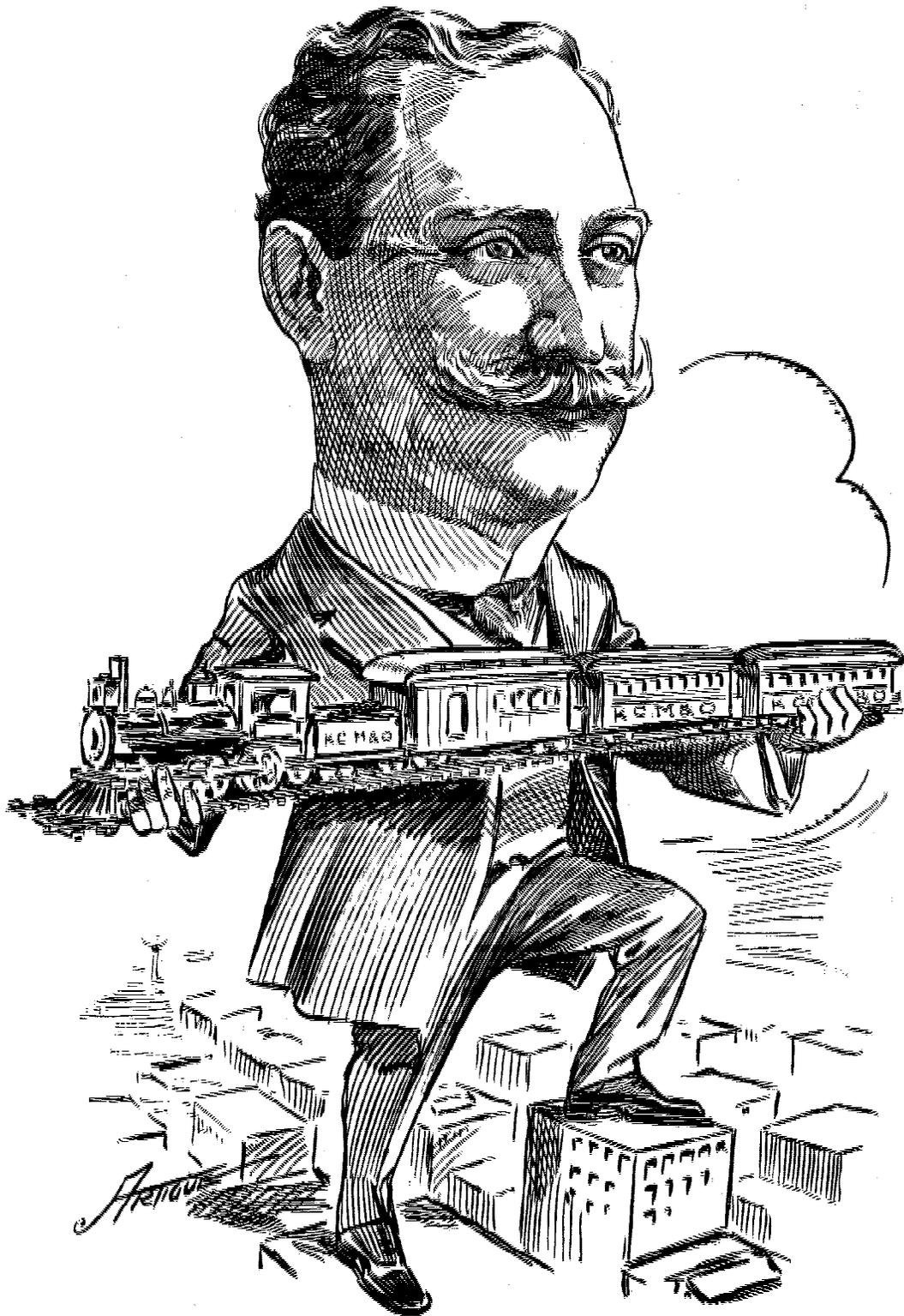
He left behind the KCP&G, now the Kansas City Southern, which was enjoying the success and prosperity Stilwell foresaw. Port Arthur became a prominent port for Midwest grain exports, the success was multiplied many fold by the discovery of oil at Spindletop outside Port Arthur in 1901.

The new railroad venture was interrupted, however, by the Mexican Revolution. Diaz' grants to Stilwell were revoked. Indeed, one of Stilwell's building contractors on the Mexican portion of the line was Pancho Villa, who took an active role in upsetting plans for the new railway.

Under the circumstances, the Kansas City Mexico and Orient went into receivership in 1911. There was no money to pay the receiver, W.T. Kemper, who was then paid in common stock of the failed property. When oil was discovered on the line, the Santa Fe bought it. W.T. Kemper's stock was purchased with considerable profit to him.

Tracing Stilwell's various offices and residences in Kansas City is difficult. David Boutros was able to establish that between 1897 and 1899 Stilwell kept an office on the northwest corner of 7<sup>th</sup> and Wyandotte where he continued as President of the Missouri Kansas & Texas Trust Co., predecessor to the Guardian Trust. He moved his residence from 720 Amour Boulevard to 620 E. 36<sup>th</sup> Street.





ARTHUR E. STILWELL  
Pres. Kansas City, Mexico & Orient R. R. Co.  
Pres. United States & Mexican Trust Co.

From *As We See 'Em; A Volume of Cartoons and Caricatures of Kansas Cityans*, ca. 1908.

After he left the KP&G in 1899, he founded and became President of the United States and Mexican Trust in 1901 (to finance the KCM&O Railroad) and located his office in Room 101 of the New England Life Building. He also boarded at the Coates House. By 1905, he had moved his office to the first floor of the Bryant Building at 11<sup>th</sup> & Grand. He then lived at 3442 Charlotte. By 1908, he had departed from Kansas City and presumably spent the rest of his life on the road or in New York where he died in 1928.

Stilwell lived another seventeen years preoccupied with the fight over the Guardian Trust and the Kansas City Southern. Lawsuits between Kansas City Southern and Guardian Trust were long and brutal. They were not resolved until April, 1916, when the United States Supreme Court confirmed Stilwell's position:

*The Court of Appeals found and adjudged, in no uncertain terms, that the various Bills and Petitions filed by the (Kansas City) Southern Company and its various agents and dummies were baseless and unwarranted, that they had been collusively instituted and prosecuted; that the Southern Company was and had always been liable for the debts of the Belt Company, including the full amount of the Trust Company's demand; that the property and funds taken by the court below into its custody, being the property, or proceeds thereof, pledged by the Belt Company with the Trust Company as collateral security for its debts, and of which the Cambria Company, the belt Company, and the Southern Company, by their several bills, had wrongfully attempted to deprive the Trust Company, upon false and unwarrantable charges of fraud and misconduct, had been rightfully pledged with the Trust Company and that the Trust Company was entitled to retain and enforce its lien upon the same; that the decree of foreclosure against the Belt Company procured by the Southern Company, and the conveyance of the property of the Belt Company to the Southern Company under such decree, were a fraud upon and breach of trust toward the Trust Company; that all the property of the Belt Company constituted a trust fund, charged with the payment of debts of the Belt Company, including that of the Trust company; and the court below was explicitly directed, in default of payment by the Southern Company of the judgment rendered in favor of the Trust Company, principal, interest, and costs, to seize and sequester the railroad and all other property of the Belt Company then in the possession of the Southern Company, and sell the same or sufficient thereof to satisfy the claim of the Trust Company.*

*Indicative of the influence of my enemies, this decision called for restitution by the Kansas City Southern of a sum approximately equal to one-half of the earnings of the road for that year – a decision involving nearly two million dollars inclusive of judgment and costs – but I have never been able to find any mention of this decision in any newspaper or publication in the United States. I state this merely to show that my enemies were worthy of my steel.<sup>15</sup>*

Unfortunately, monetary damages did not remedy the strategic harm. Stilwell later concluded:

*The Kansas City Southern earnings would have been much larger had I been re-elected President. I would have maintained the steamers to England and Mexico. The steamers to England were developing a large trade, but E. H. Harriman, as Chairman during four years, did all he could to cripple the road. He would not allow Port Arthur to develop. Being President of the Illinois Central at the time he was fearful of the effect on New Orleans, the terminal of the Illinois Central. This was common knowledge, and the Kansas City Southern stockholders removed him at the end of four years. He had promised to take the place as Chairman with no compensation, but one of these last acts was to pay himself \$100,000. Mr. Samuel Untermeyer told me he forced Harriman to pay back*

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15. Stilwell, *Forty Years of Business Life*, 3-4.

16. Stilwell, *Forty Years of Business Life*, 55.

*this money. Mr. Harriman only took this place (on the KCS Board) to see that the Kansas City Southern did not interfere with the business of the Illinois Central and New Orleans.<sup>16</sup>*

Stilwell's objective to provide low cost, more direct transportation to the Gulf of Mexico and to the Pacific (via Topolobampo) certainly challenged the other large railroads' dominance of access to world markets. Stilwell did plan two "transcontinental" railways to achieve this objective, but only one was built. None of the shortcomings of his work, however, diminished the force of his concept and the impact it had on the entire Midwest.

Stilwell provided his own assessment of his accomplishments:

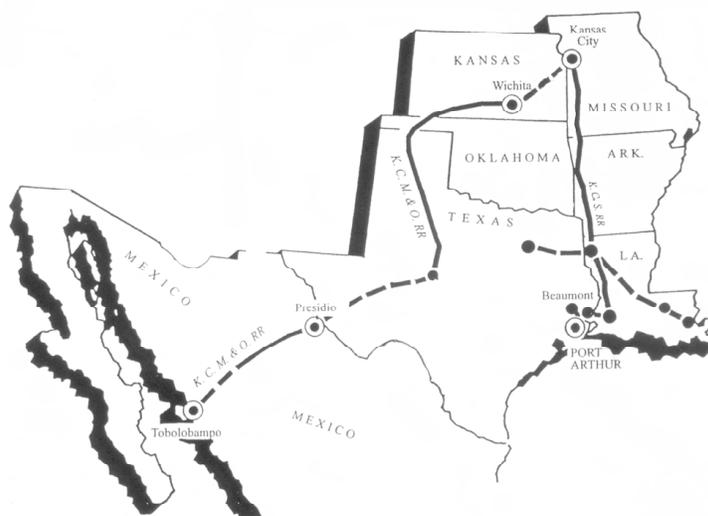
*The companies started by me have yielded over \$110,000,000 in profits, dividends and interest; the many cities and towns established along the lines of the railroads I constructed show increased assessed values of over \$106,000,000; the value of lands along the Kansas City Southern Railway increased over one billion. Through the building of this railroad over 900 miles of territory in the rich Middle West have been transformed from a wilderness to well settled and prosperous country; vast forests of yellow pine timber, great coal and oil fields and mineral regions have been made accessible and developed and yielded tremendous values in products.*

*The Middle West farmers have been greatly benefited through lower freight rates to foreign markets, and where once was a cattle ranch now flourished Port Arthur, one of the greatest Gulf deep-water seaports with near 50,000 people and two of the largest oil refineries in the world.*

*In New York, the National Surety Company, which I founded and of which I was the first President, towers as one of its greatest enterprises. In the Middle West and Pacific Northwest, the Central Coal & Coke Company, another company I organized, is one of the dominating factors in the lumber and fuel industries.*

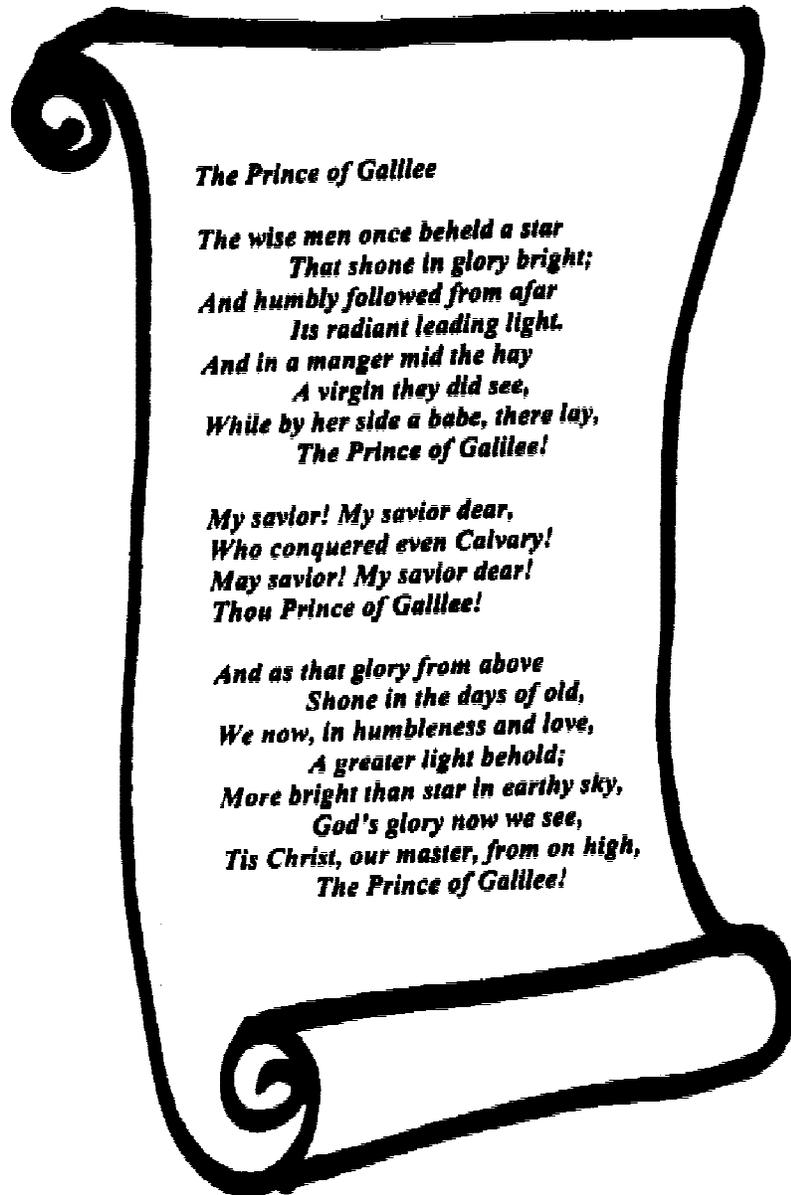
*A personally supported night school founded and supported by me at Kansas City educated hundreds of the very poor and put them on the way to prosperous lives.*

*The line of the Mexico and Orient Railroad started by me, but hampered by the revolution in Mexico, is 400 miles shorter than any other possible line from Kansas City, the center of the Midwest, to deep water on the Pacific and is 1,600 miles shorter to South America than via San Francisco and most of the way runs through fertile productive lands and tremendously rich mineral regions.<sup>17</sup>*



17. Stilwell, *Forty Years of Business Life*, 1-2.

The highlights of Stilwell's professional life have been the principal focus today. They are matched in spirit and originality by the personal sidelights of a busy career. In addition to his civic contributions and initiatives, he prided himself on an artistic touch he brought to his printing business, to signage, and to buildings. He sang, played the organ, and wrote songs.



He conceived and designed that residential enclave in Kansas City called Janssen Place—it remains, as Stilwell intended, a quiet place of distinguished, beautiful homes away from the hubbub of city life.

As he extended the Suburban Railway to Independence, he concluded that an amusement park would improve usage of the line, be an ornament to Kansas City, and provide recreation to the working man and his family. Fairmont Park for years did as he intended. With beautiful grounds, lakes, and attractions, accessible on the suburban belt line from all of Kansas City, it was the city's focal point for recreation until well into the 20<sup>th</sup> century.

Stilwell was also enthusiastic about the benefits of the Chautauqua circuit and many of its speakers and activities were featured in the park. Stilwell himself took on one of these speakers, William Jennings Bryan, in the debate over “free silver” which Stilwell felt was a fraud on the working man and farmer. Stilwell’s speech, *The Wise Men of Kansas*, was widely used in the campaign of 1896 in which Stilwell spoke often throughout the country for William McKinley.

After the Park opened, Stilwell was approached by Tom Bass, a local horse trainer with an international following and reputation, with the proposal that a first-rate horse show be held there. Stilwell and Bass, an African American from Mexico, Missouri, collaborated on the production of the first horse show in 1894. Thereafter, after Kirkland B. Armour started the livestock show in 1899, the two shows were combined to create the American Royal.

Stilwell also had a wider sense of his civic obligations. In 1884, in the midst of the controversial financing of the KCP&G, the Dutch investors accused him of hiding his promoter’s fee. He disclaimed the fee and proved the disclaimer to their satisfaction. They made up for their unfair charges by sending Stilwell \$40,000. He used it all to build a mission house, Bethlehem Night School in Hell’s Half Acre, “a no man’s land of poverty” around the packing houses. The school served the children and working mothers educating, clothing, and caring for them. Stilwell concluded:

*That \$40,000 subscribed by a group of Dutchmen because they had doubted one man’s word was the means of educating 400 children, at least one-half of whom eventually went through college and entered lucrative positions. It often seemed to me that if nothing else had come out of the building of the Kansas City Southern but the redemption of Hell’s Half Acre and the diversion of so many young lives to the right channels, it would all have been worth while.<sup>18</sup>*

And, he wrote. After his railway career ended with the Mexican Revolution of 1911, he wrote several books, essays, pamphlets, and newspaper articles on social, political, and economic issues. Perhaps the best record of his activities was in these various books and pamphlets. His descriptions and reflections are straight forward and interesting, capturing his lively intelligence and curiosity. They carry the freight of self-congratulation and self-justification, but those qualities recede before the underlying strength and honesty that animate all of them.

Stilwell was injured in an elevator accident in the early 1920’s. After a long recuperation, he contracted pneumonia and died in 1928. His wife followed him some months later — dressed in her finest, she walked out of their apartment window and fell to her death. No one claimed their ashes, and after storage in a funeral home for some years, they disappeared.

Standing in Arthur Stilwell’s office on 9<sup>th</sup> Street on a sunny October afternoon, it remains difficult to imagine this remarkable man. The Stilwell Building is there, but only the name plate reminds us of a prodigious creator of enterprise in Kansas City’s history — indeed in our nation’s history.

Biography, like history, is provisional. “Business lives” are the most provisional. There is usually no public and very little personal record of the business process, its intricate working out of personal, institutional, economic, financial, political, geographical, and chronological influences and effects and their ongoing interactivity. The chronicles of Arthur Stilwell are no exception to this observation; indeed they confirm it. Much has been written about this remarkable man and much of this writing survives as authoritative when, in fact, it is often incomplete, disjointed, and erroneous.

The bits and pieces presented here are likewise provisional; they are collected to emphasize two aspects of Stilwell’s life: his originality and range. They are intended to be coherent in a

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18. Stilwell, *I Had A Hunch*, 56.

limited way, but much remains to be found and honored in the life of a defining figure in the history of this city and its dependent region.

The inevitable consolidation and assimilation of innovations proceed, often, if not usually to the exclusion, and certainly to the disadvantage, of the innovator. This process is particularly cruel in the case of Arthur Stilwell since he appeared to have the mental, physical, and financial resources to manage that consolidation for a larger gain and larger good.

Yesterday afternoon Lord Peter Palumbo, former chairman of the Tate Gallery Foundation, London, spoke at the Nelson Gallery. He first spoke of his specialty—finding and saving architectural residential masterpieces. He then turned to a second topic, what he described as the “Cash Value of Art”. His point was that a kind of “art”, a kind of special creativity, accounted for successful business and commercial enterprises, that this “art” and creativity had the same characteristics as the more usual artistic expression and that this special kind of art was more valuable than ever in ensuring business achievement. He said:

*I am talking about art, that mysterious process that generates and gives form to the ideas which drive future businesses. For me “creative intelligence” is the most valuable commodity of them all.*

*But in the past, in less competitive business environments, it was pardonable to be dismissive about art. There are many historical anecdotes illustrative of the damaging principle that the caution necessary to the proper conduct of business administration is inimical to innovation.*

*Because creative people actually “see” things differently, because they believe in product rather than numbers, they are integrally necessary to any successful organization.*

*And when I say “see” I don’t just mean color and shape, but a different way of perceiving whole structures and whole systems; whole new ways of delivering business objectives. New ways of defining business objectives. It is not a matter of looking, but of seeing.*

*But art is the last legitimate means of securing an unfair advantage. Financial disciplines depend to an extent on retrospective analysis and precedent. Creative intelligence, as Bob Dylan knew, prefers unknown territory.<sup>19</sup>*

With these words of Lord Palumbo, we return to the beginning of this presentation and its definition of the entrepreneur. Thus, these thoughts of a modern observer and actor in matters of enterprise and art have a special pertinence here. One cannot help but see their appeal, indeed their application, to the life of Arthur Stilwell. They close this provisional assessment of an extraordinary man by all counts, but one of abiding influence in the continuing work and ideas of this city.

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19. “The Question Is Not What You Look at, but What You See,” *Ninth annual Kivett Lecture on Architecture*, October 26, 2003.

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## Questions and Answers

**Rowland:** Any personal reflections, any questions?

**Question:** What became of him?

**Rowland:** Stilwell, after 1916, spent the next 12 years of his life recreating himself as a writer on subjects of public interest—some were mentioned earlier. You would find them, to a certain extent, a little defensive. They reflect how he felt he was taken advantage of by the establishment—by the East, and the government that the East controlled. And he certainly felt that way.

He fell on an elevator in an apartment building, on Central Park west—it would be in the paper; rather he was on an elevator and the elevator fell. He was badly injured. He died of pneumonia in 1928. He had married an unusually lovely and loyal woman, Jean. They never had any children. Stillwell himself was an only child. My colleague in Independence tells me that I am duty bound to say something about Stillwell's relatives in Independence, but Stillwell, so far as we can determine had no blood relatives anywhere in this part of the world. He may have...there may have been people who came from New York, or maybe he adopted some folks, but this is not clear. In any case, after Stillwell died, Jean put on her best clothes, opened the window to their apartment, and walked out. She left a note saying "I'm going to join my partner"—an unusually poignant ending.

**Question:** I wonder, was it his affect, or was he naive?

**Rowland:** Well, it's hard to say, naiveté carries you a long way. G.K. Chesterton has an absolutely fabulous line in one of those late nineteenth century books. He said, "The greenhorn is the ultimate victor in everything; it is he that gets the most out of life.... With torches and trumpets, like a guest, the greenhorn is taken in by Life. And the skeptic is cast out by it." Stillwell was really in some ways, an incredibly optimistic greenhorn. He didn't know anything about financing anything and yet he created, and continued to finance the projects of the railroads with great success and skill, until some of the experts got into the act. This is a real lesson to those of you who have been thinking about a public offering—please talk to me about that...in fact there is a team of us in this place, between Mr. Sosland and Dr. Bodde, and we will be glad to visit with you at any time, about what happens when you get mixed in with New York investment bankers.

**Question:** When you got these contractors for the railroads and stuff, when you look at how the railroads were built, the Chinese worked on them....

**Rowland:** The Chinese didn't work on this railroad

**Question:** I'm asking, who did work on this railroad?

**Rowland:** This work was done primarily with the Irish, and there were also many Mexicans working on the railroad at that time. They came up through the Southwest, then as we began to build these railroads, they came to work on the railroads. Really the Mexican-American population in our area began with building these railroads.

**Question:** So the Chinese worked from the West to the East, who worked from the East?

**Rowland:** Whoever they could find.

**Question:** Who promoted the immigrant laborers that came over?

**Rowland:** I don't know the answer to that question, but very early on each of the railroads established immigrant offices in Europe. They sought skills specific to the economic or industrial activity on their system. So it wouldn't surprise me to learn that there was a finder. In fact, that might make an interesting novel—some guy in nineteenth century Europe trying to find laborers for the coal mines in Wisconsin and then in Missouri. This could be a fairly interesting book, fictional exploration. The railroads did seek workers aggressively, they did have immigrant policies, and in fact were probably more aggressive with that than any other commercial enterprise.

**Question:** You mentioned the gift that he passed along to the children. Would you consider him a philanthropist? Were there other acts of philanthropy that he gave back?

**Rowland:** Well, in a sense, his reaching out to unlikely people—the railroad folks and others was a kind of philanthropy. He was very proud of the royalties which State universities enjoyed from the oil that was discovered by Kansas City Southern and the Kansas City Mexico Orient and Santa Fe. I'm not sure what we can call philanthropy. I've recently learned a new word, philanthropoid—a person who works for a philanthropic organization. Stilwell did not have any familiarity with a philanthropoid. He believed in direct philanthropy. Yes, Dr. Coleman.

**Question:** You mentioned that he founded Janssen Place. I read that he named it for a friend, August Janssen. Now was Janssen a Dutch man?

**Rowland:** I think he named it for one of his Dutch colonists.

Where is Rick Powell? Are you going to tell us about whether he had an office in that building? I thought your note to me was very helpful. It wasn't clear that he ever had an office in the Stillwell Building.

**Powell:** I don't think he ever had an office. The Kansas City Pittsburg and Gulf had a ticket office there and I think that the Kansas City Mexico and Orient original office was operated in a store front as well, adjacent to the Kansas City Pittsburg and Gulf. That's 1914. I'm not sure of the timeline between his losing control of the Kansas City Pittsburg and Gulf and the creation of the Kansas City Mexico and Orient.

**Rowland:** If you remember that he was cast out of the Kansas City Southern (the old Kansas City Pittsburg and Gulf) in 1899 and in 1900, he begins the Kansas City Mexico and Orient, you have this very nice division for use when given the test that will come to you in the mail from David Boutros.... It's likely, Rick, that he had an office in the Guardian Trust Building. He seemed to do all of his business from the Guardian Trust. It would be worthwhile to find that, David, in your maps of the city and so forth, because many of us would like to go there and stand there. We shouldn't necessarily expect the same visitations that he claimed he had (there's a article that appeared in the *Kansas City Star* entitled, "Brownies Rule His Life"). Among the things that happened to him after 1916, after the end of the railroad project in Mexico, was that he had more and more visions and notions that he was visited by spirits. Some claimed that he was giving credit to those spirits for his business inspiration, but I think the better idea is that which Palumbo was talking about yesterday: there are some very unusually gifted enterprise innovators, and they have hunches—he called them hunches—sort of an impression of an enterprise innovation. It's fascinating to see how this man's long shadow still hangs over us.

Thank you.

# WHMC-KC

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