

Russell Sage

Next to William Rockefeller, Russell Sage is perhaps the next least known financial magnate of the 19th Century. Although there are a variety of contemporary newspaper and magazine accounts of Russell Sage -- he was very well known among his citizen contemporaries -- the lack of a correspondence archive a'la Hill, Harriman, or Morgan has found no modern historians willing to do the hard work of a history on the man, which is too bad as he was one of the most colorful and influential of our railroad capitalists.

With regard to Milwaukee Road, there are only three published works that touch on his influence there, August Derleth's which has been quoted by Mike Norton. The other two are Gustavus Myers, "The History of Great American Fortunes," 1909, and Paul Sarnoff's, "Russell Sage: The Money King," 1965.

Myers' book is the closest to being a real history, since Myers was the closest to being a real historian of the three writers. Myers is a terrifically entertaining writer. He notes, for instance, as follows:

"He [Sage] was called the father of railroad construction companies in Wisconsin and Minnesota,' warbles a rhapsodizing writer, apparently confident that the reference will rebound to Sage's undying credit. What this eulogist prudently omits is an account of how these companies secured their charters and their land grants." [Myers, III: 24.]

Well, between the warbling and the rhapsodizing, Myers is representative of that old fashioned kind of historian who didn't mind stating an opinion, and in a clever and entertaining way.

Neither Paul Sarnoff nor August Derleth were historians by any stretch, but each brought certain strengths to their efforts. We know who Derleth is, on this List, but Sarnoff, interestingly, was a stockbroker who felt that Russell Sage, a fellow stockbroker, had not gotten his due from historians. Sage had invented "put and call" brokerage tactics, and Sarnoff happened to be that kind of stockbroker and so he felt a historical duty to his mentor. He did a pretty good job on his book and, as a financial person first and foremost, perhaps could write more intelligently about people like Sage than a professional historian might.

Now, Mike Norton remarked on the List as follows:

In a July 22, 2001 post, Michael Sol refers to Russell Sage as "the Milwaukee Road's primary financier during its early years" and "the Milwaukee Road's old friend."

Today, Russell Sage is known primarily for a foundation and a college, both started by his widow. He is thought of as a financier and a philanthropist.

However, this is not the impression of Sage presented in Derleth's book. The following is from page 84 of "The Milwaukee Road - Its First 100 Years," right after a narrative concerning bribery of the governor of Wisconsin by Byron Kilbourn:

"What no one turned up was the extent of the influence of Russell Sage on Kilbourn's actions. Sage, an upstate New Yorker, had had his fingers in many a highly questionable pie previously; he was a bondholder looming large in the background of the La Crosse and Milwaukee, and in effect a controlling owner who turned out to be the owner also of a \$2,000,000 third mortgage on the eastern division of the La Crosse and Milwaukee, or that portion of the road extending from Milwaukee to Portage, a mortgage for which not more than \$280,000 had been paid in money, according to a subsequent review of the case by the United States supreme court. And it was Russell Sage, by what the court called 'a fraudulent arrangement,' designed to mulct stockholders and creditors, whose third mortgage was given precedence over the first and second mortgages. Out of Sage's foreclosure of the eastern division grew the Milwaukee and Minnesota Railroad Company, and Sage's fraudulent activities were to plague the Milwaukee Road for years."

On pages 111-112 of the same book, Derleth relates a battle for control of the Milwaukee between Mitchell and Sage in 1875, as a result of which Sage was removed as a vice president of the Road. Sage pursued litigation following this battle, which was ultimately dismissed in 1879 on technical grounds.

Derleth doesn't say much else about Sage, but what he has said does not fit with Sage being an "old friend" of the Milwaukee.

And that is, indeed, how Derleth portrays it, relying on newspaper accounts and, to some extent, Gustavus Myers.

My own research, which is a little bit Derleth, a little bit Myers, and a little bit Sarnoff, reads as follows, which I will break into component emails.

In approximately 1850, in Wisconsin a group of men appeared on the railroad scene. One, Alexander Mitchell, was a banker. Another, Sherbourn S. Merrill was a railroader. A third John Cary, was an attorney from New York State. All were, in one way or another, representatives of one of the founders of the New York Central System and one of America's great capitalists, Russell Sage.

Russell Sage had attempted to obtain control of the Milwaukee & Mississippi, but had been held off by the local interests. Sage had been a Kilbourn supporter, and so Kilbourn left the Milwaukee & Mississippi, and became president of the rival LaCrosse & Milwaukee railroad, incorporated April 2, 1852. In doing so, he was following Sage to a railroad which was the creation of one of Wall Street's ruthless speculators, which of course was Sage. Operating the railroad from his private office at 25 William Street, the address of the New York Stock Exchange, the LaCrosse paid the rent as well as the expense of employees that Sage willingly used as his own personal hires.

Indeed, when Sage originally came to Wall Street from Troy, New York he told reporters, "to mind the affairs of my railroad." From that Wisconsin line, Sage would speculate his way into innumerable midwestern lines, finally becoming the financier behind Jay Gould and the Gould lines, including Gould's takeover of the Union Pacific.

Sage was from Troy, New York, and had been involved, in the 1830's, with Whig party politicians who were interested in railroading. He was president of the Schenectady & Troy Railroad, and was involved with at least one other. Just as the Democrats had Samuel Tilden, later builder of the Chicago & Northwestern, as their western representative, so Russell Sage was looking at Wisconsin as a likely prospect for railroad building. In 1850, attorney John W. Cary arrived in Milwaukee to represent the interests of Sage and the New York Whigs. At the same time, Sage was involved with the formation of the New York Central back home.

Of the financiers of the time, Sage was the railroader, and one of the earliest believers in a "Pacific" railroad. He believed that Wisconsin would be where it would begin, and made a visit that presaged a furious era of railroad building, corrupting, in the process, the entire state of Wisconsin. He had sent his attorney, John Cary, to Milwaukee in 1851 to look over the railroad situation, and followed him in 1851 at the invitation of Byron Kilbourn. Sage quickly made the acquaintance of a young Milwaukee banker, Alexander Mitchell, and with his help, had set up a commission business with Charles Wheeler and Joseph Slocum engaging

in a variety of transactions, some fairly nefarious.

In 1853, Sage was elected to the US Congress from New York, and there he strongly opposed slavery, and proposed to save George Washington's home, Mount Vernon, as a public shrine.

Sage's main political interest, however, was the promotion and passage of the "Pacific Railroad Act." In this, his interest is very important to why he was so involved at Milwaukee Road and why Milwaukee can be fairly seen as the first "Pacific" railway effort, even if it didn't get there first, but last instead.

Sage was quite a politician until he decided that money was a more faithful and dependable friend. To that end, in Wisconsin he and Alexander Mitchell became involved together in a variety of transactions. He quickly developed a close relationship as well with Sherburn S. Merrill. [I located a letter at State Historical Society of Wisconsin dated October 20, 1859, in which Russell Sage had drafted an authorization on Wisconsin Marine and Fire Insurance Co. letterhead (Mitchell's bank), to Mitchell, authorizing Merrill to borrow money from the bank for the Milwaukee, Watertown & Baraboo Valley Railroad, said loan to be personally guaranteed by Sage. Sage obviously reposed a great deal of trust in Merrill, and he obviously was keeping a chunk of money in Mitchell's bank.]

The LaCrosse & Milwaukee was Sage's railroad in Wisconsin. Other lines included the Madison & Prairie du Chien, incorporated March 24, 1852, the Milwaukee, Fond du Lac & Green Bay Railroad, incorporated April 2, 1853, and the Milwaukee & Watertown Railroad, incorporated January 4, 1853. Along with the Milwaukee & Waukesha, the LaCrosse & Milwaukee can be regarded as the foundation for the Milwaukee Road. Many other railroads were bought, foreclosed, or otherwise brought into the Milwaukee system during the next twenty years. Russell Sage was involved in nearly every one of them.

Milwaukee banker Alexander Mitchell financed the Milwaukee & Watertown, which built a line from 13 miles west of Milwaukee, at a point on the Milwaukee & Mississippi Railroad, to Watertown, but, as this line paralleled the LaCrosse & Milwaukee line in that area, the companies consolidated in 1856 under the LaCrosse & Milwaukee name. That successor company then completed lines from Milwaukee to LaCrosse, Watertown to Columbus, and partially graded a line from Madison to Portage. The Milwaukee & Horicon Road, chartered in 1852, finished lines from Horicon to a connection with the LaCrosse & Milwaukee, north through Waupun and Ripon to Berlin. It was substantially owned by the LaCrosse &

Milwaukee. In 1863, Russell Sage foreclosed on the Milwaukee & Horicon, and transferred it at great profit to the Chicago, Milwaukee & St. Paul in June of that year.

When a general financial panic occurred in 1857, most of the new little short line railroads then sprouting up, including the Milwaukee & Mississippi and its allied lines, went bankrupt. The LaCrosse & Milwaukee was unable to pay certain of its major contractors. They sued, received judgments and possession of various parts of the railroad. The Company entered a period of chaos, operating on its own lines as well as negotiating to continue to operate on those lines which had been taken over as a result of the judgments. Naturally, Russell Sage was behind many of the foreclosures.

"It can be said that at a period when bribery and fraud were so common as to cloy the popular mind, no transaction arouse a greater sensation or made a deeper impression upon a people jaded with continuous exposures of bribery, than the great thefts and briberies committed by the owners of the LaCrosse & Milwaukee railroad."

[Gustavus Myers, at p. 32]

This, of course, meant Russell Sage. On October 29, 1857, Byron Kilbourn resigned as President of the LaCrosse, replaced by Stephen Clark, who was replaced in turn by Nehemiah Stanton in April, 1858. In 1858, John Catlin became president of the Milwaukee & Mississippi and remained in that capacity until its merger with the Milwaukee & St. Paul.

Sage was a well-known speculator in stocks and bonds. He was variously described as "somber, crafty, reclusive," and the "shrewdest of stock traders." [Matthew Josephson, "The Robber Barons," p. 178]. In 1859, at Sage's prompting, bondholders instituted foreclosure proceedings against the LaCrosse & Milwaukee. Apparently Sage had sold his stock, and now turned to deprive the purchasers of their interests by his ownership of the bonds.

The bondholders of the LaCrosse & Milwaukee formed the Milwaukee & Minnesota Railroad Company May 23, 1859 to take ownership of those portions of the LaCrosse property which had been foreclosed on. However, a contractor named Selah Chamberlain had taken possession of the railroad by virtue his court judgment for unpaid grading and construction costs. His book-keeper had possession of all the books and records of the LaCrosse & Milwaukee, and that bookkeeper was also the secretary for the Milwaukee & Minnesota company. The Milwaukee & Minnesota elected Russell Sage as its president. Newcomb Cleveland, another contractor who had procured a judgment against the LaCrosse &

Milwaukee, filed actions to protect his interests. Litigation was prolonged and protracted, and included an appeal to the U.S. Supreme Court.

Ultimately, Sage procured control of most of the LaCrosse Company's second mortgage bonds, and purchased Chamberlain's judgment rights in return for stock and bonds in a new company which Sage was proposing to take over the remains of the LaCrosse & Milwaukee. This company was to be consolidated with a company which Sage also controlled, the Milwaukee & Western, whose controlling interests also included Alexander Mitchell, becoming a prominent Milwaukee banker, and S.S. Merrill. Both of the gentlemen were associated with Sage in other interests in the area, and Sage's biographer described Merrill, at Merrill's death, as "Sage's loyal friend of the Milwaukee Road."

Russell Sage figured prominently in the history of the Milwaukee Road. He was a manipulator, and, as the LaCrosse & Milwaukee went through its "bewildering array of successor companies," ordinary stockholders were "duped and trimmed at each stage of the corporate apotheosis." [Richard O'Conner, "Iron Wheels and Broken Men," (New York: G.P. Putnam's Sons, 1973), p. 23.] But, it may fairly be said that he rescued the promise of the LaCrosse & Milwaukee and the Milwaukee & Waukesha from the financial dustbin of history by reorganizing them into the Milwaukee & St. Paul Railway, and, as one biographer noted, above all, he got railroads built when no one else could or would.

If Byron Kilbourn was the visionary who may be credited with founding what was to become the Milwaukee Road, Russell Sage is properly the godfather of the Milwaukee Road.

In, June, 1863, S.S. Merrill replaced Edwin Goodrich as General Superintendent of the new company. On June 21, 1864, David Hughes, who had been elected first President of the Milwaukee & St. Paul, resigned, and Russell Sage was elected President. Under the penny-pinching Sage, the Milwaukee was not making its payrolls regularly. On June 28, 1865, the Company held its first annual meeting, and elected a Board including Sage, Mitchell, Chamberlain, Merrill and John Cary. Two days later, the Board met and elected Alexander Mitchell as President and S.S. Merrill as General Manager.

This was merely the first instance where Mitchell appeared to "replace" or "oppose" Sage, and yet it apparently affected their ongoing business relationships not one iota.

Mitchell had replaced Sage as president of the Milwaukee & St. Paul, without any apparent damage to their relationship. Meanwhile, on January

21, 1861, the Milwaukee & Mississippi was reorganized as the Milwaukee & Prairie du Chien, owning over 736 miles of track. There was some logic in a consolidation of the Milwaukee & Prairie du Chien with the Milwaukee & St. Paul, and even a three-way consolidation with the Chicago & Northwestern had been proposed, but no financial impetus to such consolidation was in the offing. In 1863, the Milwaukee & Prairie du Chien turned down an offer to be purchased by the Milwaukee & St. Paul, and in 1865, the Milwaukee & Prairie du Chien rejected an offer to purchase the Milwaukee & St. Paul. Mitchell and Sage continued acquiring stock in the Milwaukee & Prairie du Chien, and by 1866, cooperation between the two railroads seemed to suggest consolidation, however, this was interrupted by events transpiring far away, and completely unrelated to the railroading concerns of Wisconsin.

In New York, the brokerage firm of Henry Stimson & Company began overt speculation in Milwaukee & Prairie du Chien stock. The brokerage had quietly purchased all available common stock of the railroad, and had loaned these shares to various persons and businesses, subject to a short call. In early November, 1865, the brokers suddenly called in all of the stock. The New York Stock Exchange was besieged by traders attempting to purchase shares to satisfy the short call. Milwaukee & Prairie du Chien stock skyrocketed, and the Stimson traders were able to sell their remaining shares at these high prices. The New York Times remarked that the corner was "the sharpest and beyond all precedent the most sudden corner known to the forty years' history of the New York Stock Exchange." Prairie du Chien being French for prairie dog, the corner was memorialized as the "Prairie Dog Corner." Tremendous profits flowed to the speculators.

It would happen often with the Milwaukee Road.

The New York speculators retained a majority of the common shares of the Milwaukee & Prairie du Chien stock, but they were surprised to learn that this was non-voting stock according to an unusual provision of the railroad's charter. An agent of the brokerage managed to slip a provision into a last minute legislative measure -- ostensibly designed to regulate petroleum companies in Wisconsin -- but which converted the non-voting common stock of the railroad to voting stock: the speculators now had control of the company, which they offered to the Milwaukee & St. Paul, which accepted, trading share for share.

This is undoubtedly where the idea that Alexander Mitchell did not cotton to New York financiers comes from, but I don't think it had much to do with Russell Sage.

In 1866, Alexander Mitchell, who had been a director of the Prairie du Chien Company at its inception and until 1855, and for a period in 1858, became president by virtue of the shares voted on behalf of the Milwaukee & St. Paul ownership.

Since Mitchell was also president of the Milwaukee & St. Paul Railroad, and Russell Sage owned large chunks of both, it was only natural that in 1867, the two lines formally merged, creating the largest rail system in the Midwest. In that same year, the Company acquired the McGregor Western Railroad, which had previously acquired the Minnesota Central (whose mortgages, naturally, were owned by Russell Sage). Milwaukee and St. Paul, Minnesota were linked by rail.

Sage was known as the "father of construction companies in Wisconsin, Iowa, Minnesota, and Illinois," and primarily responsible for most of the iron rail lines that became the Milwaukee Road. "For decades, he had milked the Wisconsin farmers, tricked and stripped the Dutch financiers and raked in juicy profits as the head of the 'ring' that built spur lines and sold them to the Milwaukee Road."

Mitchell and Merrill realized Sage was not the type to actually run a railroad, easing him out of any operating position, as well as out of the railroad's Wall Street offices that he had used for free for so long. So he left, and went on to other railroad schemes, using Jay Gould as his new front man. But, he continued to hold bonds of the Milwaukee, maintained a friendship with Mitchell and Merrill. His favorite nephew, Russell Sage Jr., went to work for the Milwaukee as a civil engineer.

Mike Norton writes: Derleth relates a battle for control of the Milwaukee between Mitchell and Sage in 1875, as a result of which Sage was removed as a vice president of the Road.

To the extent that this had any more effect on their relationship than when Mitchell replaced Sage as president of the Milwaukee & St. Paul ten years earlier is not really clear to me. After all, Russell Sage Jr. had worked his way up to superintendent of the Chicago & Milwaukee Division as of a year after that "ouster," in 1876.

The panic of 1873 and the fall of Jay Cooke and the Northern Pacific, however, had marked a turning point for Sage. He had made a killing in that depression by purchasing stocks at cheap prices, and had turned his colossal profits to financing Jay Gould's purchase of control of the Union Pacific. The Union Pacific was the example of the transcontinental railroad that Sage had tried to obtain when he became so heavily involved at Milwaukee Road twenty years before.

Sage had often told people that the Chicago, Milwaukee & St. Paul was only the "first division" of the first transcontinental railroad.

Mitchell was apparently too conservative to get there, however, so for Sage, Jay Gould provided a more direct, if more reckless, means of controlling a railroad to the Pacific.

As to a schism between Sage and Mitchell, Sage was eventually replaced on the Milwaukee board by his friend William Rockefeller, who may have purchased Sage's stock as Sage needed more money for his Union Pacific efforts.

That there was no real schism between Sage and Mitchell is suggested by their continued dealings in railroad companies and so I disagree with Derleth on this point. In 1880, Mitchell accomplished a friendly purchase of the important Hastings and Dakota Division from Russell Sage.

As we discussed some time ago on this List, James J. Hill had wanted the Hastings & Dakota but had backed down on attempting to purchase it when the Milwaukee expressed "interest."

Now you can see why, but this also suggests that, had there been an animosity between Sage and Mitchell, Hill likely would have made a run for it; however, the more likely explanation is that, between old friends and business partners Russell Sage and Alexander Mitchell, Hill simply didn't have a chance at the purchase and he knew it. He was forced to let this important acquisition pass to Milwaukee Road because there wasn't a thing he could do about it.

Sage's biographer, Sarnoff, notes that Sage had few close associates, and with the death of S. S. Merrill in 1884, Sage lost a "loyal friend of the Milwaukee Road," and says this about Mitchell: "And in 1887, Alexander Mitchell, the overrated Scotchman [yes, he says "Scotchman"] who had gotten his railroad start from Sage in Milwaukee in 1851, finally lost his grip on the Milwaukee Road. His passing ended a 36-year relationship. By 1890, the only close associate Sage had in the business world, outside of his attorneys, was Jay Gould." [p. 271.]

Like William Rockefeller, Sage may have had some lasting sentimental attachment to Milwaukee in spite of his subsequent expansive days with Gould, Union Pacific, Pacific Fast Mail, and Western Union. In 1900, Sage was 84 years old, and was regarded with some affection for his miserly quirks, referred to generally as "Uncle Russell" in the financial community. He was by then the wealthiest man in America.

To the current generation of Milwaukee managers, Earling and Miller, Sage was no doubt an interesting part of Milwaukee Road history, already by then a generation past, however. Sage was the immensely rich financier down the street from Milwaukee Road's New York offices, the only man, at that time, that could overshadow Milwaukee Road's current owner, William Rockefeller. Sage hadn't had anything to do with Milwaukee in years.

In the Fall of 1900, the Milwaukee was trying to close out an old holdover mortgage of the Milwaukee & St. Paul issued in 1869. Only two bonds remained outstanding, but the annual coupons had not been cashed for more than 14 years, which was puzzling.

The trustee of the bonds, Farmer's Loan and Trust Company of New York, reported to Milwaukee Chairman Roswell Miller that the two remaining bonds were being held by ... Russell Sage.

To Sage, perhaps, those bonds represented the last remaining tangible connections to his old Milwaukee Road friends, Alexander Mitchell, S. S. Merrill, and John Cary, and to another time and another effort to build the first transcontinental railway.

They surely represented a foundation for his vast fortune and much that he subsequently owned. The Milwaukee Road may well have represented old friendships and a memory of when he was young and when, if he was to have anything to do with it, Milwaukee, Wisconsin, not Omaha, Nebraska, represented the railway future of the nation.

In any case, apparently, the old financier, who almost never betrayed sentimentality, refused in his twilight years to part with those two bonds, and Miller had to negotiate with Sage to get the bonds back so that the Milwaukee could retire the mortgage. An agreement was reached and a special meeting of the Board of Directors was called on October 31, 1900 to approve a "settlement" whereby Sage would turn over his bonds.

On that day, Russell Sage surrendered his last interest in the Milwaukee Road, having held an interest, in one form or another, for nearly 50 years, longer than any other person ever had or ever would.

It was perhaps ironic, to a degree, that Sage retired his last interest in the Milwaukee Road just as William Rockefeller was engaged in a furious battle to obtain control of the Northern Pacific to complete Sage's ambition of making the Milwaukee a transcontinental railroad.

Sage, the foremost stockbroker of his time, must have looked on with some reflective interest as the entire American financial system began to shudder and crumble under the massive force of Rockefeller's efforts to achieve this ambition through a powerful stock market manipulation.

At his death in 1906, Russell Sage was the last of the men who originally built the Milwaukee Road. By then, the Pacific Extension construction was underway and making his old dream a reality.

Russell Sage, more than anyone else, financed the construction of the early Milwaukee Road. He set up companies and held the stock. He organized construction companies to build the track for the railroad companies he owned. He sold the stock and bought the bonds. Then, when bad times came, as the bondholder, he foreclosed and got his companies back, or bought out their assets by yet another railroad company he had organized, leaving the old one with the debt. He was on all sides of any given railroad transaction, and seemed to be involved in most of them in Wisconsin, Minnesota, and Iowa, at some point. He financed Alexander Mitchell, and they remained business associates throughout Mitchell's life. Sage's attorney, John Cary, was the Milwaukee Road's able general counsel until his death in 1893.

Sage did all of this in the 1850's, 1860's, and 1870's on his own. He had no bank, no investment house. His office, until he was thrown out, was the Milwaukee Road's in New York City. He was an early and influential advocate of the "Pacific Railroad" and it appears that his activity in Wisconsin was clearly anticipating that the eastern terminus would be the Milwaukee, or one of its predecessors. When the Union Pacific got the nod, and became the first transcontinental, Sage was there, and reaped millions. He was Jay Gould's financier throughout Gould's career. He was a founder of the New York Central and controlled the powerful Western Union. He let the world think he was so miserly that he dined on a simple apple for his daily lunch. In secret, he went to the Western Union offices where he enjoyed a large buffet put on each day for Western Union officers.

Sage's reputation, while alive, was pretty much the same as after his death: a miser, unscrupulous, penny-pinching, ungenerous. He had married his childhood sweetheart, and was heartbroken when she died. His second wife destroyed all tangible memory of Sage's first wife, and Sage's memory of her as "beautiful" is all there is to suggest that she was.

Sage had a wit and wisdom about him, and a stabbing sense of humor. His second wife would begin to complain about something, and Sage would begin to reminisce about the beauty of his first wife, sending the

second away in tears. She was ever insisting on charitable works, but, oddly could not abide the presence of small children. Sage could not stand charitable works, at least any that gained any publicity, and they forever battled over her random charitable gifts.

She insisted, however, on giving his money to charities. So, on his birthday every year, "Uncle Russell" Sage invited 1,100 small children to a railroad party at their house. Naturally, it did not cost him a cent. The New York Central, of which he was a director, supplied the equipment, and the Western Union, of which he was the primary owner, bought the ice cream.

Sage reveled as his wife spent the day surrounded and overwhelmed by small children she could not tolerate.

Sage had an affection for cats, and had seven of them. Mrs. Sage decided she liked dogs, and acquired six of them.

When Sage died, July 22, 1906, he was worth \$100 million. On his own, without ever being associated with a brokerage "house" or any kind of financial organization, he was one of the wealthiest financiers in America. J.P. Morgan died a few years later with considerably less. Sage was, first, last and always, a railroad financier, and his most active period was the early Milwaukee Road. When he died, he was the last titan from the Milwaukee Road's early years to pass on, even though litigation from those years still pursued him. Stockholders of the Hastings & Dakota Railroad, a Milwaukee acquisition in 1880, sued Sage in June, 1905 to recover 70,000 acres of Minnesota land grant that they alleged Sage had converted to his own use.

The Sages had no children, but a plethora of nieces and nephews. In his Will, they received token amounts. The rest, he left to his wife, as "she would know what to do with it."

Russell Sage, a believer in hard work and thrift, did not believe that 'studying' social problems would lead to their solution. This had been a source of great contention between Mr. and Mrs. Sage. So, after his death, and upon receiving one of the nation's great fortunes, she had her revenge for the cats, the kids, the frequent references to the first Mrs. Sage, and Uncle Russell's penny-pinching.

She started a foundation, dedicated to all the charitable things her husband had refused to support in life, and it exists to this day, funded to a great extent by money from Sage's Milwaukee Road days.

She wished, upon its dedication April 19, 1907, that the Foundation apply "the income thereof ... to the improvement of social and living conditions in the United States of America ...". It was the very first general-purpose foundation in the country and was the pioneer in the idea of charitable trusts for broad social purposes. But, she did not name it after herself, as might have been typical of a donor seeking remembrance of her own good works.

Her best, last, revenge was naming it "The Russell Sage Foundation."

Uncle Russell is probably still spinning to this day.

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