



Perinton Historical Society HISTORIGRAM

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Fairport, NY 14450

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The Panic of 1907 and the Sanitary Can Company Part 1 of 2

The Creation of the Sanitary Can Company

Panics and recessions are nothing new in America. In the 20th century there have been 19 recessions and 15 stock market crashes. The first recession in the 20th century occurred 100 years before the Subprime Crisis of 2007. The characters changed but the results and consequences are similar. In 1907 some of the key players were J.P. Morgan, Knickerbocker Trust Company, Tennessee Coal, Iron & Railroad Co. and U.S. Steel. In 2007 key players were Ben Bernanke, Bank of America, AIG, General Motors and Chrysler. In the end, loss of confidence in capitalism and public panic affecting loans and credit ensued causing a near meltdown in the economy. One consequence of the panic of 1907 was the take over of Sanitary Can by American Can because of the failure of the Sanitary Can Co. to secure loans to continue manufacturing tin cans.

The standard tin can in the late 1800s was the hole and cap can. These cans consisted of a can body with soldered seams with the top having an inch and a half hole to insert fruits or vegetables. The product would be partially cooked before being poured into the cans. The fruits or vegetables would then finish cooking in the can before the hole was capped and soldered shut. This system worked fine for vegetables but the soldering process caused carbonation of sugar in the syrup for canned fruits.

This resulted in black flakes in the product which had to be picked out before serving. Max Ams, of New York City, patented a new kind of tin can called the solderless can in 1896. This new type of can had seams on both ends which were pressed together instead of soldered. This design also allowed the entire width of the top to be open so that whole fruits and vegetables could be inserted without cutting them up into tiny pieces which was required in the typical hole and cap can.

George Cobb, son of Amos Cobb the founder of Cobb's Preserving Company, embraced this new can in 1898. He saw its potential and felt it would revolutionize the canning industry. Along with Charles Ams, son of Max Ams who started the Max Ams Co. of Mt. Vernon in New York City, they turned the Cobb Preserving plant on the Erie Canal in Fairport into a giant laboratory. The two men experimented in perfecting the can so that the seams would hold up to temperatures of 212 to 250 degrees Fahrenheit, necessary to can both fruits and vegetables. There were failures along the way and many of the damaged cans were said to have been dumped in the canal. By 1905, the can had been perfected enough so that it could be manufactured in sufficient quantity to meet the needs of the Cobb Preserving Company and have a surplus to sell to other canners.

The can making business within the Cobb Preserving plant expanded enough so that it had to be housed in another building. Fairport Savings and Loan acquired the old Cox Shoe factory near the New York Central railroad on Parce Ave. for this

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"The Mission of the Perinton Historical Society is to promote interest in preserving and sharing local history."

operation. The Sanitary Can Company was formed by George Cobb, Charles Ams and William Bogle, who was a food broker, and the operations were moved into this building. The new company agreed to supply the Cobb Preserving Company with all their tin can needs and the company could sell their surplus cans to other canners in the area.

Early in 1907 canners across the nation were doing a thriving business. Sales were up as canned products were becoming an important part of the American diet especially in the winter months when fresh produce wasn't available. The increase in business also meant an increase in the number of cans a factory needed. All of the canning factories made their own cans. Making cans was still a manual year round job. The number of cans produced was still dependent on the skill of the can-maker. Extra cans could be bought from the Sanitary Can Company faster than the can makers from the canning factories could make them. The Sanitary Can Company also did a good business in selling and leasing to canners can header machines, which were needed to seal these new open topped cans after they were filled.

Everything was going well for the Sanitary Can Company. The company was even building more can making plants in Bridgeton, New Jersey, Indianapolis, Indiana and Niagara Falls, Canada. To finance the operation and expansion, the owners offered stock to the public in the beginning of 1907. Then the panic hit that October.

Simply put, panics are defined as a sudden withdrawal of bank deposits causing a liquidity crises for banks and related financial institutions. These panics can be brought on by a number of factors both real and imagined.

It is generally accepted that the panic of October 1907 was triggered by a highly speculative scheme to corner the market on stock of the United Copper Co. by the Heinze brothers. When the scheme failed,



Founders - The Sanitary Can Company founders, seated from left to right, are Charles Ams, William Bogle and George Cobb. The image is from the Perinton Historical Society's photograph collection.

two brokerage firms folded and three national banks were close to insolvency. When word got out that there was trouble in the financial sector of the economy, a run ensued with 8 million dollars being withdrawn on a single day in less than 3 hours on the third largest trust company in the nation. Banks were now reluctant to lend money and more trust and bank runs occurred causing the failure of another 9 banks and trusts by October 24th. Brokers were unable to get more money for investments and stock prices fell 50% from the previous year.

There was no national bank in 1907. The richest and most influential banker at the time was J.P. Morgan. Through Morgan's personal wealth and considerable influence, back room deals were made to prop up banks and trusts, and by November calm was largely restored to the banking section of the economy. However, the deals came at a price. The banks who helped support the insolvent banks were now low on funds and began calling in their loans from manufacturing companies and brokerage firms. Brokerage firms who had borrowed heavily to acquire stocks were now in danger of going bankrupt. To

avert a melt down in the stock market, J.P. Morgan stepped in. He engineered a deal to save the brokerage firm of Moore and Schley, who made bad stock investments, by having U.S. Steel acquire Tennessee Coal Iron and Railroad Company and its stock. This was one of many deals that occurred as the federal government was turning a blind eye to these acquisitions and their restraint on trade in order to save the economy.

Since its creation in 1905, the Sanitary Can Company ran on borrowed money. Add to that a leaking problem with their cans and the company was strapped for cash. Cans of fruit began to develop perforations which didn't show up until a year after they had been on grocer's shelves. The company paid out \$190,000 in claims in 1907. To raise more money and to expand their operations, the owners reorganized and offered \$1,000,000 in capital stock February 8, 1907. Three new factories were also being built all on credit. When the panic hit in October of 1907, the company had a hard time lining up investors for their stock offerings. The board members of the company were buying their own stock to inspire confidence in the company and lure other investors. The public, also being hard hit by the panic, was cutting back on buying canned products well into 1908. Fewer canned products were being sold, canners were asking for more time to pay their bills and the banks were demanding payments on their loans from the company. Pre-bought tin plate for cans was not being used and 40% of the value of the Sanitary Can Company was tied up in tin plate. The company was desperate to find an investor or a buyer so they could continue their operation. The Sanitary Can Company was ripe for a take over.

Next month: The formation of American Can and the demise of Sanitary Can.

Happenings at the Society

For more information visit our website at www.perintonhistoricalsociety.org or call the museum at 223-3989.

- ~ **February 16**, Tuesday, 7:30 p.m. at the Fairport Museum. Jane Oakes will be speaking on Historic Opera Houses of Western New York. Included in the talk will be details about our own Shaw's Opera House that was once located on West Ave. in the village.
- ~ **March 16**, Tuesday. Speaker to be determined.
- ~ **April 25**, Sunday. Perinton Historical Society House Tour. Projected for the hamlet of Bushnell's Basin.
- ~ **May**. Perinton Historical Society Annual Meeting and picnic.

Thanks go to **Pricilla and Richard Minster** for their donation to the Society in the name of Carol and Drew Saum.

Thanks go to **Jim Unckless** and **Joan Alliger** who had a table in the library selling our new book on December 5th.

Historical Fact

In 1912, it was claimed that 3,000 wives were murdered by drunken husbands and 10,000 children were homeless because of the liquor trade. (see article on next page)

Fairport's Pioneer Prohibition Club Banner Recalls Third Party Politics in America

Third parties and third party candidates have always been present in United States politics. Whether it was William Jennings Bryant and the Populist Party in the 1890's, Theodore Roosevelt and the Progressive Party in 1912 or more recently Ross Perot and the Reform Party in 1995 and Ralph Nader of the Green Party in 2004, third parties and their candidates have been influential but not very successful in winning national elections. The Prohibition Party founded in 1869, was influential in creating a national atmosphere which produced prohibition legislation in the 1930's and the party continues to run presidential candidates today none of whom have won a presidential election.

On display in the Fairport Museum just to the left as you first walk into the building is a 30" by 50" banner created for the Fairport Chapter of the Pioneer Prohibition Club founded in 1882. It was made by Frank Van Doorn, a sign and banner painter from Rochester, and presented to the club by a group of Fairport ladies in 1888. It was made specifically for the Grand Prohibition Rally in Fairport on October 16th, 1888. The club consisted of supporters of the Prohibition Party and had at least one other chapter in western New York. A.C. Hooker, grocer for the One Horse

Grocery in the village, was the club secretary.

It was no coincidence that the Grand Prohibition Rally was held several weeks before the national election in November of 1888. In May, the Prohibition Party had nominated Clinton B. Fish of New Jersey for president of the United States and John A. Brooks of Missouri for vice-president. The party platform sought to outlaw the production and sale of intoxicating beverages in America. At the rally Colonel George W. Bain, known as the Silver-Tongued Orator of Kentucky, was asked to speak on temperance.

George Bain was one of the most popular speakers on the lecture circuit in the late 19th and early 20th centuries. He lectured for hundreds of Chautauquas, lyceums, schools, colleges and societies throughout the United States and was said to never have had a dissatisfied audience. Colonel Bain lectured on a variety of subjects 8 of which he put into a book entitled "Wit, Humor, Reason, Rhetoric, Prose, Poetry and Story Woven in Eight Popular Lectures." His two temperance speeches were "The Safe Side of Life for Young Men" and "Our Country, Our Homes and Our Duty." In pointing out the evil nature of producing and dis-



Banner Carriers - Ruth Ewell (left) and Helen Matthews (right) hold the Pioneer Prohibition Club banner in 1995. The photograph is from the Perinton Historical Society's photograph collection.

tributing liquor, Bain is quoted as saying "There is not a flower in any liquor-sellers wife's bonnet but what is a flower taken from some other woman's cheek; there is not a diamond sparkling in any brewer's shirt front or on his finger but a jewel taken from some boy's manhood."

After the speech by George Bain at the rally in Fairport that October night, the banner was taken on a torchlight parade through the village of Fairport. The following week it was put on a train and was used in the Grand Prohibition Rally in Rochester.

There were similar rallies throughout the country that Fall of 1888 trying to drum up support for the Prohibition Party candidates and their cause. The national election was the best result by the Prohibition Party up to that time. Charles Fish and James Brooks pulled in 2% of the popular vote (249,813 votes) for president and vice-president of the United States. The Prohibition Party still exists today and nominates candidates for federal office. In 2008 Prohibition Party nominees for president Gene Amondson from Washington State and Leroy Pletten vice-presidential candidate from Michigan received 643 votes in the general election.

If you would like to learn more about the history of the Prohibition Party go to www.prohibition.org. If you would like to read George Bain's book "Wit, Humor, Reason, Rhetoric, Prose, Poetry and Story Woven in Eight Popular Lectures" go to: <http://www.wattpad.com/19279>.

The Canal

by Henry Rose, published in *Gentleman's Magazine* in 1891

The smooth canal; where level meads extend,
Lies with the sunlight glittering on its breast;
So softly on the way its waters wend
They hardly stir the rushes from the rest.

The towing path, a narrow strip of gray,
Follows one curving bank; Its further bound
A hedge of tangled rose and hawthorn spray;
Beyond, a sweep of undulating ground.

And past the pastures, where the placid herds
In undisturbed contentment graze or lie,
A wood a very paradise for birds--
Unfolds its fluttering pennant to the sky.

No cumbrous locks with clamorous sluices near--
Though far away, amid surrounding green,
Dark gates and beams loom when the days are clear--
Break on the charm of that enthralling scene.

A footbridge high above the current flung,
Of woodwork still unstripped of bark, and slight,
Looks like a forest branch but newly swung
For sylphs to watch the waters from its height.

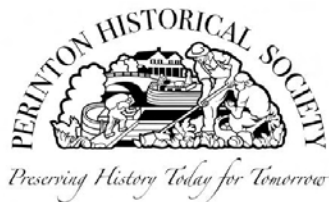
The loiterer there, with musing eye, receives
A picture sweet as cloudland ever spread,
Or wandering boyhood, half in doubt, believes
From pastoral legends of an age long dead.

And should, perchance, it laden barge draw near.
The silent boatman stationed at the helm,
The slow horse and the gliding hull appear
Part of some pageant in that fairly realm.

The sun himself there sheds a chastened ray,
The sedges whisper of enduring peace,
The roving zephyr hums a drowsier lay,
The woodland carols hover round and cease.

Then silence, or the lull of blending songs
From winds and waters, rustling leaves and reeds;
From sylvan minstrels, and the gentler throngs
That chant the measures of our dreams succeeds,

Till care of earthly things, the lapse of time,
The very pulse of being, in suspense,
The soul alone is conscious, with sublime
Serenity enfolding every sense



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FAIRPORT HISTORICAL MUSEUM

18 PERRIN STREET, FAIRPORT, NY 14450

REGULAR HOURS

Sunday 2 p.m. - 4 p.m.

Tuesday 2 p.m. - 4 p.m.

Thursday 7 p.m. - 9 p.m.

The Fairport Museum will be **closed** December through February

The first two Mondays of every month the Archives open for Researchers only.

Visit our website:
www.perintonhistoricalsociety.org

*Group tours, presentations and special projects by appointment.
Call 223-3989 and leave a message.*