# The Businessman Diplomat: A.B. Houghton, A Case Study

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> The American people must understand their responsibility and their opportunity. God has given us the power to render a vast service to humanity. No such opportunity ever has come to any nation in two thousand years. The world has become an economic unit. The United States must recognize this and shape her policies in accord with this new fact in her history. The idea of isolation must be dismissed. The sentiment and the sense of responsibility for building a better world civilization must be cultivated.
>
> —Alanson B. Houghton [Ascham, 1922]

During the past two decades historians have expressed mounting concern over the fragmentation of American historiography. The proliferation of new subdisciplines, especially in social and cultural history, has contributed to an unprecedented level of specialization. Scholars of U.S. foreign relations have, more often than not, gainfully participated in this splintering process. Moreover, many historians now consider the study of U.S. diplomacy a backwater of scholarly inquiry, a discipline suffering from an acute case of parochialism [Bender, 1986; Grob and Bilias, 1992; Hogan and Paterson, 1991; Hogan, 1995]. Some scholars of diplomacy have even participated in this critique of their field. John Lewis Gaddis, for example, once commented at a session of the American Historical Association, that historians of U.S. diplomacy "occupy, in the academic world, something like the position in nature filled by the crocodile, the armadillo, and the cockroach: we have been around for a long time and are in no immediate danger of extinction; but we are still pretty primitive and, for that reason, not very interesting." As a remedy for hidebound historical techniques, Gaddis, Michael Hunt, and others have recom-

[1] Special thanks to George C. Herring who is directing my doctoral dissertation, "The Pursuit of Progress: Corning Glass Works, Alanson B. Houghton, and America as World Power, 1851-1929." The Houghton Papers and Corning Glass Works Records referred to in the essay are located at the Corning Incorporated Archives at Corning, New York.

*BUSINESS AND ECONOMIC HISTORY,* Volume Twenty-eight, no. 2, Winter 1999.
 ISSN 0894-6825

mended that diplomatists undertake more rigorous transnational research or adopt methodologies from fields outside of the historical profession such as Political Science [Hunt, 1988; Gaddis, 1990].

To embrace wholly either multinational history or *inter*disciplinary approaches, however, might only exacerbate the pressing problem of fragmentation in American historiography. Scholars of U.S. foreign relations would often do better to take more of an *intra*disciplinary approach, drawing upon the bountiful work of historians who explain the American experience from disparate perspectives, and demonstrating the means by which new diplomatic research can be successfully integrated into the broader landscape of United States history [McMahon, 1991; Leffler 1995]. It is incumbent upon American historians, possibly more so on scholars just now entering the profession, to connect their research and analysis to subfields other than their own preferred specialty. My interest in U.S. relations with Europe after the First World War, for example, has led me to develop—through the experience of Alanson B. Houghton—connections between official interwar diplomacy and Progressive Era industrialism.

A.B. Houghton served as America's leading ambassador in Europe from 1922 to 1929 and played an influential role, though not always publicized, in the major diplomatic achievements his era, including the Dawes Plan (1924), the Locarno Treaties (1925), and the Kellogg-Briand Pact (1928). Frank Simonds, probably America's most astute journalist covering world affairs in the 1920s, testified to the brilliance of Houghton's accomplishments in an open letter to the New York *Herald Tribune* in October 1928. "I am convinced," Simonds wrote:

> that no man has contributed more alike to the service of his own country and to the larger task of [world] reconstruction than Mr. A.B. Houghton. What he did in the dark and difficult years which followed our resumption of relations with Germany [in 1921] will probably never be generally known, but certainly no American since the Civil War has deserved better of his country. And certainly he has been *the* outstanding figure in our diplomatic service since the war [Corning *Evening Leader,* 1928].

But Houghton's historical significance extends well beyond the diplomatic field. Only three years earlier, the renowned chemical and research scientist Dr. Eugene C. Sullivan had also paid homage to the ambassador [C.G.W. Bulletin, 1925]. Sullivan's tribute was directed not at Houghton the diplomat, but rather at Houghton the *industrial* statesman, the corporate executive responsible for the phenomenal success of Corning Glass Works, the most scientifically and technologically advanced glass manufacturer in the United States [Liddell, 1953.]

Houghton's contemporaries were not blind to his duel careers. His nomination as America's first postwar ambassador to Germany met with favorable reaction precisely because he was, as the Washington *Evening Star* proclaimed, "a business man of large experience and success" who, while in Europe, would deal "very largely with business problems" resulting from the Great War

[Washington *Evening Star,* 1922]. In fact, throughout his ambassadorial career the industrialist was consistently referred to as America's "business man diplomat." Likewise, those scholars who have studied aspects of Houghton's diplomacy have noted his commercial background and emphasized the preponderance of postwar economic problems [Costigliola, 1976; Diamond, 1979; Rupieper, 1979; Jones, 1981; Diamond, 1985]. However, these attempts, first by journalists and later historians, to link Houghton's actual business experience to his diplomacy have been largely superficial. While there are frequent references to the ambassador's "pragmatism," his "straight-thinking," and "hard-headedness," no direct connections have been drawn between Houghton's management of Corning Glass Works and his approach to diplomacy. If historians are to properly understand the most influential American diplomat of the 1920s, they must comprehend the importance and relevance of his role as an industrial pioneer.

Houghton's business career began at his family's Corning Glass Works thirty-four years before his first ambassadorial appointment. Under the tutelage of his father and uncle, he learned the glass trade "from the bottom-up," and in the process, demonstrated an early penchant for sales and marketing. He began assuming broad managerial duties after his uncle's death in 1897, and during the course of the next two decades, he proved a shrewd negotiator, an innovator, a risk-taker, and above all, a visionary [Hollister, 1951; Blaszczyk, 1995]. These were all talents that he later applied to the diplomatic trade.

Alanson's formidable skills as negotiator surfaced early. He was, according to one company official, "quick to grasp, analyze, and solve" company problems and able "to avoid the dangerous pitfalls surrounding them." At age 31, he played a critical role in devising Corning's first operating agreement to establish price schedules and production quotas with competing glass companies [Bright, 1947, pp. 133, 152-3]. By 1910, when he officially took charge of the firm as president, he had already begun negotiating a series of complex sales contracts with America's largest electric lamp manufacturers, General Electric Company and Westinghouse Lamp Company. Taken together, these lucrative agreements secured for Corning Glass between forty and fifty percent of the national market for light bulbs and related tubing. During these complicated contract talks, Houghton demonstrated extraordinary skill for resolving conflicts while still protecting his company's interests, an ability which "always commanded respect" [Hollister, 1951, pp. 42, 97, 109-13].

As a corporate strategist, Houghton seemed at times without peer in the glass industry. His vision of Corning Glass Works as a leader in specialized production demanded constant innovation and risk-taking. His determination to produce the world's best quality railroad signal glass, for example, inspired the firm to establish a unique optical laboratory in 1904. After only a year, the lab had discovered optimal color schemes for trackside warning lights, a finding that convinced the Railroad Signal Association to adopt Corning's exact specifications. Almost overnight the glass works had become "the Mecca of the railroad engineers." Similarly, Houghton's "demand" that his works produce

more durable industrial glass led the company in 1908 to expand the optical lab into a more comprehensive research and development facility managed by professionally trained scientists. By 1912, the commercial production of "shatterproof" lantern globes was in full-swing, and only a few years later, Corning began shipping its first line of the legendary PYREX cooking ware [Hollister, 1951, pp. 44-75].

In addition to leading corporate negotiations and streamlining product innovation, Houghton was keenly interested in developing new manufacturing technology. He understood the competitive necessity of improving efficiency and standardization, especially in the production of light bulbs—the company's most valuable product. When other Corning officials, including his own father, proved reluctant to invest large sums into an unproved mechanization scheme, Alanson and his brother financed the engineering project from their personal bank accounts. After much experimentation, the Houghton brothers finally delivered to the glass works their first semiautomatic bulbmaking machine in 1913. The new hand-fed hardware—which manufactured an astonishing 420 bulbs per hour—enabled the firm to produce 40 million light bulbs that year [Hollister, 1951, pp. 43-5, 76-95].

No person, in brief, is more responsible for institutionalizing Corning Glass's now famous commitment to corporate science and engineering than Alanson Houghton. By 1913, the company had established one of the nation's early in-house research laboratories, pioneered innovative product lines, and developed mass manufacturing technology; all of which served to greatly expand the firm. Sales, for example, grew from under a million dollars in 1900 to more than $12 million in 1920, with pretax profits exceeding $2 million [Corning Glass Works Records, Box 14-3-6, Sales and Pretax Profit Schedule, 1900-1934]. Thanks to Houghton's progressive management, the company was especially well positioned to meet the unprecedented challenges and opportunities of the First World War [Hollister, 1951, pp. 107-8, 124-33]. The wholesale demands of the war not only enhanced the company's operations, but also changed forever the life of its forward-looking president.

Shortly after the United States entered "the war to end all wars," Republican Party officials persuaded Houghton to apply his business perspective to public service. He was elected to the U.S. Congress in 1918 and reelected in 1920. During his second term, President Warren G. Harding appointed the glassmaker as America's first postwar ambassador to Germany. Houghton's attitude toward U.S. foreign relations with the Old World fell into accord with Republican postwar goals of reestablishing European stability and prosperity. But as a former chief executive—and an extremely innovative one at that—he always felt compelled to offer the administration guidance on strategy and tactics. Houghton usually advocated taking the initiative. And in this regard, he was to find himself routinely frustrated by conservative American policies.

Ambassador Houghton's last stateside speech before departing for Berlin offered the world a glimpse of his approach to foreign affairs. Those familiar with his innovative leadership at Corning Glass Works would have immediate-

ly recognized his philosophic outlook which always "demanded progress." In his address, Houghton declared that the people of the world needed to move beyond traditional ways of thinking and beyond the destructiveness of wartime rationalizations so that the problems of postwar reconstruction could be solved. He called upon both victors and vanquished to form a new "mental attitude" based on objectivity, fairness, and mutual respect. If nations clung too closely to issues of the past such as debates over war guilt and war causes, world progress, he warned, would be thwarted by a renewal of deadly conflagration. Most importantly, he championed the notion that in the new era, the United States had a central role, a "conscious duty," a "national duty," to help reconstruct European civilization. The country, he argued, could no longer remain aloof from the Old World, "we Americans must do our part" [Houghton Papers, Speeches, March 31, 1922].

The postwar problems were indeed immense and complicated. International issues of war debts, reparations, inflation, trade, and national security were tightly interwoven and required creative political and economic solutions. Houghton arrived in Germany in April 1922 and began analyzing the situation with great care. European recovery, he believed, was in America's vital interest and he wanted a strategy capable of breaking through the fatalism engendered by the war. After six months of "study and careful thought," he offered Washington a bold and comprehensive plan to help rebuild Europe and solidify world peace. His proposition, in short, called upon the United States to forgive roughly $10 billion in Allied war debts, a move designed to revive Europe's economy and stir hope among the masses. In return, Britain, France, Germany, and Italy must guarantee America, as best possible, that a lasting peace was at hand. He suggested three means of assurance. The European nations must agree by plebiscite not to wage war on each other for fifty years. Any declarations of war must be subject to national referendums. And finally, all powers must agree to substantial disarmament [Houghton Papers, Berlin Correspondence, Houghton to Hughes, October 23, 1922]. There it was. In one fell swoop, the businessman diplomat had devised a balanced strategy to meet America's foremost policy objective, a stable and prosperous Europe.

Houghton's initial approach to postwar reconstruction was not unlike two of his major initiatives at Corning Glass Works. Early on at the company, he had recognized that the business's long-term success depended on new modes of operation. The firm's scientific research laboratory and the mechanized production project were largely the result of his creative leadership. Both endeavors had required not only vision, but the willingness to risk retained earnings. Financial sacrifices had to be incurred up-front to reap future rewards. So, it came naturally to Houghton the diplomat, that his new company, the United States of America—which already had "pile[d] up huge wealth"—should risk a part of its fortune to "bring about a real and...a lasting peace" [Houghton Papers, Berlin Correspondence, Houghton to Hughes, October 23, 1922]. President Harding and Secretary of State Charles Hughes seriously considered the Houghton peace plan. But in the end, they believed it too politically risky,

especially the idea that the United States should cancel the Allied war debts at the expense of the American tax payer. Moreover, they concluded that any major initiatives should originate from Europe not Washington [Houghton Papers, Berlin Cables, Hughes to Houghton, November 14, 1922].

Houghton was disappointed by the conservatism of his superiors, but he remained undaunted in his drive to bring about European stability. He continued to have faith in his own peace proposal and encouraged the German government to adopt the plan as its own. In December 1922, the German ambassador in Washington presented to Hughes a similar peace initiative without reference to America's forgiveness of war debts. This time, the secretary of state forwarded the scheme to Paris. The French, not surprisingly, rejected the plan outright. Without the debt cancellation provision, the proposition lacked concrete benefit for France, offering instead what seemed only hollow promises of peace and security [*Papers Relating To The Foreign Relations Of The United States,* 1938]. In early January 1923, only eight weeks after Harding had rejected Houghton's proposal, French troops renewed hostilities with Germany by invading the Ruhr.

Washington's inflexible approach to world problems troubled Houghton, but France's overt militarism was regressive and threatened U.S. interests. "The French have opened wide the door," he wrote the State Department, and "out of that door we may expect anything but Peace" [Houghton Papers, Berlin Correspondence, Houghton to Hughes, January 9, 1923]. The ambassador did, however, believe that the United States government bore serious responsibility for the crisis. And with France and Germany again on the brink of war, Houghton was convinced that even more unorthodox measures were necessary to save Europe from further ruin.

In his confidential communications with Washington, Houghton began calling for direct American intervention into European affairs, a drastic step that would upset the nation's time-honored tradition of avoiding foreign entanglements. At first, he suggested that America offer to mediate the Ruhr conflict [Houghton Papers, Berlin Correspondence, Houghton to Hughes, January 29, 1923]. But this somewhat passive approach soon gave way to demands for more coercive measures. France needed to be *persuaded* to end its expanded occupation of Germany and begin negotiating a practical economic and military settlement. On March 6, he fired-off a cable to the Secretary of State:

> [France] can only be dealt with as a force. And unless it is met by armed force in the shape of armies, it must be met by economic force in the shape of threatened ruin. That is the whole story. France must be met by force....[it is in] America's interests to save what is left of German capital and German industry...German science and German learning and the rest, some positive action is required without too much delay [Houghton Papers, Berlin Correspondence, Houghton to Hughes, February 27 and March 6, 1923].

What Houghton proposed specifically was that the United States together with Great Britain maneuver to devalue France's currency. But once again, the industrialist's ambitious policy recommendations found little receptivity at

home. Hughes and others insisted that the United States maintain its neutrality during European conflicts because neither the American nor French publics would welcome such intervention [Houghton Papers, Berlin Cables, Hughes to Houghton, January 9, 1923]. The Harding administration would instead postpone acting until after France realized the futility of its own policy.

Houghton's judgment that the United States should take matters into its own hands was reminiscent of his experience at Corning Glass. In 1905, when he and his brother had recognized the absolute necessity of automating the firm's light bulb production, they encountered formidable resistance from their father and other company elders who were completely opposed to abandoning traditional methods of manufacture. Convinced that mechanization was vital to the company's future prosperity, the Houghton brothers took the daring step of financing the project on their own accord. Thus, during the Ruhr crisis of 1923, when French leaders demonstrated similar obstinacy, the ambassador believed that the United States had little choice but to intervene directly to secure the nation's long term interests.

Although Houghton's early attempts to sway American policy were rebuffed, he proved a stellar diplomat over the next six years, playing an influential role in the Dawes Plan, the Locarno Treaties, and the Kellogg-Briand Pact. At bottom, his diplomatic vision like his corporate outlook was progressive and far-sighted. He was always willing to make near-term sacrifices to meet long-term objectives and was receptive to rethinking conventional practices. But it must be said that as a businessman diplomat, he was at times blind to the political realities of foreign affairs. The linchpin of his 1922 peace plan, for example, rested upon America's willingness to forgive Allied debts. This proposition had very little appeal in the United States generally, or in Congress particularly. Also, when Houghton demanded American intervention after the invasion of the Ruhr, he failed to understand that French foreign policies were also subject to intense domestic pressure and that any premature interference risked further French resistance to U.S. policy prescriptions. As a *chief* executive at Corning Glass Works, Houghton possessed the authority and controlled the resources necessary to implement his creative strategies. These conditions were not transferable to his tour as a *chief* diplomat.

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