

**Confronting the Russian and United States governments in 1880s and
the 1950s: Greek shipowners in global business**

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This is the story of two multimillionaire Greek businessmen, Maris Vaglianos and Aristotle Onassis, established in foreign countries, in the Russian Empire and in the United States, where they carried out international shipping and trading business. The story unfolds around two much publicized court cases with seventy years of difference. Maris Vagliano was accused in 1881 by the Russian Imperial Government for fraud and tax evasion; equally Aristotle Onassis was accused in 1954 by the American government for fraud and tax evasion. They both faced the Russian and American Justice and they both were able to get out of these confrontations unscathed.

There are various issues at stake here as the two Greek businessmen are chosen as prime paradigms for the survival of family firms involved in global shipping business. The ultimate goal is to examine the strategies used by wealthy international family businesses to confront governments in host countries. There are more issues that could be examined. On the one hand, this is part of the history of powerful governments that in periods of uprising nationalism and xenophobia have attacked entrepreneurial elites of foreign origin, a repetitive story in history. On the other hand this is also the story upside down, and this is the core of this paper: the ability and flexibility of global shipping businesses to by-pass legally government laws and national interests that restrict its global activities. This is about the ability of such entrepreneurs to confront the states through official and unofficial institutions they relied on and/or had created: local, national and international networks. After all, shipping is an international economic activity *par excellence* that has institutionalised “defense” mechanisms vital for its survival.¹ Both cases reveal the ability and

flexibility of cosmopolitan shipowners to survive powerful opponents such as national states.

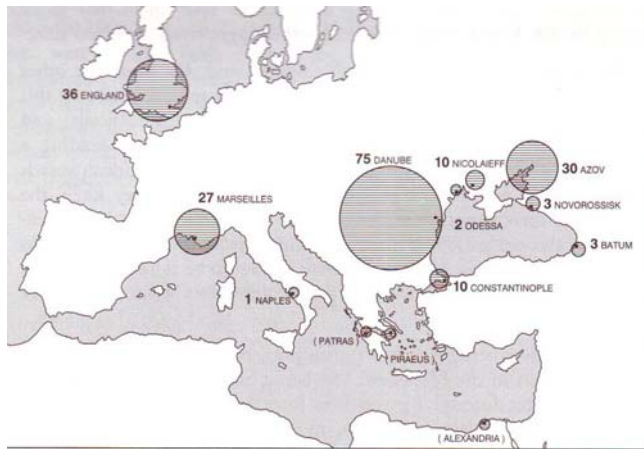
The paper is divided into five parts. The **first** part will unravel briefly the story of the evolution of the international and shipping business of the Greeks in the second half of the 19th century and the importance of the Vagliano Bros in it in order to put their case study into context. The **second** part will examine the confrontation of the Vaglianos with the Russian government. The **third** part will discuss the evolution of Greek shipping business in the first half of the twentieth century and the formation of the Onassis business. The **fourth** part will present the confrontation of Onassis with the American government. The **fifth** part discusses the similarities of both cases and examines whether Vagliano or Onassis, viewed as entrepreneurial talents, imposters or ‘rober-barons’, were acting alone or were actually integral parts and leading members of the business systems in which they were involved.

This paper forms part of a book I am preparing with the (provisionary) title *From the Vagliano Brothers to Aristotle Onassis. Family business groups, international networks and global institutions*. As there are no or very few company archives for either businesses their archives have been constructed by research I have undertaken over the last years in the Ukrainian Kiev State Archives, in the Russian Rostov State Archives, in Greek State Archives and those of the island of Cephalonia, in the British General Archives, in the FBI and CIA archives of the United States and in Russian, Ukrainian, British and American newspapers of the time.

1. Russian grain trade and shipping and Greek diaspora business networks, 19th c.

The Greek entrepreneurial network in the Mediterranean and northern European sea trade began to take shape in the last third of eighteenth century and culminated in the final third of the nineteenth. The building of this transnational maritime and trading circuit was founded on two pillars: the Greek diaspora trading houses established in the main Black Sea and Western European ports and the Greek shipping companies based on the Ionian and Aegean seas.² The Greek entrepreneurial diaspora trading houses played a critical role in the construction and competitive operation of the transnational Greek network, which served European colonial expansion to the East and contributed to the growth of long-distance sea trade. Their impressive growth came about through their attachment to British trade.³

Map 1- The Greek entrepreneurial network, 1870s-1900s



Source: Gelina Harlaftis, *A History of Greek-Owned Shipping. The Making of an International Tramp Fleet, 1830 to the present day*, Routledge, Λονδίνο, 1996

These diaspora merchants, who initially prospered in the eastern Mediterranean and Black Sea trade, collaborated closely with the Greek shipowners of the islands of the Aegean and Ionian seas – many times their relatives or compatriots – who were involved into carrying grain trade from the southern Russian and Danubian ports.⁴ In the last third of the 19th century the Greek network of diaspora trading houses included about 140 families, half of whom came originally from islands in the Ionian Sea, particularly the islands of Cephalonia and Ithaca (see map 1). The most powerful diaspora trading house of what I have described elsewhere ‘the Ionian’ network belonged to the Vagliano brothers.⁵ These traders were both shipowners themselves and chartered Greek-owned ships; they collaborated with the 800 Greek shipping companies in 1870s who owned 2,500 deep-sea-going Greek-owned sailing ships based in the Aegean and Ionian islands.

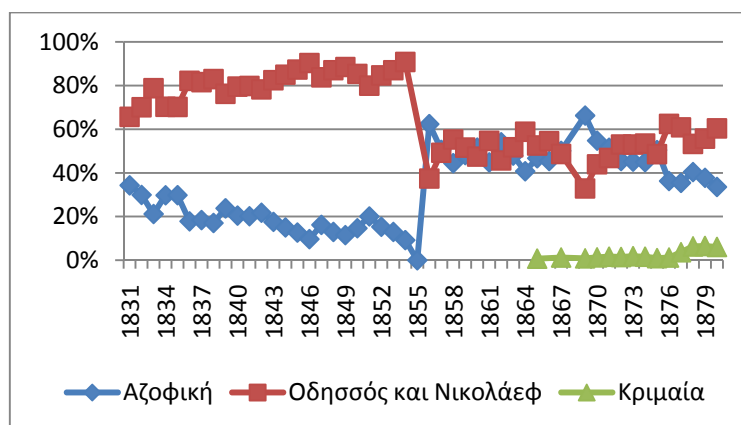
Diaspora business consists of trading companies involved in international business. “Diaspora traders” comprise a distinct category and are engaged in the Eurasian trade between East and West.⁶ Diaspora trading companies developed into networks of ethnic-religious groups that formed their own “unofficial” international market, enabling them to operate independently of the countries or states in which they were established. The activities of the Vagliano brothers, founders of one of the largest Greek diaspora trading houses in the second half of the nineteenth century, set

the pace for the subsequent, even more successful, shipping tycoons of the twentieth century.⁷ The Vagliano brothers pioneered the transition of Greek-owned shipping from sail to steam, and, more significantly, their shipping office in London operated as a clearinghouse for existing or aspiring Greek shipowners. Later Greek shipping offices modeled themselves on the Vaglianos. Thus, their company history exemplifies the model on which international shipping offices grew from the 1850s to the 1950s and offers another look at network firms, demonstrating their advantages and their participation in the building of transnational shipping and trading circuits.⁸

As the Ionian islands between 1815 and 1864 formed part of the British Empire as they were a British protectorate, the three Vagliano brothers built up their international trading company as British subjects in Russia, in England, in the Ottoman Empire and in France. Mari Vagliano settled in Taganrog in 1820s and stayed there for the next seventy years, Panagi Vagliano in London in 1850s for the next sixty years, while Andrea Vagliano was in Constantinople until 1869, and after that he was established in Marseille in France for twenty years. The three brothers created a dense business network from the three nodes, Taganrog, London and Marseilles, establishing agents and associates in twelve countries and forty-five ports. They were involved in grain trade, shipping and finance. They played a leading role in the formation of Greek entrepreneurial network that was integrated in the European economic expansion during the period of *Pax Britannica*.

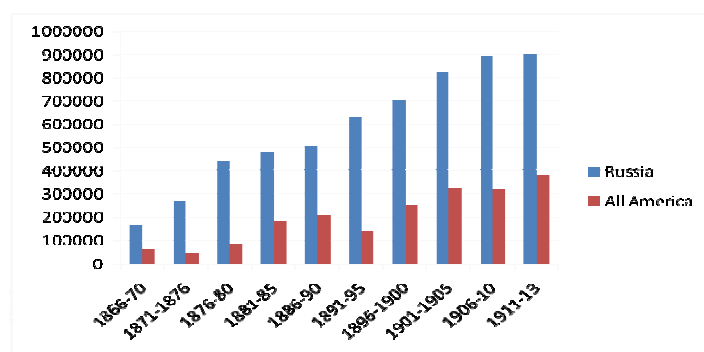
Taganrog, the city where Mari Vagliano was established, developed as the main grain-exporting port-city of the Azov Sea.⁹ In Figure 1 we notice that the Russian grain exports came mainly from two areas, the Azov Sea (the blue line) and Odessa Nicolaieff (the red line) while exports from the Crimean ports (the green line) were minimal in comparison. It is worth noting how these two areas became world's main exporting grain areas, much larger than those of the United States in the second half of the 19th century (Figure 2). Greeks were the main exporters and shipowners of the Azov Sea; between 35-45 % of total exports of Tangarog were handled by the Greeks (Figure 3).

Figure 1: Participation (%) of exports by ports of South Russia, 1831-1881



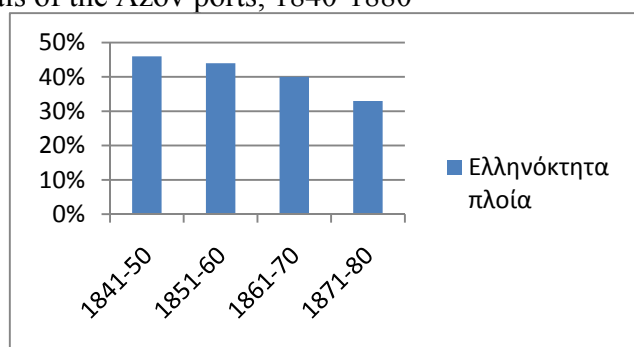
Source: M. Harvey, *The Development of Russian Commerce in the Black sea and its Significance*, unpublished ph.D. thesis, University of California 1938.

Figure 2: Grain exports from Russia and the United States, 1866-1913



Source: M. Harvey, *The Development of Russian Commerce in the Black sea and its Significance*, unpublished ph.D. thesis, University of California 1938.

Figure 3: Participation of Greek-owned ships (% under many flags) in the total arrivals of the Azov ports, 1840-1880



Gelina Harlaftis, *A History of Greek-Owned Shipping. The Making of an International Tramp Fleet, 1830 to the present day*, Routledge, London, 1996, Table 3.7

But let us see more closely one of the basic “actor” of this presentation: Marinos or Mari Vagliano. The eldest of the three brothers, he was the first to leave

Cephalonia, in the early 1820s. He went to sea on a Cephalonian sailing ship, and after a few voyages in the Mediterranean, decided to settle in Taganrog on the Sea of Azov, perhaps at the end of the 1820s. There he was hired by one of his relatives the Cephalonian grain merchant Avgerinos. He worked his way up the ranks, and in the 1840s he managed to buy two small sailing ships and to set up a grain-trading house. He personally handled the cargoes and the ships, which originally sailed between Azov and Constantinople. In the meantime, his brother Panagis, seven years his junior, after serving for some years on Cephalonian sailing ships, joined him in Taganrog. The two brothers, who employed exclusively Cephalonians, gradually expanded their enterprises and eventually owned agencies, warehouses, lighters, and sailing ships in all the Azov ports: Mariupol, Berdiansk, and Yeisk. They are also mentioned in documents as the owners of two large sailing ships in the 1840s. Their great breakthrough came in 1847–48, with the huge rise in demand for grain in Western Europe. By then Panagis had settled on the Ionian island of Zante, which was an intermediate port of call for cargoes of the Vagliano House. This island was also the point where ships were notified of their final destination. In the British consular archives of 1851–53, Maris Vagliano appears as having been among the top three exporters of Taganrog.¹⁰ The Crimean War is considered a turning point in the history of the Vagliano House, as it accrued immense profits from the “illegal”—for the Russians—export of cereals while it was being waged. Contravening the restrictions imposed by the warring factions, the House geared up to expand the range of its activities.

By 1840s Maris Vagliano had gained the highest rank a merchant in Russia could gain, he had become an Honorary Citizen which meant that not only did he belong in the First Guild of Merchants but also held administrative positions in the running of the city and its economic activities as a member of the City Council, member of Chamber of Commerce, member of the Building Committee of the town member of the Committee for the port, etc. More than anything, however, Mari Vagliano was regarded as the “Czar” of Taganrog. He was the biggest merchant of the city, owning warehouses, barges in all Azov ports and handling tens of thousands of tons of cargoes. He had special connections with powerful Don Cossack landowners who exported their products only through him. He was the biggest shipowner probably of all the Black Sea towns; he owned at least 40 large sea-going vessels in

1875 and was the largest charterer of Greek-owned vessels from the Ionian and the Aegean seas.

Mari Vagliano was also the biggest merchant banker of the area . “Vagliano gave loans to other merchants of 20,000,000 rubles annually... “We have no merchant that does not borrow from Vagliano” said S. Simonovits, one of the witnesses, in the trial to the Russian court in Kharkov.¹¹ Along with his own financial activities as a merchant banker he was one of the founders in 1871 of Commercial Bank Azov-Don along with other prominent Greek and Jewish merchants of the town.¹² The Azov-Don merchant bank opened branch offices in most Azov cities and it was collaborating with Italian, French and English banks.¹³

Diaspora business houses like Vagliano Bros. accelerated grain exports from the Black Sea, particularly in the last third of the nineteenth century, when these exports and grain from the United States fed industrialized Western Europe. In 1870, the Vagliano House was transporting about 10 percent of all the cargoes reaching Marseilles and England from the Black Sea.¹⁴ During the same year 1870, for example, Andreas Vagliano, established in Marseilles, took receipt in Marseilles of cargoes of grain from 156 large sailing ships; all the grain was dispatched from the Azov by his brother Mari Vagliano. This number indicates that on almost every other day throughout that year Andreas received one large ship full of Russian grain.¹⁵

Through their family network, the Vaglianos internalized and linked activities in different countries, thus diminishing transaction costs. For example, Panagis wrote a letter from London to Captain George I. Coutzis in Spetses, dated May 16, 1871: “[W]e confine ourselves with the present [letter] to informing you that our man in Marseilles [Andreas Vagliano] sent us on your behalf a remittance of £1,460 and we gave you from 27th July shortly. On the other hand, you have been indebted with £4,000 from the 19th of the same month, a sum that our man in Taganrog [Maris Vagliano] withdrew . . . so that you be pleased to make a report in writing”¹⁶ Captain George Coutzis, the owner of two sailing ships and a longtime business associate of the Vaglianos, relied on Maris, Andreas, and Panagis to coordinate the destinations and cargoes of his ships.

The Vagliano network internalized chartering, insurance, sale and purchase, finance, and all other agency business. Evidence shows that the Vaglianos directly chartered the vessels of certain Greek sailing shipowners on a steady basis. Captain Alexander Arvanitis from the port city of Galaxidi chartered his brig *Agios*

Panteleimon to the Vagliano agency in Istanbul in 1874, and in 1875 he chartered his vessel again to the Vaglianos for the carriage of grain “from Taganrog to a Mediterranean port.”¹⁷ In Istanbul, Captain Elias Kulukundis from the island of Kassos chartered his brig *Anastasia* to the Vaglianos for the carriage of grain from Sebastopol to Rotterdam in 1882, from Dedeagatch (Ottoman Empire) to Naples in 1883, from Burgas (Bulgaria) to Marseilles in 1885, and from Taganrog to Marseilles in 1887–88.¹⁸ The Vagliano House sent reports in the form of double-entry accounts on the chartering, insurance, loading, unloading, wharfage, and telegraphic expenditure to its collaborating shipowners.¹⁹

Networks allowed transnational connections to be established that were based on personal relations, bypassing official market mechanisms. The Vagliano House internalized the market within the firm and was able to coordinate demand and supply within the network. The shipowner Captain Coutzis not only chartered his vessels to the Vaglianos; he also traded grain via their House. He wrote to Maris Vagliano on December 10, 1870: “As I am persuaded of our mutual sincere friendship, with the present letter I would like to ask you if you could bargain for me for next spring six thousand chetwerts of grain.”²⁰ At the same time, he also corresponded with Andreas in Marseilles about the business of his ship *Theologos*, and with Panagis in London about the sale of the cargoes he had sent to London.²¹ The Vaglianos performed banking activities within the network, lending money on interest for the purchase of ships, cargoes, or other investments to its members. Evidence of this function appears in a letter from N. G. Ambanopoulos, the son of an important Azov merchant, to Panagis Vagliano on September 3, 1901: “I could not repay to you the debt of my deceased father until today.” He goes on to suggest a way to repay Panagis: by buying Russian government bonds for him at a very good price. For such an action, for which he should be paid a 2 percent commission, he suggests that Panagis keep this percentage and apply it toward repayment of his father’s debt.²²

The Vagliano network helped to minimize entrepreneurial risk by adopting a timely, unified response to crises. There is evidence that the Vaglianos “saved” a large number of Greek sailing shipowners from bankruptcy in 1878. Greek ships were particularly active in the British ports from 1871 to 1877; in 1877 alone, about 250 Greek sailing ships of about 65,000 net registered tons were active in these ports each year, and they, along with their cargoes, were insured in the London market. The Russo-Turkish War of 1877–78 inflicted a major blow on Greek or Greek-Ottoman

shipowners when London insurers excluded them from the London market, stating that their policies “warranted no Greek or Turkish flag.”²³ In response, the Vaglianos chartered unused Greek-owned vessels—probably at much lower freight rates—and undertook the insurance of cargoes and vessels; their personal acquaintance and long-term collaboration with the Greek sailing shipowners helped them to figure out whom to trust.²⁴ Once the crisis had passed, the Vaglianos profited from this experience by increasing their insurance business. In their London Office Insurance Book of 1898–1903, more than four hundred vessels are listed as insured by them.²⁵

Trust was generated by economic interest and by the social-control system of the Greek communities either on the islands or abroad. Any member of the community who breached this trust was cast out. An interesting example is the libel testimony published by Captain Spyridon Efst. Metaxas Lascaratos from Cephalonia against “Mr Marakis” (Maris Vagliano). Apparently in 1860 Captain Metaxas Lascaratos was given a sum of money in Istanbul by Andreas Vagliano to carry to Maris Vagliano in Taganorg. Maris Vagliano, “the true emperor in Taganrog,” found out that the money the captain had given him was forged. The captain soon discovered that by deceiving Maris Vagliano he was no longer able to find work, not only in Tangarog but also in the remaining ports of the Azov.²⁶ Controlling transaction costs between entrepreneurs within a business sector demanded a level of trust that was vital for maintaining the circulation of capital within a wider network of agents of the same ethnic origin.

Trust within such a network was also required for the circulation of human labor. Trustworthy captains and seamen were a valuable asset, not only within the Vagliano network but also within the broader “Ionian network.” Evidence of how this information was circulated is found in a letter written on September 12, 1875, by Panagi Vagliano in London to Basil Papayanni in Liverpool: ‘The bearer of this letter is Mr Anastassios Syrmas who has served as Master for a number of years, and because he has worked for our firm, and because we know him as an honest and reliable man and he comes at your firm for employment we send you this recommendation letter by which we fully recommend him to you to take him under your protection and we do not doubt that he can please you in any position that you employ him. Please accept in advance our thanks and our regards’.²⁷

So relations of trust lie at the center of networks, as does the ability to process information. The Vagliano network provided a constant flow of commercial information. Evidence from their correspondence with Captain Coutzis between 1868 and 1871 indicates that, in every letter they wrote to this business associate, all three Vaglianos provided detailed information on freight rates and grain prices.²⁸ The letterbooks in the Vagliano business archive document an annual flow of five thousand to six thousand letters. According to the company books, in 1900 there were 170 business associates with whom they had transactions and kept accounts: two in Belgium; two in Bulgaria; twenty-four in the British Empire (including Gibraltar and Malta, Cyprus, and Egypt); sixteen in France; three in Germany; seventy-six in Greece; six in the Netherlands; seventeen in the Ottoman Empire; four in Romania; eleven in Russia; one in Spain; and two in the United States.²⁹ The great majority, 80 percent (or 136 out of 170 agents) of the business associates in the twelve countries with which the House did business, were Greeks. What is more, almost half of the Vagliano Bros.' business associates (76 out of 170) were based in Greece, and all came from islands of the Ionian and Aegean Seas. This network of business associates became the basis not only of the Vagliano Bros.' success but also enabled network members to adopt the new technology of steam. Evidence indicates that the Vaglianos linked the members of their network with the British shipyards.

From the 1860s to the 1880s, Vagliano Bros. developed into one of the larger merchant and banking houses in the City. Panagis was described by the British as a merchant banker with a credit house or an accepting house.³⁰ According to the *Banker's Magazine*, in 1886 alone the Bank of England made four thousand payments into Panagis Vagliano's deposit accounts, to the tune of £3,500,000.³¹ The great competitive advantage held by Vagliano Bros., however, was their shipping operation, which was the source of their starting capital and the area in which they introduced important business methods in the management of ships, characteristic of their business. The firm was a trailblazer in this particular sector, pioneering the adoption of new technology and developing new business methods. In the 1860s, they owned four or five sailing ships; by 1870 their fleet had grown fivefold, to twenty-five large sailing ships, and by 1880 they owned forty such vessels, a remarkable number for the day. It was Panagis Vagliano, in London, who made the groundbreaking move of purchasing the first small steamship in 1870; by 1880 he had bought six large cargo steamers and owned 20 percent of the Greek fleet of steamships. In the mid-1880s,

steamships accounted for more than 50 percent of the tonnage of the Vagliano fleet, placing them some twenty years ahead of the rest of the Greeks. The Vagliano's close collaboration with the shipping companies of the Aegean and the Ionian islands gave them a competitive advantage. Apart from operating their own fleet, they chartered a large number of Greek-owned vessels, thereby guaranteeing reliable, low-cost sailing ships and seamen. The House of Vagliano Bros. built 44 percent of its sailing vessels in Greece, purchasing the rest from the Adriatic and other Italian ports and from ports on the Black Sea and in England.³²

2. The Russian Government vs Mari Vagliano

For sixty years and under two Czars, Nicholas Ist (1825-1855) and Alexander the IInd (1855-1881) Mari Vagliano had developed his own business empire. The new Czar Alexander III in May 1881 succeeded his murdered father. Nine months after, the 73 year old magnate was put to prison with charges of tax evasion, forgery and bribery.³³ So, it was end of November 1881 when in Taganrog arrived a Committee of three from the Russian Ministry of Economics for investigation of the Port Customs. After a month of interrogations, just before Christmas 1881 Mari Vagliano was arrested first, and then a sequence of more arrests followed. The town was paralysed. The Port was closed. The Customs House was closed. The police and the Government of the town were put under detention. The Chief of Police was made redundant. The Captain of the Port, brother of the Chief of Police was arrested. The Governor of the Town Admiral Prince Makchoutov was accused of fraud and died of heart attack three months later. Another 18 Custom officials were arrested, and along with those 21 big merchants of the town most of them Greeks.³⁴

After a month in prison Mari Vagliano bailed himself out with the 'mythical' for the time sum of 1,000,000 rubles.³⁵ The trial took place three years later. It started on the 13th February 1885 and lasted for two months. According to Anatolii Fedorovits Koni, procurator in St. Petersburg the trial of the Taganrog Customs was one of the biggest ever to be examined in the Russian Courts.³⁶ The trial took place Kharkov Justice Palace (*Sudebnaia Palata*). There were four Judges, three District attorneys, a Jury of 12 to decide on 37 people accused (21 merchants and 18 Port Customs officials). 93 witnesses were cross-examined and 1315 charges of forgery, tax evasion and bribery had to be considered. More than 10 of most illustrious Russian lawyers were involved defending the accused.

From the witnesses and the interrogations it was found that the Port Captain and all the port officials who were in charge of the control of the import of cargoes were collaborating closely with all the big merchants of the town forming a certain system for tax evasion and forgery of documents. A second “unofficial” book was kept in the Port Customs where they wrote the real and forged numbers and they received bribes from the merchants according to the amount of money they saved them. It seems, however, that there were some “rules” in the game of tax evasion; they all kept a rather small percent of tax evasion in the imported goods.

In the Kiev State Historical Archives containing the documents of the Taganrog trial, there are extensive reports of examination of documents from a Committee of Experts formed by high Customs Officials of other Russian ports. Detailed examination of documents from the period 1872 to 1881 of imports particularly by Mari Vagliano revealed a fraud of only 4% on the amount of small cargoes which amounted to 60.000 rubles of tax evasion for imports of ten years. This was far from the expected multi-million fraud by the ‘big shark’ Mari Vagliano that proved to be just a few thousand rubles.

The Russian newspaper *Iuzhny Kary* wrote : “And the mountain laboured and brought forth a mouse... Everybody was expecting from this trial who knows what, but they were preparing for it as if they were going to live in a glorious event which would end with dancing, dressing up, fireworks... And all this because the magic name Vagliano appeared, the name connected with every kind of miraculous myths and they believed that in the Court room these myths would become real and will be revealed in front of them. Instead, what was revealed was figs, currants, oil, maccaroni...’

Despite the fact that the Court could not find bigger fraud and could not really prove the official forgery Vagliano was accused of, the District Attorney Baskirev was fully against Mari Vagliano: ‘It is Vagliano who is the brain behind all this systematized fraud in the port town of Taganrog... He gives orders and advice not only for his own business but also manipulates the business of the others. He is behind most of the fraud that took place and he must be held the main responsible for the abuse in the Customs House...’³⁷

The verdict from the Kharkov Court was announced on 10 March 1885. From the 37 accused 25 were found innocent, whereas 12 were sentenced to fines and exile, six of which were Customs officials and six were merchants. The six Custom officials

were found guilty of forgery and bribery were fired, were deprived their political rights, their fortunes were confiscated and were sent exile to Siberia. Six Greek merchants were found guilty among which Mari Vagliano. The greatest penalty was given to Vagliano who was found guilty of tax evasion and forgery. For tax evasion he was punished to pay a fine of 724,344 rubles³⁸ and for forgery that was a penal act, he was sentenced to deprivation of political rights, confiscation of his fortune and exile to Siberia. Nothing of the latter happened, however, as he immediately appealed to the Russian Senate based in St Petersburg to annul his punishment and have his case re-examined. On 17 October 1885 the Senate annulled the decision of the Kharkhov Court and was sent to the Court for re-examination. The final decision on 23 April 1886 found Vagliano innocent of forgery and the fine to be paid was reduced 327,866 which was about five times the taxes he evaded.³⁹ He returned to his home and his wealth in Taganrog.

The decision of the Russian courts was a triumph for Mari Vagliano's Jewish lawyer, Alexander Pavlovits Passover. Passover belonged to a group of brilliant Russian lawyers that wrote the history of Russian courts in the after the Reform period in 1864 until the Russian Revolution. In the Vagliano trial, he became famous for his detached style, almost indifference, for not making many questions, and for the destruction of the bill of indictment against Vagliano put forward by the District Attorney. In his short oration he supported that the Court according to the evidence could not accuse Vagliano for forgery of port documents. And ultimately he was proved right. From his oration defending Vagliano a famous line has survived, that is used among the Russian lawyers to the present day: "The words of the attorney are not worth a penny".⁴⁰

The trial was of course a triumph for Mari Vagliano who spent another ten years in his 'home town' Taganrog while the business of the family company was run by his nephew Michael Vagliano in Rostov-on-Don. When Mari Vagliano died in 1896 at the age of 86 years old, his fortune was estimated by Russian and/or Greek sources between 8 and 18 million pounds. He had two sons, Athanassios who was established in Paris, and Alcibiades. Alcibiades Vagliano who moved from Taganrog to work in the London Vagliano office became a British subject in 1870s. The historian William Rubinstein refers to him in his book *Men of Property: the very wealthy in Britain since the Industrial Revolution*, as a "British millionaire".⁴¹

From the Vaglianos to Onassis

The Vaglianos Bros company were an archetypical “multinational” family firm of the Greek diaspora, which led the way in networking and pioneered the business practices that continue to be used in Greek shipping companies today. As I have indicated in another of my studies they were a prime example of leadership, innovation in business practices, expansion, and readjustment in business networks. Ultimately, the choices made by this one company charted the course of their home country’s national fleet in the transition from sail to steam and opened the path to the global seaways of the twentieth century. This one company combined the professions of trade, shipping, and finance and led the way to the specialized profession of the shipowner.⁴²

Almost all analyses of 20th century Greek shipping tycoons and of the post-World War II Greek shipping “miracle” disregard the long continuity of a business in which Greeks developed remarkable entrepreneurship and expertise. The Onassis story, presented as a paradigm of the Western capitalist “rags-to-riches” tale, is only part of this long tradition. Onassis is a paramount example of someone who carried with him and was able to use the Greek entrepreneurial tradition in trade and shipping. Born in 1900, in the cosmopolitan Ottoman port-city of Smyrna, he was raised in the bourgeois milieu. As the son of a tobacco merchant, he became involved in the tobacco business by importing Greek tobacco in Buenos Aires and by investing in a small cigarette industry there. It was in Buenos Aires where he met Costas Gratsos, son of a shipowner from Ithaca established on a port-town on the Danube and member of the Greek maritime network during the Vagliano brothers’ time. After becoming Onassis’s right-hand man in the shipping business, Gratsos introduced Onassis to the international Greek shipowning circle. It was through Gratsos’ uncle, Dracoulis who had a London shipping office that Onassis bought his first steamships in the 1930s, as we shall see later on. Onassis also followed the Ionian traditions of seamanship on his vessels, as his tankers were manned by captains and seamen from Ithaca, and he built his empire as a multinational ship-management firm, just as the Vagliano brothers had done. Like them, he opened up new paths at critical points in the development of Greek-owned shipping. For Greeks, the Vaglianos opened the way of Russian grain trade and for steamships in London; Onassis opened the way for oil trade and tankers in New York.

The multinationalism of Vagliano Bros.' enterprises is vividly reflected in Panagis Vagliano's will, the last brother to die, and the dispersion of his capital investments, and is comparable as a feat to the global empire built by Onassis. Panagis's fortune –which proved less than that of his brother Mari – was invested in government bonds and railway stock on every continent: in the Americas, he invested in the United States, Canada, Argentina, Brazil, and Chile; in Asia, he invested in China and India; in Africa, his money was invested in Egypt; in Europe, he had financial interests in Belgium, Bulgaria, Germany, Italy, Russia, and England (Table 1).

Table 1
Comparison of the Global Dispersion of the Investments of Panagis Vagliano
and of Aristotle Onassis, from Their Wills

| Investments in shares and in state bonds | Panagis Vagliano 1902 (in pounds sterling) | % | Aristotle Onassis 1975 (in dollars) | % |
|---|--|-----|---|-----|
| Europe | 1,002,991 | 44% | 887,500,000 | 64% |
| North America | 117,984 | 5% | 323,000,000 | 23% |
| Latin America | 237,880 | 11% | 187,000,000 | 13% |
| Africa | 656,607 | 29% | - | |
| Asia | 242,267 | 11% | - | |
| Total | 2,259,631 | | 1,397,500,000 | |

Source: "Will of Panagis Athanasios Vagliano," Management Committee of the Panagis A. Vagliano Bequest, *Panagis A. Vagliano Bequest for Philanthropic Purposes in Cephalonia*, Athens, 1932, and Gelina Harlaftis, *Greek Shipowners and Greece, 1945–1975: From Separate Development to Mutual Interdependence* (London, 1993), Appendix V.

In Europe, about half of Panagi Vagliano's investments were in Russia. One-third of all his investments were in Egypt. Latin America and Asia absorbed 11 percent of Panagis's shares, whereas only 5 percent went to North America. His investments can easily be compared to those of Aristotle Onassis, seventy years later. The majority of Onassis's investments were also in Europe, North America, and Latin America. The globalization of the Greek diaspora houses and their turn toward specialization in international maritime transport had become a fact at least one century before the death of the "golden Greek."

The rise of Greek-owned shipping

But let us go back to the formation of the Onassis business and the rise of the development of Greek-owned shipping in the first half of the 20th century. The First World War confirmed the internationalisation of the Greek fleet, and the interwar

period consolidated this position. Despite the transition from sail to steam at the turn of the century, the spatial activity of Greek ships remained centred on the Mediterranean, Black Sea and northern Europe. While a number of ships operated in the Atlantic and Indian Oceans, this was exceptional. The First World War had a subversive impact on Greek shipping by limiting traditional markets while providing opportunities to transfer to the Atlantic from a base in London. The interwar years were transitional in the international division of labour in maritime transport, and changes that occurred then prevailed until after World War II. One of the main characteristics of these years was a distinct decline in British hegemony and the rise of the subsidised American liner fleet. A significant portion of the tramp trades were engrossed by the Greeks, Japanese and Norwegians. The Greeks in particular were able to dominate on a number of bulk dry cargo routes.⁴³

Indeed, the most extraordinary characteristic of the Greek fleet in the interwar period was its expansion during the world shipping crisis of the 1930s. After losing more than two-thirds of its tonnage by 1919, the Greek fleet surpassed its prewar level by 1925 and continued to increase. These high growth rates were sustained throughout most of the 1930s; by 1938 the 638 Greek ships totalled 1.9 million grt, over 96 per cent of which was in cargo ships.⁴⁴ In a study I have made many years ago, I have compared the growth of the Greek, Norwegian and British merchant fleets with the world fleet. Statistical data indicated that for the entire interwar period the growth rate of the Greek fleet was substantially above the world average. In the 1920s annual growth exceeded 10 per cent for all but three years, while in the 1930s it varied between 5 and 10 per cent per year except for 1931 and 1933. What is really surprising, however, is that although both Norwegian and British shipping tracked the low to negative world growth rates during the worst years of the slump, between 1932 and 1935 the Greek fleet grew rapidly in all but one year. This response to the world shipping crisis is a phenomenon that a Greek maritime economist has called 'anticyclical investment behaviour' by which Greek shipowners made purchases when the freight market was at its nadir and ships were cheap.¹⁰ While this anticyclical behaviour is no Greek invention, what is unique about the Greeks is that they practiced it far more than any of their competitors.⁴⁵

Central to this investment strategy and ultimately successful practice were the London Greek offices. As we have already mentioned the first Greek shipping office in London was established by one of the Vaglianos, Panagi Vagliano, in the 1860s.

Upon this model of a shipping office, a “ship-management” office really, after his death in 1903, eleven Greek shipping offices were established in London that handled about 170,000 grt, accounting for 20 per cent of the fleet. By 1938, seventeen offices handled almost 1,000,000 grt, or 48 per cent of the fleet. The Greek shipping offices in London operated their own ships as well as those of other companies based in Greece. They were first and foremost agencies of shipowning companies established in Greece to avoid taxes otherwise payable in Britain. Most of the owners of these agencies came from five Greek islands, Cephalonia, Ithaca, Andros, Chios and Kassos. Apart from owning and operating their own vessels the London offices provided services on commission to their compatriots: they handled sales and purchases of used ships, provided chartering through the Baltic Exchange took care of insurance and fuel. It is the knowledge of the London maritime market that led them to the successful massive purchase of ships at the worst time of crisis. This was the time when western European shipowners, particularly the British, sold ships at extremely low prices and the Greeks via their London offices bought them.⁴⁶

And it is exactly what Costas Gratsos advised Onassis to do; he introduced him to his uncles’ respected London Greek shipping office, the Dracoulis bros. When Onassis bought his first two steamships from the Greek office of the Dracoulis brothers in London, world shipping – and consequently the price of ships – had reached its nadir. Through the Dracoulis office Onassis bought in Canada from the state company of the Canadian National Steamships two steamships that he named after his parents, *Socratis Onassis* and *Penelope Onassis* which he put under the Greek flag and manned them with Greek seamen; each ship cost him 3.750 sterling pounds.⁴⁷ Costas Gratsos, from a traditional seafaring family of Ithaca, Onassis’ invaluable adviser, loyal colleague and close friend, did not provide him only with his friendship and advice; he provided Onassis with the traditional know-how of Greek shipping: Onassis’s ships were manned ever since by the excellent and experienced Ithacan seamen.⁴⁸

In Buenos Aires, Onassis had the opportunity of observing the practices not only of Greek shipowners but also those of their Norwegian counterparts who, together with the British, were the most important owners visiting Buenos Aires. The Norwegian shipowners were also involved in the new and upcoming trade in crude oil, and the ships that transported it, tankers. Onassis perceived the potential and prospects for the development of crude oil as a basic global energy source globally.

In 1934 travelling from Buenos Aires to Europe he met Ingeborg Dedichen, the daughter of the Norwegian shipowner Ingeval Martin Byde. Their affair that lasted for almost a decade brought him into contact with the Scandinavian shipping circles.⁴⁹ Between 1938 and 1942 he built in the shipyards of Götaverken, Göthenburg, Sweden, three tankers. *Ariston* was launched in 1938, *Aristophanes* was built in 1940 and *Buenos Aires* in 1942; all vessels were confined in the North Sea because of the war. *Ariston* and *Aristophanes* were able eventually to sail under the Norwegian flag and administration during the war and were returned to Onassis at the end of it.⁵⁰ Thus the war had changed Onassis's course and directed him to the United States.

Onassis arrived for the first time in New York in July 1940 on *Samaria* of Cunard. By 1942 he had settled in the United States. It is interesting to note that after the recommendation by J. Edgar Hoover, founder and Director of the FBI for forty years, Onassis was spied by FBI agents while in the United States.⁵¹ He was suspected of "sentiments inimical to the war efforts", and of "possessing fascist ideas", all of which proved totally wrong as the FBI reports admitted before closing his case. The FBI confidential reports are highly interesting as they seem to include a large number of gossip and fallacies by the various informants about this "play boy" that lived between New York, Long Island and San Francisco; there were reports even of what brand alcohol he drank and what type of cigars he was smoking. The FBI stopped its espionage on Onassis in 1944 as it found nothing to prove their suspicions of anti-war or anti-American feelings and nothing illegal in his shipping activities. In the States Onassis operated together with his cousin Nikolaos Conialides the vessels *Calliroy* and *Antiope* based in San Francisco and New York. In 1946 he took a major step that meant final penetration into the traditional Greek shipowning circle. In 1946 he married the daughter of the leading Greek traditional shipowner from the island of Chios, Stavros Livanos and thus became brother-in-law to his most powerful life-time competitor, Stavros Niarchos.⁵²

At the outbreak of the Second World War, the Greek merchant fleet ranked ninth in the world in terms of gross tonnage. Among the nine largest fleets, three belonged to the Axis powers which made the Greeks particularly important to the Allies. The merchant fleet became the artery of the war, ploughing the Atlantic and Mediterranean routes, bringing supplies to Britain in the famous war of the Atlantic. Greece was conquered by the Germans on April 1941. Greek shipowners, in order to avoid their confinement in Greece, as they had experienced in World War I, at the

outbreak of the conflict left for London, but more important, for New York. Their involvement in the oil trade through connections with the major oil companies, the replacement of their fleet with the American war surplus ships and the adoption of flags of convenience set the stage for their expansion after 1945.

The massive exodus from traditional flags to flags of convenience has been a major feature in post-World War Two international shipping. Basil Metaxas has given a widely used definition for flags of convenience as the national flags of those states with whom shipowners register their vessels in order to avoid a) fiscal obligations and b) the conditions and terms of employment of factors of production that would have been applicable if their tonnage was entered in the register of their own countries.⁵³ The first important flag of convenience was Panama's, which was used initially in early 1920s by craft carrying alcoholic beverages to the U.S. during Prohibition. Panamanian ties to the U.S., especially because of the Panama Canal, made it ideal for such a regime, since American owners had no reason to fear that a change of government would affect their interests. During the Second World War, the Panamanian flag proved to be of great use; by switching tonnage to Panamanian registry American vessels were able to maintain their neutral status even after the U.S. entered the war. In 1945 the United States and the oil companies were instrumental in establishing another flag of convenience register in Liberia.⁵⁴ The adoption of flags of convenience by U.S. oil companies and independent owners was tacitly encouraged by the American government and powerful lobbies were established to ensure their continued existence. Greek shipowners were able to take advantage of this opportunity and were able to become with American owners the main users of flags of convenience. In 1953 92% of the Liberian fleet and 47% of the Panamanian fleet was owned by Greeks.⁵⁵

With freight rates rocketing high during 1946-1948, the great opportunity of acquiring new ships in highly favourable terms and prices came with the decision of the Maritime Commission to dispose of Liberties, Victories and T2 tankers.⁵⁶ The Ships Sales Act, by which American ships could be sold to domestic and foreign purchasers, on credit to Allied governments or to individual shipowners on state guarantee, was passed by Congress in March 1946. On 9 April 1946, the Greek government guaranteed the purchase of 100 Liberties on behalf of its shipowners. One hundred Liberty ships were purchased at the extremely low price of £16.5

million, a third of their original price.⁵⁷ This purchase has been described as the “founding stone” of post-World War II shipping.⁵⁸

Aristotle Onassis, despite the fact that he was the son-in-law of the respected Stavros Livanos, was still regarded as an outsider and was not able to get a single Liberty from the one hundred. So, since Onassis was not to be helped either by the Greek shipping circle in New York or by the Greek state, he decided to take action alone. He formed an American company, “the United States Petroleum Carriers Corporation” in 1947 with stockholders three Americans, really a façade, and applied for the purchase of surplus ships to the United Maritime Commission. He managed to purchase through this and other American companies until 1949, a total of 24 vessels, more than half of which were tankers T2.⁵⁹

Before he proceeded to the above purchases Onassis had to overcome two major obstacles. The first one was legal and political, the second financial. According to the Merchant Ship Sales it was required that the sale of vessels were for citizens of the United States. In order to overcome the problem that he was not American citizen, he sought top legal advice from American lawyers. He thus approached the prominent Washington Attorney Office of Goodwin, Rosenbaum and Meacham and with the help of Joseph E. Casey, former Congressman from Massachusetts and his brother-in-law Robert W. Dudley, who worked at the Goodwin, Rosenbaum and Meacham, Onassis planned everything in accordance to the law as he was well advised by his American lawyers. He formed American companies with stockholders, what were to be called “quiet Americans”, that would appear to own the majority of the stocks of the company.

The second obstacle was to search for financing. Financing the purchase of American vessels and newly built vessels has been one of the main achievements of Aristotle Onassis. In his article in the American-Greek newspaper *National Herald*, he mentions that in July 1946 he persuaded Citibank and Metropolitan Life Insurance to provide him with financing to purchase war surplus ships, particularly T2 tankers from the Maritime Commission and order newbuildings in American shipyards.⁶⁰ This is verified by the extensive investigation FBI carried out in 1952 interviewing the officials of Onassis’ companies and First National City Bank and Metropolitan Life Insurance.⁶¹ According to Allen Krouse “the actual financing of the purchases of the vessels was through loans made with National City Bank of New York, but all this was accomplished only by posting of each collateral and U.S. bonds by the Onassis

group. Other financial assistance to U.S.P.C [United States Petroleum Carriers] was given in the form of direct loans, the giving of mortgages on some of Onassis' foreign flagships and assignments of charter earnings for security of loans. The total financial assistance given by the Onassis groups to U.S.P.C. amounted to \$20 million. He was able to do this on time charter guarantees from American oil companies".⁶² It is important to note that both American bankers and directors of oil companies knew that U.S.P.C. was a company belonging to the Onassis group.

In this way between 1946 and 1954 Onassis built his complex shipping business empire consisting of more than 30 American, Panamanian, Uruguayan and French companies owning by 1954-1955, 60 vessels, mostly tankers and cargo vessels, and a whaling fleet of 16 catchers.⁶³ In order to create his fleet from ships from the war surplus American fleet he formed 12 companies.⁶⁴ (see Appendix II). Seven companies that owned 10 vessels were registered either in Panama, Liberia or Uruguay and were flying Panamanian, Liberian or Honduras flags (called PanHoLib for short) were 1) Oceanic Transport, Panama (2 Liberties), 2) Olympic Steamship, Panama (1 Liberty), 3) Sociedad Armadora Aristomenis, Panama S.A. in 1946 (with 3 Liberties, initially it had purchased 10 Liberties which within the next three years it sold), 4) Extramar, Panama S.A.(1 Liberty) 5) Corrientes Soc. Maritime S.A. Panama in 1951 (1 T2 Tanker) 6) Compania Uruguaya de Comercio y Maritima S.A., Montevideo (2 Liberties) and 7) in 1950, Balleneros Ltd, S.A. Montevideo (16 whale catchers). The American companies with 23 ships that flew the American flag were the 8) United States Petroleum Carriers Inc in 1947 (7 T2 tankers), 9) Pacific Tankers Inc (1948)/Western Tankers Inc. (1951), New York (4 T2 Tankers), 10) Victory Carriers Inc, New York in 1949, (9 Victory ships), 11) Trafalgar S.S. Corp., New York (2 T2s), 12) Olympic Whaling Co.S.A. (1 T2 converted to whaling ship). Apart from the above fleet he launched an extraordinary shipbuilding programme in German shipyards between 1953-1955 where he built the unprecedented number of 18 "super" tankers and in 1953 and in French shipyards in France 3 tankers.⁶⁵ All the newbuildings were registered in Panamanian and/or Liberian companies and were put under PanHoLib flags. On the top of the above companies Onassis formed another four that acted as agencies to charter or operate the above ships, the Central American Steamship Agency, Inc, Sociedad Industrial maritima Financiera Ariona, Panama, SA, the Petroleum Carriers of Panama Incorporated, the Sociedad Maritima Miraflores, and the Transatlantica Financiera Industrial, Panama, SA.

The Onassis group of companies was created according to the way international shipping business operated in which the British led the way and Greek-owned shipping companies followed and developed further.⁶⁶ For each new ship, or a limited number of ships a new company was created; the ship-owning companies were established in a state that provided institutional and fiscal facilities, such as Panama and Liberia. The management of each shipowning company was assigned to another management company which in its turn used another agency to charter the ships or operate them. In this way, no company was ever found to be the “owning” company and the shipowner was always the manager of one of his agencies in a different country and capital. The above is a very common and well known practice in the shipping market. It forms the essence of the edifice of global shipping business designed to avoid taxes, to provide flexibility in the many countries the ship trades and ensure the capital of the shipowners limiting the risk to a single ship each time. What is more, in shipping almost all agreements between these companies are non-written, based on trust. The FBI agents were faced with the impossible web to untangle traditional and well established practices of global shipping business developed over the years to defend the international character of the industry.⁶⁷

4. The U.S. Government vs Aristotle Onassis

The confrontation between the US government on the one side and Onassis, on the other, started when there came a clash of interests during the Korean War (25 June 1950 –27 July 1953). As CIA agents informed the FBI, by providing photographic evidence, New York based Greek shipping tycoons were carrying cargoes on American-built ships not only for the US and its allies but also its enemies, North Korea and China.⁶⁸ Wars are extremely profitable times for international shipping. During the Korean War freights rates rocketed high as demand for supplies reached extraordinary heights too.⁶⁹ Greek shipowners made available their tonnage to whomever gave the best freight rates; if it was the “Reds”, the “Reds” be it. Greek shipowners were British, Argentinian or Greek citizens with ships under Greek, Panamanian, Honduran or Liberian flags and to trade with China, North Korea or other communist countries was not illegal. The ban on trading with communist countries applied only to US ships. But in the high time of McCarthyism, of extreme anti-communist fear and xenophobic rhetoric this was not to be tolerated. For the American government, foreigners had acquired US vessels and were using them to

undermine national security by trading with the ‘Reds’.⁷⁰ What was worse was that attention was brought to the fact that they had illegally purchased American ships from the United States Maritime Commission by defrauding the US government. To that end investigations and hearings started to take place on Aristotle Onassis, on his father-in-law Stavros Livanos, on his brother-in-law Stavros Niarchos and on the President of the Greek Shipowners New York Committee, Manuel Kulukundis. But the case on Onassis drew most of the attention and publicity.

In February and March 1952, the Subcommittee of the Senate Committee on Government Operations (SSCGO) held public hearings in connection with the circumstances surrounding the sale by the Maritime Commission. On April 17, 1952 James M. McInerney, Assistant Attorney General, send a memorandum to the Director of the FBI Edgar Hoover requesting that further investigation be conducted into the activities of the United States Petroleum Carriers Incorporated and subsidiary companies. It set forth 77 different questions (so-called “items” in the FBI reports) to be covered. Within a month an interim report of 190 pages long was submitted recommending that the Department of Justice take prompt action.⁷¹ The Department of Justice reached the conclusion that U.S. Petroleum Carriers, Inc., Western Tankers, Inc., and Trafalgar Steamship Corporation, although ostensibly citizen corporations, were in fact controlled by foreigners, particularly A.S. Onassis, and therefore were not citizens within the meaning of the shipping laws. Their acquisition and operation of American flag vessels without the approval of the Maritime Commission was deemed to be in violation of the shipping laws, thus subjecting the vessels to forfeiture to the United States.⁷²

In the meantime great publicity against the other leading Greeks, Stavros Livanos⁷³, Manuel Kulukundis and Stavros Niarchos had already taking place.⁷⁴ Senator McCarthy was launching his demagogic warnings about the whole question of trade between the Eastern and Western blocs. “At least 96 ships which the US had sold to foreigners were engaged in a ‘blood trade’ carrying strategic material to the Iron Curtain, where it was being used to ‘kill Yankees in Korea service’”.⁷⁵ The US government was seizing Greek-owned vessels that traded with the communist bloc.

Along with Onassis, the Congressman Joseph Casey, the lawyer Rosenbaum, Charles Augenthaler of Simpson and Young chartering office, Robert Berenson, Nicolas Cokkinis, George Cokkinis, Robert Dudley, and Harold Becker were charged for conspiracy to defraud the US government in the purchase of surplus Government-

owned vessels along with the corporations United States Petroleum Carriers, Victory Carriers, Central American Steamship Agency, Sociedad Industrial Maritima Financiera Ariona Panama, and Transatlantica Financiera Industrial Panama.⁷⁶

On February 8 1954, Onassis flew with his lawyer Edward J. Ross and other legal advisors to Washington. 'He voluntarily appeared in the United States District Court for the District of Columbia, at which time he was arraigned and entered a plea of not guilty. He paid 10,000 US dollars and left the courtroom. The Court placed him under a bond with the condition he not leave the country'.⁷⁷ After a month he was given permission to leave and enter the U.S. as he pleased.

Before arriving to New York and giving himself in to the American Justice Aristotle Onassis had prepared a game of 'global chess' with the U.S. He carefully moved his pawns by proceeding to three strategic moves during the time of the investigations of his business in the United States. The first one was aimed at the American maritime policy makers that needed not only American flag ships but also American shipyards to keep going. He turned his back to the American shipyards where he had already built seven tankers between 1948 and 1950 providing work for the Bethlehem Sparrows Point Shipyard in Sparrows Point, a much advertised activity by American newspapers.⁷⁸ In April 1951, when American investigators were going through his company's books, Onassis went to Germany and launched an unprecedented shipbuilding programme in the war devastated German shipyards of Kiel, Hamburg and Bremen. Kieler Howaldtwerke A.G., the Howaldtswerke Hamburg A.G., and the A.G. Weser, Bremen were literally revived from ashes by Onassis' orders; they produced in four years the incredible number of 18 large 'supertankers' from 18,000 to 47,000 dwt, the largest vessels in the world that were ready from 1953 to 1955.⁷⁹ In addition to those, he also ordered another 3 tankers of 30-35,000 dwt in French shipyards in the Ateliers & Chantiers de France in Dunkirk, in Chantiers et Ateliers de St. Nazaire in St. Nazaire and in the Chantiers Navals de La Ciotat in La Ciotat.

His second move was also along the lines of turning his back to the U.S. He searched for a European domicile, a permanent centre of his international activities in Europe where his businesses could be neither taxed or legally persecuted for political reasons. He found the perfect place, Monte Carlo of Monaco, a tiny European Principality, ruled by the Grimaldi family, in financial decline. Monaco was a tax-haven, no income taxes, personal or corporate. Onassis was able to purchase one third

of the stocks of the Société des Bains de Mer (SBM) at the Paris Stock Exchange which made him the most powerful stockholder of this Corporation. SBM was Monaco's largest business concern and its main source of income for its people and its ruler.⁸⁰ It owned large parts of real estate of the Principality, along with a series of hotels and the famous Monte Carlo Casino. Onassis by spending 1 million dollars to purchase the stocks was able to control a property of \$20 million. But acquiring the main business of Monaco, Onassis achieved also something else: 'he also got himself catapulted overnight into being a world-renowned celebrity'.⁸¹ Monte Carlo for the next ten years became the centre of his business affairs. In addition, it gave him glamour, great publicity and a relation not only with a Western European state but also with the European financial and political elite.

The third move was strategically aimed at the heart of US global oil business interests in the Middle East. Onassis knew that in October 1953 an indictment was formed against him in the United States and the Americans were waiting for him to return, to officially present it to him. It was during this time that in Paris and Monte Carlo with Spyros Catopodis, an Ithacan and school mate of his close collaborator Costas Gratsos, he prepared the ground for the agreement which he signed with the Minister of Finance of Saudi Arabia and full consent of King Saud on 20 January 1954. The agreement was to form a Saudi Arabian company in which Onassis would transfer tankers of 500,000 dwt; the ships would sail under the Saudi Arabian flag and would have the full priority advantage for the loading and transport of Saudi Arabian oil. In return, Onassis would pay some extra per ton money, above the freights the American companies would pay and he was to form a Saudi Arabian Maritime Academy to train shipping officers and Engineers.

Although this was a business agreement, it was to be perceived as a threat and a counter attack to the US government. And it did just do that. This agreement went against the agreement of Aramco (Arabian-American Oil Company) – a consortium of four large American oil Companies, Standard Oil of New Jersey, Standard Oil of California, Texas Company and Socony-Vacuum Oil Company – with Saudi Arabia which provided monopoly of mining, refining and distribution of oil from 1933 to 2000. But it went even further. According to an FBI report analyzing the situation, "the procedural details regarding this agreement could seriously affect the transportation of oil for the U.S. Armed Services by restricting or perhaps prohibiting the carrying of Arabian oil by the military sea transportation services... .. from an

economic, and possibly from a political standpoint, the military aspects may be even more vital, although they cannot be estimated at the present time. The diversion of such oil to Soviet bloc interests, either for their use or for resale with the ruble as the monetary unit, would completely offset world trade, as well as increase the possibility of precipitating a conflict.”⁸²

After Onassis carried out the above three strategic moves he decided to return to the United States and voluntarily submit himself to the US Justice in February 1954. At this stage the United States government decided that it wanted a settlement with the Greeks. The reasons were multifold. For starters it was not at all sure that if taken to Court the case could be easily won. The main case against them was that they had defrauded the American government by forming American companies but the controlling interest of these companies was exercised by foreign companies. There the inherent difficulty was of defining in legal terms what constituted ‘control’ of a corporation as the question of ‘controlling interest’ by American citizens in the Merchant Ship Sales act was quite problematic.⁸³ The whole issue of ‘controlling interest’ was too vague. Then, there was another issue. The Maritime Administration had unloaded many of its surplus ships under not very clear circumstances and it had sold ships to corporations of which a substantial stock was foreign controlled. For example the ‘invisible millionaire’, contemporary to Onassis and equally powerful, American shipowner Daniel Ludwig had transferred all his war-surplus vessels purchased by the Maritime Commission to Panamanian and Liberian companies.⁸⁴ What is more, at least another 300 Liberty ships had been illegally purchased by many other Greek shipowners based in New York; they all had formed American companies with ‘sleeping’ American partners to purchase them. The American government had just chosen the four biggest ones to target. What is more all those purchases with the full knowledge and synergy of the American bankers, none of which were taken to Court.

In order to force Onassis to make the move for a settlement in the most favourable terms for the US, actions were taken on three levels: a) on cancelling the Onassis-Saudi agreement, b) on attacking his whaling fleet c) on boycotting his tankers. The issue with the agreement with Saudi Arabia was very sensitive. The United States government proceeded in such a way as to jeopardize the agreement. On the American side it used FBI, CIA and Aramco and on the Greek side Onassis’

brother-in-law Stavros Niarchos and his ex-collaborator in the agreement Nicholas Catopodis.

Aramco was of course outraged and sent a strong protest to the Saudi Government but had problems in dealing with King Saud. The agreement, according to Aramco officials, was a direct contravention to the terms of the Aramco-Arabian agreement which involved both production and marketing. The US government sent a delegation to Saudi Arabia in April 1955 with the aim to gain audience with the King and present their protest against the agreement. The Saudis were informed that they might expect substantial loss from the implementation of the Onassis agreement as they might lose markets and their financial benefits if they chose to follow this agreement as there was an increasing global resistance on this affair. After months of repetitive pressure from the US government and Aramco, the Saudi government agreed that if Onassis does not agree with Aramco for a settlement the case would be solved by arbitration. The Saudi government did not want to dishonor itself the agreement it had signed with Onassis. As a settlement was not accepted by Onassis the case was sent to arbitration where decision was taken three years later.⁸⁵

The third action against Onassis businesses was on his whaling fleet. The attack on this front was backed by the United States and the combined European whaling interests, Britain and Norway. In November 1954 the Onassis whaling fleet was fishing off Peru. The fleet was attacked by Peruvian naval and air forces and was forced to be led to Paita, a small north of Lima where it was seized. The Peruvian government blamed Onassis that he had fished illegally 2,500 whales in their territorial waters. The issue of Peruvian “territorial waters” was rather shaky and not accepted either by the US or the European countries. It was based on a decree in 1952 signed in Santiago by Chile, Peru and Ecuador to create “a distance of 200 nautical miles from the relevant country’s coast... within which area they can exercise military administration and fiscal jurisdiction. The legality of the 200 miles was strongly opposed by the major whale fishing nations Britain and Norway and the United States under whose ‘zone’ of influence was Peru. But the United States stood “oddly lethargic” when the Peruvians attacked and demanded a fine of about \$3 million. Onassis, however, had looked ahead and had included a clause in insuring the fleet and its cargo to the Lloyd’s of London that provided for retention by foreign powers and losses. The fine was paid by Lloyd’s of London.⁸⁶

After the failed attempt to have his entire whaling fleet confiscated by the Peruvians the next and final blow came from the meeting in November 1955 by International Whaling Commission, an international convention for the regulation of whaling which was formed in December 1946 to 'provide for the proper conservation of whale stocks and thus make possible the orderly development of the whaling industry'. It was the Norwegian Whaling Association that had orchestrated the 'Kill': it brought photographic and written evidence by Japanese whalers and German crews of Onassis' fleet to prove that at least half of the whales killed by Onassis 'fleet since 1951 were either caught out of season or were below minimum size and that Onassis had acquired a revenue out of this illegal catch of at least \$8.6 million.⁸⁷

It is clear that Onassis at this stage also wanted to get out of this mess and also wanted a settlement. He was sure the US government wanted an agreement-settlement too as it did with Niarchos who in the meantime had all his charges dropped after paying \$5 million.⁸⁸ Both Onassis and the US government decided to negotiate a mutually accepted settlement agreement which they reached in December 1954. The Attorney General Herbert Brownell Jr., a close personal friend of the new Republican president Dwight Eisenhower led the negotiations. The agreement signed on 21 December 1955 between the United States of America on the one side and the individuals and corporations on the other, settled all pending issues in 27 pages and most important concluded that 'The Government hereby releases and forever discharges Aristoteles S. Onassis' and all his companies and collaborators.⁸⁹

In order to reach this agreement where both civil and criminal charges were dropped Onassis had to plead guilty on behalf of six corporations to defrauding the United States Government by illegally placing American ships under foreign Registry. In addition Onassis personally pleaded guilty in United States District court to charges of conspiracy to defraud and making false statements. For the above he paid a \$7 million fine on the top of the price of the vessels purchased.⁹⁰ The \$7 million fine was not as bad as it appeared; he deposited only \$1 million upon the signature of the agreement and the rest was to be paid in annual installments over the next years. He had to re-organise his American corporations which was little more than confirmation of the status quo, with the qualifications that the Justice Department rather than Onassis would choose his 'quiet Americans'. In this way he formed a Trust to his children's names, Alexander and Christina as they were both born in America and were American citizens. The American Grace National Bank of New

York were appointed as Trustees. The Trust took 75% of the companies and he retained the 25% via Ariona. In this way he was allowed to keep his American ships that were bought by the Maritime Commission and were seized and was permitted to transfer them to a flag of convenience in return for a commitment to build more ships in America, and operate them under the US flag. By pleading guilty and paying a fine Onassis had all charges dropped. His business edifice otherwise remained untouched. 'It was all dressed up to look like a government victory', recalled Edward J. Ross, Onassis' lawyer, 'but even they knew we had won'.⁹¹

The 'US government vs Onassis' case, from beginning to end, required a most extensive investigation that lasted for four years, was handled by the FBI New York Office with as many as 40 agents assigned and in collaboration with the FBI Washington and Los Angeles offices.⁹² With the case closed the Director of the FBI Edgar Hoover wrote to Warren Burger: 'It is indeed gratifying to know that the investigative efforts of representatives of this Bureau were so material to the successful termination of this matter'.⁹³

Onassis, after solving his main problem with the US government, solved the problems with the rest of his affairs. On his whaling fleet front where he had more loopholes and weaknesses that he could count, he decided to give a permanent solution: to step out of the whaling stage. During this period Costas Gratsos carried out negotiations with the Japanese for the sale of the Onassis whaling fleet; it was sold at an excellent price, \$8 million, three million above his initial investment.⁹⁴

His most important and acute problem, that of his laid up tanker fleet, was solved by Goddess of Luck in the face of President Nasser of Egypt who nationalized the Suez Canal in July 1956. This instigated the conflict between Egypt, Israel, France and Britain and closed the Suez Canal. Oil had to be carried around the Cape of Good Hope and the sea routes from 3,000-4,000 miles became 12,000 miles. Demand for tankers rocketed as did the freight rates. Oil companies competed for free tanker tonnage. Onassis with so many tankers laid up had the most available tanker tonnage in the world. The Suez crisis made him an extremely rich man. On his own calculations in the six months the Canal was closed he made \$60 to 70 million on the spot market.⁹⁵

Apart from Monaco Onassis subsequently sought and established close connections with the political establishment of Greece where he decided to make grand investments. The election of Constantine Karamanlis as Greek Prime Minister

stabilized the political climate in Greece and was crucial for the cosmopolitan Greek shipowners that wanted to invest in Greece and acquire political allies in their home country.⁹⁶ On the 1st of August 1956 Aristotle Onassis bought the Greek state airlines which he renamed ‘Olympic Airlines’ investing \$35 million.⁹⁷ Ever since to the present day Greece became the home of the central administration of the Onassis’ group of companies. It seems that a “home refuge” in Greece, a state where they had direct access to political power, was more important than the temporary and shaky collaboration with a powerful foreign state.

5. Entrepreneurial talents, imposters, or ‘robber barons’?

As we have already mentioned these two stories are part of the history of powerful governments attacking entrepreneurial elites of foreign origin accused for fraud and corruption, a repetitive story in international business. They both have revealed the ability and flexibility of global shipping businesses to by-pass legally government laws and national interests that restrict its global activities. They have indicated their ability to confront governments through official and unofficial institutions they relied on and/or had created: local, national and international networks.

In comparing the two we will identify the similarities of our two cases in bringing up briefly six questions that touch upon the main issues. The **first question** is why were these international foreign capitalists useful to the Russian and US governments? The **second question** is why they were both taken to Court? The **third question** is why they were able to avoid real conviction, meaning destruction of their business and their own imprisonment? The **fourth question** is what were the effects of their conviction in the business environment where they operated? The **fifth question** is were they imposters or entrepreneurial talents? And how were these two perceived among their own business group and in Greece, their country of origin? The **sixth question** is why did they become legends, each one of his own accord?

The **first question** is to identify why were these international foreign capitalists useful to the Russian and US governments? The answer is almost identical. Greek businessmen both in Imperial Russia of the mid-19th century and in the United States of the mid-20th century engaged in the external trade of the country served their interests by providing low-cost trading and transport services. In the case of nineteenth century Russia, the area was in the frontier of an expanding Empire and

Greeks proved pivotal for the internationalization and integration of the area in the global market.⁹⁸ Since the time of Catherine the Great and the acquisition of northern coast of the Black Sea to the time of Czar Alexander II there was a distinct imperial policy to attract Christian populations of the Ottoman Empire to settle in the lands of New Russia where a number of new port-cities sprang up and the cultivation of the steppes transformed the landscape. There were concessions given of self-government, taxless regimes for decades until the mid-nineteenth century. The concessions given to the ethnic minorities of the South and particularly the Greeks for the promotion of sea-trade is clearly written in governmental reports. The aim was to promote the development of south Russia by providing the right proportion of “social alchemy”, in the Russian port-cities of the Black Sea.⁹⁹ The result was that by the last third of the nineteenth century the external trade of the Russian Empire was in the hands of the Greeks, the Armenians and the Jews.¹⁰⁰

In the case of the United States, Greeks served them well in the 1940s and 1950s as Greeks were able and willing to become the main owners of fleets under flags of convenience that provided low cost transport services for dry and oil cargoes. In this way the shift of political power and influence from Britain to the United States after 1945 ushered in a new era not only in Greek but also in world shipping. The United States had been a weak shipping power in the twentieth century. Consequently, “America’s hegemonic ascendancy was expressed not through supplanting the European powers and filling the oceans with American flag vessels but rather through constructing a system in which the European merchant fleets could flourish but in which core American interests were safeguarded”.¹⁰¹ Flags of convenience became the key manifestation of US postwar shipping policy; they guaranteed low-cost, American-controlled shipping. In this way Greek shipowners who operated and owned such fleets served the interests of the United States very well.

The second question is, if then Greeks served the interests of Russia and the United States well, why were leading members of their business communities taken to Court? In both cases we find similar patterns; the causes were both **political and economic**. They were taken to Court in times when the national governments felt that these foreign businessmen no longer served their host country but insulted it with their actions.

In both cases the accusations took place at a time of **political change** to more conservative governments. In the case of Vagliano this happened a few months after Czar Alexander III came to power; Alexander II was much more conservative and different from this liberal father Alexander I. In the case of Onassis, accusations were presented to him a few months after the Republicans took the power from the Democrats. Both regimes were much more nationalistic and conservative than the previous ones. In the case of Russia xenophobia, purification of population and assimilation of ethnic minorities and nationalism were the aims of the Czar. In the case of the United States at the beginning of the Cold War, the “Czar” of American espionage, J. Edgar Hoover, was known for his xenophobia and mistrust of aliens well tuned to the anti-communist hysteria of the McCarthy period.

But if J. Edgar Hoover and all the Americans were in phobia of the Russians, in the 1950s, so were the Russians seventy years before, very mistrustful of the “westerners”. The trial of Mari Vagliano, of an international entrepreneur of a “British multinational’ trading company established in the England and France represented Europe and triggered the polemic on the national question and the division between Westernizers and Slavophiles. Mari Vagliano became the archetype of the Western European capitalist, of an incredibly rich person who could not but be an “international robber”. “Dear Friend”, wrote to his readers the journalist of the newspaper *Iuzny Kray*, “remember the European “Vaglianos”. Remember the Rothchilds, remember the Pereira, remember all those Vaglianos.. There in Europe, Vagliano is the Czar and the God...” (*Iuzhny Kray*, 3/3/1885). The journalist wanted to stress that Europe was corrupt, in contrast to the still “pure mother” Russia.

Moreover it is important to remember that in both cases the governments did not attack just specific individuals. They aimed at the business community they both represented. In this case they both aimed at Greek businessmen involved in the trade and shipping of their countries and their ‘punishment’ was to be paradigmatic for the rest as they were suspected of infringement of law and corruption. It is clear that Hoover regarded Onassis as member of an extended Greek shipping family that had to be taught a lesson as they were trading behind the ‘Iron Curtain’: ‘Stavros Livanos is a British subject of Greek origin who is known in the shipping trade as ‘Stormy Weather’ Livanos and operates Panamanian, Honduran and Greek flag ships in world trade. He had two daughters, one of which was married to Stavros Niarchos and the other to Aristotle Socrates Onassis. This family operates a great deal of shipping

under various names and using Greek, Panamanian, Liberian and American registration. We have forfeiture libels pending against the American flag tankers owned by companies controlled by Niarchos and Onassis. On January 14, 1953, the Niarchos interest applied for clemency and made a proposal to settle and compromise these cases. In the course of this proposal, it was represented as to Stavros Niarchos that “No ship owned or controlled by him has ever traded behind the Iron Curtain”. Using Lloyds Confidential Index of Shipowners, we have not been able to locate all of Niarchos’ companies. However, in the course of this inquiry, it was developed that Livanos and his ships have been for some time the subject of investigation by the Defense Department. Some of these ships were purchased from the Maritime Administration and are still paying the mortgage money to the Maritime Administration out of their profits in trade with Communist China... Photographs of the ships taken by our Navy during the later part of 1952’.¹⁰²

The **economic reasons** behind this attack were probably equally important. In both our cases there had been pressures from national economic groups. In the case of Russia the attack against the Greeks, who were central in the external grain trade and shipping of the country came at a time of the deep economic crisis of the 1880s and the competition of the circle of the Moscow Russian merchants against foreign merchants. The Russian merchants had been appealing for government protection against their more enterprising ethnic and foreign rivals since the time of Alexander II. Erecting tariff walls and abolishing free ports and transit rights remained the merhantry’s first and main line of defense.¹⁰³ Appeal for protection was not only a demand of the Russian merchants but also of the industrialists; we have to take under consideration that this is the time of the industrialization of Russia protectionism affected local production as well. The case of the trial of the Tangarog port Customs with Vagliano as protagonist might have been a convenient case of punishment for emulation, a ‘pillar’ to absorb the dissatisfaction of all those that did not wish to see the profits of the external trade of the country in the hands of foreigners.

In the case of Onassis, it is true that American shipowners and the businessmen of American shipyards were not happy at all with the penetration of the Greeks in their business. In the 1940s, after the acquisition of the 100 Liberty ships by Greek shipowners from the Maritime Commission, and the further illegal acquisition of a few hundred more, that the shipping market knew very well, there were protests and pressures against Greek shipowners in the American press: “While the United States

has poured several billion dollars into Greece to prevent that country from going communist a little group of Greek shipping men have put across the type of high finance that helps inspire communism. Paying almost no taxes in their own country... these Greek shipping men bought surplus American Liberty ships at bargain rates, using Greek government finances to guarantee their deals, and now control a large part of the world's shipping'.¹⁰⁴ Most of the acquired ships were put under flags of convenience, particularly Panamanian flag and there was a world-wide boycott against them by both American and European seamen during 1947-1948.¹⁰⁵ We can only make hypothesis, but it is probably the case that one the United States leading shipowning figures, Daniel Ludwig, the 'invisible' billionaire, must have had his part in the indictment of the top Greek entrepreneurs.¹⁰⁶ His company, National Bulk Carriers, the largest American shipping company, was a great competitor to the Greeks; in all newspaper articles where Onassis and Niarchos are referred in building new tankers, there is almost always reference to National Bulk Carriers; interestingly enough never the name of Ludwig is mentioned. Articles of the kind that 'Greeks grow rich with the US. Ships' are not exactly complementary to the Greek entrepreneurs.¹⁰⁷ It seems therefore that there was a growing unrest and dissatisfaction from the American business world on the Greeks which served well the political decision to 'attack' when the question of the 'Red trade' came up.

The **third** question I am going to examine, is why they were able to avoid real conviction, meaning destruction of their business and their own imprisonment? The answer here is on multiple levels and has to do with the linkages of these powerful entrepreneurs with official and unofficial institutions on a national and international level. On a **first level**, they both carried out their business guided by excellent local legal expertise. They both were very well advised on the legal proceedings of their businesses, hence they knew how to deal with the accusations. Knowledge of local legal institutions are vital for the survival in different countries. They were both able to hire top-class lawyers, who, coincidentally, were in both cases probably of Jewish origin. Alexander Pavlovits Passover, Vagliano's lawyer, belonged to the group of Russian lawyers that wrote history in the Russian courts before the Russian Revolution, as I have already mentioned. Onassis hired the prominent Washington Attorney Office of Goodwin, Rosenbaum and Meacham to have good legal advice from American lawyers in order how to bypass the American legal system. And he

did so with the help of American Democratic politicians, one of which was also accused with him, Joseph Casey.

On a **second level**, they had both access to political power not only in the country where they were accused but also in the other countries where they carried out businesses. By the 1950s, Onassis apart from having connections with American Congressmen, he developed relations to Europe's gentility like Prince Rainier of Monaco, to world's respected political figures like Winston Churchill, who spent many of his vacation on his yacht, to Greek politicians, particularly Constantine Karamanlis, and to leading personalities of Saudi Arabia. Political support from many fronts has always been another well-known 'shield' for international businessmen. It was Onassis' move to Monte Carlo, however, that provided him the 'shield' of a world celebrity; whatever happens to him was hence under scrutiny by the whole world.

We can not know what other political connections Vagliano had in St. Petersburg that he might have used, but what we do know is that the Queen Olga of Greece, wife to King George, was Russian, a relative to the Czar. And we do know that the Greek government most probably intervened on Vagliano's behalf. B. Anensky who worked for the Archive of Secret Services of the Russian Empire refers, without further evidence, that the outcome of the final judgement was influenced by the intervention of the Greek government. Although we have no direct evidence to that, what we know that Mari Vagliano's brother, Panaghi Vagliano, on 27 May 1884 travelled from London to Athens and met the Greek Prime Minister Harilaos Trikoupi to offer him a donation of 1,000,000 golden francs as a gift of philanthropy to the Greek state. Harilaos Trikoupi accepted the gift to be given for the construction of the Greek National Library; and this is what happened. Four months before the trial in Russia, in September 1884, the Vaglianos had deposited one million golden francs for the Greek State; the Greek National Library bears the Vagliano name to the present day.^{108 109} Moreover, all the three Vaglianos were relatives by marriage to most of the powerful families of the Greek diaspora: to the Ralli, Mela, Petrocokkino, Negreponde, Zarifi, Couppa, Ambanopoulo, Romanos, families with close connections with the Greek political establishment of the time.

On a **third level**, they also had access to **economic power**. Whatever they did affected a large milieu of top businessmen and affected the environment that they worked in. In the case of Onassis it was America's financial institutions that would be

damaged should Onassis be destroyed. It was also another important issue: the role of the American Banks. It is extremely interesting to see that in the FBI archives, all interviews by the high officials of the First National City Bank or the Metropolitan Life Insurance were erased. It is the 'black lines' of the documents the erased parts not allowed to be seen by the researchers. It is thus extremely interesting to see that interviews of all business collaborators of Onassis are there to be read, but all interviews of bank officials are 'blackened'. As the main aim of the FBI was to reveal that Onassis had deceived the American government, it was certainly clear that if the Bank officials knew who was in charge really of the Onassis-controlled American USPC then they certainly knew that Onassis had acted illegally to acquire these ships. In this way the top American institutions knew that they collaborated with an 'imposter' to whom they lent millions of dollars. What is more, this was not a policy they followed only for Onassis. American Banks had lent a large number of other Greek shipowners to buy illegally American vessels. Greeks, apart from the 100 Liberties that they bought legally on the Greek state's guarantee by the American government, had purchased from 1947 to 1954 another 300 vessels with American companies that were really a façade. I can only suppose that Onassis was probably chosen to be accused because he must have purchased the largest amount of tankers from the Maritime Commission and also highly provoked the American oil companies with his Saudi Arabian agreement.

Equally Mari Vagliano's activities were identified with the area's economic life. He had developed close connections to the local government, to the local landowners, the rich Cossack families that provided him with grain, he had developed the international connections of the region with Western Europe, and the whole economic system of the external trade of the Azov was partially constructed by him. One must not forget that the Greeks up from 1780s to 1840s were allowed to retain their own self governance. All the banking, shipping, insurance, chartering, warehouses, trading and employment of the port's activities were under their control, with Mari Vagliano being the local 'Czar'. To destroy him completely might have meant the collapse of the export-import system and might have led the rest of Greeks to flee the country.

On a **fourth level**, it is the formation of the informal institutions of global business that protected them both. Vagliano Bros were the core company of the Greek entrepreneurial network. Their business was not limited in the Azov; it affected the whole exports of the Black Sea. Onassis, on the other hand, proved the ability and

flexibility of global shipping businesses to by-pass government laws and national interests when it affected its international activities. After all, shipping is an international economic activity *par excellence* that has institutionalised “defense” mechanisms vital for its survival: a) the complex structure of shipping businesses where it is impossible to distinguish owner from manager and agent, b) the institutions of shipping founded on trust and personal relations without written agreements, c) flexibility and mobility through the use of flags of convenience registries geared towards tax avoidance and low-cost operating, and d) cosmopolitanism, which is experience to work in many states and with many institutional environments, form a formidable defense wall against any national government.

The fourth question is what were the effects of the conviction of Vagliano and Onassis in the business environment where they operated? During the time 1881-1886 the time that Vagliano was under conviction, the external trade of Taganrog went through a severe crisis which only in the 1890s was able to find it again. He was the employer of thousands and the prosperity of the town depended largely on him and the other twenty merchants brought to trial. The blow to the top businessmen brought a great crisis to the town and the development of the neighbouring port-city Rostov-on-Don.

In the case of New York the effects were even worse regarding the shipping business. What the affair U.S. government vs Onassis and the rest of the leading Greek shipowners taught was that the persisting protectionist maritime policy of the United States was not friendly to international shipping operators. At the peak of shipping activities and their connections with the oil companies, as Greeks and other operators were turning New York to a new world shipping centre, the euphoria disappeared. In order to keep shipping operators a state had to tolerate the rules of global shipping: international mobility and tax-free regime. After the mid-1950s Stavros Niarchos, Stavros Livanos, most of the Kulukundis brothers along with a large number of New York based Greek firms had moved to London, while Onassis was established in Monaco. The death-blow to New York as an international shipping centre was given in 1963 with the Equalization Tax Law. Under this law, the revenues of foreign companies established in the United States were taxed in the same way as revenues of domestic companies.¹¹⁰

The fifth question is whether these two were ‘imposters’ or entrepreneurial talents. After all they were both convicted; they were found guilty and were made to

pay fines. Were the business practices deceitful? As already argued above, Mari Vagliano and Aristotle Onassis carried out business practices that were accepted and part of the business methods of the trading and shipping economic system of their times. They were accused of fraud that was widely practiced not only by them but the whole business community of the Greeks, and most possibly not only them. What is more, the fraud whether in Russia of the 1880s or the United States of the 1950s was supported and enhanced by the political and financial establishments of their host country for a long number of years.

How were they perceived among their own business group, among the maritime shipping circles? Both Vagliano and Onassis were respected and ‘feared’ for their entrepreneurial abilities. Mari Vagliano developed his leading and entrepreneurial skills within the environment of the Russian Empire and was able to take advantage of the opportunities given to him. As his contemporaries witnessed, he was characterized by minimal showing-off of his wealth, by hard work, strong principles and dedication concerning ‘his people’. His business was based on trust relations with his business associates in Russia and abroad. Within the Greek entrepreneurial network Mari Vagliano was highly respected and trustworthy. He was the founder and one of the pillars of the multinational family firm he created with his brothers, the Vagliano bros. His business in Taganrog totally relied on trust: ‘There is no merchant that has not borrowed from Vagliano. With his debtors Vagliano was good and did not destroy people that he realized could not repay his debts... To the merchant Tichonov he remitted a debt of one hundred thousand, he helped with a big sum merchant Globin and many others’.¹¹¹ During the trial no witness gave evidence that Vagliano cheated any merchants. His practices were within the accepted rules of business in Russia. Thomas Owen in his analysis of Russian merchant he mentions that the traditional Russian merchant could very well use fraud, forgery, false weight and measures but could be extremely honest in his transactions within his own entrepreneurial network.¹¹² Mari Vagliano had created a multinational family company whose activities were entirely based on trust; his business was based on collaboration and good relations with hundreds of business associates and had become the most important trading, shipping and financial business of his time.

Aristotle Onassis was a completely different character than Mari Vagliano but equally shrewd and trustworthy to his business associates. Onassis was provocative and loved showing off and this caused many problems with his own people at the

beginning of his career. Onassis was a new entrant in the 1930s in a business which was formed by Greek traditional shipowners, second or third generation in shipping. His quick rise in the 1940s and the acquisition of so many tanker ships brought suspicion and intense competitiveness even from his own family. Despite his marriage to Stavros Livanos's daughter, he was still regarded as a newcomer and still an outcast from the traditional Greek shipowning circle. His brother-in-law Stavros Niarchos became one of his worst enemies and most intense competitors. His conflict against the tightly closed Greek shipowning circle, targeted against its representative leading figure established in New York, Manuel Kulukundis, led to the writing of an extended memorandum in 1947 which was published in the Greek-American newspaper *Ethnikos Kyrix (National Herald)* in 1953. This memorandum, a unique written document by Onassis, in a way is an accusation against all traditional shipowners, that they used the Greek state to their profit for the purchase of the 100 Liberties on state guarantee giving to poor Greece nothing in return. Publicity was something that traditional Greek shipowners loathed; it was something that Onassis thrived on. The fraud he committed was also committed and for which he was accused was also committed not only by his father-in-law and his brother-in-law but also by the President of the Greek Shipowners in New York, Manuel Kulukundis and by almost all Greek shipowners established in New York in the 1940s and 1950s. Because of his problems with the rest of the Greek tradition shipping milieu, should he had been an imposter in any other front, it is sure that the FBI or his other American or Greek competitors, least of all his brother-in-law Stavros Niarchos, would have exposed him.

Although Greek traditional shipowners were highly competitive against him, Onassis was considered an excellent employee by the people working with him. Onassis knew how to choose his immediate business associates, and he was known to be a gallant and dedicated employee. Partial proof to his insight in choosing 'his people' is that the Onassis Foundation that carries on successfully to the present day his shipping business, is run by the sons of the business associates Onassis had chosen in the 1950s and 1960s. 'Onassis brought civilization to Greek shipping. He had newly built modern ships, paid well his people and cared for his crews' one of the officers that worked on his tankers told me back in the 1990s.¹¹³ Ever since, whomever I have met that has worked for Onassis, whether that was for his offices in New York, his office in Piraeus, on his ships or later in the Olympic Airways, the fact

is that he ‘was an excellent and generous employee’ is a well known subject within the Greek shipping circles.

There is a **last issue** I would like to tackle. Both Vagliano and Onassis became legends, each one of his own accord, because of their enormous wealth that dazzled their contemporaries. Suspicion against big money was prevalent in the second half of the 19th century Russia and the United States. It was then that the term ‘robber-baron’¹¹⁴ was re-used to describe businessmen, bankers and industrialists that made colossal fortunes that defined the economic development of their countries, such as America’s ‘old money’. Some well known examples are J.P. Morgan (banks and steel), John D. Rockefeller (oil), Cornelius Vanderbilt (railways), Andrew Carnegie (steel)¹¹⁵. Usually ‘robber-barons’ are also regarded as pure examples of prime entrepreneurial talents. Or to be a ‘robber’ and a great businessman is a tautology? Or is there no sense to search for the moral or immoral aspect of money, in the ‘evil’ or ‘good’ of big money in international businesses ran for decades on whom depended thousands of working people and whose actions promoted the economic and social development of whole areas?

For the 19th century Russia, one could say that Mari Vagliano, from the size of his wealth and his economic influence in South Russia could be described as a ‘robber-baron’. Mari Vagliano collaborated then with the big Jewish grain trading houses like Dreyfus, Neufeld and Mendhl, he was one of the founders of the successful Russian Azov-Don Bank. His brother Panagi Vagliano was collaborating in the City of London with the Bank of England, the Rothchilds, the Barings, the Schröders, just to name a few. They carried out business, apart from Russia and the U.K. in France, Spain, Italy, Malta, Greece and Egypt. Equally Onassis, in the mid-20th century United States carried out business with the America’s top businessmen like Paul Getty, with America’s top multinational firms, like the oil companies, with America’s top financial institutions like the First National City Bank and Metropolitan Life Insurance, with America’s industry, the shipyards. He carried out multinational activities in Argentina, Uruguay, in the U.K., Norway, France, Germany, Monaco, Greece and Saudi Arabia.

In both cases our ‘heroes’ became legends. They both incarnated the cases of the capitalist dream of every immigrant to Russia or the United States the classic from ‘rags to riches’ story. Mari Vagliano became a legend of South Russia. The mythical riches of poor and illiterate seaman who started from nothing in the Imperial Russia

of the second half of the 19th century and certainly of that of Soviet Union of the 20th century, a businessman like Mari Vagliano did not become the paradigm to immitate but the type of man to avoid. He became one of the symbols of South Russia's 'robber barons' and after his death to the present day, novelists, journalists, historians wrote novels, theatrical plays, satirical articles, books, mentioning him as the stereotype of the miser millionaire who is ruthless, uneducated, heartless.¹¹⁶

I need not mention here about the legend of Onassis. Writing about Onassis has proved both fascinating and frustrating. As he attracted world's attention and he was on the headlines of newspapers and magazines, all over the world for years, there are references about him everywhere. There are thousands of articles (the *New York Times* alone has more than 4,000 columns on Onassis¹¹⁷) that are still getting produced more than thirty years after his death. Reporters, journalists, gossip columnists, novelists, story-tellers, popular writers, movie makers, opera composers, photographers, previous lovers, previous housekeepers, previous business partners, have all produced articles, books, movies and music compositions about Onassis.¹¹⁸ What is remarkable is that none of the books on Onassis have any references; usually at the end or the beginning of the book some general and vague references are made. As a result a mythology has been built and reproduced over the years. There are extremely few scholarly accounts of Onassis business and these are also mostly based on secondary evidence.¹¹⁹ It seems that all Greek mythology has been recruited to describe the man as a 'Minotaur' or the man 'who had the Midas touch', just to name a few.

Mari Vagliano and Aristotle Onassis belong to this group of entrepreneurs who remained always aliens to their host countries, where their entrepreneurial leadership was also evident. They both belong to these international businessmen working for profit beyond national boundaries and interests. They belong to those international capitalists that lived in an era of a globalizing world and were part of an international business elite that was 'attacked' at specific historical times from the state mechanism of their host countries for corruption and abuse. The extremely interesting issue in the both cases is their success in surviving the trials they went through. This happened because of their knowledge of the formal and informal institutional framework of the business they were involved in and because of their ability to activate the national and international politico-economic networks based on their expanded economic strength in various countries.

¹ Gelina Harlaftis, Stig Tenold and Jésus M. Valdaliso eds., *“World’s Key Industry”. History and Economics of International Shipping*, Palgrave/MacMillan, (London, forthcoming 2012).

² Forty islands and ports in the Ionian and the Aegean Sea comprised parts of a “dispersed maritime city” that developed the most important fleet in the Eastern Mediterranean from the eighteenth to the twentieth century. See Gelina Harlaftis, Helen Beneki and Manos Haritatos, *Ploto, Greek shipowners from the late 18th century to the eve of WWII*, ELIA/Niarchos Foundation, 2003 (in Greek and English) and Gelina Harlaftis, “The ‘eastern invasion’. Greeks in the Mediterranean trade and shipping in the eighteenth and early nineteenth centuries” in Maria Fusaro, Colin Heywood, Mohamed-Salah Omri eds., *Trade and Cultural Exchange in the Early Modern Mediterranean: Braudel’s Maritime Legacy*, I.B. Tauris, (London, 2010), pp. 223–252.

³ Gelina Harlaftis, “Mapping the Greek maritime diaspora from the early 18th to the late 20th century” in Ina Baghdiantz McCabe, Gelina Harlaftis and Ioanna Minoglou (eds), *Diaspora Entrepreneurial Networks. Five Centuries of History*, Berg Publications, Oxford, 2005, pp. 147–169.

⁴ For grain exports from the Black Sea see Gelina Harlaftis, *A History of Greek-owned Shipping*, Routledge, London 1996, Table 2.2; data based on M. L. Harvey, “The Development of Russian Commerce on the Black Sea and its Significance,” Ph.D. thesis, University of California, Berkeley, 1938.

⁵ Harlaftis, *A History of Greek-owned Shipping*, ch. 3

⁶ Philip Curtin, *Cross Cultural Trade in World History* (Cambridge, 1984).

⁷ Gelina Harlaftis, “From Diaspora Traders to Shipping Tycoons: The Vagliano Bros.,” *Business History Review*, vol. 81, no.2, Summer 2007, pp. 237–268.

⁸ Harlaftis, “From Diaspora Traders”, pp. 237–268.

⁹ About Taganrog see Evrydiki Sifneos and Gelina Harlaftis, ‘Entrepreneurship at the Russian Frontier of International Trade. The Greek Merchant Community/*Paroikia* of Taganrog in the Sea of Azov, 1780s–1830s’, in Viktor Zakharov, Gelina Harlaftis and Olga Katsiardi-Hering, *Merchant ‘Colonies’ in the Early Modern Period (15th – 18th Centuries)*, Chatto & Pickering, London, forthcoming 2012.

¹⁰ Harlaftis, *A History of Greek-owned Shipping*, Table 3.6.

¹¹ *Московские ведомости* [*Moskovskie Vedomosti*], 22 February 1885.

¹² Memorandum of the Ministriy of Economics to the Central Secretariat, March 4, 1871. 1152.8.214.2-3 in B.B. Морозан, ‘Деятельность Азовско-Донского коммерческого банка на Юге России в конце XIX в.’, III Научные чтения памяти профессора В.И.Бовыкина, Исторический факультет МГУ, 31 января 2007 г. [B.B. Morozan, ‘The activities of the Commercial Bank Azov-Don in south Russia, at the end of the 19th century’, http://www.hist.msu.ru/Science/Conf/01_2007/Morozan.pdf (access 15/2/2009).

¹³ Morozan, ‘The activities of the Commercial Bank Azov-Don.

¹⁴ Harlaftis, ‘From Diaspora Traders’, (Table 1).

¹⁵ Ibid.

¹⁶ Christos I. Coutzis Private Archive, Spetses.

¹⁷ Charter-parties, Arvanitis Archive, E.L.I.A. (Hellenic and Literary Archive), Athens.

¹⁸ Logbook *Anastasia*, Private Collection of Elias M. Kulukundis, Athens.

¹⁹ Christos I. Coutzis Private Archive, Spetses.

²⁰ 1 chetwert = 5.77 bushels, 8 bushels=1 imperial quarter.

²¹ Ibid.

²² Foreign Letter Book, 13 Nov. 1901–4 Apr. 1902, Ledger Book, 1901–1904, Vagliano Archive, General State Archives, Archive of the Prefecture of Cephalonia.

²³ Andreas Lemos, *The Shipping of the of the Greeks*, (Athens, 1968), vol. A, 153–54 (in Greek).

²⁴ Andreas Lemos, *Modern Greek Eternal Seamen* (Athens, 1971), 380–82 (in Greek).

²⁵ Insurance Book, 1898–1903, Vagliano Archive, General State Archives, Archive of the Prefecture of Cephalonia.

²⁶ Spyridon Efst. Metaxas Lascaratos, ship’s captain, *Commercial-Consular Prosecutions* (Athens, 1882) 10 (in Greek).

²⁷ Panaghi Vagliano to Basil Papayanni, 12 Sept. 1875, Syrmas Archive, E.L.I.A, Athens.

²⁸ Christos I. Coutzis Private Archive, Spetses.

²⁹ Foreign Letter Book, 13 Nov. 1901–4 Apr. 1902, Ledger Book, 1901–1904, Vagliano Archive, General State Archives, Archive of the Prefecture of Cephalonia.

³⁰ B. B. Turner, *Chronicles of the Bank of England* (London, 1897), 256–63. Richard Roberts, “What’s in a Name? Merchants, Merchant Bankers, Accepting Houses, Issuing Houses, Industrial Bankers and Investment Bankers,” *Business History* 35 (July 1993), pp. 22–38.

³¹ “Bank of England v. Vagliano Brothers,” *Banker’s Magazine*, 1890, 1156.

³² Processed data from Gelina Harlaftis and Nikos Vlassopoulos, *Pontoporeia, Historical Register of Sailing Ships and Steamships, 1830–1939*, E.L.I.A., Athens 2002.

³³ The case has been published in Greek in Gelina Harlaftis, 'Ο «πολυεκατομμυριούχος κύριος Μαράκης» Βαλλιάνος, το σκάνδαλο του Τελωνείου Ταγκανρόγκ και οι 144 καταστροφές του Άντον Τσέχοφ' [The 'multimillionaire Mr Marakis' Vagliano, the scandal of the Taganrog Customs and the 144 catastrophes of Anton Chekhov', *Istorika*, vol 54, June 2011, pp. 79-122.

³⁴ The unique and valuable archives on the this Court case are found in the Central Historical Archives of Ukraine, Kiev, in the archival series 'Харьковская судебная палата' ['Kharkhov Court'] 1072, number 3, 'О беспошлинном пропуске заграничных товаров Таганрогской таможней. Январь 1885 – 1 июня 1887' ['For the untaxed imports of foreign cargoes from the Port of Taganrog, January 1885 – 1 June 1887'], files 1504-1508.

³⁵ Central Historical Archives of Ukraine, Kiev, 1072.3.1504, pp. 207-208, 216-219, 278.

³⁶ 'Ανατολίου Φεδορβίτς Κόνι [Ανατόλι Φεντόροβιτς Κόνι]', <http://www.pravoteka.ru/lib/raznoe/0002>, (access on 18 December 2008).

³⁷ *Jusniy Kray*, 1 March 1885.

³⁸ State Historical Archives of Ukraine, Kiev, 1072.3.1504, pp. 151, 153.

³⁹ Ibid, p. 19. See also 'Anatoi Fedorovits Koni', sixth part. Koni was a Judge, renown layer and member of the Senate that had annulled the decision against Vagliano.

⁴⁰ С.И. Емец, «Мемориал одесских присяжных поверенных» *Вестник Одесской адвокатуры*, № 2, 2008, [S.I. Emets, 'Book of registration of Odessa lawyers', *Vestnik Odeskoy advokaturi*, no. 2, 2008], <http://yemets.com.ua/articles/etc/74.php> (access 16 March 2010). For the abilities of Passover see also Samuel Kucherov, *Courts, Lawyers and Trials under the Last Three Tsars*, Frederick A. Praeger, New York, 1953, pp. 141-145.

⁴¹ W.D. Rubinstein, «British Millionaires, 1809–1949», *Bulletin of the Institute of Historical Research*, Volume XLVIII, 1974, pp. 202 – 223. W. D. Rubinstein, *Men of Property: the very wealthy in Britain since the Industrial Revolution*, Croom Helm, London, 1981.

⁴² Harlaftis, 'From Diaspora Traders'.

⁴³ Harlaftis, *A History of Greek-owned shipping*, chapter 6.

⁴⁴ Harlaftis, (table 6.3).

⁴⁵ See Helen Thanopoulou, 'The anticyclical behaviour of Greek shipowners, 1974-1989', Unpublished paper, University of Piraeus, 1992. I thank Dr Thanopoulou for making the paper available to me.

⁴⁶ Harlaftis, *A History of Greek-owned Shipping*.

⁴⁷ Gelina Harlaftis, 'The Greek Shipping Enterprise: Investment Strategies, 1900-1939', in M. Dritsas and T. Gourvish (eds.), *European Enterprise. Strategies of Adaptation*, Trochalia Publications, Athens, 1997, pp. 139-159.

⁴⁸ Foustanos claims that he found the evidence on the price of the ships in the Greek Registers of Shipping; see George M. Foustanos, *Onassis. Pioneering in shipping*, Argo, 2006, p. 27.

⁴⁹ For detailed analysis of the thousands of the Ithacan seamen on board Onassis vessels see the recent study by Dimitris Paizis-Danias, *Memories of the Sea*, Athens 2008.

⁵⁰ Ingeborg Dedichen, *Onassis mon amour*, Editions Pygmalion, Paris, 1975.

⁵¹ Both ships under Norwegian flag were chartered on 24 October 1947 by Socony-Vacuum for a period of five years from Sociedad Maritima Miraflores at rates of \$4.10 and \$4.20 per deadweight ton per month. FBI, "Aristotle Onassis", part 2, Bufile 46-17783, 'Fraud against the government'. New York office 46-2507 report, May 10 1952, p. 50.

⁵² Archives of the Federal Bureau of Investigation (FBI), "Aristotle Onassis", BUFILE: 100-125834, Document 100-125834-1, 18 July 27 1942.

⁵³ On the marriage of Aristotle Onassis with Athina (Tina) Livanos see, *New York Times*, Dec 29, 1946. On the marriage of Stavros Niarchos with Eugenia Livanos see *New York Times*, Nov 2, 1947

⁵⁴ B.N. Metaxas, *The Economics of Tramp Shipping*, 2nd edition, London, 1981, p. 197. See also B. N. Metaxas, *Flags of Convenience*, Gower press, London, 1985. See also Gelina Harlaftis, "Greek Shipowners and State Intervention in the 1940s: A Formal Justification for the Resort to Flags-of-Convenience?", *International Journal of Maritime History*, I/2, (1989), pp. 37-63.

⁵⁵ Rodney Carlisle, *Sovereignty for Sale. The Origins and Evolution of the Panamanian and Liberian flag of convenience*, Naval Institute Press, Annapolis Maryland, 1981.

⁵⁶ Harlaftis, Greek Shipowners and Greece, Table 3.3.

⁵⁷ The United States Maritime Commission in 1936 and from 1938 to the end of World War was under the direction of Rear Admiral Emory S. Land. Its first aim was to form a merchant shipbuilding program to design and build merchant cargo ships that would replace the World War I vessels. It

eventually launched during World War the most successful shipbuilding programme in the world, building thousands (about 6,000) merchant and Navy vessels. It built merchant vessels of types of Liberty, Victory, C1, C2, C3 dry cargo merchant vessels and T2 tankers. By the end of the war these were too many merchant ships that could not be operated by Americans. In 1946, the Merchant Ship Sales Act was passed to sell off most of war built ships to commercial buyers, both domestic and foreign.

⁵⁷ Harlaftis, *A History of Greek-owned Shipping*, Table 8.2 lists all the Greek shipowners that purchased the Liberty ships.

⁵⁸ A.I. Tzamtzis, *The Liberties and the Greeks*, Estia publications, 1984, (in Greek)

⁵⁹ All evidence from FBI, "Aristotle Onassis", part 2, Bufile 46-17783, from Director FBI to Assistant Attorney General James M. McInerney, "North American Shipping and Trading Company; United Tanker Corporation; United States Petroleum Carriers Inc; American Overseas Tanker Corporation; Simpson, Spence and Young. Fraud against the Government", 9 January 1952 and Allen J. Krouse to Fred E. Strine, Administrative Regulations Section, "U.S. Petroleum Carriers, Inc", 31 October 1951.

⁶⁰ Aristotle Onassis, 'Our post-war shipping, the state and the shipowners', [Memorandum to the president of the Greek shipowners in New York, M. Kulukundis in 1947], published in *Ethnikos Kyrex (National Herald)*, 8, 10, 11, 12, 15, 17, 18, 19, 22, 24, 25 March 1953 (in Greek).

⁶¹ See for example the interview by Berenson who reveals details of how he and Onassis approached the Oil companies and the Banks. FBI, "Aristotle Onassis", part 2, Bufile 46-17783, 'Fraud against the government'. New York office 46-2507 report, May 10 1952, pp. 174-180.

⁶² FBI, "Aristotle Onassis", part 2, Bufile 46-17783, Allen J. Krouse, Special Assistant to the Attorney General, to Fred E. Strine, Administrative Regulations Section, "U.S. Petroleum Carriers, Inc", 31 October 1951.

⁶³ Harlaftis, "Onassis and Game Theory", Appendix I.

⁶⁴ Ibid, Appendix II.

⁶⁵ Ibid, Appendix I. See also reports in American newspapers, "Launching Of Tanker Set By Bremen Yard", *New York Times* (22 March 1953); "Onassis Tanker Launched", *New York Times* (26 March 1953).

⁶⁶ Gelina Harlaftis and John Theotokas, "European family firms in international business: British and Greek tramp-shipping firms", *Business History*, 46, (April 2004), 219-255.

⁶⁷ For the development of the institutions in shipping see Gordon Boyce, "The Development of Commercial Infrastructure for World Shipping", in Harlaftis, Tenold and Valdaliso eds., *World's Key Industry*.

⁶⁸ Ibid. In fact, it was not Onassis that was involved in the "red" trade but rather his father-in-law, Stavros Livanos. See Arthur H. Richter "Livanos Predicts Shipping Revival", *New York Times* (21 March 1954).

⁶⁹ Harlaftis, *Greek Shipowners and Greece*, Figure 7.2, p. 142.

⁷⁰ "At least 28 of Livanos' American-bought ships have been spotted entering or leaving Communist ports", wrote in an article Drew Pearson, "Greeks Grow Rich With U.S. Ships", *The Washington Post*, (27 March 1953); Drew Pearson, "McCarthy Charge Boomerangs", *The Washington Post and Times Herald*, (18 July 1954); "Red Cargoes Reported Few", *New York Times*, (30 March 1953).

Stavros Livanos and Manuel Kulukundis made agreement with McCarthy to stop "trading with the Reds"; see "Greek Ship Owners To Stop Red Trade", special to *The New York Times*, (29 March 1953); Edward F. Ryan, "Greek Owners Of 242 Ships Bar Red Trade", *The Washington Post*, (29 March 1953).

⁷¹ FBI, "Aristotle Onassis", part 2, Bufile 46-17783, 'Fraud against the government'. New York office 46-2507 report, May 10 1952.

⁷² See FBI, "Aristotle Onassis", part 3, Bufile 46-17783, Office Memorandum from Warren Olney III, Assistant Attorney General, Criminal Division to the Director of FBI, subject "United States v. Onassis et al", 28 December 1955.

⁷³ In a very eloquent article Stavros Livanos is described as "the antithesis of the popular conception of a multi-millionaire shipping tycoon", as a man who was not glamorous at all and who "received the 'attention' of Joseph R. McCarthy and came through unscathed, see Arthur H. Richter "Livanos Predicts Shipping Revival"

New York Times (21 March 1954).

⁷⁴ Drew Pearson, "McCarthy Urged to Push Probe", *The Washington Post*, (7 April 1953); "Five Are Indicted In Cargo Ship Sales", *The Washington Post*, (23 December 1953).

⁷⁵ Fraser, *Onassis*, p. 135.

⁷⁶ FBI, "Aristotle Onassis", part 3, Bufile 46-17783, United States District Court for the District of Columbia. Holding a Criminal Term (Grand Jury Impanelled on September 2 1952), "The Grand Jury Charges".

⁷⁷ FBI, "Aristotle Onassis", part 3, Bufile 46-17783, From Warren Olney III, Assistant Attorney General, Criminal Division, to Director, FBI, "Victory Carriers Inc et al, (1 March 1954).

⁷⁸ See repetitive reports of American shipyards building tankers, "Shipping Executive Says he Will Build Huge Tanker Despite 'Blackmail'", *New York Times*, (17 November, 1958); "New Tanker Sails On Maiden Voyage", *New York Times*, (21 November 1948); "New Supertanker Set for Launching", *New York Times*, (23 February 1950); "Last Supertanker In Group Launched", special to the *New York Times*, (25 February 1950).

⁷⁹ "Shipbuilding Deal on German Ways. Greek-American capital said to be backing purchase of half-interest in Kiel yard", *New York Times* Jun 22, 1952. Harlaftis, "Mr Onassis and Game Theory", Appendix II.

⁸⁰ Edith Evans Asbury, "Once Penniless Man Here Buys Control of Monte Carlo Casinos", *New York Times*, (16 January 1953).

⁸¹ Maxwell Hamilton, "The Man who Bought the Bank at Monte Carlo", *True, The Man's magazine*, (December 1954), pp. 17-20, 83-86.

⁸² FBI, "Aristotle Onassis", part 4, Bufile 46-17783, , Office Memorandum from A. H. Belmont to LV. Boardman, "Visit to Middle East and North Africa by Bureau's Army Liaison Representative", (16 June 1954).

⁸³ FBI, "Aristotle Onassis", part 2, Bufile 46-17783, Allen J. Krouse to Fred E. Strine, Administrative Regulations Section, "U.S. Petroleum Carriers, Inc", (31 October 1951).

⁸⁴ Shields, *Ludwig*, p. 143. Daniel Ludwig by 1960s was among America's top six millionaires, "Fortune Reports On Millionaires", *New York Times*, (29 April 1968).

⁸⁵ FBI, "Aristotle Onassis", part 4, Bufile 46-17783, Office Memorandum from a. H. Belmont to LV. Boardman, "Visit to Middle East and North Africa by Bureau's Army Liaison Representative", (16 June 1954). For taking the case to arbitration see "Aramco Hearing Opens", *New York Times*, (16 June 1955). The Court at the Hague finally passed an agreement in 1958 in favour of Aramco.

⁸⁶ "Peru Frees 8 U.S. Ships", *New York Times*, (22 February 1955); Peru Releases Crews, *New York Times*, (21 February 1955); "Onassis Pays \$3,000,000 Fine", *New York Times*, (14 December 1954); "Onassis Fine Being Paid", *New York Times*, (13 December 1954); "Onassis in London; Protests Seizures", special to the *New York Times*, (27 November 1954); "Britain Acts On Whalers", special to the *New York Times*, (20 November 1954); see also Fraser, *Onassis*, pp. 157-158. About Onassis whaling fleet see "Whalers To Sail Without Our Flag", *New York Times* Nov 3, 1950. For whaling fleet see Harlaftis "Mr Onassis and Game Theory", Appendix I. On the Onassis whaling fleet see Klaus Barthelmeß, "A Century of German Interests in Modern Whaling, 1860s-1960s" in eds. Bjorn L.Basberg, Jan Erik Ringstad and Einar Wexelsen, *Whaling & History. Perspectives on the Evolution of the Industry*, (Sanderfjord, 1993), pp. 121-138.

⁸⁶ Fraser, *Onassis*, p. 163.

⁸⁷ *Ibid.*

⁸⁸ Manuel Kulukundis and his brothers were indicted on charges of conspiracy to defraud on 22 December 1953. Charges were dismissed on Manuel Kulukundis on January 1954 and on the rest of the Kulukundis brothers more than a year later. See "Ship Sales Fraud Charged to Five", special to the *New York Times*, (23 December, 1953; "Greek Shipowners Indicted For Fraud in Ship Purchases", *The Washington Post*, (5 January 1954); "Court Winds Up Ship Sale Case", *New York Times*, (29 November 1955).

⁸⁹ FBI, "Aristotle Onassis", part 3, Bufile 46-17783, 'Fraud against the government', "Final Agreement", (21, December 1955).

⁹⁰ The report by New York Times is accurate when compared with the original agreement in FBI. Luther A. Huston, "Ship Owner Pays 7 Million Penalty", special to the *New York Times*, (22 December 1955).

⁹¹ Fraser et al., *Onassis*, p. 142.

⁹² FBI, "Aristotle Onassis", part 3, Bufile 46-17783, 'Fraud against the government'. Office Memorandum, (1 September 1956).

⁹³ *Ibid.*

⁹⁴ Fraser et al., *Onassis*, p. 163.

⁹⁵ *Ibid.*, p. 196.

⁹⁶ Harlaftis, *Greek Shipowners and Greece*, p. 130-142.

⁹⁷ Gelina Harlaftis, 'Οι Έλληνες εφοπλιστές και ο Κωνσταντίνος Καραμανλής' [Greek Shipowners and Constantine Karamanlis] in eds. Constantine Svolopoulos, Konstantina Botsiou and Evanthis Hadjivassiliou, *Ο Κωνσταντίνος Καραμανλής στον εικοστό αιώνα* [Constantine Karamanlis in the twentieth century, vol. III, (Athens 2008), pp. 92 -112.

⁹⁸ Harlaftis, A History of Greek-owned shipping, chapter 1-3.

⁹⁹ Dana Sherry, 'Social Alchemy on the Black Sea Coast, 1860-65', *Kritika: Explorations in Russian and Eurasian History* 10, 1 (Winter 2009), σελ. 7-30.

¹⁰⁰ Alfred J. Rieber, *Merchants and Entrepreneurs in Imperial Russia*, University of North Carolina Press, 1982, pp. 68-70.

¹⁰¹ Alan Cafruny, *Ruling the Waves: The Political Economy of International Shipping*, Berkeley, 1987, p. 87.

¹⁰² FBI, "Aristotle Onassis", part 1, Bufile 1100-125834, Department of Justice, Memorandum for Mr J. Edgar Hoover, Director FBI by Warren Burger, Assistant Attorney General, 4 February 1953.

¹⁰³ Rieber, *Merchants*, σελ.115-16.

¹⁰⁴ Drew Pearson, 'Greek Ship Empire Traced', *The Washington Post* (1877-1954); May 16, 1951.

¹⁰⁵ Harlaftis, "Greek Shipowners and State Intervention in the 1940s".

¹⁰⁶ Jerry Shields, *The invisible Billionaire. Daniel Ludwig*, Houghton Mifflin, 1986. Ludwig was in the top 10 list of American millionaires. See "List of 76 Said to Hold Above 75 Millions", *New York Times* (1857-Current file); Oct 28, 1957. On the building of Ludwig's tankers, Arthur H. Richter, 'Largest Tanker to Be Launched', *New York Times*, Dec 5, 1958.

¹⁰⁷ Drew Pearson, "Greeks Grow Rich With U.S. Ships", *The Washington Post*, (27 March 1953).

¹⁰⁸ Letter of Panagis Vagliano to Harilaos Trikoupi, 15/27 September 1884, that refers to the grant of 1,000,000 golden francs. Archive of Harilaos Trikoupi, file 7/volume 7.166.

¹⁰⁹ Aikaterini Flerianou (ed.), *Χαρίλαος Τρικούπης. Η ζωή και το έργο του* [Harilaos Trikoupi. His life and work], *Greek Parliament*, Athens 1999, p 77.

¹¹⁰ See 'The Interest Equalization Tax Act of 1963' (H.R. 8000) : outline of provisions of H.R. 8000, as passed by the U.S. House of Representatives, and amendments recommended by the Treasury Department (1964)", <http://www.archive.org/details/theinterestequal1064unit>, access 15/12/2011.

¹¹¹ Witness to Vagliano by S.Simonovits, newspaper *Kievlainin*, 21 February 1885.

¹¹² Thomas C. Owen, 'Entrepreneurship and the structure of the enterprise in Russia, 1800-1880' στο Gregory Guroff και Fred Carstensen (επιμ.), *Entrepreneurship in Imperial Russia and the Soviet Union*, Princeton University Press, 1983, p. 60.

¹¹³ Interview with Dimitris Paizis-Danias, Pireaus, February 1995.

¹¹⁴ This term has been used to describe the German feudalists that debited illegally enormous tolls for the passage of the Rhine.

¹¹⁵ For the robber-barons of the United States see Charles R. Morris, *The Tycoons*, Times Books, New York, 2005. David S. Landes, *Dynasties. Fortunes and Misfortunes of the World's Great Family Businesses*, Penguin Books, London, 2006. Also Alfred D.Chandler, *The Visible Hand. The Managerial Revolution in American Business*, Harvard University Press, Cambridge, Massachusetts, London 1999, who was of course against this term.

¹¹⁶ Anton Chekhov, who was born in Taganrog in 1860 and lived there until 1878 knew all about Mari Vagliano and has used him in some of his novels like the untranslated to English '144 catastrophes'. See Α.Π.Чехов, *Πολύτομο σύνολο των έργων και επιστολών σε 30-α τόμους. Σοφιστικά* [A.P. Chekhov, His Works and letters in 30 volumes], editions Nauka, 1974. Irene Nemirovsky, *A life of Chekhov*, The Grey Walls Press Ltd, London 1950, p. 33. Павел Петрович Филевский, *История города Таганрога*, [Pavel Petrovits Filefsky, *A History of the town Taganrog*, re-edition, 2007. Д. Проскурнин, 'Хищники. (Из воспоминаний)'/ С.-П. *Исторический Вестникъ*. - 1907. т. CX – С. 137-150 [D. Proskurnin, 'The Voulchers', (From memories)', *Ιστορικός Αγγελιοφόρος*], vol. CX, 1907, pp. 137-150. Сергей Званцев, *Дело Вальяно*, [Sergei Zvantsef, 'Delo Vagliano'], Rostidzat editions, Rostov-on-Don, 1959.

¹¹⁷ Search up to 2005; these include articles on Jackie Kennedy Onassis. The articles on Onassis up to 1972 were more than 1000.

¹¹⁸ For a brief sample see Nicholas Fraser, Philip Jacobson, Mark Ottaway, Lewis Chester, *Aristotle Onassis*, Ballantine Books, (New York, 1977). This is the most reliable account of Onassis' activities written by the team of journalists of London *Sunday Times*. They refer that they have used as sources, apart from the newspapers, documents from the Department of Justice, without any more reference though. For more popular bibliography on Onassis see Gelina Harlaftis, "Mr Onassis and Game Theory", paper presented in EBHA, Athens, (24-24 August 2011), http://ebha.eap.gr/files/Papers/Onassis%20and%20Game%20Theory_Harlaftis.pdf.

¹¹⁹ It is rather extraordinary that probably the first paper on Onassis based on archival evidence directly referred to was the one I wrote last August, ‘Mr Onassis and Game Theory’ part of which is used in the present paper. For other scholarly works on Onassis see Gelina Harlaftis, *Greek Shipowners and Greece, 1945-1975. From Separate Development to Mutual Interdependence*, (London, 1993); Harlaftis, *A History of Greek-Owned Shipping*; Gelina Harlaftis, Helen Beneki and Manos Haritatos, *Ploto, Greek shipowners from the late 18th century to the eve of WWII*, (Athens, 2003), (in Greek and English); Ioannis Theotokas and Gelina Harlaftis, *Leadership in World Shipping: Greek Family Firms in International Business*, (London, 2009); Geoffrey Jones and Paul Gomopoulos, “Aristotle Onassis and the Greek Shipping Industry”, 9-805-141, rev. 18 October 2008, Harvard Business School.