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Book Review/ Maxwell: The Outsider

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Book Review
by Paul Gleason
Column Editor: Barry Fast (Academic Book Center)


In 1923, Jan Ludvik Hoch was born into a poor Jewish family living in Slatinske Doly, a little village on the edge of the Carpathian Mountains in what was then eastern Czechoslovakia (today part of Ukraine). Sixty-eight years later, this son of a small-time cattle dealer, who had risen to become the head of a London-based communications empire, died when he apparently suffered a heart attack in the wee hours and fell unobserved over the rail of his yacht while cruising near the Canary Islands. The deceased’s name, which he had changed as a young man, was Robert Maxwell.

If the preceding paragraph sounds as if it has been taken from a pulp novel, perhaps this is because Robert Maxwell’s life was — even without his many embellishments — truly extraordinary. Tom Bower, a British television producer and investigative reporter, has delved deeply into Maxwell’s business dealings and, to a lesser extent, his personal life in this informative book. Although space limitations will permit me to present only a few highlights here, perhaps this will interest readers who are curious about this prominent publisher.

Jan Hoch attended both Hebrew and Czech Government elementary schools in his village and went on, at the age of 11, to a yeshiva (religious secondary school) there. Because of the Zionist ferment going on among Eastern European Jews during this period, many transients passed through Slatinske Doly, providing the young man with opportunities to learn to converse in numerous languages. Jan spent a good deal of time with his grandfather, Ya’akov Schlomovitch, a highly skilled cattle and horse dealer and middleman who did considerable business engaging in the common local practice of smuggling animals and other items into nearby Romania. Bower explains that “whenever someone in the region had a need, he [Schlomovitch] would seek to satisfy it by buying and selling the commodity in question, making his profit ‘on the turn.’” Watching his grandfather ceaselessly looking for business and haggling

the two sides at both ends to increase the margin imbued Maxwell with an instinctive sense of dealing which [in later years] refined business men in London and New York came to loathe and fear.”

Shortly after Hitler’s forces moved into Czechoslovakia in 1939, Jan Hoch’s parents decided he would be safer in Budapest, so, at 15, he and a friend traveled there by train. In the Hungarian capital, he experienced life in a big city for the first time and, awed by the displays of wealth, resolved to become rich. He soon decided to strike out on his own and, in view of the virulently anti-Semitic climate of the period, to abandon his Jewish identity. (His parents and many of his relatives were subsequently to die in the Holocaust.)

His activities during the next months are unclear, but he arrived in southern France in early 1940 as a member of the Czech Legion fighting against the Axis powers. He traveled to Liverpool by ship later that year, subsequently learning to speak English fluently and joining the British Army. The very tall, handsome, and well-built young man impressed several of his superiors with his initiative, energy, and courage; was awarded the Military Cross; and rose from private to captain. He changed his name several times during the war — both to conceal his identity from the Germans and to establish his credentials as an Englishman — before settling on the last name of Maxwell.

The end of the war found Captain Maxwell serving as an information control officer in the British sector of occupied Berlin. During this chaotic period, all German publishers needed numerous clearances and assistance from the occupation authorities to obtain paper, electricity, access to presses, and numerous other essentials. Maxwell’s position as gatekeeper, his knowledge of numerous languages, and his trading acumen enabled him to play important roles in the revival of several German publishing businesses, including Arno Scholz’s Der Telegraph newspaper and Springer Verlag. He cultivated Scholz, who, in exchange for Maxwell’s assistance, taught the neophyte about the newspaper business and arranged numerous introductions to prominent German businessmen.

By pulling numerous strings on Springer’s behalf, Maxwell, who had separated from the British Army in 1946 but stayed on in Berlin doing the same work as a civilian, made a major contribution toward jump starting the firm’s international publishing business, which had essentially been mothballed since 1933. In late 1947, he managed to parlay the goodwill he had created among Springer’s top officials — especially the veteran publisher Tonjes Lange, who served as another of Maxwell’s mentors — into an exclusive contract for Maxwell’s recently formed European Periodicals, Publicity and Advertising Corporation (EPPAC), with offices in London, to handle the worldwide distribution of Springer’s periodicals and books.

At about this time, Maxwell, who had been involved in periodicals distribution ventures in London since at least September 1946, shifted his base of operations there. The contract, as well as subsequent business agreements, with Springer quickly made him a wealthy man. Maxwell traveled extensively to promote the distribution of Springer publications and devoted considerable energy to managing EPPAC. Nonetheless, the firm — many of whose employees knew little or nothing about publications fulfillment — received many customer complaints. In addition, Ferdinand Springer — one of the German publisher’s principals — complained to his partners that “Maxwell . . . did not love books and authors like a traditional publisher” but was essentially a trader in commodities. By mid-1954, after many mutual recriminations, Maxwell and Springer Verlag agreed to part company. The book’s account of Maxwell’s business dealings with Springer provide fascinating insights into Maxwell’s unorthodox, high-risk, and sometimes clearly fraudulent business practices.

From about the beginning of 1948,
the web of Maxwell's publishing and numerous trading ventures described by Bower becomes far too complex to be adequately summarized here. Among the many ventures described are the 1951 acquisition of Simpkin Marshall (a British book wholesaler), which ended in an embarrassing bankruptcy that alienated much of London's publishing and financial establishments; the 1951 founding, and the subsequent successful development of, Pergamon Press, as well as Maxwell's aborted effort to sell it to New York financier Saul Steinberg in 1969; and the unsuccessful effort to buy the News of the World newspaper in 1968, when Maxwell lost out to Rupert Murdoch. Also described are Maxwell's 1981 acquisition of the ailing British Printing Corporation and his successful efforts to turn the company to profitability; his purchase of the (U.K.) Mirror Group Newspapers from Reed International in 1984; and his buying spree beginning in 1987 that included an unsuccessful takeover bid for Harcourt Brace Jovanovich (1987) and successful bids for (U.S.) Macmillan (1988) and the (U.S.) Daily News (1991). The book's account of the collapse of Maxwell's empire, which began before his death and accelerated rapidly afterward, is well done, going far beyond what has been provided in newspapers.

Interestingly, Maxwell used shell companies and routinely manipulated both the shares and the directors of the companies he led from his early days in business up until his death. From the 1950s, he used Liechtenstein-based family trusts to disguise the extent of his holdings in various businesses, assuming — correctly, as it turned out — that lax British financial regulatory authorities would not uncover the resulting illegalities. He also used lawsuits frequently and with considerable success to intimidate his critics in the press. (For example, when Bower's book first appeared in 1988, it was the target of a series of suits by Maxwell and a related campaign to keep the book out of U.K. bookstores.)

Bower comments that "those who knew him in 1947 are convinced that he was, despite his deals, living way beyond his means. Maxwell left [his business partner] . . . and others in cold fear. Only those who understood that his primitive background excluded any sense of embarrassment or fear of poverty could understand the style. But even they found it daunting." Maxwell also always practiced a high degree of secrecy and compartmentalization in business, ensuring that each of his subordinates — even at the most senior levels — knew about only a small fraction of his undertakings at any given time. These practices, the author strongly suggests, help to account for the many revelations of improprieties and excessive leveraging that surfaced after Robert Maxwell's death.

Robert Maxwell's tenacity and considerable charm enabled him to accomplish a good deal when acquiring and/or managing companies that were overvalued, especially those resisting — generally in order to placate their unions — the introduction of new printing or other technologies. For example, Bower observes that Reed International executives Leslie Carpenter and Sir Alexander Jarrett sold the Mirror Group Newspapers to Maxwell partly because they did not have the stomach to confront the British printing unions in the way Maxwell would. The two men have described the negotiating style Maxwell displayed when he bought the Mirror Group: "We agreed to the terms of the sale within ninety minutes and then he began haggling and spent days and weeks negotiating the deal we thought had been settled." He used the same expert haggling techniques on numerous unions to wring extensive concessions, including major work-force reductions, out of them. A recurring theme in the book is Maxwell's unremitting, and frequently frustrated, efforts to win acceptance from a British establishment that he saw as biased against him both because of his humble origins and because he was Jewish, foreign born, and lacked a university education. Bower attributes much of Maxwell's striving to buy major newspapers, as well as his acquisition of the trappings of financial power — the chauffeured luxury cars; the Headington Hall mansion in Oxford; the private jet and helicopter; and, in his last years, the behemoth yacht, the Lady Ghislaine — to a desire to gain prestige and the respect of the powerful. At the same time, though, Bower points out that Maxwell used the trappings of wealth to great effect in courting potential business partners or those whose companies he wished to acquire, as well as to attract publicity and thereby inspire the awe and admiration of the general public.

Unfortunately for ATG readers, the book says little about how Maxwell built up Pergamon Press's core business in scientific journals. It mentions his skill in persuading prominent scientists he encountered at conferences to become editors, indicates that he inspired loyalty among a significant portion of Pergamon editors, and alludes to his penchant for charging whatever the market would bear for subscriptions, but it generally mentions Pergamon only as a cash cow that Maxwell used to finance the higher-profile (newspaper, television, etc.) deals in which Bower — and perhaps the general reader — is most interested. The book's descriptions of some of Maxwell's U.S. deals — both the unsuccessful attempt to take over Harcourt Brace Jovanovich and the successful one to take over Macmillan — are rather sketchy compared with the descriptions of deals made in the United Kingdom, where Bower is based.

While this book is primarily a serious investigative work rather than a celebrity biography, it does contain many interesting (and quite a few amusing) anecdotes and a good deal of gossip about Robert Maxwell and his associates that the author picked up during his research. In view of the high-profile social life that Maxwell led, these elements of the book are not only entertaining, helping to enliven the sometimes dry descriptions of various deals, but also help to give the reader multiple perspectives on this seemingly larger-than-life figure.

**Maxwell: The Outsider** clearly was written — and updated after Maxwell's death — rather hastily. The prodigious research the author has done has not been fully digested, and there are occasional confusing breaks in the narrative. The book's chapters have simply been numbered without any unifying themes being used as titles, and the index is unimpressive. Still, since this is clearly a commercial book that has been rushed out to meet market demand, perhaps it is not entirely fair to apply scholarly standards to it. The book's prose is rather readable; its author's sense of humor is engaging; and, most importantly, it provides the reader with numerous insights into both the character and the business dealings of Robert Maxwell.

Paul Gleason is an Assistant Editor with the International Monetary Fund (Washington, DC). The views expressed in this article are those of the author and should not be interpreted as reflecting the views of the IMF.