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EIGHTEENTH CENTURY BUSINESS CORPORATIONS IN THE UNITED STATES

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EIGHTEENTH CENTURY BUSINESS CORPORATIONS IN THE UNITED STATES

EIGHTEENTH CENTURY BUSINESS CORPORATIONS

CHAPTER I

INTRODUCTORY

THE term "business corporation" has no precise technical significance. In latter days it is frequently used in a narrow sense. From it are excluded not only public corporations, such as municipalities, and coöperative associations, but also financial corporations — banks and insurance companies — and public service companies. It includes all that heterogeny of agricultural, manufacturing, mining, development, and commercial companies which have not yet been set off in distinct classes, designated by a special group name and subjected to special legislation.[1] In a broader and perfectly legitimate sense, however, the term may be used to designate all corporations formed with the primary object of securing pecuniary gain or avoiding pecuniary loss, for the benefit of the members. In earlier days such companies were occasionally spoken of as "money" or "moneyed" corporations.[2] To the end of the eighteenth century, however, not only had no classification of business corporations been developed, but no sharp line was drawn between these and corporations of other sorts.[3] In the

[1] It is in this sense that the term is used in W. E. Rappard's *Les Corporations d'Affaires au Massachusetts* (Paris, 1908).

[2] Daniel Raymond, *Thoughts on Political Economy* (Baltimore, 1820), 425–426.

[3] Fisher Ames, in the debate in Congress on the charters to the Bank of the United States, argued that in erecting the Northwest Territory Congress had established a precedent for passing acts of incorporation, and Hamilton did not hesitate to intimate the same: Clarke and Hall, *Bank of the U. S.*, 48, 109. Cf. James Wilson (*Works*, i, 408–411): "States are corporations or bodies politick of the most dignified kind. . . . It will be difficult, I believe, to urge against the power of Congress [1785] to grant a charter to the Bank of North America, any argument, which may not, with equal strength and fitness, be urged against the power of that body to form, execute, and promulgate a charter of compact for new states."

eye of the law a corporation was a corporation — that was all there was to it. The common law as developed with reference to corporations organized for religious or governmental purposes was applied to others organized for business purposes. Legislative committees on corporations handled petitions for charters alike from towns, churches, banks, and manufacturing companies — in New Jersey, at least, till nearly 1840. Differentiation arose only by slow degrees, as the numbers increased and general statutes were passed which applied only to specified groups of corporations. Hardly a beginning of this appeared before 1800. We are then under the necessity of drawing for ourselves the line between the corporations with business purposes and those predominantly for other ends, and the decision is not always easy.[1] This lack of contemporary differentiation, as well as the paucity of the charters, makes advisable the use here of the term "business corporation" in its more inclusive sense.

In colonial days, as an earlier essay has indicated, American corporations for business purposes were few and relatively unimportant. The water company of Boston (1652), not incontestably entitled to corporate rank, and Penn's *Free Society of Traders in Pennsylvania* (1682), chartered and chiefly owned in England, were the only seventeenth century representatives. The first of these probably did not long survive, and the second, after a very brief active career, lingered on in a comatose condition until 1723. In the eighteenth century, prior to the Revolution, there is first to be mentioned the ill-starred New London trading society, which was established only after certain of its proposed characteristics and purposes were put out of sight, and whose active career was summarily brought to an end by legislative act within a year of its establishment. Less pretentious but more enduring were the two groups of wharf proprietors, in New Haven and Boston respectively, three little water companies in Rhode Island, and a mutual fire insurance society in Philadelphia — all of which survived the Revolution. These comprise the total list of fully American, clearly corporate

[1] Cf. *infra*, 283–285.

business associations in those English colonies which developed into the United States.[1]

These pioneer business corporations are of historical interest. It is obvious, however, that their significance, even for their time, was but slight and local, and that they were distinctly exceptions in the business world rather than the rule. They seem, in the main, predecessors rather than prototypes of the present-day business corporation. Only the local public service corporation is well represented, and there is not a single example of the great classes of later days — banks, highway and transportation companies, manufacturing and mining companies.

Other predecessors were the joint stock companies, unincorporated, which long remained the English form for such joint stock enterprise as was beyond the limits of ordinary partnerships. In the colonies these too were comparatively few and far between, possibly in part because of the act of Parliament in 1741 extending to America the operation of the Bubble Act of 1720,[2] but more largely, probably, because the economic and psychological conditions did not require or favor their development.

Reasons for the paucity of colonial business corporations — applying in several instances equally to the slight extension of other joint stock enterprise — have been suggested in an earlier essay.[3] Small-scale enterprise was still the order of the day, particularly in America, where difficulties hindered coöperative action, both by preventing the initial intercourse of men of affairs and by hampering the continuance of all but local relationships. Political conditions operated rather to check than to promote such intercourse, especially between men in different colonies. The independence of temper characteristic of the American colonists was an adverse factor. The technique of using the elements of large-scale enterprise — machinery, power, labor — was still undeveloped, and with a large virgin area to subdue in the most elementary fashion the colonists could

[1] Essay I, 22–25, 41–45, 87–90, and Appendix A of this Essay.
[2] Essay I, 25–27, 91–99.
[3] Essay II, 178.

hardly make large strides in technical progress. Nor were large supplies of capital or labor seeking employment. Moreover, even in the mother country the corporate form was yet applied to a very limited extent to business enterprises, and the most prominent examples of English business corporations were the privileged and monopolistic companies for foreign trade, against which no small prejudice existed. Restraints imposed by the crown and its representatives, upon the rise of manufactures and banking as well as upon direct grants of corporate powers, while not of large importance in this connection, also deserve passing mention.

During the Revolution few corporations of any sort were chartered in the "united states," and but one was created for any business purpose prior to the treaty of Versailles (Sept. 3, 1783). For this fact explanation need hardly be offered. The state legislatures were busied with war measures and the times were too unsettled for new business ventures. Till the great question of independence or submission should be decided, corporate privileges for business purposes were naturally neither offered nor sought.

After the conclusion of peace the situation was materially altered.[1] There was time to turn attention to internal problems; there was no occasion for waiting upon the opinion of the English crown or proprietaries, or their representatives, or Parliament — what was desired might at least be attempted; there was fair prospect of continued peace and opportunity for continuous independent development. Moreover, the need for business enterprises of stability and considerable scale was plainly evident to the newly united states. Means of communication were imperatively demanded, as well by political as by economic considerations; banks were seen to be of prime importance; manufactures soon came to be thought of, by

[1] Cf. Weeden, *Econ. and Social Hist. of New England*, ii, 853, commenting on industrial developments of 1783–89: "Wars that do not actually impoverish their peoples promote organized industries. The necessity of the movement stimulates new inventions and new arraugements of labor. But beyond all this, people sink their individualism for a time, overcome local isolation, and bend together in new work. All this promotes enterprise in the largest sense."

many, as almost equally important. For many enterprises of these types it was inevitable that incorporation, with the privilege of limited liability and the conditions of more stable organization, should be sought. There were several favoring circumstances. Capital, accumulated during the war by many members of the community, was available for investment; fortunes in property other than real estate were undoubtedly larger than before the war. The disbanding of the army set free a labor supply, and throngs of immigrants rapidly added largely to it. The war had done much to bring into mutual acquaintance men of business acumen and property, had forced some experience in cöoperative activity, and had necessitated the exercise of ingenuity in a thousand directions. With the coming of peace these developed resources sought employment in other fields. Moreover, the day was one of bold experimentation, enthusiastic exploitation of new methods, eager exploration of new paths, confident undertaking of new enterprises. One gigantic speculation had been notably successful — the achieving of independence. Political precedents had been broken and new political expedients were being tried. Economic "speculations," new economic devices, likewise came naturally to the fore, and legislatures were willing to permit them and to encourage them as well. Furthermore, the English tradition that corporate powers were to be granted only in rare instances, never deeply intrenched here, was opposed by a strong and growing prejudice in favor of equality — a prejudice which led almost at once to the enactment of general incorporation acts for ecclesiastical, educational, and literary corporations.[1] Partiality in according such powers was to be expected of the English crown, but it was a serious charge to lay at the door of democratic legislatures after a Declaration of Independence which asserted so vigorously the natural equality of rights and privileges. Not least important, the physical ease of securing charters was far greater in the new states than in England, and, considering the royal right of review, greater than in the colonies. Legislatures were not overworked and did business

[1] See *infra*, 16–19.

free of charge and with reasonable promptness, whereas both the cost and the delays incident to securing royal charters always tended to discourage application for them. Finally, the practice in creating corporations for non-business purposes, though it did not lead promptly to granting freedom of incorporation to business corporations, undoubtedly smoothed the way for special acts incorporating business associations.

Together these factors brought about a considerable extension of corporate enterprise in the field of business before the end of the eighteenth century, notably after the critical period of disunion and constitution making had passed. Prior to 1801 over three hundred charters were granted for business corporations, ninety per cent of them after 1789. Judged by twentieth century standards these seem few indeed, but neither in the colonies nor in the mother country was there precedent for such a development; and these American charters reflect a noteworthy experiment in business organization and in public policy toward business enterprise.

In this essay we have principally to examine the course of this development from 1783 to 1800, in different states and in different classes of corporations; the vicissitudes through which the new corporations had to pass; the contributions which they made; the causes of their success or failure; the attitude of the public, and the emergence of public policies toward them. As a preliminary, however, it is necessary to consider briefly the source from which corporate powers were derived in the new political system, the extent to which it was divided or shared, and the methods by which these powers were obtained by those who sought them.

The power of granting corporate privileges, long recognized as an attribute of sovereignty, was assumed by the state governments as the British control was thrown off, and the granting of charters became a function of the law-making body. This was obviously the natural procedure: precedents in parliamentary acts of incorporation and in charters granted by colonial assemblies, while absolutely few in number, were numerous

enough, and no crown existed to assume even a share, indirect or direct, in the chartering process. Reference was not usually made to the power in the newly adopted state constitutions, both because of its implied inclusion in powers of legislation and because the significance of the power was not yet recognized.[1]

A single attempt to usurp this power was promptly rebuffed. William Livingston, governor of New Jersey, once followed the common colonial precedent of his jurisdiction by issuing a charter, under the "great seal" of the state but without authorization from the assembly, to the First Day Baptist Church of Hopewell Township, Cumberland County. The patent bore date of March 18, 1778. On Oct. 9, 1779, the assembly

> "*Resolved unanimously*, that the said charter or instrument of writing is not warranted by law, and therefore void. . . . That the power of granting patents of incorporation, under the present Constitution, is vested solely in the Legislature of the State."[2]

Livingston acquiesced, and the question was settled for good.

A number of the colonial corporations were in existence when the Declaration of Independence was adopted. The legality of their basis for existence under the new régime was readily open to question. The Pennsylvania legislature repeatedly enunciated the theory that a corporation "deriving its existence and freedoms from the authority of the crown of Great Britain, became upon the declaration of independence of this state from that crown immediately dissolved."[3] Certain New Jersey acts contain the same kind of expressions.[4] In most instances, however, the legislatures were not unwilling to reëstablish the old corporations on new charters substantially identical with the old except in pure formalities or modi-

[1] Constitutions of Pennsylvania (1776) and Vermont (1786, 1793) definitely empowered the legislature to grant charters of incorporation: Poore, *Charters and Consts.*, ii, 1543, 1870, 1878. Generally the power was implied.

[2] William Nelson, in *N. J. Hist. Soc. Proceedings*, 3d Series, iii, 117 (1906).

[3] Act of June 19, 1777, rechartering the borough of Lancaster: *Pa. Stats. at Large*, ix, 128. For similar statements, see *ibid.*, x, 83, xii, 68.

[4] *Session Laws*, 1783, p. 6, Nov. 17, 1784, p. 126 (relating to churches), May 27, 31, 1799, pp. 515, 518 (relating to Princeton and Rutgers colleges). Entirely new charters were given to the five boroughs and cities of New Jersey after the Revolution. For the foundation of the view here cited, see Blackstone, *Commentaries*, i, 484.

fications which time and new conditions made desirable.[1] It happened, however, that without exception the few *business* corporations which lived down to the Revolution had received their corporate privileges from provincial legislatures rather than from the crown or proprietary authorities. Accordingly no objection seems to have been raised to their continuing to exist under the original acts of incorporation, the new legislatures being the direct successors of the colonial assemblies.

Whether the Congress of the Confederation also might grant charters of incorporation was a moot point in 1781 when Robert Morris, newly appointed Superintendent of Finance, wished to have the aid of the commercial bank and requested Congress to establish the institution. The Articles of Confederation, lately ratified (July 9, 1778), were silent on the point. The question was debated in May, 1781, when Congress passed a resolution in favor of the bank, and again in December, when a complete charter of incorporation was granted.[2] Madison, though approving the scheme for the bank, saw no warrant for believing that Congress possessed the power to incorporate. Writing to Edmund Pendleton, Jan. 8, 1782, he reported

"the general opinion, tho' with some exceptions, was that the Confederation gave no such power, and that the exercise of it would not bear the test of a forensic disquisition, and consequently would not avail the Institution. The Bank, however, supposing that such a sanction from Congress would at least give it a dignity and preeminence in the public opinion, urged the engagement of Congress [referring to the preliminary resolution]; that on this engagement the subscriptions had been made, and that a disappointment would leave the subscribers free to withdraw their names. . . . The immediate interposition of Congress was rendered the more essential, too, by the sudden adjournment of the Assembly of this State [Pennsylvania], to whom the Bank might have been referred for the desired incorporation, which, it was the opinion of many, would have given them a sufficient legal existence in every state. . . . Something like a middle way finally produced an acquiescing, rather than an affirmative vote. A charter of incorporation was granted, with a recommendation to the States to give it all the necessary validity within their respective jurisdictions. As this is a tacit admission of

[1] Philadelphia's charter, granted by the proprietor in 1701, was not replaced until 1789.

[2] *Journals of Congress*, May 26, Dec. 31, 1781.

a defect of power, I hope it will be an antidote against the poisonous tendency of precedents of usurpation."[1]

Only Massachusetts voted against the original resolution, though Pennsylvania was divided, and Rhode Island and Connecticut were not sufficiently represented to count. On the final passage there seems to have been no division. In accordance with the recommendation of Congress, several auxiliary charters or validating acts were passed by different states, including the home state, Pennsylvania.[2] Opinions differed as to the significance of these different charters. Peletiah Webster said early in 1786 that the state charter given by Pennsylvania merely allayed prejudices: "I never heard that anybody at that time, disputed or called in question the *legal authority* of Congress to give a charter to the bank."[3] James Wilson argued later, and possibly at this time as well, that since the new bank was to be "commensurate to the United States," the states individually had no powers adequate to incorporate it; "The consequence is that this is not an act of sovereignty, or a power, jurisdiction, or right, which, by the second article of confederation, must be expressly delegated to congress in order to be possessed by that body;" and accordingly he argued that "Whenever an object occurs to the direction of which no particular state is competent the management of it must, of necessity, belong to the United States in congress assembled."[4] But undoubtedly many agreed with Madison, and many more did not take the trouble to decide what they thought.

The issue was not again raised while the Confederation lasted under the articles of 1778. Actions, however, spoke louder than words.[5] When in 1785, for reasons to be mentioned below, the Pennsylvania legislature repealed its act incorporating the bank, the directors were not content to rely upon the federal charter, but took the precaution to secure a new charter from Delaware, prepared to fight the repealing act in the state courts, and within two years accepted a new charter from Penn-

[1] Madison, *Works*, i, 167–169.
[2] See *infra*, 38.
[3] *Essays*, 454.
[4] Wilson, *Works*, i, 550–564.
[5] See *infra*, 42–43.

sylvania. Plainly they considered the congressional charter worth little as a practical matter. Furthermore, it is to be noted that inhabitants of Pennsylvania, Maryland, and Virginia, seeking to promote river communication across their borders during these years, undertook the difficult task of securing concurrent charters from the states interested rather than rely upon a congressional charter. The fact was that with peace the Congress had grown weaker and the states took more and more pride in their independence. Whatever the theoretical legality of a charter from the Congress of the Confederation, its practical force would have been *nil* in a state which refused to recognize it, and effective excuses for such refusal would have been easy to find. In this as in other fields the Congress *in fact* did not possess power requisite to the need.

The convention of 1787, which undertook to prepare a plan for a "more perfect union," was aware of this weakness in the old Confederation instrument. Madison himself urged upon the convention the specification of a power of Congress "To grant charters of incorporation in cases where the public good may require them, and the authority of a single state may be incompetent." Pinckney proposed on August 18 that one of the additional powers delegated to the new Congress be "To grant charters of incorporation." Both proposals were referred to committee, but there they slept. On September 14 Dr. Franklin, ex-postmaster-general of the colonies, moved "to add after the words 'post roads' . . . 'a power to provide for cutting canals where deemed necessary,'" and James Wilson of Pennsylvania seconded the motion. Madison thereupon repeated his suggestion in a more general form, urging that

"the primary object was, however, to secure an easy communication between the States which the free intercourse now to be opened, seemed to call for. The political obstacles being removed, a removal of the natural ones as far as possible ought to follow."

Randolph seconded Madison's motion, and Wilson urged that it was "necessary to prevent *a State* from obstructing the *general* welfare." Rufus King, however, "thought the power unnecessary" — meaning evidently the specific grant of the

power — and argued the inexpediency of mentioning the matter.

"The States will be prejudiced and divided into parties by it — In Philada. & New York, it will be referred to the establishment of a Bank, which has been a subject of contention in those Cities.[1] In other places it will be referred to mercantile monopolies."

Whereupon

"M[r] Wilson mentioned the importance of facilitating by canals, the communication with the Western Settlements — As to Banks he did not think with M[r] King that the power in that point of view would excite the prejudices & parties apprehended. As to mercantile monopolies they are already included in the power to regulate trade."

This last was a dangerous suggestion. George Mason of Virginia

"was for limiting the power to the single case of Canals. He was afraid of monopolies of every sort, which he did not think were by any means already implied by the Constitution as supposed by M[r] Wilson."

Limited, then, to the case of canals, the question was brought to a vote, but even so only Pennsylvania, Virginia, and Georgia voted *pro*, and New Hampshire, Massachusetts, Connecticut, New Jersey, Delaware, Maryland, North Carolina, and South Carolina *con*. Accordingly no vote was taken on the wider proposition, and the Constitution issued silent on the subject.[2]

On the other hand there was no disposition to prohibit to Congress the exercise of the power; the convention went twice on record in favor of giving Congress all powers to legislate in cases where the states should not be severally competent; and the Constitution as adopted contained a clause to this effect. It is highly probable that many delegates to the convention believed with Rufus King that the new Congress would

[1] See *infra*, 81–88.

[2] Farrand, *Records of the Federal Convention*, ii, 321–322, 324–325, 615–616, 620. Jefferson, in his memoirs (March 11, 1798), said that Robert Morris had proposed that Congress be given power to establish a national bank, but that Gouverneur Morris opposed the idea on the ground that the ratification of the Constitution bade fair to be quite difficult enough without it: Elliot's *Debates*, iv, 611–612. The records of the convention do not substantiate this story, but it is not inherently improbable. Cf. Hamilton's discussion in his opinion on the constitutionality of the bank charter, in *Works*, iv, 116–117.

possess, without specific grant, limited powers to incorporate, and that the omission of authorization in so many words was due chiefly to the fear of unnecessarily arousing sentiment hostile to the whole scheme, which in any case was sure to have a severe gauntlet to run.

This policy was in the main successful. At one point, however, silence was made the ground of attack on the instrument. When the Constitution, adopted without Mason's signature, was subject for ratification, he presented as a dangerous loophole the uncertainty on the subject of mercantile monopolies.[1] To resolve such doubts the Massachusetts ratifying convention, on motion of Samuel Adams, voted to recommend as an amendment "That Congress erect no company of merchants with exclusive advantages of commerce," and substantially the same recommendation was adopted by the conventions of New Hampshire, New York, North Carolina, and Rhode Island. The issue was at no time in the foreground, however, and when the amendment was taken up in Congress — in August and September, 1789, and again in 1793 — the sentiment for it was insufficient even to bring it to a vote.[2] Had the amendment been adopted, the power of incorporation would have been only slightly restricted, and in the discussion of the Constitution there seems to have arisen no fear respecting the exercise of the power in general.

Soon, however, the question of the validity of a congressional charter under the new Constitution was directly raised by Hamilton's report urging the establishment of a national bank. Madison stressed this point in leading the opposition to the proposal. When the test came, however, the House voted 39 to 20 for the charter, and the Senate too passed it. Randolph

[1] Mason's statement and James Iredell's reply may be found conveniently in Paul Leicester Ford's *Pamphlets on the Constitution of the United States, published during its discussion by the people 1787–1788* (Brooklyn, 1888), 331, 350.

[2] William V. Wells, *The Life and Public Services of Samuel Adams* (Boston, 1865), iii, 261–269; Jonathan Elliott, *The Debates . . . on the Adoption of the Federal Constitution* (2d ed., Washington, 1836), i, 323, 326, 330, 337, iv, 246; H. V. Ames, "The Proposed Amendments to the Constitution . . .," in *Am. Hist. Assoc. Report*, 1896, ii, 254–255. Such a provision, indeed, was not needed at the time.

and Jefferson supported the strict constructionist view in formal opinions to the President, but Hamilton's argument was more convincing, and the bill was duly signed.[1] In the next Congress, on a motion to declare the bank charter unconstitutional, the House went again on record as a believer in the power, though by a narrow margin — this in the face of a campaign of bitter and effective denunciation of the bank and the funding system, for which the speculative orgy and panic had furnished excellent fuel.[2]

It is strange but significant that the question was not submitted to the courts during the existence of the first Bank of the United States. It figured slightly, if at all, in the debates of 1811–12 on the recharter of the bank, and slightly also in the debates on chartering the second Bank. It is further significant that by 1816 the scruples even of Madison had been overcome, and that as President he signed, in 1816, the charter for the new bank. Finally, in 1819, Chief Justice Marshall rendered the famous decision of *McCulloch* v. *Maryland*, affirming the constitutionality of the act.[3] Even then the argument of unconstitutionality was not entirely annihilated, and it played a rôle in the Jacksonian war on the bank. Yet one is fain to believe that it was by this time largely a talking point rather than anything regarded as weighty.

The power of Congress under the Constitution to pass acts of incorporation was therefore established, but the reception of the bank charter doubtless militated against all but exceptional use of that power. Interstate communications of various sorts, at least, might well have been set afoot under congressional charter, but the fear of sinister influence at Philadelphia, the jealousy of the dignity of the state legislatures, the wish

[1] Clarke and Hall, *Bank of the United States*, 85–113. The Senate Proceedings do not indicate the strength of the opposition.

[2] Cf. also the amendment proposed in the Senate in January, 1794, and negatived by a narrow margin: "Nor shall any person, holding any office or stock in any institution in the nature of a Bank, for issuing or discounting bills or notes under the authority of the United States, be a member of either House whilst he holds such office or stock, but no power to grant any charter of incorporation, or any commercial or other monopoly, shall be hereby implied": *Annals of Congress*, iv, 31–32.

[3] 4 Wheaton 316.

to have the ultimate decisions made locally in matters not of universal scope — these shut off at the outset any tendency which might have arisen in favor of numerous federal acts of incorporation. The tendency has never since made its appearance. Corporate privileges, therefore, have been throughout our national life and remain to this day almost solely the gift, directly or indirectly, of state legislatures.[1]

A question of jurisdiction was also involved in the case of corporations in the District of Columbia, of which the Bank of Columbia and the Bank of Alexandria were the most noteworthy examples. These had received charters from Maryland and Virginia, after the District had been provided for by federal act. Some anxiety was felt by members of these corporations regarding their legal status. This was dispelled by a federal act of Feb. 27, 1801, confirming the state charters.[2]

During these years incorporation for business purposes was almost entirely by special act. In other fields freedom of incorporation was early extended and general incorporation acts became more numerous as the years passed. The constitution of South Carolina, adopted March 19, 1778, virtually assured freedom of incorporation for religious purposes, so far as "Christian Protestant" churches were concerned.[3] New York passed a general incorporation act for religious purposes April 6, 1784.[4] New Jersey followed suit March 6, 1786,[5] and Delaware on Feb. 3, 1787. On April 6, 1791,[6] Pennsylvania passed a similar

[1] Legal interest attaches to the decision of the Supreme Court of Pa., in the case of *Respublica* v. *Cornelius Sweers* in April, 1779 (1 Dallas 45–48), which hinged upon the question whether at the time of the defendant's forgery the United States, the injured party, was "a body corporate known in law." The court held that "From the moment of their association, the *United States* necessarily became a body corporate; for there was no superior from whom that character could otherwise be derived. In *England*, the king, lords, and commons, are certainly a body corporate; and yet there was nothing in charter or statute, by which they were expressly so created."

[2] Bryan, *History of the National Capital*, i, 431, citing A. B. Woodward, in *Georgetown Museum*, Feb. 4, 1801; *U. S. Stats. at Large*, ii, 103–108.

[3] Poore, *Charters and Constitutions*, ii, 1626.

[4] *Session Laws*, 23–25.

[5] *Laws* (ed. 1797), ii, 879.

[6] *Session Laws*, 255.

act granting freedom of incorporation "for any literary, charitable, or for any religious purpose."[1] In 1794 New Jersey provided similarly for "societies for the promotion of learning."[2] In 1796 New York and in 1799 New Jersey extended the privilege to library companies.[3] In 1788 Virginia and in 1798 Kentucky provided likewise for fire companies.[4] There were probably a few other general incorporation acts.[5]

For a business purpose, however, there appears but a single clear instance of the grant of freedom of incorporation before the end of the century. By act of Feb. 21, 1799,[6] the Massachusetts General Court provided,

"That when any number of persons shall, by writing, associate and become Proprietors of any Aqueduct, or of any funds raised for making and constructing the same, for the purpose of conveying fresh water, by subterraneous or other pipes, into any town or place within this Commonwealth,"

the holders of a majority of the shares might apply to a justice of the peace of the county where the aqueduct was to be located, stating the name of the association and the objects of the proposed meeting, and this justice was authorized to issue a warrant to some proprietor directing him to call the meeting. The proprietors duly met were to become a corporation, with power to arrange for future meetings, elect moderator and directors, etc., as they chose. Voting rights were to be one vote per share. Fines for breaches of by-laws, not exceeding $30, might be imposed. Real estate "necessary for the purpose of their institution," to a maximum of $30,000, might be held. Digging up streets to lay pipes was to be subject to authorization by local selectmen, though without inconveniencing passers-by "with their teams and carriages." A stock book was to be regularly kept, "to the end that the Proprietors of the shares in any such corporate property may be known." In case of dissolution (but not otherwise) proprietors were individually

[1] *Pa. Stats. at Large*, xiv, 50–53.
[2] *Session Laws*, 950.
[3] *N. J. Session Laws*, 644; *N. Y. Laws* (ed. 1887), iii, 695.
[4] *Stats. at Large* (Hening), xii, 530; *Ky. Laws* (ed. 1799), 78.
[5] Cf. Griffith, *Annals of Baltimore*, 138; Scharf, *Chronicles of Baltimore*, 264.
[6] *Mass. Laws* (ed. 1801), ii, 843–847.

to be liable till all contracts then subsisting were satisfied, until six years had passed. Malicious injuries to aqueducts were penalized at $20, half going to the informer, and towns were to have privileges of drawing water, free, for extinguishment of fires.

The act was probably utilized, for Massachusetts special acts incorporating water companies abruptly cease in this year; but I have been unable to trace the companies so erected. It was not until 1811 that freedom of incorporation was extended to any important class of business corporations, and only in the forties did such acts become common in the United States.

A North Carolina statute passed late in 1795, entitled "An act to encourage the cutting of Canals by subscription,"[1] approximates a general incorporation act and has been called one.[2] This provides "That when any number of subscribers shall or may have agreed to cut a canal or canals, and formed themselves into a company for that purpose," they may exercise the right of eminent domain to accomplish the project, provided that the canals do not injure "houses or other valuable improvements greatly to the injury of the proprietors," that bridges over the canals be freely provided for the use of the proprietors and the public, that landowners may drain their abutting lands into the canals, and that if any canal should not be completed within seven years after a court order to appraise such lands, these should revert to the original owner, his heirs or assigns. The act, moreover, permits "That the said com-

[1] *Session Laws*, 2–3.

[2] Baldwin, *Bus. Corps.*, 467. The preamble recites: "Whereas it has been demonstrated by the experience of the most improved and well cultivated countries, that opening communications by cutting canals, has been productive of great wealth and convenience: And whereas it has been represented to this General Assembly, that cutting canals through peninsulas or narrow necks of land, swamps and marshes, from one part of a river, creek, bay or sound, would greatly facilitate and encourage merchandize, and consequently contribute to the wealth and revenue of this state, by opening a more easy, safe and short conveyance for the produce of the greatest part of the country, to sea port towns and safe harbours; and also be productive of the most salutary effects, by draining noxious marshes, swamps and low lands, which will promote health, reclaim immense quantities of our most fertile lands, and in a peculiar manner tend to the wealth and welfare of this state, which it is the most ardent desire of this legislature at all times to promote by every useful undertaking."

pany may sue and be sued, plead and be impleaded, under the denomination of the canal company," and authorizes suits against delinquent subscribers. No specific grant of a corporate franchise is made, however, and the companies formed under it are to be regarded merely as joint stock companies with one or two privileges (not even limited liability) commonly associated with corporations. Furthermore, it is doubtful if the companies were, strictly speaking, organized for profit. Upon completion of its canals and bridges each company is required to submit an account of the expense to men appointed by the local county court, and their report is to be there recorded. Thereupon the canals are to

"be rented out annually, by order of the court, at public vendue, and a toll shall be fixed yearly, if required by said court, for every kind of boats and rafts; and the rent as received annually, be paid to the subscribers, in proportion to their several subscriptions, until the several payments shall amount to the sum recorded in said court or courts, with six per cent. interest thereon; then the said canal or canals, with all the appurtenances thereunto belonging, shall be free from all toll, for the good and use of the public; any law, usage or custom to the contrary notwithstanding."

This in a day when six per cent was a low rate of interest, and when canal companies were commonly authorized to receive as high as fifteen or twenty-five per cent, indicates that the companies were merely agencies for accomplishing a local public utility by a semi-private, semi-public method.

The effect of this act is not clear. Certainly in 1796 one finds a number of canal corporations chartered by the state. It is to be doubted whether it proved of material importance, although a number of companies were probably organized under its authority.

Special acts of incorporation, though recognized by clear thinkers like James Wilson and Thomas Paine[1] as essentially different from ordinary legislative acts, ran through much the same process. The initiative, as in the case of "private acts" generally, came almost invariably from the private individuals who were interested in the accomplishment of the objects of

[1] See *infra*, 311–312.

the incorporation. The first step was usually for these interested parties to present a petition asking leave to present a bill of incorporation, giving reasons, at more or less length, in favor of the petition. In some instances committees were appointed, in one or both houses, to consider this preliminary question; and these committees sometimes took occasion to consult freely with the friends of the measure. Lobbies were not uncommon. In some cases it was required — and eventually this requirement became quite common, for certain classes of corporations — that the intention to present the bill, with the purport of the measure, be advertised for some weeks in the localities affected and the proposition be submitted at the ensuing legislative sitting. New England towns quite frequently took advantage of this opportunity to express their sentiments for or against a proposed highway or water company. Thereafter the bill went through its three readings, consideration by special committee or committee of the whole and before the body of each house, and after passage became effective upon the signature of the governor. Thereupon, if the association were already formed, the corporation came at once into legal existence; if the subscription had yet to be made, the corporate powers descended upon the body of subscribers when they formally organized in accordance with the act, or upon the president and directors when they were duly chosen.[1]

In one class of cases corporate privileges were not bestowed by the act itself, either *praestanto* or *in futuro*. Here the legislature prescribed in detail the process and method of organization and the provisions to govern the going concern, but left to the governor the formal investiture with corporate powers. This method, following the English practice of parliamentary acts supplemented by crown patents of incorporation, was employed in the incorporation of all the highway companies chartered by Pennsylvania and New Jersey up to 1800, and continued to be the common method for such companies till

[1] Both the names of certain corporations and the tenor of their charters indicate that sometimes the corporation proper consisted not of the stockholders, but of the executive board.

the second decade of the nineteenth century in New Jersey and till the third in Pennsylvania.[1] It does not appear to have been used in other states or for other types of companies. The state of Vermont, however, reverted still more closely to an English model in chartering her first business corporation. In November, 1791, the legislature granted the exclusive privilege of locking the Connecticut River at Bellows Falls to William Page, Morris K. Lewis, and associates, with power to take tolls; but instead of directly conferring corporate powers provided "That it shall be the duty of his excellency the governor, to issue a charter to the . . . associates . . ., and to incorporate them into a body politic" by a specified name. The rights thus secured were the subject of exchange during the next year, but in October, 1792, evidently at the instance of the capitalists, a new act was procured which besides altering the grant bestowed corporate powers as if they had not been hitherto granted.[2]

It will be convenient to discuss the corporations in a few principal groups, but before entering upon that discussion a general view of the charters granted will be serviceable. Here are presented, therefore, a chart and a series of tables based upon the list of titles of corporations which is given in Appendices A and B. Since the list must be incomplete the tables are not wholly accurate, but it is unlikely that sufficient new charters will come to light to alter materially the situation here disclosed.[3]

In the period concerned no classification of business corporations had developed. The charters are here classified, therefore, on a common sense basis, upon which a few comments are in point. The banks were entirely joint stock commercial in-

[1] Not all companies took the trouble to secure the formal patents, and they seem to have neglected it with impunity. See Hazard, *Register of Pa.*, ii, 291–300.

[2] See Essay II, 277, and *infra*, 168–169.

[3] The writer has been unable to secure access to complete files of the session and compiled laws of all the states, which are the safest sources of information; but he believes the list not far from complete and that no title is incorrectly included. The list may be compared with that in S. E. Baldwin's essay on "Private Corporations," in *Two Centuries' Growth of American Law* (*Yale Bicentennial Pubs.*, New Haven, 1902), 287–301, from which it differs considerably.

FIGURE 1. EIGHTEENTH CENTURY CHARTERS TO BUSINESS

Sources	Totals	*Per cent*	Colonial	'81	'82	'83	'84	'85	'86	'87	'88	'89	'90
United States	2	.6		B									
Maine	23	6.9											
New Hampshire	32	9.5											
Vermont	20	6.0											
Massachusetts	60	17.9	D		B		B	b		bb		M	
Rhode Island	21	6.0	WWW										
Connecticut	45	13.4	XD				m					M	
New York	28	8.4			B								M
New Jersey	13	3.9											
Pennsylvania	23	6.9	I		B				I	B			
Delaware	3	.9							B				
Maryland	21	6.3				C	C			I			B
Virginia	22	6.6						cc		c	ccc	c	
North Carolina	11	3.3									c		cc
South Carolina	10	3.0							c	cc	c		
Georgia	1	.3											
Kentucky	1	.3											
Totals	335	100.2	7	1	3	1	3	3	3	7	5	3	4

A Agricultural
B Banking
b Toll-bridge
C Canal, etc.
D Dock
I Insurance

stitutions. Eleven of the thirty-three insurance companies were mutual, for protection against fire losses; of the stock companies, a few were specifically chartered for fire or marine insurance, but the large majority were privileged to write both kinds of risks, while several charters were broad enough to include life insurance, of which practically none was written. The term "highway companies" is used in preference to "transportation companies," since every company here included engaged merely in constructing and maintaining the basis of communication, not in conducting transportation. No distinction is made, in the group of charters for the improvement of inland navigation, between canal companies and others; for the

CORPORATIONS, CLASSIFIED BY SOURCES, YEARS, AND PURPOSES

'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	Sources
B	. . .	.	.	. . .	. .	.	. .	. .	.	. . .United States
C	C	bb	bb	bcc	bbc	bbbb ccw	bD	B	I	. . . . Maine
. . .	Bbb bcc	b	bb	bbb bbb bbD	CCT	bb bw	C	ITT	bbT	. New Hampshire
C	C	. . .	C	bbc	T	bb CT	. .	bT TT	TTT TW	. . . . Vermont
.	Bb bbb ccc	bbc	bcM	BBI WW	bbT WWW WM	bTT WWW WW	rbW WWW	BII TTT	BIT TTM	. . Massachusetts
B	bb	. . .	bTT	B	C	.	.	II	BBI IIIT	. . Rhode Island
. .	BBB	. .	. . .	BIC TTTT	BbL	rbT TTT TTW	bTT TTTT WW	TT	CTT TTT WW	. . . Connecticut
B	BCC	B	. .	.	. .	bTM	III CTT	TTTT TWW	TT TTT	. . . New York
M	b	. .	. .	bc	C	bc	b	bWX	CW	. . . New Jersey
C	CT	Bb CCA	IIT	b	TT	b	bb CT	. . .	. .	. . Pennsylvania
.	. . .	C	. .	. . .	B	.	. .	.	.	. . Delaware
rb	W	B	I	BIIb	bCT	. . .	rbTT	C	. . .	. . . . Maryland
. . .	BB	C	I	ICC CTT	C	. . .	IC	. . .	CT	. . . . .Virginia
. .	C	. . .	. . .	C	CC CCC	. .	C	. .	. . .	. North Carolina
. .	. . .	. .	b	. .	. .	IIC	. . .	CW	. . .	. South Carolina
. .	. .	.	. . .	. . .	.	. .	. .	C	. .	. . . Georgia
. .	.	. . .	.	. .	.	. . .	. . .	b	.	. . . Kentucky
9	31	15	17	42	32	41	36	33	39	. . . Totals

L Land T Turnpike M Manufacturing W Water supply m Mining X Commercial

precise means used varied with the locality rather than with the companies or charters.

Figure 1 gives a bird's-eye view of all the charters granted, distinguished by sources,[1] years, and purposes. Table I, in its three parts, gives a summary view in figures, grouped by sections, periods, and general purposes. Table II shows the charters classified by purposes and years. Table III shows them classified by states and purposes. Table IV brings out certain facts correlating the number of charters with the population in the several states.

[1] Maine charters were, of course, granted by the Massachusetts "General Court."

TABLE I. SUMMARY OF EIGHTEENTH CENTURY CHARTERS TO BUSINESS CORPORATIONS IN THE UNITED STATES, GROUPED BY PERIODS, SOURCES OF CHARTERS, AND GENERAL TYPES

Sources of charters	Colonial	1781–85	1786–90	1791–95	1796–1800	Total charters	*Per cent*
United States	. . .	1	. . . .	1	. . . .	2	*.6*
New England	6	4	4	69	117 *	200 *	*59.7*
Middle states	1	2	4	22	38	67	*20.0*
Southern states	. .	4	14	22	25	65	*19.4*
Western states . .	. . . .		. .	. . . .	1	1	*.3*
Total charters .	7	11	22	114	181 *	335	*100.0*
Per cent	*2.1*	*3.3*	*6.6*	*34.0*	*54.0*	*100.0*	. . .

General type	Colonial	1781–85	1786–90	1791–95	1796–1800	Total charters	*Per cent*
Financial	1	5	5	29	27	67	*20.0*
Highway .	. . .	5	14	78	122	219	*65.4*
Local public service	5	. .	. .	4	27 *	36 *	*10.7*
Business (proper)	1	1	3	3	5	13	*3.9*
Total charters . .	7	11	22	114	181*	335	*100.0*

Sources of charters	Financial	Highway	Local public service	Business (proper)	Total charters	*Ancillary, additional, or joint charters*	Total corporations
United States .	2	. .	. . .	. . .	2	. . .	2
New England .	33	130	30 *	8	200 *	*8*	192
Middle states	16	42	4	5	67	*7*	60
Southern states	16	47	2	.	65	*3*	62
Western states .	. . .	1	.	. .	1	. . . .	1
Total charters . .	67	219	36 *	13	335	*18*	317
Ancillary, additional, or joint charters .	*5*	*13*	. .	. .	*18*		
Total corporations .	62	206	36 *	13	317	. .	

* Charters to water supply companies issued under the Massachusetts general incorporation act of Feb. 21, 1799 (*Laws*, ed. 1801, ii, 843–847), cannot be found and are not included.

Certain characteristics of the movement are evident from a glance at Table I. But two per cent of the eighteenth century charters were granted before the Revolution; eighty-eight per cent were granted after 1790, and three-fifths of these in the last five years. The thirty-three charters granted in 1781–90, moreover, created but twenty-five distinct corporations. The progress of the movement is further brought out by annual

averages of charters and new companies for five-year periods, as follows:

ANNUAL AVERAGES

Period	No. of charters	No. of companies
1781–85	2.2	1.2
1786–90	4.4	3.8
1791–95	22.8	21.6
1796–1800	36.2	35.8

New England strikingly leads in the number of charters, with sixty per cent of the total; the others are about equally divided between the middle and southern states, if Maryland is counted with the latter. In the decade 1781–90, on the other hand, more charters were granted south of Mason and Dixon's line than north of it; the south shared but slightly in the boom in charter granting after 1790 which so markedly affected New England. One remarks the absence of charters among western states, except for the lone one granted in 1800 by Kentucky.

The dominant type is clearly the highway companies, which constituted nearly two-thirds of the total number; the financial corporations made up twenty per cent, the local public service companies ten, while the business corporations proper added less than four. The local public service companies were largely confined to New England, business corporations proper to the New England and middle states.

The more detailed tables reveal further facts. The years 1791–92 show a rapid increase in new charters. In the single year 1792 more corporations were created than in the entire decade 1781–90. Except Kentucky and Georgia, all of the states had swung into line by 1792, and only Delaware and South Carolina failed to grant at least one charter in that year. The high point of the period is 1795, due chiefly to New Hampshire's large contribution; but from this year on a high level is maintained — from the average of thirty-seven per annum there is no deviation greater than six. Before 1791 nearly half the charters and more than half the corporations chartered were for the improvement of inland navigation. Disregarding spo-

TABLE II. EIGHTEENTH CENTURY CHARTERS TO BUSINESS CORPORATIONS, CLASSIFIED BY PURPOSES AND YEARS

Purposes	Colonial	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals	*Per cent*
Banking	.	1	3	.	1	.	1	1	.	.	1	3	8	3	.	5	2	.	.	2	3	34	*10.2*
Insurance	1	.	.	.	.	.	1	1	.	.	.	1	.	.	4	5	.	3	6	5	6	33	*9.8*
Financial	1	1	3	.	1	.	2	2	.	.	1	4	8	3	4	10	2	3	6	7	9	67	20.0
Inland navigation	.	.	.	1	1	2	1	3	5	1	2	3	11	5	2	9	12	5	5	3	3	74	*22.1*
Toll-bridge	.	.	.	.	.	1	.	2	.	.	.	1	10	6	7	14	6	14	7	3	2	73	*21.8*
Turnpike	.	.	.	.	.	.	.	.	.	.	.	.	1	.	3	6	6	10	11	15	20	72	*21.5*
Highway	.	.	.	1	1	3	1	5	5	1	2	4	22	11	12	29	24	29	23	21	25	219	65.4
Water supply	3	.	.	.	.	.	.	.	.	.	.	.	1	.	.	2	4	8	6	4	4	32	*9.5*
Dock	2	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1	.	.	1	.	.	4	*1.2*
Local public service	5	.	.	.	.	.	.	.	.	.	.	.	1	.	.	3	4	8	7	4	4	36	10.7
Manufacturing	.	.	.	.	.	.	.	.	.	2	1	1	.	.	1	.	1	1	.	.	1	8	*2.4*
Mining	.	.	.	.	1	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1	*.3*
Agriculture	.	.	.	.	.	.	.	.	.	.	.	.	.	1	.	.	.	.	.	.	.	1	*.3*
Land	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1	.	.	.	.	1	*.3*
Commercial	1	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1	.	2	*.6*
Business (proper)	1	.	.	.	1	.	.	.	.	2	1	1	.	1	1	.	2	1	.	1	1	13	3.9
Grand total	7	1	3	1	3	3	3	7	5	3	4	9	31	15	17	42	32	41	36	33	39	335	*100.0*
Per cent	*2.1*	*.3*	*.9*	*.3*	*.9*	*.9*	*.9*	*2.1*	*1.5*	*.9*	*1.2*	*2.7*	*9.3*	*4.5*	*5.1*	*12.5*	*9.6*	*12.2*	*10.7*	*9.8*	*11.6*	100.0	

radic or experimental charters, one may date the beginning of the *movements* for the various types as follows: 1783, inland navigation; 1790, banks; 1791, toll-bridge; 1794, insurance; 1794, turnpike; 1795, water supply.

Banking and insurance charters were about equally numer-

TABLE III. EIGHTEENTH CENTURY CHARTERS TO BUSINESS CORPORATIONS, CLASSIFIED BY STATES AND PURPOSES

Sources of charters	FINANCIAL		HIGHWAY			LOCAL PUBLIC SERVICE		BUSINESS (PROPER)		TOTALS
	Banking	Insurance	Inland navigation	Toll-bridge	Turnpike	Water supply	Dock	Manufacturing	Miscellaneous	
United States	2									2
Maine	1	1	7	12		1	1			23
New Hampshire	1	1	5	19	4	1	1			32
Vermont			5	5	9	1				20
Massachusetts	7	5	5	14	9	15	1	4		60
Rhode Island	4	6	1	3	3	3				20
Connecticut	5	2	2	3	23	5	1	1	3	45
New York	4	3	3	1	13	2		2		28
New Jersey			4	5		2		1	1	13
Pennsylvania	3	4	5	5	5				1	23
Delaware	2		1							3
Maryland	3	6	4	4	3	1				21
Virginia	2	3	14		3					22
North Carolina			11							11
South Carolina		2	6	1		1				10
Georgia			1							1
Kentucky				1						1
Total charters	34	33	74	73	72	32	4	8	5	335
Ancillary, additional, or joint charters	5		8	4						18[1]
Total corporations	29	33	66	69	72	32	4	8	5	317

[1] One bridge and canal company occasions an additional subtraction.

ous, though insurance *companies* slightly outnumbered the banks. Highway companies were about equally divided among the three types — inland navigation, toll-bridge, and turnpike. Water companies constituted nearly the whole of the local public service companies and were about as numerous as the banks or insurance companies. Manufacturing companies, few

though they were, constituted sixty per cent of the business corporations proper.

In order of ubiquity the inland navigation companies come first; of this type every New England, middle, and southern state chartered at least one. Toll-bridge companies appear in twelve states; banking, insurance, and water companies in

TABLE IV. COMPARISON OF STATES WITH RESPECT TO POPULATION, 1800, AND NUMBER OF EIGHTEENTH CENTURY CHARTERS TO BUSINESS CORPORATIONS

Sources of charters	No. of charters granted	No. of charters per 100,000 population, 1800	Per cent of total charters granted	Per cent of total population, 1800	Rank with respect to no. of charters granted	Rank with respect to population, 1800
United States	2	.	.6	.	.	
Maine	23	15.2	6.9	2.8	5–6	14
New Hampshire	32	17.4	9.5	3.5	3	11
Vermont	20	12.3	6.0	2.9	9–10	13
Massachusetts	60	14.2	17.9	7.9	1	5
Rhode Island	20	28.9	6.0	1.3	9–10	16
Connecticut	45	18.0	13.4	4.7	2	8
New England	**200**	**16.3**	**59.7**	**23.2**	**1**	**3**
New York	28	4.8	8.4	11.1	4	3
New Jersey	13	6.2	3.9	4.0	11	10
Pennsylvania	23	3.8	6.9	11.3	5–6	2
Delaware	3	4.6	.9	1.2	14	17
Middle states	**67**	**4.6**	**20.0**	**27.6**	**2**	**2**
Maryland	21	6.1	6.3	6.4	8	7
Virginia	22	2.4	6.6	16.6	7	1
North Carolina	11	2.3	3.3	9.0	12	4
South Carolina	10	2.9	3.0	6.5	13	6
Georgia	1	.6	.3	3.1	15–16	12
Other southern states	.	.	.	.5	.	.
Southern states	**65**	**2.9**	**19.4**	**42.0**	**3**	**1**
Kentucky	1	.4	.3	4.2	15–16	14
Other western states	.	.	.	3.0	.	.
Western states	**1**	**.3**	**.3**	**7.2**	**4**	**4**

ten. The leading states in chartering particular types were: banking, Massachusetts, with 7 out of 34; insurance, Maryland and Rhode Island, each with 6 out of 33; inland navigation, Virginia, with 14 out of 74; toll-bridge, New Hampshire, with 19 out of 73; turnpike, Connecticut, with 23 out of 72; water supply, Massachusetts, with 15 out of 32; manufacturing, Massachusetts, with 4 out of 8. North Carolina and Georgia chartered none but navigation companies, Kentucky only a

bridge company. The predominating type in Maine and New Hampshire was the toll-bridge, in Connecticut and New York the turnpike, in Virginia and South Carolina as well as their sister southern states (except Maryland) the inland navigation company.

The leadership of the New England states is emphasized by the detailed tables. Each ranked higher in number of charters than in population in 1800, while elsewhere each state ranked lower. The story is the same if one compares percentage of charters with percentage of population. Rhode Island, with 1.3 per cent of the population, granted nearly as many charters as Virginia, with 16.6 per cent of the population; Connecticut, with 4.7 per cent of the population, granted more charters than the four states south of Maryland, which contained 35.2 per cent of the population. For New England as a whole 16.3 charters were granted per 100,000 population (1800), as compared with figures for the middle states of 4.6 and the southern states of 2.9. In this comparison Rhode Island leads with 28.9 charters per 100,000 population, but backwoods Vermont, the lowest New England state, shows a figure of 12.3 to contrast with 6.1 for Maryland. In each section there is an approach to uniformity in density, although in this respect Maryland clearly belongs with the middle states.

The New England states also lead in types of charters. All but one of the various types are represented there, and two of its types (mining, land) are not elsewhere represented. In every type but inland navigation companies, in which the south is ahead, it leads. On the average each New England state chartered seven types of corporations, each middle state five, each southern state three. Here Connecticut leads, with eleven different types represented.

A recapitulation of the corporations with more than one charter is of interest. The case of the Bank of North America at its original founding was peculiar, as already noted. Joint charters, however, were necessary in the cases of bridges which spanned boundary rivers and in cases of improvements in navigation which affected such rivers or streams or swamps

TABLE V. CORPORATIONS WITH CHARTERS FROM MORE THAN ONE SOURCE

United States	1781	Bank of North America
Massachusetts	1782	
New York	1782	
Pennsylvania	1782, 1787	
Delaware	1786	
Maryland	1784	Potomac Company
Virginia	1785	
Virginia	1787	Dismal Swamp Canal Company
North Carolina	1790	
South Carolina	1787	Catawba and Wateree company
North Carolina	1788	
Vermont	1791	Bellows Falls canal company
Vermont	1792	
New Hampshire	1792	
New Hampshire	1792	White River Falls Bridge company
Vermont	1795	
Pennsylvania	1793	Brandywine canal company
Delaware	1793	
Vermont	1794	Water Queche Falls canal company
New Hampshire	1796	
New Jersey	1795	Easton Delaware Bridge company
Pennsylvania	1795	
New Hampshire	1795	Cornish Bridge company
Vermont	1797	
Pennsylvania	1798	Trenton Delaware Bridge company
New Jersey	1798	

crossing state lines. For charters by different authorities to the same corporation there was a precedent from colonial days: in 1769 the royal or proprietary governors of New York, New Jersey, and Pennsylvania granted simultaneous and equivalent charters to *The corporation for the Relief of Widows and Children of Clergymen in the Communion of the Church of England in America*.[1] Often such charters were granted without serious delay, but there are several instances of delays of two or three years, which must have been at least very disconcerting to the promoters. Moreover, not only the charters but supplementary acts as well required concurrent action, and numerous instances

[1] Essay I, 128.

of inconvenience appear because of the necessity of getting two legislatures to come to agreement.[1]

In connection with this view of corporate charters a few statements may be hazarded regarding the principal features of the business cycles of the years 1781–1800. The crests of the waves of business activity were (1) late in 1784, (2) in 1792, (3) in 1795, and (4) in 1799. The troughs of depression were (1) 1786, (2) 1793, (3) 1797. Immediately at the close of the war enthusiasm ran riot, and an incautious and thoroughly unhealthy business boom occurred. The reaction was severe, intensified by political chaos and economic disorganization. The expansion of 1787–92 was tremendous, yet not wholly abnormal, for it was accompanied by notable successes in political reconstruction, funding the public debt, and extension of commercial banking. The stock market panic of the spring of 1792 was premature. The deeper reaction which began later in that year was due, even more than to domestic overexpansion, to a reaction abroad, the developments of the French Revolution, and the interference with American commerce. The improvement of 1795 and the severe depression of 1797 were likewise intimately linked with foreign conditions. Throughout these years, however, a gradual economic growth is to be discerned in spite of fluctuations in the most sensitive economic activities.

The correspondence of the chartering of business corporations with these general business conditions is revealed graphically by Figure 5, which shows the number of charters granted in each year of these two decades. Here one may see reflected the sharp upward swing of 1789–92, the reaction which followed, and the recovery of 1795. The slight popularity of the corporation before 1790 and its widespread use after 1795 prevent closer correspondence in earlier and later years.

A complete, well-rounded discussion of these corporations is at present impossible. Which were floated, which succeeded and

[1] The charter granted in 1800 by Virginia to a turnpike company was to be inoperative till Maryland granted a similar charter to the same associates. In general turnpike companies extended their operations only to the state line, and concurrent charters were unnecessary. Cf. also *infra*, 136–137, 140–141, 176.

which failed after flotation, and what was the degree of success or extent of failure cannot be ascertained with accuracy or fulness. Nevertheless, for certain companies considerable detail is accessible. Illuminating though often disappointing histories have been written of the banks of North America, the United States, New York, Hartford, and New Haven; the Potomac navigation, the Santee and Cooper canal, and the Middlesex canal; the Beverly cotton manufactory; and a few other companies. The preceding essay attempts such a history of the

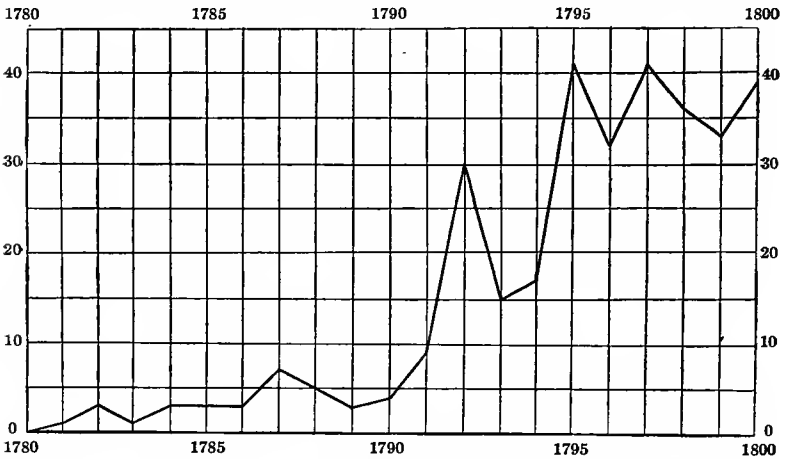

FIG. 5. AMERICAN ACTS OF INCORPORATION FOR BUSINESS CORPORATIONS, 1780–1800

Some charters were probably issued in 1799 and 1800 under the Massachusetts general incorporation act for aqueduct companies; these are not included here. No deduction is made for joint or successive charters for a single object, but the White River Falls bridge-canal charter of 1792 and 1795 is shown as but *one* charter in each year.

most pretentious manufacturing corporation. For many other companies there are scattering bits of information. In view of the general ignorance of these early companies and the comparative inaccessibility of the material in print regarding many of them, it has seemed desirable to present in this essay in summarized form most of the data yielded by a somewhat careful examination of secondary sources, including local histories, and of selected collections of manuscripts and contemporary newspapers and magazines. A more exhaustive study of such sources and an examination of certain collections of corporate records

or local manuscripts would furnish much additional material; but it is an open question how thoroughly it is at present profitable to go into these sources. The chapters which follow reflect a compromise between thoroughness and superficiality.

Incidentally there will be mentioned certain lower forms of organization in nearly every field of business which the corporation entered. There were voluntary associations of neighbors for making mutually satisfactory provision of water, similar "companies" of neighboring landowners for protecting or improving their lands by common action, joint stock companies for building roads or toll-bridges, for buying and selling lands, and for manufacturing and mining purposes. Some of these did not differ much in practice from the smaller corporations; in several cases legislative authorization was secured; and not infrequently a new corporation was merely one of these associations "erected," as the phrase went, into a "body corporate and politic," with the accompanying privileges of definite framework, indefinite life, and limited liability. In the main, however, new corporations were started "from the ground up," and these less formal associations constituted generically, but usually not individually, a transitional form of organization.

Of the various groups of corporations the banks — first to appear, largest in capital, individually most important and most successful — will be considered first. The highway companies, subdivided into canal and inland navigation companies on the one hand, and bridge and turnpike companies on the other, deserve attention next as the most numerous and most pervasive examples of the corporation in this period. Finally will be considered the smaller groups of insurance companies, "aqueduct companies," manufacturing companies, and the few scattering examples of other types.

CHAPTER II

Banking Companies

The colonies boasted no banks of discount and deposit. So-called "banks" there were, of course, the term commonly signifying mere batches of "bills of credit" issued by public authority. At best the colonial "banks" were merely public trustees or private contractual associations which made loans on collateral, usually for a considerable term, generally with real estate mortgages as security, the currency passed being merely paper certificates which expressed on their face a value in terms of hard money which in exchange they more or less approximated. Barter and book credit were much used, and under conditions which made them, despite their inherent clumsiness, far more tolerable than in our more specialized age. Mercantile needs were supplied, so far as they were supplied at all, by English merchants, individual local capitalists, or longer book credits. Considering the part which commercial banks proper played in America from their first organization after the Revolution, it is not easy to explain the lateness of their appearance. A. O. Eliason, in his study of *The Rise of Commercial Banking Institutions in the United States*,[1] explains the tardiness of the rise on the ground of "peculiar conditions of colonial trade of industry," viz.:

> "There were no manufactures requiring extensive capital and banking facilities; the financial aid necessary to carry on the operations in the agricultural and domestic systems was supplied by individuals in the Colonies; the retail trade and the coasting and shipping industries were conducted on English capital; the banking for the merchants was done in England; and colonial merchants, with the aid of their own capital, and their banking connections in England, were able to give to individuals and small traders, the limited banking services and accommodations which they required."

[1] Minneapolis, 1901.

Other retarding factors were unwholesome banking traditions in the colonies, popular fears of special privileges, prejudices against moneyed institutions, and the suspicions of the home government of colonial financial moves.

The narrow-minded policy of the British government in attempting to keep America economically bound in swaddling clothes after it had outgrown them doubtless led to Robert Morris's efforts, in 1763 and 1774, tc establish a commercial bank in America, and the disruption of foreign mercantile relationships during the war was unquestionably partly responsible for the conditions which in 1781 imperatively demanded the establishment of the Bank of North America.[1] Its success, in spite of business difficulties and political hostility, was well-nigh phenomenal; and in the light of this success the floating of the next banks in Boston and New York is easily understood. The continued success of all three in the face of trade depression, coupled with increasing business activity — speculative and otherwise — which marked the period from 1788 to 1798, sufficiently explains the noteworthy growth of the banks before 1800. Their success encourages the belief that the time was really ripe for them earlier, and that if they could have got a foothold in colonial days they would even then have proved their worth.[2]

In 1779, 1780, and 1781 young Alexander Hamilton repeatedly pressed upon Robert Morris one plan or another for a bank,[3] and in June, 1780 (opened for business July 17; the last instalment called in November 15), there was actually established in Philadelphia an institution which was known as the *Pennsylvania Bank*, with a capital of £300,000 in Pennsylvania currency furnished by opulent, patriotic Philadelphians. The sole purpose of this organization, however, was "furnishing a supply of provisions for the armies of the United States." There were borrowings and note issues, but no more than were

[1] Eliason, *op. cit.*, 19, 54–55; cf. Robert Morris's letter to Congress, July 29, 1782, in *Journ. of Cont. Cong.*, xxii, 432.

[2] Eliason (*op. cit.*, pp. 59–61) overemphasizes the significance of the development of manufactures for the development of the banks. Cf. *infra*, chap. 5.

[3] See esp. Hamilton, *Works*, i, 116, 162, 223. Cf. Dunbar, *Economic Essays*, 89–90.

necessary to accomplish this purpose. Congress guaranteed the subscribers reimbursement and necessary aid — in a day when the word of the Philadelphians was far stronger than that of the Confederation Congress; but no charter was sought or bestowed. Quite conceivably this "Bank" might have come to justify its name by developing into an ordinary commercial institution, but in fact it was never anything but a temporary, private agency in support of a pathetically weak government; and even as such it was soon supplanted, though not before it had justified its organization.[1]

It is probable, however, that the experience with this imperfect organization encouraged the promotion of a full-fledged banking company, and it is certain that subscribers to the old transferred their interest to the new. Robert Morris, lately appointed Superintendent of Finance for the federal government, presented to the Congress on May 17, 1781, a plan for a commercial *Bank of North America*, which should serve at once both public and private needs and which should attract private capitalists, by the prospect of direct pecuniary advantage, to lend most effective aid to the state.[2] Congress lent a willing ear and on May 26 voted approval of the plan for the bank and resolved

"that they will promote and support the same by such ways and means from time to time as may appear necessary for the institution and consistent with the public good. . . . That the subscribers . . . shall be incorporated agreeably to the principles and terms of the plan . . . so soon as the subscription shall be filled, the directors and president chosen, and application made to Congress for that purpose by the president and directors elected."

[1] Hazard, *Register of Pa.*, ii, 258–261 (1828); *Journ. of Cong.*, June 21, 1780; Madison to Jefferson, June 23, 1780, in Madison, *Works*, i, 66–67; Lewis, *Bank of North America*, 17–23. Lewis cites the *Pa. Gazette*, Dec. 29, 1784, as authority for the statement that its affairs were finally wound up in 1784. A graphic account of the establishment of this "Bank" may be found in Thomas Paine's *Dissertations on Government, the Affairs of the Bank, and Paper Money* (published in February, 1786), pp. 17–20. In his letter to James Duane, Sept. 3, 1780, Hamilton expresses his disappointment that this had not developed into a mercantile bank: Hamilton, *Works*, i, 164–167.

[2] Lewis, *Bank of N. A.*, 27–29; Morris to John Hancock, June 21, 1781, printed in facsimile in John H. Michener, *The Bank of North America, Philadelphia* (New York, 1906); Greene to Morris, Aug. 18, 1781, in Greene, *Nathanael Greene*, iii, 370.

TABLE VI. EIGHTEENTH CENTURY CHARTERS TO BANKING CORPORATIONS

Sources	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
United States	1										1										2
Maine*																			1		1
New Hampshire												1									1
Massachusetts		1		1								1			2				1	1	7
Rhode Island											1				1					2	4
Connecticut												3			1	1					5
New England		1		1							1	5			4	1			2	3	18
New York		1									1	1	1								4
Pennsylvania		1					1						1								3
Delaware						1										1					2
Middle states		2				1	1				1	1	2			1					9
Maryland										1			1		1						3
Virginia												2									2
Southern states										1		2	1		1						5
Totals	1	3		1		1	1			1	3	8	3		5	2			2	3	34
Ancillary or additional charters		*3*				*1*	*1*														*5*
No. of different corporations	1			1						1	3	8	3		5	2			2	3	29

* Charters granted by the Massachusetts legislature.

Congress at the same time recommended to the states the granting of a monopoly to this bank during the war and the passage of laws punishing counterfeiting of the bank's notes, and authorized the receipt of the bank's notes for public dues of the United States.[1]

Proposals were promptly published and supplemented by a public address and private appeals by "the financier," but up to September or October not more than $70,000 had been subscribed. Then a frigate arrived in Boston from France bearing some $470,000 in specie on account of a foreign loan, and Morris subscribed $254,000 of this to the bank on behalf of the government, which thus became the principal shareholder. Private individuals followed suit, and by December they had paid in some $85,000. In November organization was effected, although the subscription was not filled, and a president (Thomas Willing, Morris's partner) and directors chosen. Congress was approached for the fulfilment of its promise of a charter and on December 31 passed a brief incorporating ordinance. On Jan. 7, 1782, the bank began business.[2]

In view of the doubtful validity of a congressional charter the bank sought and secured buttressing acts from the several states.[3] Rhode Island and Connecticut acts, passed in January, 1782, recognized the bank as established. On March 8 Massachusetts passed its "Act in support of the National Bank," incorporating it on behalf of that state, according to the terms of the congressional ordinance. On April 1 in Pennsylvania, and on April 11 in New York, bills to the same effect became law. North Carolina on May 12, and New Jersey on May 30, passed acts validating the ordinance, but granting no formal charter.[4] All the acts granted the desired monopoly.

The bank promptly loaned heavily to the government. On

[1] *Journ. of Cong.*, May 26, quoted in Lewis, *Bank of N. A.*, 29–30.

[2] *Ibid.*, 30–40. The congressional ordinance of incorporation is in *ibid.*, 130–132.

[3] Cf. James Wilson, *Works*, i, 432–435, for Morris's letter of January 8 to the governors of the states, and the bank's petition to the Pennsylvania assembly.

[4] *R. I. Session Laws; Pa. Stats. at Large*, x, 406; *N. Y. Laws* (ed. 1886), i, 462; *N. C. Laws* (Iredell ed., 1791), 437; *N. J. Session Laws*, 67. See Lewis, *Bank of N. A.*, 43–46, for the legislative history of the Pennsylvania charter.

April 1, 1782, the Treasury owed it $300,000; on July 1, $400,000, which was still outstanding October 1. At the request of the directors that the obligation be reduced, Morris sold $200,000 of the government stock and discharged with the proceeds three-fourths of the debt. By July 1, 1783, the entire holdings of the government had been sold, though the loans continued to stand at or above $100,000. By Jan. 1, 1784, however, the debt was entirely discharged.[1] The government thereafter did not become again a subscriber.

Before and after this the stock was held largely by Philadelphians. The first subscription, completed July 25, 1783, shows the 1000 shares taken by 145 subscribers, among whom one notes a few men from outside the capital city.[2] Of its 2176 shares ($400 each) outstanding on March 31, 1786, Morris reported 1235 (57 per cent) held in the metropolis, chiefly by merchants; 285 (13 per cent) held abroad, nine-tenths in Holland; 606 (28 per cent) held by inhabitants of the northern states and Virginia; and 59 (2 per cent) by Pennsylvanians outside of the city. The stockholders were then stated to number about 300, holding thus an average of about $2900.[3]

Although the bank was seriously beset by difficulties in its earliest days, it was from the outset financially profitable, as well as serviceable to continental, state, and city governments and to commercial interests.[4] The first half year netted $4\frac{1}{2}$ per cent and dividends for 1783 and 1784 averaged 14 per cent. In January, 1784, the expansion of business seemed to warrant a larger capital, and shareholders were offered 1000 new shares at 120 ($500). They subscribed at once a considerable proportion of the shares, and books were opened February 1 for public subscription.[5]

By this time, however, the monopoly assured the bank during

[1] Carey, *Debates*, 49–50; Lewis, *Bank of N. A.*, 47–48.

[2] Lewis (*Bank of N. A.*, 133–135) gives an alphabetical list. Jeremiah Wadsworth of Hartford, with one hundred and four shares, has the largest single holding.

[3] Carey, *Debates*, 32, 94–96.

[4] For these services see Lewis, *Bank of N. A.*, 41–42, 47–50; James Wilson, *Works*, i, 438–439.

[5] Lewis, *Bank of N. A.*, 51, 136–139, giving list of shareholders subscribing.

the war by the acts of the various states had expired by limitation, and the notable success of the institution as well as the business boom now under way provoked movements, in nearly every state, to establish other banks. The bank had never made material use of its privileges in other states, and hence was comparatively unaffected by the rise of banking institutions in Boston, New York, and Baltimore. But it was different with a rival at its own doors, which was proposed early in 1784.

Pierce Butler, popular representative from South Carolina, wrote to James Iredell, Jan. 11, 1784:

"I hope and think we shall restore and establish our credit. I have proposed to the Legislature to negotiate a loan in Europe, and establish a public bank. I think they will agree to my proposal; if they do, I will risk my reputation on it, that we will discharge our Continental and State debt in less than ten years, and establish our bank on as good a footing as any on earth. A few of the adherents of Robert Morris are against the measure, because they think it will take us more out of his power, and lessen his consequence here . . . The footing I propose to put the bank on, is exactly the same as that of Venice; to keep constantly on hand a large sum in real specie." [1]

Butler's proposal was not acted upon, but the agitation for another bank in Philadelphia found support among "enemies" of the established institution, who were disgruntled at its lending policy, envious of its prosperity, or eager to obtain equal pecuniary gains. On February 10 the Pennsylvania assembly was petitioned for a charter. The directors of the old bank relished little the prospective infringement of their monopoly and petitioned to be heard against the request. Robert Morris said frankly, a little later:

"And very properly they did. If any set of men were to apply to the legislature for a charter, which I thought injurious to my private interest, I should, if I had arguments of sufficient weight to offer against it, make an appeal to the representative body. . . . This attempt to establish another bank, had for its object, the destruction of the bank of North America. The motives were neither founded in reason nor any desire to promote the public welfare." [2]

[1] McRee, *Life and Correspondence of James Iredell*, ii, 88; dated at Sulham near Reading. On Butler, a signer of the Constitution and federal senator in 1789–96, see C. A. Beard, *Economic Origins of Jeffersonian Democracy*, 38–39.

[2] Carey, *Debates*, 40, 62, 85; Lewis, *Bank of N. A.*, 51–52.

More effective steps to meet the attack were taken at a stockholders' meeting March 1: it was voted to extend the increase of capital to four thousand shares at $400 each, subscribers who had paid $500 to be refunded $100 with interest. In this month, however, occurred the business reaction, which occasioned excessively large discounts, a run on the bank, and a fortnight of suspension of discounts.[1] The application for the rival charter was withdrawn March 16, but the enthusiasm of the outsiders had cooled, and when the subscription books were closed June 13 only $430,400 was found subscribed, instead of the possible $1,600,000. About one hundred and thirty new subscribers were thus admitted; they had subscribed some six hundred shares, the rest having been taken by old subscribers or those who had subscribed prior to March 1.[2]

While thus successful in preserving its monopolistic position for the time, the Bank of North America had not yet completely run its gauntlet. The bank was charged with fomenting the enthusiastic trading expansion which came with the assurance of peace, and it is entirely probable that in their inexperience and optimism its leaders had contributed to an unhealthy expansion. When the reaction came its policy was doubtless overcautious, as banks have been wont to be under such circumstances, and it undertook to protect itself even at the expense of its customers. This policy naturally furnished a basis for serious complaints that it took advantage of its position to despoil the poor. Tall talk of highly dangerous possibilities arose: the Pennsylvania charter was in certain respects even less restrictive than that of Congress, and Mr. Whitehill, in the debates of March, 1786, voiced the fear that "The bank, for aught we know, might become a trading company; and, by stopping discounts, at particular times, might take advantage of the private merchants — "[3] Preferential treatment

[1] Seton to Hamilton, March 27, 1784, in Domett, *Bank of N. Y.*, 114–115.

[2] Lewis, *Bank of N. A.*, 53, 140–147, listing subscribers; Carey, *Debates*, 112; Peletiah Webster, *Essays*, 448. The total of the second and third subscriptions appears to be thirteen hundred and twenty-six shares, which, added to the $400,000 earlier subscribed, would make a total of $930,400; but Lewis gives $830,000 as the capital after this subscription closed.

[3] Carey, *Debates*, 113.

of favored customers was freely charged. Would-be borrowers were irritated by its conservative lending policy. There was a widespread jealousy of its continued prosperity in the midst of general depression, and the word "monopoly" was readily brought into play, with all the sinister significance which attached to the term in the popular mind. The issuance of state paper money was deemed a natural remedy for the distress, and the bank, vigorously opposing this expedient, was denounced as an enemy to the public welfare.[1]

As an outgrowth of these sentiments three petitions were presented to the state legislature late in March, 1785, from Philadelphia, Bucks, and Chester counties. These preferred charges against the bank and prayed a repeal of the charter, "in order to restore public confidence and private security." No investigation was made into the charges, and the bank's petition to be heard upon them was denied. A committee reported promptly and favorably, and on April 4 the repealing bill passed its second reading and was ordered published in the customary manner, as a preliminary to final passage.[2] Simultaneously a public corporation, *The Trustees of the General Loan Office of the Commonwealth of Pennsylvania*, was created to provide a circulating medium,[3] and new issues of paper money were soon forthcoming. At the new session begun in August a hearing was given the bank's supporters, represented by James Wilson, but it terminated in an ineffective wrangle. Despite the efforts of the bank's partisans, the anti-bank members were still in the majority, and on September 13 the repealer passed, to take effect March 1, 1786.[4]

These actions naturally raised a storm of protest. On the one hand the bank itself struggled for life. Its reputation and business were injured,[5] but it refused to wind up, and kept its

[1] See petitions and debates cited below; P. Webster, *Essays*, 448–449; Lewis, *Bank of N. A.*, 55–58.

[2] *Ibid.*, 58–63.

[3] *Session Laws*, 1785, p. 550.

[4] Carey, *Debates*, 2–7; *Journ. of Pa. House of Reps.*, March 21, 23, 28, 1785; Hazard, *Register of Pa.*, iv, 137; *Pa. Stats. at Large*, xii, 57–58; Lewis, *Bank of N. A.*, 63–66.

[5] *Ibid.*, 66–67.

paper circulating in competition with the state loan office issues. It threatened appeal to the courts. It prepared its case to submit to the next legislature, and bent its efforts to get members elected who would vote to reverse the recent action.[1] As a precautionary measure it secured a charter from the state of Delaware (Feb. 2, 1786),[2] and over the heads of mildly interested citizens it held the threat of removal from Philadelphia to Wilmington. On the other hand the fundamental issues were raised regarding the right of a legislature to repeal a corporate charter, the nature of an act of incorporation, and the validity of a congressional charter.[3] All of these matters were subjects for oral, newspaper, and pamphlet controversy and were debated ably and at length in the legislative sessions of 1786. Here was the first "bank war."

The legal issues were not pressed, though it was tacitly assumed that practically a Pennsylvania charter was requisite for the safety of a bank operating in that state. Better evidence was brought to bear on the practical questions as to the utility, the practices, and the effect of the bank in operation. The repeal of the repealing act could not be got, but finally on March 17, 1787, a satisfactory compromise was obtained in the form of a new, somewhat less liberal charter.[4] Under this it continued to act.

The bank was thoroughly successful. Its capital remained $870,400 till 1806, when arrangements were made for its increase to $1,000,000. Here it has stood to the present day, except for a temporary decrease of one-fourth in 1843–45.[5] The bank refused in 1791 to become the national bank — doubtless wisely, in view of the fate which overtook the Bank of the United States. It similarly refused inducements in 1793 to become the

[1] John Chaloner to J. Wadsworth, Oct. 10, 1785, in *Wadsworth Papers* (Conn. Hist. Soc.).

[2] *Del. Laws* (ed. 1797), ii, 838–840. The act declared the bank a corporation of Delaware, with substantially the charter granted by Congress. Delaware had not passed such an act earlier. Cf. also Lewis, *Bank of N. A.*, 67–69.

[3] See *supra*, 12–15 , and *infra*, 310–313.

[4] Lewis, *Bank of N. A.*, 69–73; *Pa. Laws* (Dallas), ii, 499.

[5] Letter from the bank, April 18, 1916.

state bank. The result was the establishment of two large competitors. Despite them it continued profitable. Up to January, 1880, it had paid dividends averaging 9.4 per cent and accumulated a surplus of $1,110,000; and it was then paying 16 per cent. Since then it has enlarged its surplus to $2,250,000. It became a national bank in 1864, retaining its original name.[1]

The *Bank of New York* was founded largely as a result of the satisfaction given by the Bank of North America, alike to stockholders and customers, but it had to fight its way against rival projects and against the coldness of the legislature. A contributor to the *New York Packet*, Feb. 12, 1784, urged the establishment of a "Bank of the State of New York," with a capital of $750,000, in shares of $1000 each, one-third payable in cash and the balance *secured* by mortgage on New York or New Jersey lands appraised at two-thirds value. Chancellor Livingston and others soon petitioned the legislature for an exclusive charter for such an institution. Hamilton's brother-in-law, John B. Church, in conjunction with Jeremiah Wadsworth of Hartford, had projected a more typical commercial bank and engaged the legal services of Alexander Hamilton to develop and launch it. Hamilton saw no good in the land bank scheme and readily aroused "some of the most intelligent merchants" to take steps to defeat it, pointing out the necessity "to convince the projectors themselves of the impracticability of their scheme; and to counteract the impressions they had made by a direct application to the Legislature." With these objects in view, but apparently without consulting Hamilton, the merchants "set on foot a subscription for a money bank," with a specie capital of $500,000, in $500 shares. With this plan Hamilton was persuaded to fall in, though somewhat reluctantly on account of Church's scheme, and he drafted the constitution. The subscription was quickly filled, and on March 15 president, cashier, and twelve directors (of whom Hamilton was one) were formally elected. Petition was made for a charter of incorporation and against any exclusive charter for the land

[1] Lewis, *Bank of N. A.*, 148–153 and *passim;* letter of April 18, 1916, from the president.

bank.[1] Despite the fact that "all the mercantile and moneyed influence" was arrayed against it, the projectors of the land bank persevered; but their efforts were checkmated, and they succeeded merely in preventing the grant of a charter to the Bank of New York.[2]

The specie bank, however, did not wait for a charter. Armed with a letter of introduction from Hamilton, the new cashier — William Seton, merchant — waited on the officials and directors of the Bank of North America "to procure materials and information" in the forms of business. He found Gouverneur Morris eager to have the New York institution a branch of the older one, but turned a deaf ear to him, and after some delay secured what he had come for. On May 1 the subscribers were notified to pay in before June 1 half the subscriptions; despite fears by some subscribers on account of the unlimited liability, capital was secured; on June 9 the bank opened for deposits, and on June 16 for discounts.[3]

The bank suffered some criticism. Here as elsewhere customers were irritated by the unprecedented insistence on promptness in meeting obligations. As in Philadelphia, the bank was blamed for the large importations, the drain of specie, the economic distresses of 1785–86; and against its influence an emission of state paper money was made in 1786. Repeated attempts to secure a charter were unsuccessful till 1791 because (said Robert Morris) of personal antipathies to its backers. Despite this the bank paid regular semi-annual dividends of three per cent till May, 1791. Its capital, at first $51,500, stood at approximately $75,000 from May, 1785, to May, 1789, except for a temporary decrease in 1786. From this date to May 1, 1791, it was gradually increased to $318,250, when the deposits were $773,709.67, the notes outstanding $181,254, the discounts $845,940.20, and it had accumulated a surplus of fifteen per cent.[4]

[1] Domett, *Bank of N. Y.*, 4–7, including extracts from a letter of Hamilton to Church dated March 10.

[2] Hamilton to Fitzsimmons, March 21, 1784, in *Ibid.*, 113.

[3] *Ibid.*, 113–115, quoting letters of Hamilton and Seton, 18–20, 27–28.

[4] *Ibid.*, 29–37, 122–130; Carey, *Debates*, 97; letter from the bank April 19, 1916.

On Aug. 2, 1792, in the midst of the speculative boom, the capital was increased to $900,000, save for three hundred shares which were temporarily withheld to be offered the new Bank of the United States; and such was the enthusiasm that the subscription was filled in five minutes.[1] The stock came promptly into the security market. It never vied with national bank "scrip"; nevertheless it was the subject of extensive speculations, particularly in the winter and spring of 1792, when a "coalition" with the United States bank and the establishment of new banks in New York were being agitated.[2]

The relations with the state were intimate. Jan. 12, 1792, the legislature exercised its option to subscribe $50,000 to its stock. When, not long after, the project of a state bank was defeated, the legislature authorized the state treasurer to deposit with the Bank of New York, for safe keeping, the state's holdings of nearly two millions in the national debt, the bank agreeing to collect for the state the interest thereon free of charge; and the state treasurer was promptly elected to the bank's directorate in conformity with this act. In 1797 the bank entered into an agreement with the state whereby it gradually acquired the state's investment in federal securities, undertook to make loans to the state as needed from time to time, and became the state depository, as well as secured the privilege of increasing its indebtedness beyond the original charter limits. Various loans were made to the state under this agreement.[3]

Like its predecessor, the Bank of North America, the Bank of New York still continues its prosperous career. In 1853 its capital was increased to $2,000,000, and in 1859 to $3,000,000. In 1865 it became a national banking association, and in 1878 reduced its capital again to $2,000,000. At this point the stock has remained, but surplus and undivided profits now amount to more than twice as much.[4]

[1] *N. Y. Journal*, August 3: "Thus has the speculating *mania* taken full possession of every *moneyed* soul."

[2] See Essay II, chap. 7. In January and February, 1792, prices ranged from 46 to 71 per cent advance, on time. See current quotations in *Daily Advertiser* (N. Y.).

[3] Domett, *Bank of N. Y.*, 44–45, 53–55.

[4] *Ibid.*, 91, 96, 102, 107; U. S. Comptroller of the Currency, *Report* (1915).

In February, 1784, Boston merchants secured a charter for the *Massachusetts Bank*.[1] There was no opposition, and in the light of later criticisms of the bank as too strongly federalist it is worthy of note that Samuel Adams, as president of the Senate, and John Hancock, as governor, signed the charter. Of the proposed capital of $300,000, $255,500 was soon subscribed, in $500 shares, and duly paid in.[2] Directors were elected March 18 and by-laws adopted April 2. James Bowdoin became the first president. Becoming governor in the middle of 1785, he was succeeded in the presidency early in 1786 by the principal stockholder, William Phillips. The old Manufactory House was purchased for £1200 and remodelled for the bank home. Here the institution remained till June, 1792, when it moved to ampler quarters on State Street. The new "accomptant" was sent to Philadelphia to learn the system in use there; arrangements were made for printing notes and regulations respecting discounts and banking practice were drawn up; and on July 5 business was begun.

The business activity which had given rise to this bank, as well as the Bank of New York and the enlargement of the Philadelphia bank, continued for several months after its opening. The first $200,000 printing of notes soon proved inadequate, and late in the year additional notes in small denominations were struck off. For several weeks in December only the best promissory notes were discounted, and on those only half the sums desired were granted. The first six months' business yielded a dividend of four per cent.

Boston, however, was struck hard by the depression which followed the boom. Debtors found themselves unable to pay, and the bank itself was consequently in sore straits. On June

[1] The facts regarding this bank are drawn chiefly from the original records, to which the writer has had access through the courtesy of the officers of the First National Bank of Boston, into which the Massachusetts Bank was merged some years since.

[2] Before the bank opened, subscribers of two shares or more might secure certificates by "Lodging good Bills of Exchange payable in London at common Usance, with a good Indorser," these to be redeemed before the bank opened: *Directors' Records*, 10–12, 60.

21, 1785, "considering the scarcity of specie," a new form of notes was ordered printed to the amount of the capital, reading: "This note shall at all Times be received in discharge of Debts due to the Bank, and entitle the Possessor to —— Dollars in Specie from the Bank *when it shall be divided.*"[1] In August two clerks were notified "that as the Business of the Bank has very much lessened they will not be wanted in the Bank after the present Quarter shall be up."[2] Throughout the summer of 1785 the bank was doing its utmost to reduce its loans.

Called in special meeting October 14, the stockholders voted to permit withdrawal of shares, fifty per cent to be repaid immediately and the balance as soon as it could be collected. This was done partly because no profits had been earned in the preceding six months,[3] but chiefly, it appears, to enable stockholders who owed the bank to liquidate their obligations by the aid of an asset which could be marketed only at a heavy sacrifice. The upshot was the reduction of the stock to two hundred shares ($100,000) and the gradual reduction of loans.[4] Moreover, the board of directors was reduced from twelve to nine and a more conservative policy was adopted. The new board elected in January, 1786, published a revised code of regulations and insisted that the rules adopted would "not be deviated from in the smallest instance, nor on any pretense whatever."[5] Books were to be posted daily at all hazards, a second clerk being provided in case the regular one should become ill. A charge for deposits was established (10d. per $100).

Thanks to these measures the bank emerged safely from the crisis, and thanks to the recovery in trade it soon found itself earning comfortable dividends on its moderate capital; but of this more anon.[6]

[1] *Directors' Records*, 40. Italics mine.

[2] *Ibid.*, 43.

[3] In July, 1785, 2½ per cent had been paid; the next half year showed a deficit.

[4] *Directors' Records*, 45–49, 57, 60, 64, 67–68; *Stockholders' Records*, Oct. 14, 28, Nov. 15, Dec. 13, 1785, Jan. 4, 1786. Cf. *Mass. Centinel*, Jan. 11, 1792 ("A Citizen").

[5] *Directors' Records*, 49–52, 56, 69.

[6] From July, 1786, to July, 1789, the semi-annual rates were successively 2, 3, 3½, 3, 4, 3½ 3½ per cent: *Dividend Book.*

Agitation for a bank in Baltimore began as early as November, 1782, when James McHenry secured the passage of a favoring bill through the Maryland Senate; but the House of Delegates then rejected it. Two years later proposals for a $300,000 specie bank were published, subscriptions were solicited, and the Bank of North America was cited as illustrating the gains due to banks. Within ten days $60,000 was subscribed and directors elected; as much more was soon subscribed. Opposition arose from agricultural and speculative classes, and it was pointed out that only seventeen persons appeared to have subscribed the three hundred shares. A House committee reported favorably on a petition for a charter,[1] but the resulting bill was laid over to the next session. Then, probably because of the trade depression, it was not reconsidered, and the directors took no action without it. No further move was made till the great revival in Baltimore trade in the spring of 1790, partly traceable to the French Revolution.[2]

In November, 1790, *The President and Directors of the Bank of Maryland* was quietly chartered, with little opposition, to establish a bank in Baltimore, the preamble reciting that "the experience of commercial nations, for several ages, have fully evinced the utility of well regulated banks." Subscriptions to the $300,000 capital were opened December 10 and two-thirds subscribed within two weeks. Directors were elected, during 1791 the initial capital was paid in, and the bank entered upon a prosperous career. Thus the four chief mercantile cities of the Union were provided with banking facilities.[3]

As early as March, 1784, proposals had been made for establishing in Providence a $150,000 bank ($300 shares). Three prominent citizens — Jabez Bowen, John Jenckes, and John Brown — were appointed to receive subscriptions. Only

[1] A. C. Bryan, *History of State Banking in Maryland* (Baltimore, 1899), 17–19, esp. citing *Md. Journal and Balto. Advertiser*, Nov. 9, 19, Dec. 7, 17, 1784. T. W. Griffith, in his *Annals of Baltimore* (Baltimore, 1828), 108, refers to a bank "proposed by the state" in 1780. I have seen no evidence of this.

[2] Cf. R. Morris, in Carey's *Debates*, 93.

[3] Bryan, *State Banking in Md.*, 19–20; *Md. Laws* (Kilty), 1790, c. 5, April, 1792, c. 1; Griffith, *Annals of Baltimore*, 129.

$30,000, however, was subscribed, and the project slumbered for seven years.[1]

Outside of these five centres, no banks seem to have been seriously considered before the establishment of the new federal government under the Constitution of 1787–88.

The notion of a thoroughly national bank, to which the Bank of North America had seemingly aspired, but which it had never become, gained some currency as the stronger central government became assured. A New York news item of Aug. 8, 1789, while doubtless exaggerating, shows that the project was in the air:[2]

"The establishment of a *National Bank* appears to be an object of very general expectation. Such a plan would give a spring to trade and commerce through the States, by introducing a competent circulating medium — by enabling Congress and the several States to realize to the public creditors some part at least of their just demands, and by restoring a confidence in the national faith — it would unlock the iron repositories of many thousand rusty dollars, which have long been confined by the wary proprietors, lest they should on being released, make to themselves wings of paper and fly away. This plan would also conduce to strengthen the national government, and remove jealousies respecting particular states accumulating *more*, while they pay less than their proportion of the public revenue — For the bills of the national bank, being unlimited in their circulation through the States, superior industry alone, will add to the aggregate amount in any particular State."

Hamilton, the new Secretary of the Treasury, remained a believer in such a national institution, despite his connection with the Bank of New York. Nevertheless he had been more than a year in office when, on Dec. 14, 1790, he submitted his report urging Congress to establish a Bank of the United States. By this time his first great fiscal measure, the funding of the national debt and the assumption of the state debts, had been adopted, and he was enjoying high prestige as yet hardly tarnished by unpopularity. In his report, after discussing the services banks render, refuting common objections to them, and pointing out the need for a bank closely related to the national government, Hamilton referred to the reasons why the Bank of North America

[1] Stokes, *Chartered Banking in R. I.*, 261–262.
[2] *Boston Gazette*, Aug. 17, 1789.

could not be treated as the national bank, viz: its acceptance of a Pennsylvania charter; the limitation of its charter to fourteen years and of its capital to $2,000,000; the leaving of the increase of capital up to this maximum to the discretion of its directors or stockholders; "the want of a principle of rotation" of directors; the power of voting purely as the stockholders should prescribe; and the lack of limitations on indebtedness. He therefore urged the establishment of a wholly new bank, organized in accord with principles which he laid down, unless the Bank of North America should accept a new charter embodying such provisions and thereby become the national bank.

Hamilton's recommendation had to run a severe gauntlet of opposition. Madison in the House, seconded later by Jefferson and Randolph in the Cabinet, led the attack on constitutional grounds. Others stressed the dangers from large moneyed institutions, particularly when under the patronage of the federal government. Assertions were made that the bank was chiefly a diabolical device to raise still higher the prices of federal securities, which had already appreciated so considerably that many "gambling speculators" had made fortunes. Yet in a surprisingly brief time the opposition was overborne. The bill passed the Senate January 20 and the House February 8, and on Feb. 25, 1791, after getting the opinions of the Cabinet members on the point of constitutionality, President Washington signed the act[1] chartering *The President, Directors and Company of the Bank of the United States.*

By a supplementary act of March 2, July 4 was fixed as the day, and Philadelphia as the place, for receiving subscriptions. Then and there $9,600,000, or twenty per cent more than the act authorized to be raised by private subscription, was subscribed faster than the receiving commissioners could take it in.[2] The

[1] Hamilton's report, the debates, and the Cabinet opinions are most accessible in M. St. Clair Clarke and D. A. Hall, *Legislative and Documentary History of the Bank of the United States . . .* (Washington, 1832). The charter is in *U. S. Stats. at Large*, ii, 194. Beard, in his *Economic Origins of Jeffersonian Democracy*, 152–159, reviews the legislative contest in the light of the conflicting economic interests.

[2] This represented public and private subscriptions made locally in various parts of the union during the preceding two months. Cf. J. T. Holdsworth, *The First Bank of the United States* (Washington, 1910), 22–24.

"scrip" — temporary receipts for the initial payment of $25 — began to issue July 15, and immediately an unprecedented speculation in them arose.[1] On October 1 the first board of directors was elected; within a week they organized, taking for president Robert Morris's partner, Thomas Willing, president of the Bank of North America.[2] On November 9 the directors determined on the establishment of branches in Boston, New York, Baltimore, and Charleston, and then or soon after they were besieged with applications from various other places for the same privileges.[3] About December 12 business was commenced in Philadelphia, with discounts of over $300,000, and within a week the specie deposits of private individuals were reported to exceed half the specie capital of the bank.[4]

The auspicious establishment of the Bank of the United States aroused on the one hand aspirations for a completely unified banking system, and on the other hand a fear lest the new institution might swallow up the state banks. This fear had been expressed during the congressional debates, in particular by Stone of Maryland;[5] it might have figured more largely had not the state banks been few in number and largely in the hands of the capitalistic Federalist element which approved the establishment of the national institution.[6] It is probable, indeed, that such fears then and later proceeded more from the classes which had least to do with the state banks,

[1] See Essay II, 202–211, 341; also *Gazette of the U. S.*, July 6, 16; *Pa. Gazette*, July 6, 20; *Federal Gazette*, July 6; *N. Y. Journal*, July 9; *Daily Advertiser* (N. Y.), July 22; Madison to Jefferson, July, 1791, in Madison, *Works* (ed. 1865), i, 538; Wolcott to Wadsworth, July 5, Platt to Wadsworth, July 7, in *Wadsworth Papers;* Jefferson to Monroe, July 10, in Jefferson, *Works* (Washington ed.), iii, 267–268.

[2] The *Columbian Centinel* of November 2, printing the list of directors with votes for each, reports the statement that the property of those elected averaged above £25,000.

[3] Branches were later established in Norfolk (1799), Washington (1801), Savannah (as early as 1802), and New Orleans (1804). Holdsworth, *First Bank of the U. S.*, 38, 60; Bryan, *History of the National Capital*, i, 432; Howe, *Financial Institutions of Washington*, 26–27. Cf. *infra*, 61–63, 79.

[4] *Amer. Museum*, x, App. III, 1–2, 26, 33, 38.

[5] Feb. 6, 1791: Clarke and Hall, *Bank of the U. S.*, 68.

[6] The Boston and New York banks acted as agents to receive local subscriptions (and deposits thereon) to the federal bank, and "the Bank of North America evinced a lively interest in the welfare of the new institution": Holdsworth, *First Bank of the U. S.*, 22–24.

either as stockholders or as mercantile customers, than from the banks themselves. Certainly for a time after the incorporation of the national bank the stockholders of at least one state institution — that of Massachusetts — were not at all averse to being "swallowed up."

The most obvious method of securing a unified system was that of a central institution with branches. Hamilton discussed this policy in his report, but came to a conclusion opposed to it, partly because it might interfere with the passage of the charter, partly because sufficiently good management for the branches could not be counted upon.

"The situation of the United States," he says, "naturally inspires a wish that the form of the institution could admit of a plurality of branches. But various considerations discourage from pursuing this idea. The complexity of such a plan would be apt to inspire doubts, which might deter from adventuring in it. And the practicability of a safe and orderly administration, though not to be abandoned as desperate, cannot be made so manifest in perspective, as to promise the removal of those doubts, or to justify the Government in adopting the idea as an original experiment. The most that would seem advisable, on this point, is to insert a provision which may lead to it hereafter, if experience shall more clearly demonstrate its utility, and satisfy those who may have the direction, that it may be adopted with safety. It is certain that it would have some advantages, both peculiar and important. Besides more general accommodation, it would lessen the danger of a run upon the bank.

"The argument against it is, that each branch must be under a distinct, though subordinate direction, to which a considerable latitude of discretion must of necessity be entrusted. And as the property of the whole institution would be liable for the engagements of each part, that and its credit would be at stake, upon the prudence of the directors of every part. The mismanagement of either branch might hazard serious disorder in the whole."

The result of his recommendation was a modest provision in the charter (Art. XV, Sect. 7) authorizing the establishment of offices of discount and deposit anywhere in the United States at the discretion of the directors.

The board, when it was elected, was presented with three alternative policies as to branches. It might content itself with a single office at the seat of government; this policy Hamilton strongly favored for the present. It might open branches generally through the country; and the board soon received applications from a considerable number of places, larger and

smaller, for an extension of its facilities to these localities. Finally, it might establish a small number of branches in the large centres only. Furthermore, there was the problem of the new bank's relation to the state banks, if they were not to be absorbed. Should there be no formal relation, integral or otherwise? Should the competition be cutthroat, unsympathetic, or friendly? Should there be formal independence supplemented by agreements? Should there be intercorporate stockholding and interlocking directorates?

Several banks considered these matters in advance. In the Bank of New York a minority in the directorate favored outright merger with the national bank.[1] The majority, however, favored interlocking interests, to be supplemented, probably, by formal understandings, and hoped by this means to evade the competition of a branch. When enlarging their stock shortly after incorporation to $900,000, they reserved one-sixth of this amount for ownership by the Bank of the United States.[2] April 27, 1791, the stockholders of the Massachusetts Bank appointed Judge Lowell, Jonathan Mason, Jr., and William Tudor a committee "to enquire into, and receive any communication that may be made on the subject of a Union with the Bank of the United States, or any partial connection with the same . . . " Probably upon their recommendation the stockholders voted June 23 that the directors authorize a subscription of two hundred and fifty shares in the national bank, to be paid for out of the capital stock of the Massachusetts Bank. This subscription was duly made, and on August 22 the board appointed Gore and Mason to represent this stock at the meeting of the stockholders of the national bank.[3] On August 7 Christopher Gore wrote Rufus King in New York:[4]

"The post of last evening bro't news that the Bank of New York had completed their number of Shares & that the Directors had reserved three

[1] See the intimation of "Plain Truth" in the *Daily Advertiser* of Jan. 25, 1792: "a set of men who but the other day, were anxious to surrender their charter in order to form a coalition with the National Bank or a branch of it."

[2] *Mass. Magazine*, iii, 526 (August, 1791).

[3] *Stockholders'* and *Directors' Records*, under dates cited.

[4] King, *Rufus King*, i, 400–401.

hundred Shares, intending to offer them to the Governor & directors of the National bank — that, by this measure, they hoped to prevent the establishment of a branch from the National Bank in your city. One great benefit contemplated, by the establishing a national bank, viz. the annihilation of all State banks, will fail — if the intentions of New York Bank should be successful, the Mass. bank will probably follow the example, and it is not improbable that a connection will, in the ensuing winter, be proposed by the Legislature to take place between the Government of Mass. and the State Bank. The State Bank of Mass. is well disposed to receive its death warrant at the present time. The stockholders are very largely interested in the National Bank & wou'd willingly promote the latter to the destruction of the former. But this I fear will not long continue their disposition. Some who were shut out from the national bank will be very solicitous of reaping the profits heretofore experienc'd from the State Bnk. The State legislatures are all organiz'd bodies & disciplin'd to counteract the operations of the federal government — it is now a war of words only — we may have to deprecate a different kind of warfare. We well know the State Legislatures are generally dispos'd to discern & oppose the power & influence of the nation; but their meanness & parsimony interfere with their views & besides they are without a military check. Give them a State Bank to recur to and this great evil will be remov'd. The State Bank will continue for a long time to afford great profits to the proprietors of their stock. The State Legislatures will be proud of imitating the conduct of Congress in having a bank under their patronage & having a continuance of this badge of Sovereignty, the emission of money, & the interest of the Commonwealth & the Bank will be made to combine, that the pride and avarice of these two corporations may be gratified.

"I have hastily thrown my thoughts on this subject on paper. I wish you to examine them, & whether this continuance of the State banks will not be injurious to the growth of national politics. The few hints will lead to a course of reflections in your own mind — and if the event shall be a conviction that there is no danger to be apprehended, I shall be happy to learn that my fears are groundless; but I think the present the most favorable time for the dissolution of the State banks, & I fear that politics & interest will unite to support and prolong their existence."

This was the message of a Federalist big business man, who was naturally a centralizationist, but perhaps who did not appreciate, as the modern Germans have done, the possibilities of concentration by stock control. Fisher Ames, Federalist congressman from Massachusetts, had written Hamilton a few days earlier somewhat in the same vein:[1]

"If the bank would do business for five per cent., they would do a great deal more, and with safer people. They would overpower the State banks by giving borrowers better terms. I have had my fears that the State

[1] Letter of July 31, 1791, in Hamilton, *Works*, v, 474–475.

banks will become unfriendly to that of the United States; causes of hatred and rivalry will abound, the State banks will narrow the business of the United States Bank, and may become dangerous instruments in the hands of State partisans, who may have had points to carry. I will not expatiate. The occasion is a favorable one. The Bank and the United States Government at this moment possess more popularity than any institution or government can maintain for a long time. Perhaps no act of power can be done to destroy the State banks, but if they are willing to become interested individually, I mean the State stockholders, and to establish sub-banks, so as to absorb the funds and contract the business of the local banks, why should any measures be adopted to support the local banks to the prejudice of my hypothesis? or why should cold water be thrown upon the plan of sub-banks? Mr. **** and the Philadelphians are thought unfriendly to this idea, perhaps it may be attended with some hazard; but if it must fail, let it not be charged to local prejudice, but to solid reason. . . . All the influence of the moneyed men ought to be wrapped up in the Union, and in one bank. The State banks may become the favorites of the States. They, the latter, will be pressed to emulate the example of the Union, and to show their sovereignty by a parade of institutions, like those of the nations. . . ."

Seth Johnson, a New York merchant, wrote his partner, Andrew Craigie, from New York August 20:[1]

"There seems to be a diversity of opinion respecting the National Bank ingrafting itself on the established State banks — or of its establishing branches — to do the latter to any great extent would so divide the capital of the Bank as to cramp it in its great operations — it is said that if a branch is established in one place it cannot with propriety be refused wherever it is demanded — M^r^ Seton informed me that in a Conversation he had with M^r^ H. the latter observed it was difficult to say what plan the National directors would pursue — he seemed to approve of this Bank offering the 300 shares — this in Confidence —"

Assailed by such cross-currents of opinion,[2] the new board of directors decided in November on the policy of a small number of branches in the large centres, so selected that all but one of the existing state banks had a competing branch. In January, 1792, the directors of the branch banks in New York, Boston, and Charleston were elected, and in February those for Baltimore; and all four branches were opened in the spring.[3] Offers of shares were rejected on the formal ground that such action

[1] *Craigie Papers*, iii, 68.

[2] Cf. also *infra*, 88–89.

[3] Holdsworth, *First Bank of the U. S.*, 38, citing *Pa. Journal*, Jan. 25, Feb. 15, 1792. The New York branch opened April 1, the Boston one a few days earlier: King, *Rufus King*, i, 406.

would be *ultra vires*.[1] Beyond this the board did not immediately announce its policy.

Inasmuch as no steps were at once taken to establish friendly relations with the local institutions, their future seemed uncertain. William Seton, cashier of the Bank of New York, wrote a gloomy letter to his friend Hamilton soon after the decision as to branches was announced. To this the Secretary replied sympathetically Nov. 25, 1791:[2]

"I seize the first moment of leisure to answer your letter of the 21st inst. Strange as it may appear to you, it is not more strange than true, that the whole affair of Branches was *begun, continued,* and *ended,* not only without my participation, but *against my judgment.*

"When I say against my judgment, you will not understand that my opinion was given and over-ruled, for I never was consulted; but, that the steps taken were contrary to my private opinion of the course which ought to have been pursued.

"I am sensible of the inconveniences to be apprehended, and I regret them, but I do not know that it will be in my power to avert them.

"Ultimately, it will be incumbent on me to place the public funds in the keeping of the Branch; but it *may be depended upon,* that I shall *precipitate nothing,* but shall so conduct the transfer as not to embarrass or distress your institution. I have not time to say more at present, except that if there are *finally* to be two institutions, my regard for you makes me wish you may feel yourself at liberty to take your fortune with the Branch which must preponderate."

Clearly Hamilton was far from dominating the directorate of the federal institution, which was generally accounted his creation and by many considered his tool.

Hamilton's letter also indicates that he did not at this time believe the Bank of New York could hold its own or progress in competition with the branch of the national bank.[3] This view was shared by Christopher Gore, albeit with more satisfaction. Writing to King April 1, 1792, Gore says:

"I entertain no doubt but the bank of the U.S. will eventually secure all the good custom. Its advantages are so many, & so exclusively belonging to that corporation that other institutions of the like kind cannot do business to a great profit, if the national Bank be sufficient for the property and commerce of America. In my mind it is desirable that no other institutions,

[1] The "eastern shareholders" were credited with preventing absorption.

[2] Hamilton, *Works,* v, 486.

[3] On his further actions with respect to the Bank of New York, see *infra,* 91–95.

under State patronage, shoud exist — that they shou'd gradually decline in their profits and find their advantages in surrendering their corporate rights." [1]

Time revealed, however, that there was room for both state and federal banks. In Philadelphia and Boston, coöperation was the rule, practically from the outset and it became intimate with the passing of years. In New York, as will be noted, there was more suspicion and discord, but threatened serious consequences never materialized and eventually entire harmony was established.[2]

The decisions by the directors of the federal bank assured the development of a decentralized system of banking in the United States. Had the policy of widespread branches been adopted, or the policy of relating the state banks closely to the national bank, it is possible that the capital of the central institution might have been gradually enlarged until its influence had brought about a high degree of centralization. Politically either of these policies was impracticable. State pride and local feeling were so strong, jealousy of the federal power and suspicions of large corporations were so easily aroused and fomented, that a centralized system even in the mild form which Hamilton suggested could hardly have withstood a certainly hostile opinion. It may also be doubted whether the leaders of the bank were able at the time to sketch out a comprehensive plan workable from a business standpoint or to provide a staff of subordinate leaders competent to operate an American "banking system." The political factor, however, was clearly the decisive one.

[1] King, *Rufus King*, i, 407. Gore continues: "But be assur'd, my friend, that while I feel this as a just sentiment, no man wou'd more deprecate a dissolution, occasion'd by their loss of credit, than myself. The evils consequent on such an event are too extensive & important to my view to be contemplated without real distress. If I did not believe that the Bank of the U.S. cou'd, with safety, give a sufficient medium for all the fair concerns of the country and that within a few years, we shou'd see the national faith the only representation of property, I earnestly wish for a coalition of banks — in this sentiment I may err; but if in error I can truly say it is caused by a love of national & a dread of state politics. . . ." Gore resigned March 1 from the directorate of the Massachusetts Bank, along with P. R. Dalton, Jonathan Mason, Jr., and Thomas Russell: *Directors' Records*. They had been appointed directors of the federal branch.

[2] Holdsworth, *First Bank of the U. S.*, 40–42; *infra*, 91–95.

The history of the first Bank of the United States is too well known to need retelling here. It was intimately related to the government, though the government stock holdings were sold between 1797 and 1802. Heavy loans were made to the Treasury. It became the principal depository of federal funds. Its notes were accepted for customs duties. It coöperated with the mint in handing over foreign coins and bullion for recoinage, and was the principal source of supply of metal for coinage. After 1800 it was utilized to facilitate collection of public revenues. It aided the Treasury in foreign exchange transactions. Besides this it did a large private business like its smaller sister banks. It had a profitable, serviceable career for twenty years, when, for reasons not reflecting upon its character, Congress refused it a recharter.[1]

The establishment of the Bank of the United States was not an isolated phenomenon. It was accompanied or slightly preceded by increases of capital on the part of the existing banks and the establishment of the Bank of Maryland. It was shortly followed by the floating of a considerable number of new banking institutions, the chartering of several, and the establishment of others without charters. On this point the statistics are eloquent. Up to 1789 only two banks had been chartered (though the Bank of North America boasted six different charters) and only one other had been established without a charter. At the end of 1790 one was incorporated, to supply Baltimore, the last of the big four commercial centres to acquire a bank. In 1791 three were chartered, including the established Bank of New York. In 1792 eight more received charters and at least three others went into active operation without incorporation. In 1793 four more (including one established in 1792) were chartered. Thus within four years the number of banks had increased from three to twenty.

In considerable measure this movement was the result of the rising tide of commercial and speculative activity which marked the years 1789–92, of which something has been said in a pre-

[1] Holdsworth, *First Bank of the U. S.*, 44–66, 72–74, 123–125.

ceding essay.[1] This business boom brought pressure for additional lending power and greatly increased the profitableness of the established banks. It is also to be noted, however, that these banks had proved their worth to the business community and their ability to stand in financial depression. They had been experiments; now they had passed the experimental stage. Furthermore, the banks directly afforded fuel for speculative fires. The immediate oversubscription of the capital of the national bank in July, 1791; the similar action in the case of the new stock of the New York bank a month later;[2] and the violent speculation in scrip and New York bank stock which promptly followed — these at once reflected and intensified the enthusiasm over the new outlet for capital. It was also true that with the increase of prosperity there was occasion for additional outlets for investment. Bank stock was already looked upon as a conservative and liquid investment, in a class with public securities, and standing far above real estate, trade capital, and stocks of other new corporations.[3] Finally, the policy of the existing banks in several instances helped to arouse opinion in favor of competitors. They were secretive, partly of necessity, partly needlessly so. They gave the impression of being partial in their dealings, sometimes of discriminating for political reasons. They were strict with delinquents, bending perhaps less than they could have afforded to do. They adjusted their rates in such a way as to arouse the belief that they were securing inordinate profits, and their dividends confirmed this belief. With these facts in view, the unprecedented increase in banks in the early nineties is intelligible.

The *Providence Gazette* of June 18, 1791, announced that "A bank is about to be established in this town" and reported that three-fourths of the proposed two hundred shares (of two hundred

[1] Essay II, chaps. 4, 7.

[2] *Mass. Magazine*, iii, 526 (August, 1791).

[3] Cf. Edward Shippen of Philadelphia, writing to his daughter, Mrs. Benedict Arnold, in London, December, 1793, telling of his purchasing for her three shares in the new Bank of Pennsylvania: "The Ease & Certainty of receiving a handsome Interest from Bank Stock disposes me to prefer that kind of property to any other provided Safety is not sacrificed": *Pa. Mag. of Hist. and Biog.*, xxvi, 71 (1902).

specie dollars each) had been subscribed in two days and but thirty remained unsubscribed. In a few weeks the vigorous speculation in scrip of the Bank of the United States began, and on August 13 this notice appeared in the same paper:

"As the daily Rise of Bank Stock, and Scarcity of Specie as a medium of Trade and Commerce in this Town, must determine the Necessity of a Speedy Establishment of a Bank therein, — it is requested, that all those who wish to promote the public Welfare by such an Institution, would meet at the Court-house on Monday next, at Three O'Clock, P.M. to consult and determine on the most eligible Method of obtaining a Branch of the National, or of establishing an individual State Bank."

Evidently the scheme was somewhat altered by this meeting, for on September 3 the *Gazette* reported the plan to be for five hundred shares of $300 each, half payable in specie, half in funded sixes and threes. "All therefore who wish to partake of similar advantages [to those experienced in centres where banks had been in operation] and of the amazing profits on Bank Scripts" are publicly notified to subscribe and pay in the first quarter of their subscription, since the bank is "to be put into immediate operation, to facilitate the fall business." The next week's issue contained the detailed "plan" of the bank, in which the capital was fixed at $160,000 in $400 shares, and it was stated that the bank would open on the first Monday in October. Again, however, the plan was to be changed. On October 1 the *Gazette* announced:

"As it seems to be the general wish, that the Bank, to be established in this town on Monday next should be as nearly similar to the national Bank as possible, as thereby it may be more particularly connected therewith than otherwise, it could be; and as there can scarcely be a doubt of the whole amount of said bank being immediately subscribed for,"

an enlargement of the capital to five hundred shares of $400 each, payable two-fifths in specie, with the possibility of later increase to $500,000 and the reservation of $100,000 for subscription by the national bank, was proposed. A puff for the subscription is added:

"Any persons who may neglect attending at the Court-House at the hour appointed, . . . by themselves or friends, to give in their names, with the number of shares, written on a piece of paper, for which they wish to sub-

scribe, . . . will do well to remember, that they can blame none but themselves for their inattention to the business: and are particularly desired to remember, when the script of this Bank may be selling from fifty to one hundred per cent. profit, in lieu of five hundred to twelve hundred per cent. advance, as the late National Bank scripts sold, that they will have none to blame but themselves; for all may be assured, that it is the general wish of all the promoters of this Bank, that the subscribers to it may be as numerous as can be expected from the extent or wealth of the State, from which a charter is expected."

It was at length decided that 50 shares also should be reserved for state subscription and 125 for subscription by the United States or the national bank. The 450 shares were greatly oversubscribed, 1324 being asked for within an hour. The *Gazette* explained this as "occasioned by a large subscription from Philadelphia, New-York, Massachusetts, and various parts of this State." This explanation was plausible; yet an examination of the list of original subscribers [1] shows but a small number of names of outsiders and a distinct predominance of the Providence element.

On October 4 directors were elected as follows: John Brown, who became president; Moses and Nicholas Brown; Welcome Arnold, Jabez Bowen, Samuel Butler, John Innes Clark, Andrew Dexter, and Thomas Lloyd Halsey. Nearly all of these were merchants in the town. Arnold was in the General Assembly, Butler in the Town Council, and John Brown later went to Congress. On October 8 twenty-five scrips were advertised for at $45 cash and a week later they were quoted at $50, $25 having been paid down at the time of subscription. The bank opened October 17. On November 5 the legislature granted a satisfactory charter, but it did not avail itself of its opportunity to subscribe to the bank's stock.

Despite the coldness of the directors of the Bank of the United States toward the advances of the local bank,[2] the local gazette was able proudly to announce November 26: "It is with peculiar Satisfaction the Friends of the proposed Bank can assure the Public, that the Institution is pleasing to the Secretary of the

[1] List in *The Centennial of the Providence National Bank*, Oct. 3, 1891, pp. 41–43.

[2] See *supra*, 52–57. John Brown is reported to have been sent to Philadelphia to endeavor to have the bank made a branch of the national bank.

Treasury of the United States, that therefore every reasonable Encouragement from him may be expected." Tangible proof was at once given in the direction to the collector of customs to deposit moneys with the bank.

As an independent private institution the bank prospered. It continued with $180,000 capital till February, 1799, when an increase was made to the maximum of $400,000. The first dividend, paid in April, 1792, was 4 per cent — a large one in view of the fact that the capital was only gradually paid in. The second, in October, was but $3\frac{1}{8}$ per cent, doubtless due to the speculative reaction of April to June. Thereafter the semi-annual rate was $3\frac{1}{2}$ per cent for two years, 4 per cent for four years, and 5 per cent toward the end of the century, with $5\frac{1}{2}$ per cent in October, 1799. No surplus of any significant amount was kept. The bank was nationalized in 1865 and to-day has deposits of over $2,000,000 and capital, surplus, and undivided profits of nearly $1,500,000.[1]

Early in January, 1792, the New Hampshire Bank at Portsmouth was chartered, in March it was organized with Hon. John T. Gilman as president, and on June 11 it commenced discounting. Its authorized capital was $160,000. Of its early operations little is known, but the state subscribed $10,400 to its stock in December, 1792, and it continued in operation at least until 1815.[2]

As early as November, 1791, stimulated by the soundings of Peleg Sanford, Jeremiah Wadsworth's confidential clerk, there was talk among Hartford merchants of the desirability of a bank in that town. As in Providence a branch of the national institution was thought of. This failing on account of the decision of the national directors, a combination bank and manufacturing society was suggested, but met with slight favor.

[1] The facts stated in this paragraph have been kindly furnished the writer by Mr. Earl G. Batty, present cashier of the bank, from the bank's records.

[2] *N. H. Gazette*, January 11, March 14; *Columbian Centinel*, June 13, 1792; Adams, *Annals of Portsmouth*, 327; Charles W. Brewster, *Rambles about Portsmouth* (Portsmouth, 1859), 149; *N. H. State Papers*, xxii, 385, 394, 446, 475, 621, 663, 667, 682, 741. Cf. the unanimous vote of the town meeting of "Goffes Town" Aug. 21, 1786, "to have a Bank of Paper Currency made": *N. H. Town Papers*, ix, 313.

By February, 1792, a plan had crystallized for a simple local bank, and on February 27 a definite scheme was drawn up. On May 3 books were opened for subscriptions of $100,000. On May 14 the subscribers, through their agents, John Trumbull, Chauncey Goodrich, and Noah Webster, Jr., petitioned the legislature for a charter. This was granted forthwith. In June organization was effected, Jeremiah Wadsworth declining the presidency. On August 8 the bank opened for business. The capital remained $100,000 till 1796, when an increase of $60,000 was authorized. The legislature, at the request of the board, then removed the limitation upon the number of shares that might be held by any one person and the restrictions on the voting privileges of the larger owners. The new capital, however, was only gradually taken up, and in 1798 the total stood at $138,400; at this point it remained till in 1802 it was increased to $207,600.[1] In 1915 the bank merged into the Hartford-Aetna National.

In February, 1792, articles had been drawn up for a bank in the southern part of Connecticut, and three hundred and fifty shares reserved for New London were subscribed in a few hours. Efforts were made to secure the adhesion of Norwich capitalists to the same institution, but without avail, for those gentlemen wished a separate bank. The two sets of applicants sought charters at the May sitting at which the Hartford Bank was incorporated. They were persuaded, however, to join forces, and received a single charter as *The President, Directors and Company of the Union Bank in New London.* A board of directors, with Gen. Jedediah Huntington president, had been elected March 5. After incorporation, however, the directors were divided equally between the two towns.[2]

Next October a similar institution was incorporated for New Haven, with an authorized capital of $100,000 (in $200 shares). The requisite capital ($100,000) could not be raised at once, but

[1] P. H. Woodward, *One Hundred Years of the Hartford Bank . . .* (Hartford, 1892), *passim; The Memorial History of Hartford County, Conn., 1633–1884*, ed. by J. Hammond Trumbull (2 vols., Boston, 1886), i, 330–332; *Conn. Courant*, Nov. 7, 1791 ("An Indifferent Person"); *ibid.*, Jan. 23, 1792 ("Patriot").

[2] *N. Y. Magazine*, iii, 124 (February, 1792); *Conn. Courant*, March 12, 1792; *Private Laws* (ed. 1837), i, 157–159; Caulkins, *History of Norwich*, 646.

three years later, when a supplementary act reduced the minimum capital to $50,000 (increasable to $400,000) and gave each share one vote, an adequate capital ($80,000) was subscribed and the bank opened. Only half of the sums subscribed were then called in, but upon this the bank did a profitable business.[1] Today it has a capital of $1,200,000.

In Massachusetts there was likewise a scramble for bank charters. When the improvement in business conditions became pronounced and the speculative tide of 1788–92 came rolling in, the Massachusetts Bank was in a position to profit greatly. It made a practice of lending heavily on deposits of public stock.[2] For the last six months of 1789 it divided five per cent, for the next half year 4½ per cent. Late in 1790 two hundred of the shares that had been retired were sold at a good price, and early in January, 1791, the stockholders received not only a dividend of 6¼ per cent on the banking profits of the preceding six months, but also an extra dividend of 11 per cent, "the full amount of the dividend of Profits arising on the purchase of the withdrawn shares, the balᵈ of Old Profit & Loss account, & the balance of Profit remaining undivided at the last dividend."[3] The dividends of July, 1791, and January, 1792, were 9 per cent and 10 per cent. To handle the increased business, arrangements were made in January, 1792, for doubling the then capital (to $400,000), and this was ac-

[1] Theodore S. Woolsey, "The Old New Haven Bank," in *New Haven Colony Hist. Soc. Papers*, viii, 310–328 (New Haven, 1914); Timothy Dwight, *A Statistical Account of the City of New Haven* (New Haven, 1811), 78; *Private Laws* (ed. 1837), i, 125–127.

[2] J. Warren to Andrew Craigie, Dec. 19, 1791, in *Craigie Papers*, ii, 46. Cf. *Directors' Records*, for prices at which securities were accepted as collateral. In February, 1790, state and continental notes were accepted at 5s., in August at 6s. The funded national debt was accepted at the following rates:

	Oct. 25, 1790	Jan. 17, 1791	Nov. 28, 1791	Aug. 13, 1792
Six per cents . .	50	60	90	100
Three per cents .	25	30	45	50
Deferred	12½	30	45	50

[3] *Dividend Book*, dividends Nos. 12, 13; *Directors' Records*, 135–136; *Stockholders' Records*, Jan. 6, 1791.

complished during the year. Yet upon the five hundred and ninety-seven shares held in July, 1792, a total of $19,803.26 was paid as the profits of six months,[1] and 4 per cent was paid on the eight hundred shares in the next half year.

With dividends totalling 40 per cent paid within two years (1790–91) and no end in sight, it is small wonder that the bank's prosperity aroused covetousness and criticism. James Sullivan of Boston, republican attorney-general of the state and an entrepreneur capitalist of no mean repute,[2] attacked it anonymously in his pamphlet, *The Path to Riches*, which appeared in the early spring of 1792.[3] Its charter "was an indulgence to a few men in the state, who happened to ask the legislature to grant it to them without the proffer of any kind of reward." Unlimited as to note issues, without individual liability of the proprietors, "The corporation of the Massachusetts Bank . . . amounts to nothing more than an authority delegated to a few men to make as much paper money as they shall please to issue, and to draw an interest upon it at six per cent." Not only have they improved this opportunity and circulated as much paper as they could, even to nearly a million dollars at one time when not more than one-fifth of this sum was in their vaults in specie,[4] so that the "company has taken six per cent. upon *nearly all the commerce in and about Boston*," with the result that it has had the power to make exorbitant profits, and the accumulation of wealth by its proprietors and those of "the American Bank" [the Bank of North America] has "intoxicated a great part of the community." But more extraordinary still, "they have had it in their power to swell and lessen the medium of the country when they please, and consequently, to raise or fall the price of articles of commerce as they saw fit." This power they have abused.

[1] Not distributed equally, but proportioned to the time the paid-in capital had been used.

[2] See *infra*, 69, 171, 193, 237, 251.

[3] Ed. 1809, esp. 27–33. Quoted in *Mass. Magazine*, iv, 449–450 (July, 1792).

[4] The *Directors' Records* seldom give any indication as to cash on hand on notes outstanding, though a careful study of the financial books would substantiate or disprove this charge. On Jan. 6, 1785, there was about $141,250 in the vaults and $95,340 notes in circulation, but this was very early: *Directors' Records*, 33–34.

"By emitting large sums they have raised the price of public securities, and of other articles in the market; and by refusing again to loan, have brought on an artificial scarcity of money, and sunk the price of the same articles; this has given them all the advantages which could be gathered from the most enormous monopolies. Trade has been perplexed by a capricious and unsteady medium; great quantities of property, more especially public securities, have been sacrificed to a punctuality, to a corporation which never had it in its power to be punctual itself if there had been a run upon it."

In the main this was probably an extreme criticism. Certainly its author underrated other influences upon security prices and showed an inadequate conception of banking business when he twitted the bank on its inability at any time to withstand a run. He harps upon the ever-popular phrases "monopoly" and the "taxing" of trade. Yet the powers of the bank were indeed but slightly restricted, and there undeniably existed several rankling sources of hostility.

Prominent among these, in Boston as elsewhere,[1] was the insistence on punctual payment of notes and the enforcement of such obligations by recourse to legal process. For its own protection the bank was bound to do this. Loose practice in this respect seems to have endangered its soundness in the early days. The policy was good for the business community, but it was bitter medicine; it involved jerking up unpleasantly the standard of business habits, and it marked the substitution of the "soulless corporation" for the potentially merciful individual lender. Accordingly it furnished fuel for anti-bank, anti-corporation fires.

Furthermore, the bank was a fairly close corporation. Its original subscribers had numbered hardly more than a hundred. When the stock was reduced the holders fell to about fifty, and the increase of the stock from $100,000 to $400,000 did no more than bring the number back to about a hundred. Since several members of the same family were often stockholders, the number of families represented was considerably less than the number of shareholders — this in a city of twenty-five thousand. At each extension of the capital, shareholders were given

[1] Cf. for other banks, Lewis, *Bank of N. A.*, 58–59; Bryan, *State Banking in Md.*, 35; Woodward, *Hartford Bank*, 76.

liberal preferences and probably absorbed most of the increase, thus perpetuating their "monopoly." The mere fact that the par was $500 sufficed to limit membership to the well-to-do. The social, official, and business prominence of its stockholders and directors gave critics good opportunity to dub it an aristocratic institution. Such rules as those of July 19, 1790, and Jan. 10, 1791, which set the minimum discount at $100 and provided that no check for less should be paid except to balance an account, must have been irritating to small customers.

Charges of discrimination in granting discounts[1] were not lacking, though not strongly pressed. No proof of this is likely to be found. Yet the rules of the bank afforded ample opportunity for partiality: two black-balls (originally a single one), without reasons, from directors attending the weekly meeting were sufficient to prevent a would-be borrower from securing his loan.

The fact that the bank sold at a considerable advance in March, 1792, the shares it had subscribed in the national bank and part of the funded debt it had bought earlier, and declared an extra dividend of sixteen per cent to the holders of the four hundred shares as the profits realized on these transactions (July, 1792), laid it open to charges of speculation in securities.[2]

The hostility thus engendered led to attempts (1) to tax the bank, (2) to modify its charter, and (3) to establish a state bank either in place of it or as a rival to it.

Of the first of these moves little is known. It is clear, however, that a tax bill was rendered the bank on Sept. 20, 1791, which the stockholders on Jan. 4, 1792, ordered the directors not to pay "unless oblig'd by law." Fourteen hundred dollars was reserved from profits to pay it, and in 1792 this was divided to the holders of the four hundred shares as the tax bill had

[1] For such charges elsewhere, see Bryan, *State Banking in Md.*, 36–37; M. L. Davis, *Aaron Burr*, i, 413; *Columbian Centinel*, April 11, 1795 ("A Federal Stockholder"); Seth Johnson to Craigie, Aug. 20, 1791, in *Craigie Papers*, iii, 68.

[2] *Stockholders' Records*, March 27, April 4, 1792; *Directors' Records*, June 23, Aug. 22, 1791, March 19, 1792. For criticisms and comments, see *Mass. Centinel*, March 27, Aug. 4, 25, 1784, Jan. 11, 1786, Jan. 6, Dec. 29, 1787, March 31, Nov. 24, Dec. 15, 1790, Jan. 11, March 3, 1792.

been "since determined by the supreme judicial Court, to be illegal." [1]

On March 9 the legislature passed an act whose preamble recited, "WHEREAS it is necessary to provide for a more secure administration of the affairs of the *Massachusetts* Bank, in order that the purposes for which the same was established may be answered." [2] This act (1) fixed a minimum denomination of $5 on notes issued; (2) made directors personally liable for payment of notes in case notes plus loans exceeded "double the amount of their capital stock in gold and silver, actually deposited in the Bank, and held to answer the demands against the same;" (3) required directors to furnish statements to the governor and council semi-annually, or oftener upon request, of the amount of capital, debts, deposits, circulation, and cash on hand; (4) forbade dealings in merchandise or bank stock on penalty of forfeiture of double the value, half to go to the informer; and (5) limited the votes per stockholder to ten. The legislature had reserved no right to modify or repeal the charter, but the act was not contested on constitutional grounds. In special meeting April 19, the stockholders appointed a committee to pray a repeal of such parts of the act "as they may judge most likely to prove injurious to the Interest of said Bank," representing very respectfully "the difficulties & embarrassments the carrying it into execution necessarily implies." [3] The request was not heeded, but the bank seems not to have suffered because of the act.

The source of the proposal for a state bank is not evident, but a weighty backer was James Sullivan, prominent politically and in business, who was soon to be actively identified with the West Boston Bridge, the Middlesex Canal, the Boston Aqueduct Corporation, and the Massachusetts Mutual Insurance Company.[4] In his anonymous pamphlet, *The Path to Riches*, he sketched a plan for a state institution intended to supplant the old bank and have exclusive banking privileges within the state.[5] This

[1] *Stockholders' Records*, Jan. 4, April 4, 1792; *Dividend Book*, dividend No. 19.
[2] *Priv. and Spec. Stats.*, ii, 544–546.
[3] *Stockholders' Records*. Cf. *infra*, 310–315.
[4] See *infra*, 171, 193, 237, 251, 314–315.
[5] Ed. 1809, pp. 36–38.

scheme the legislature considered, but on March 7 postponed it to the next session.[1] Then a newly risen enterprise absorbed the forces working toward a state bank.

The new enterprise had been promoted in September and October, 1791, as *The Boston Tontine Association.* The tontine was a semi-speculative device which in these years vied with lotteries, public securities, and corporate scrip and stocks in appealing to the gambling instinct while preserving a respectable face. It was, in substance, a plan to provide an annual income during life to subscribers or their nominees, and an old age endowment to those who lived long, at the expense of those who died early. A fund would be contributed in small shares, at prices varying with the ages of beneficiaries, and somehow invested for their benefit. Profits would be annually divided among surviving beneficiaries as originally nominated, in proportion to their shares, and at a distant year determined in advance the principal would be divided among the then survivors.[2] The Boston association[3] called for the issue of one hundred thousand shares. At the outset $1 was to be paid in on each share, and ten cents for expenses. Late subscribers were to pay an additional ten cents for each month beginning December 1, in order thus to stimulate early subscriptions. The full prices of shares, varying with the ages of beneficiaries, were as follows:

Age	Price	Age	Price
Under 5	$16.00	45–50	$9.10
5–10	15.20	50–55	8.20
10–15	14.60	55–60	7.50
15–20	14.00	60–65	6.40
20–25	13.10	65–70	5.10
25–30	12.00	70–75	3.90
30–35	11.30	75–80	2.80
35–40	10.80	80–85	2.00
40–45	10.00	. .	. .

[1] *Boston Gazette*, March 12, 1792.

[2] For other tontine schemes, see report of committee on the Treasury to Congress, April, 1779; Hamilton's Report on Public Credit, January, 1790; Bacon-Foster, *Patomac Route*, 41; and *infra*, 80, 239, 248, 285.

[3] For the account of this institution and the bank into which it developed the writer has relied in large part on the original records, to which he has had access through the courtesy of the officers of the National Union Bank of Boston.

The balance was to be paid upon the shares by Sept. 1, 1792, on pain of forfeiture. Meanwhile they were to be freely transferable by endorsement. There were to be annual dividends of the profits from the invested funds, and in September, 1850, the capital was to be divided among the surviving members. At the outset the mode of investment was not entirely decided, but it is probable that a bank was even then counted upon.

The association had actively behind it several respected men, among them Stephen Higginson, merchant, who had been an incorporator of the Massachusetts Bank; Capt. Nathaniel Fellowes, Judges Oliver Wendell and William Tudor, Dr. William Scollay, Rev. Dr. Parker, and Samuel Blodget, Jr., who will be further mentioned below. The first meeting was held in the Bunch of Grapes September 6, and by September 26 the long constitution had been agreed upon and a preliminary set of officers, agents, and standing committee chosen. The shares were subscribed with avidity by all ranks of citizens, fifty-two thousand of them by New Yorkers, if current report was correct. In a half-puffing notice of October 26, headed "Tontine — Now or Never," it is stated that "Many of those who so sorely regretted their inattention, to adventure in Bank Scrip, now eagerly embrace the opportunity to retrieve their *imaginary* losses, by purchasing Shares in the Tontine," and points out that the scheme "completely guards against that worst of human ills *Poverty in Old Age* — and promises the advantage of a *constant accumulation* of interest." Before the end of October the books were closed, full.[1]

On January 13 following, application was made for a charter, and the project was discussed at length by the General Court as well as on the street.[2] It appeared that eventually a million dollars was expected to be contributed, and that it was con-

[1] *Columbian Centinel*, Oct. 26, Nov. 19 ("ZY"), 1791, Jan. 11, 1792 ("Citizen"); *Boston Argus*, Nov. 11, 22; *Amer. Museum*, x, App. III, 24, 30 (1791); *Boston Gazette*, Sept. 26, Oct. 24, 1791.

[2] See *Columbian Centinel*, Jan. 12, 21, 28, Feb. 11, 15, 18, 22, 25, 29; *Boston Gazette*, Jan. 16, 23, 30, Feb. 20, 1792. The proposed charter, published as a broadside, is reprinted in *Amer. Antiq. Soc. Proc.*, New Series, xi, 512 (April, 1897).

templated this would be loaned out. The debate was hot and exciting. Among the arguments against the bill were:[1]

"the promotion of speculation, the great proportion of subscribers who dwell without the State, and who consequently will draw off the profits; the nominal increase of wealth, without any real acquisition of property by the extending of credit beyond the real capital, the promotion of a wish among the subscribers, to see each other fall a sacrifice, and the gaining of riches by the survivors without labor.

"To these arguments were opposed, the security which would be afforded to subscribers against ruin and distress, from accidents to which property will always be liable, without some such fund of insurance. The advantage resulting to the Commonwealth from foreign subscribers, by drawing a proportion of this large capital from other States. The suitableness of the plan for promoting the credit and value of real estates, and the high probability of another State incorporating the subscribers, if they should be refused in this."

Meanwhile the scrip, $1.10 paid, fluctuated violently, touching $6 on February 8. Finally the House passed the charter by a vote of 87 to 51, but the Senate, on the second reading, defeated it by a vote of 13 to 17.[2]

Thereupon the promoters abandoned the tontine scheme, which had been the principal object of opposition, and at the June session succeeded in procuring a charter as *The President and Directors of the Union Bank.*[3]

The Massachusetts Bank people had taken steps to prevent this action. On March 1 they elected as director William Tudor, who was pushing the tontine charter. The committee appointed April 19 was also to offer the General Court a right to subscribe to the newly issuing stock, so that it might hold the same proportion as that held by the federal government in the Bank of the United States.[4] Probably other measures were taken.[5] Despite these efforts the new bank secured not only its charter, but an intimation of state participation and favor.

On July 2 the Tontine Association met at Concert Hall on a call

[1] *American Apollo*, Jan. 27, 1792, p. 43.

[2] Charges were made that members of the House were bribed by the offer of shares to vote for the bill: *Boston Gazette*, February 20, 27.

[3] *Priv. and Spec. Stats.*, ii, 547–552. Cf. *Columbian Centinel*, March 7, June 16, 23, 27, 30, Aug. 18, 1792.

[4] Cf. Gore's letter of Aug. 7, 1791, foreshadowing this, quoted *supra*, 54–55.

[5] Cf. *Columbian Centinel*, June 27, 1792.

to elect trustees for the ensuing year, in accordance with its constitution. There it heard the report of its agents,

"that they have used every exertion in their power to obtain an act of Corporation, upon principles conformable to the intention of the Stockholders in their *original Institution;* and that, finding it impracticable, they have pursued the best interest of the Associators in making application for a Bank, independent of the Tontine principles, and the right of survivorship."

The associates agreed to accept the bank charter, appropriated their funds to the uses of the Union Bank, and voted to dissolve, holders of scrip who were unwilling to become shareholders in the bank being entitled to secure a refund of their payments and accrued benefits less their share of expenses.[1] What actually happened was that practically all of the tontine shareholders exchanged their "scrip" for scrip of the bank and were credited with their original payments of $1.10 per share toward the full payment of the bank's capital, and that the association turned over to the bank at its organization its assets as well as its records.[2] On July 19 the stockholders of the bank met to elect directors and attend to other preliminary matters; decided that the capital should be the maximum authorized ($800,000), in $8 shares; and voted that the remaining amount should be paid in by instalments of $2.30 each, semi-annually, beginning Sept. 2, 1792.[3]

The election of directors seems to have excited considerable interest. At all events slates were advertised in the newspapers in wholly unprecedented fashion,[4] and the number of votes cast far exceeded the number at any later election.[5] The

[1] Advertisement in *Columbian Centinel*, July 18, 1792.

[2] See esp. *Directors' Records*, Aug. 25, 1792, March 13, 1793.

[3] *Stockholders' Records*, July 19, 1792.

[4] *Columbian Centinel*, June 30, July 4, 7, 18; *Boston Gazette*, June 25, July 2, 1792.

[5] The votes cast at the various elections to 1800 numbered as follows:

	1792	1435	1796	678
Supplementary,	July 26	1036	1797	376
Supplementary,	July 31	1213	1798	872
	1793	579	1799	920
	1794	752	1800	804
	1795	442		

Stockholders' Records, passim. Part of the decline may possibly be attributed to increased concentration of ownership.

directors finally chosen included Lieutenant Governor Moses Gill, President of the Senate Samuel Phillips, Samuel Sewall, and Samuel Blodget, Jr., who was soon to make a name for himself in Philadelphia and Washington. Phillips promptly resigned, and his place was filled by the election of Judge Oliver Wendell. Moses Gill was elected president and retained this position till his death in the spring of 1800, when Judge Wendell succeeded him.[1] Despite the low par value of the shares and the avowedly democratic character of the enterprise, the directors were in the main solid men of business, Gill in particular being a large security holder.

The process of facilitating payment of the first instalment on shares is of interest. The stockholders were already credited with a cash deposit, paid in on the shares of the Tontine Association. The directors voted, before the first $2.30 per share was due, that holders of fifty shares or more might at that time borrow to the amount of $1.15 per share on paying an equal amount in specie and lodging in the bank their evidences of the initial deposit "as a Collateral Security, with their personal note, payable in Sixty Days at least to the amount borrowed," with interest. No part of such loan was to be drawn from the bank in money till the new deposit should be made, nor would share certificates be obtainable till the notes were paid in full.[2] In other words, credit of sixty days was to be given for payment of shares. The practice of the bank toward delinquent subscribers was distinctly lenient, and one is inclined to read between the lines that some shareholders were not afraid to defer making payments till the bank promised well.[3]

Efforts were made to associate the bank closely with the state. The act of incorporation had reserved to the state the right to subscribe from $200,000 to $400,000 additional stock. In January, 1793, Governor Hancock urged the desirability of exercising this right. The legislature on March 8 directed a

[1] *Stockholders' Records*, July 19, 26, 31, 1792, Sept. 1, 1800. On Blodget, who was active till about the time the bank opened and was absent thereafter, see *infra*, 97, 239.

[2] *Directors' Records*, 15–17. An earlier vote was even more lenient.

[3] *Ibid.*, March 3, June 4 (John R. Livingston *et al.*), Oct. 8, 1793.

subscription of $200,000, payable one-half at the time of subscription, one-fourth June 1, 1794, and the balance June 1, 1795. A further subscription of $200,000 was directed in 1795 and completed in December, 1796.[1] Thus the state soon held one-third of the entire capital stock. The state treasurer was ex-officio a director, though he does not seem to have attended directors' meetings. The state reserved, but did not exercise, the right to appoint directors in number proportionate to its holdings — a fact which speaks well for the board elected by the stockholders.[2]

The capital subscribed by the state was not to be loaned on mortgage, and the directors were required to furnish the state "with a statement of their proceedings whenever, and as often as required thereto. . . ." The state's funds, however, were to be deposited in the Union Bank. By the original charter the state had the right to borrow $100,000 on demand at five per cent, repayable in five annual instalments or in less time. At various times loans were made.[3] The semi-official character of the bank is further evinced by the appointment of its president to act with the president of the Senate and speaker of the House as a sinking fund committee under the funding act of Feb. 1, 1794.[4]

The business of the bank was confined largely to discounting on personal security. For this purpose the directors met weekly. The first week the discounts were $69,370.84. On March 26, 1793, they reached a high water mark of $272,376.52. On Jan. 14, 1794, they first ran over $300,000. At the close of the

[1] *Priv. and Spec. Stats.*, ii, 562–563; *Columbian Centinel*, Feb. 9, 16, March 9, 1793; *Directors' Records*, on dividends of April 1, Oct. 1, 1796.

[2] The by-laws drawn up by the directors at the outset incorporated the principle of rotation, to the extent of requiring two new members on the board each year. Frequently no more than this minimum were supplanted, and in no year up to 1800 were more than four new directors elected. Twenty-six different men served on the first nine boards of twelve each. This insured stability of policy: *Directors' Records, passim.*

[3] The funding act of Feb. 1, 1794, authorized a loan of as much as £30,000 whenever it should be necessary to meet interest on the refunding bonds then issued. The *Directors' Records* show loans to the state treasurer of $30,000, April 30, 1793, $15,000, May 28, 1793.

[4] *Priv. and Spec. Stats.*, ii, 603–605.

century they sometimes amounted to over $500,000. Discount rates were six per cent. At the outset sixty-day paper was accepted, but before long it was provided that thirty days should be the maximum. This was probably merely to secure a slightly higher rate of interest, for renewals were very common.[1] Decision on discounts was by secret ballot. In case of one negative vote the question was opened for discussion, and after that two negative votes on another ballot would "check" the discount.[2] Such a practice clearly facilitated discrimination for personal or political reasons. Two names were ordinarily required except where collateral was given; Governor Hancock, however, succeeded in January, 1793, in getting a loan of $1500 without collateral or endorsement.[3] After the first month's business $100 was set as the minimum for discount,[4] — the rule in the Massachusetts Bank.

The charter had required that not more than one-fifth of the $800,000 capital should be loaned outside of Boston, to citizens of Massachusetts, with preference to farmers; and for such loans real estate was admissible as security. It is probable that this provision was a prominent factor in the passage of the charter, for banks were reputed to be of advantage only to the mercantile classes. Applications for these loans were acted on once a month. They were to run for one year and could be (and were commonly) renewed. In the middle of 1794 it was announced that this entire amount had been loaned and that further applications would be in vain till some of the loans were paid. It is clear that the bank did no more of this business than its charter stipulated, and it probably retired these loans as opportunity offered.[5]

One of the by-laws adopted at the outset provided

"That the Bank shall take charge of the Cash of all those who choose to place it there (free of expence) and shall keep it subject to their order, payable at

[1] *Directors' Records, passim.* Cf. esp. the reply to Alexander Hamilton's request for a loan for the Treasury, 1795.

[2] *Ibid.*, 9, 16.

[3] *Ibid.*, 9, 29. The governor had asked, in November, for $4000. The loan of $1500 was granted January 1. A few days later he sent in his public message urging the state subscription.

[4] *Ibid.*, 29.

[5] *Ibid.*, 73 (June 24, 1794).

sight, & shall receive Deposits of Ingots of Gold, Barrs of Silver, wrought plate, or other valuable articles of small Bulk, in the same manner, and return them on Demand of the Depositor."

In short, the bank furnished a safe deposit vault and made no charge for deposit accounts.[1]

Relations with the other banks were fairly amicable.[2] In January, 1794, the cashier was directed on request to inform the cashier of either of the other banks how many of its notes he held, on express condition that the favor be reciprocated. In May a committee of the directors was appointed to confer with the boards of the other banks on the subject of exchange of bills. In August the cashier was directed to deposit with the branch bank such of its bills as remained after the exchange of that week. In July the Massachusetts Bank offered the Union Bank the use of its hall for the annual stockholders' meeting.[3] Several instances of later coöperation, on more or less important matters, are recorded in the minutes of the two banks.

The charter gave the right to establish branches. At the first meeting of the board a committee was "authorized to make Enquiry whether it be convenient and eligible to establish a Branch Bank at Salem."[4] It was doubtless deemed possible that the Essex Bank capitalists, whose request for a charter had lately been refused, might accede to an offer of consolidation. The charter of the Nantucket Bank, 1795, authorized it to become a branch of the Union Bank. In neither case was the plan pressed; both outlying institutions became independent, and the Union Bank remained branchless.

The Union Bank prospered, its dividends averaging 4.47 per cent per half year up to 1800, and its stock generally sold above

[1] *Directors' Records*, 6. Cf. *ibid.*, 25 (Oct. 9, 1790), directing the cashier to pay no demand over $20 in silver.

[2] A correspondent had prophesied the inevitable failure of the new institution because the existing banks had not bought into its stock: *Columbian Centinel*, Sept. 8, 1792.

[3] *Directors' Records*, 60, 70, 75, 76, and *ibid.*, 24, 25 (Oct. 4, 9, 1792), for earlier relations. Cf. also *Columbian Centinel*, Feb. 23, 1793, for "Jacob's" criticism of the banks for lack of system, saying that certainty of renewals was no greater with three than with one.

[4] *Directors' Records*, 1 (July 26, 1792).

par.[1] In 1863 it was incorporated as the National Union Bank and continues to-day, with $1,000,000 capital, doing business on the State Street site it first occupied. It has paid semi-annual dividends without a break. The extraordinary prosperity of the Massachusetts Bank ceased in 1792. Yet despite the opening of the branch of the federal bank in April, 1792, with a large capital, and the successful competition of the large Union Bank beginning with that fall, the Massachusetts Bank continued to pay dividends of four to five per cent semi-annually on its enlarged capital.[2] Here is testimony of the clearest kind, not only respecting the business boom of 1789–92, but no less respecting the development of business on to a higher normal level from 1784 to 1794. In the earlier year, in a time of business activity, one bank in Boston could earn four per cent semi-annually on $255,000 capital. In 1794 and after, in a time of no special business activity, three banks could earn four per cent or more on nearly nine times this capital.

Early in February, 1792, a subscription of $50,000 was rapidly filled for a bank in Salem, then the sixth city of the country. A charter was applied for and passed by the lower house early in March, but the upper held it up, as it did that of the Tontine Association about the same time. Despite this the *Essex Bank*, as it was called, went into operation July 2 without a charter, with a capital of about $300,000. Advances of the Union Bank were rejected. Incorporation was secured finally in 1799, with authority to employ a capital of $400,000, and the bank continued actively till 1819.[3]

Down in Virginia, as well as in the commercial towns of the north, there were stirrings of interest in banking. In November, 1791, Hamilton's "kind assistance" was solicited "in favor of

[1] See dividend table, *infra*, 104, and quotations of security prices in *Mass. Magazine*, 1792–94.

[2] See table of dividends, *infra*, 104. How much capital the branch bank employed during this period cannot be ascertained; but see *infra*, 103 n. In 1798 the stockholders of the Massachusetts Bank considered an enlargement of the capital, but decided adversely: *Stockholders' Records*, Jan. 3, 17, June 13, 1798.

[3] *Providence Gazette*, February 11; *Columbian Centinel*, March 3; *Boston Gazette*, March 5; *General Advertiser*, June 21, 1792; Osgood and Batchelder, *Salem*, 235; *Diary of William Bentley* (Salem, 1905), i, 345.

establishing a Branch of the National Bank" in Alexandria.[1] Early in December, 1791, a meeting of merchants at Petersburg resolved,

"That it be recommended to the citizens of this commonwealth, and to the mercantile towns in particular, that they meet by their representatives in the city of Richmond, on the first day of May next, to consider the propriety of an application to the general assembly, for the establishment of a state bank." [2]

Late this same month petitions were signed in Alexandria, Norfolk, and Richmond calling for the establishment in those towns of branches of the new national bank;[3] but these, like many others of the same tenor, were not granted, though eventually, in 1799, a branch was established at Norfolk.[4] Failing here, the Virginia legislature was approached, and in October, 1792, it chartered banks for both Alexandria and Richmond.[5]

The *Bank of Richmond* was not organized, doubtless because of lack of subscriptions. The Alexandria institution, however, was promptly established and had a long, successful career. Subscriptions were filled in two hours on December 7, many would-be subscribers going away sorrowful. Directors were elected in January; the final payment on the $150,000 capital was called in March; and on April 9, 1793, the bank opened.[6] In 1795 the need of larger capital was submitted to the legislature and the limit raised to $500,000.[7] About half the additional amount was paid in during 1796, and a little more in 1797, so that from 1797 to 1800 the capital stood at $338,200. Dividends were regular and appear to have been liberal, averaging above four per cent semi-annually, and a large and increasing business was done.[8]

[1] John Fitzgerald to Hamilton, November 21, in Hamilton, *Works*, v, 485.

[2] *American Museum*, x, App. III, 38 (1791).

[3] *Va. Mag. of Hist. and Biog.*, viii, 288–295 (1902), quoting the petitions.

[4] Holdsworth, *First Bank of the U. S.*, 38.

[5] *Stats. at Large* (Hening), xiii, 592, 599.

[6] *Va. Gazette*, Dec. 13, 1792, March 14, 1793. The best account is in Charles E. Howe, "Financial Institutions of Washington City in its Early Days," in *Columbia Hist. Soc. Recs.*, viii, 3–9 (Washington, 1907).

[7] *Va. Stats. at Large* (ed. 1835), i, 374.

[8] Cf. annual statements to the state, in *Va. Calendar of State Papers*, vii, 6, 325, 419, viii, 330, 410, 460, ix, 71. The following data appear on these statements:

In March, 1792, a plan for a bank in Charleston, S. C., with the capital to be raised on a tontine plan, met with support, and early in May the bank went into operation as *The Bank of South Carolina*, with a capital reported to be $200,000,[1] in $40 shares. This considerable capital was increased in 1793 to $300,000, and in March, 1796, to $525,000, the additional shares going at $45. The bank was highly prosperous, dividing nine per cent in each of its first two years, and fifteen per cent in the next three, besides accumulating a surplus of $60,000. Efforts to secure a charter were in vain till 1801,[2] when this bank and a state bank were simultaneously incorporated.[3] In 1805 it was reported to have a capital of $675,000,[4] and this much may have been employed before its incorporation.

It was in New York, however, that the banking boom of this time made the most stir. On February 3, when affairs were moving rapidly in New York City, a meeting of Albany gentlemen was called and a bank decided upon. The plan devised called for a capital of $75,000 in $150 shares, $15 to be paid down at the outset and the balance in three instalments. Subscriptions were received February 17 and "overrun" in less than three hours. At once the scrip rose ten per cent and the next day sold at one hundred per cent advance. Application was made for a charter, and while it hung in the balance the scrip fluctuated violently, at one time selling for $100 ($15 paid). Late in March the charter

Date	Semi-annual dividend no.	Amount	Stock	Rate per cent	Profit & loss balance
Jan. 1795	3	$5,985.00	$150,000	4	$2,113.39
1796	5	9,163.00	150,000	6	471.32
1797	7	7,200.78	327,200	?	2,021.19
1798	9	13,400.00	338,200	4	3,204.22
1800	13	15,219.00	338,200	4½	6,874.48

Cf. also Niles' *Register*, ix, suppl., 156 (1815–16). Howe, *Early Financial Institutions*, 7, notes that in February, 1801, prominent merchants of Alexandria gave "an elaborate dinner . . . . to those members of the Legislature by whose exertions and votes an extension of the charter . . . was obtained": quoting *Times*, Feb. 9, 1801.

[1] *Daily Advertiser*, March 26; *Columbian Centinel*, May 5, 10, 1792.

[2] Cf. esp. La Rochefoucault Liancourt, *Travels*, i, 573–574.

[3] *S. C. Stats. at Large*, viii, 1.

[4] Blodget, *Economica*, 159.

passed, on June 12 directors were elected, and on July 16 and 17 business of deposit and discount was begun.[1] The full $240,000 authorized by the charter (in $400 shares) was paid up before, in February, 1797, the state decided to exercise its right to subscribe $20,000.[2] The bank paid its first dividend May 14, 1793, and was sufficiently prosperous to have its stock sell thirty to fifty per cent above par in 1795 and 1797.[3]

Toward the end of March a *Bank of Columbia* was forming in Hudson, N. Y., and apparently little but lack of time prevented the passage of its charter at the same session, for the next year it was promptly incorporated.[4]

In the city of New York the rush for banking privileges burst into what was called, with reason, a "bancomania." On the morning of January 16 proposals were published for "The Million Bank of the State of New York," with a capital of a million dollars in $500 shares. Reasons for its promotion were set forth in some detail, including the tendency of a bank to advance the city's commerce and the agriculture and manufactures of the state, and the insufficiency of banking capital, even with the addition of the $500,000 of the new branch, whence the stock of the old bank was selling high "without just cause." It was proposed to include in the charter a clause permitting its direction to accede to a coalition with the Bank of New York within nine months, "on such terms as they may deem equitable."[5] An assemblage of interested citizens met at Corre's Hotel at 10 A.M., appointed Alexander Macomb, Brockholst Livingston, Abraham Duryea, Moses Rogers, and John M'Vickar to receive subscriptions,[6] and by noon over twenty thousand shares (i.e., over $10,000,000) had been subscribed! Quotations immediately arose. The *Daily Advertiser* for January 17 remarks: "Scrips in the Mil-

[1] Joel Munsell, *The Annals of Albany*, i, 31–32 (1851); *N. Y. Journal*, Feb. 29, 1792; Elkanah Watson, *Memoirs*, 332; S. B. Webb, *Correspondence*, iii, 178.

[2] *Laws* (ed. 1887), iv, 31.

[3] Munsell, *Annals of Albany*, iii, 157, 167, 173, 177, 186.

[4] *Providence Gazette*, March 31, 1792; Webb, *Correspondence*, iii, 179; *Laws* (ed. 1887), iii, 429–432.

[5] *Daily Advertiser*, Jan. 17, 1792. Cf. *N. Y. Journal*, January 18, and Johnson to Craigie, January 16, enclosing plan of the bank, in *Craigie Papers*, iii, 69.

[6] According to Seth Johnson, John Pintard was also there.

lion bank, to be delivered as soon as can be procured[!] 230 dols." "Rights in the Million bank for cash 92 dolls."

Next day a subscription was opened for the "Tammany Bank," four thousand shares of $500 each,[1] and these were soon subscribed. That evening the subscribers to the "Million" met at Corre's, with Robert Troup in the chair. The list of subscribers to the 21,740 shares was read, and it was agreed to reduce the subscriptions heavily, those subscribing thirty and over to receive three, those subscribing twenty to twenty-nine, two, and the others one each. A committee, composed of Troup, Livingston, Melancthon Smith, C. J. Bogart, and R. Lenox, was appointed to report alterations in the proposed charter. The first payment of $200 per share was to have been made January 19, but this was postponed till the modification of the charter draft. It was agreed that provision should be made for the disappointed subscribers, and the newspapers of January 19 displayed the advertisement: "This day at ten o'clock A.M., will be opened at CORRE'S HOTEL, a subscription to a NEW BANK, and will continue until one o'clock in the afternoon, and so from day to day until the whole capital stock shall be subscribed." This meeting too was duly held, with Isaac Clason in the chair. It was tentatively decided to organize the "Merchants' Bank," with a capital of one million dollars in $400 shares, one hundred being reserved for state subscription; and a meeting of merchants and traders was called for Saturday the twenty-first to decide finally. At a meeting of the "Million" subscribers Friday evening Brockholst Livingston reported that a third group had formed a scheme for a "State Bank" (probably the renamed Tammany) and had already that day presented a petition for a charter. This group was headed, ostensibly at least, by Walter Livingston and Richard Platt. These were not unfriendly to the "Million" crowd and were indeed anxious for a coalition with them. And the meeting accepted the recommendation of its committee to reopen subscriptions under a common committee and make common cause in the appeal for a charter.[2] The "Merchants" crowd

[1] Johnson to Craigie, January 17, in *Craigie Papers*, iii, 70.

[2] *Daily Advertiser*, Jan. 18, 19, 21, 23, and *N. Y. Journal*, Jan. 28, Feb. 22, 1792.

soon came in too. On January 30 Walter Rutherfurd wrote his brother John: "The Bank mania subsides a little, the three different subscriptions have consolidated to make but one with a capital of 1,800,000 ds. and they are now endeavouring to get a charter."[1] The banks were eager to secure the surplus funds of the state, which were reported to amount to over £80,000,[2] for investment. The Bank of New York offered early in February to pay six per cent interest on these funds and to repay them on three months' notice. The state bank promoters offered seven per cent, giving United States stock as collateral, "unless the state would prefer investing the money in the new bank which is to be established, or lending it in small sums upon mortgages of real estate."[3] Such was the confidence in the new scheme that one Wilkes, when offered £800 and a house by the federal bank and £1000 by the new state bank, to serve as cashier, accepted the latter offer.[1] The plan even grew bigger. Not only was the new bank to receive state subscriptions, but to it were to be given powers to push the canals New York was held to need. Early in February a legislative committee reported favorably on such a plan, and on February 5 a bill with this purport passed its second reading.[4] On February 13 the *Daily Advertiser* printed in full the bill to incorporate, then under consideration in the Committee of the Whole, and on the fifteenth "Gracchus" writes, in urging certain amendments, "As all opposition to the measure has subsided, and the only wish of every party is to make the bill as perfect as possible . . ." The debate on the subject, regarded as highly important, continued through the month.

These movements did not escape opposition and vigorous criti-

[1] Rutherfurd, *Family Records and Events*, 148. Cf. *Daily Advertiser*, Jan. 24, 1792, and Schuyler to Hamilton, January 29, in Hamilton, *Works*, v, 492–493: "The bank mania has somewhat subsided; but as in the first paroxysm the leaders induced many to subscribe a petition to the legislature for an incorporation, the pride of some and the interested views of others will not permit them to relinquish the object. What fate will attend the application in the House of Assembly is problematical — but I am almost certain that in the Senate it will not meet with countenance. It is, however, prudent to be prepared with every objection, and I wish you to state those that have occurred to you."

[2] *Mass. Magazine*, iv, 141 (February, 1792).

[3] Domett, *Bank of N. Y.*, 44.

[4] *N. Y. Journal*, Feb. 22, 25, 1792.

cism. The Bank of New York refused all overtures. It also rejected all new notes and all "paper of the great advocates" of the new banks. It refused even to accept the notes of the national bank, some $400,000 of which had "poured in from Philadelphia, and endangered its specie reserve."[1] Seth Johnson, merchant and conservative speculator, and a keen observer in close touch with the situation, wrote his partner Craigie that "The origin of the Million bank was not from anti-federalism, but from speculation," and that "the Judicious are generally opposed to them, the designing, or disappointed, are the promoters."[1] On January 19 "A Merchant" wrote for the *Daily Advertiser*,[2] charging that the Million Bank "originated & was ultimately intended to answer the purposes of a sett of designing characters, whose intentions, as far as the business has been canvassed, was certainly not consistent with the public good . . .." He warns "all Merchants and others who subscribed from proper principles . . . as they value their reputation & property not to embark in an affair the origin of which is not founded on a permanent basis." He finds that "a few principle Speculators have assembled in the most private manner & brought forth this child of iniquity;" that the shares were taken up "principally by the promoters and abettors of this horrid scheme;" and remarks further

"that if the principles of this Bank be ever so well modified, and the subscription list stand as it does at present, even then their plan will succeed [only] in consequence of the numerous subscribers under fictitious names, and the Directors made up of creatures like themselves."

"A Citizen" wrote the same day advising caution.[3] With "Merchant" he doubts the need of a third bank and its profitableness,

[1] Johnson to Craigie, Jan. 16, 17, 22, 1792, in *Craigie Papers*, iii, 69–71.

[2] Jan. 20, 1792.

[3] *Daily Advertiser*, Jan. 20, 1792. Cf. Johnson to Craigie, January 22: "From the best information I can obtain, M^r M^cComb & Rob^t Stewart were among the promoters of the *million Bank* — they, & their associates no doubt intended to hold most of the shares — but such was the rage, for subscribing that they were disappointed in their views — M^cComb it [is] said withdrew himself perhaps from a sense of the impropriety of the business." Macomb was a well-to-do business man of high repute, who had lately been elected a director of the New York branch bank. See Essay II and Essay III, esp. 279–280, 396.

"and the citizens should think deliberately about a business of so great importance before they begin: The mode in which the Million Bank has been conducted, I hope will be a lesson to the citizens how to set about another with more mature deliberation, that the fabric may stand and prove useful."

"Banco" wrote on January 25 casting more direct aspersions on the promoters and their motives:[1]

"More banks may certainly assist gambling, and enable *adventurers* the longer to swim on the *fluctuating waves of speculation.* The real specie of America is inadequate to circulate the immense debt of the union above par, and its artificial rise can only be preserved by the artificial . . . medium of bank paper. Banks originated in all commercial countries, for substantial commercial purposes, and nowhere have they been considered as engines of *stock jobing.* The merchant and traders' note is always preferred at the bank of England to those that dabble adventurously in the funds."[2]

The two schemes are "bastards," born of anger and disappointed ambition.

"The lawyer and eminent *broker* [?] who have intrigued with the mother, had artfully framed a deed of coalition of their estates founded on the precarious footing of insidious subscriptions. The motives of projectors should be analised. . . . If this new bank is established, which they or their connections will probably direct, they will effect monopolies of particular kinds of the debt,[3] and even articles of merchandize and subsistence. Small dealers will be ruined by the artificial and arbitrary fluctuations of Stock, and the expenses of all classes, will be augmented by the monopolies of the few who combine extensive capitals, with still more extensive credit. . . . These strong-handed combinations may on one day lower the public debt, and the next day raise it, and the climate of the alley will undergo more variations than one of our spring days.[3] Those sudden and great variations will drive honest and prudent people out of the market, and the monied man will not trust his property in such *versatile funds.* Those people with the pride and honesty will feel indignant sentiments against combinations which may probably unite with extensive capitals and credits the resources of *unlimited avarice, of unprincipled and disappointed ambition, of family influence,* of the easy integrity of the alley, and the *meretricious abilities* of the bar."

"A Speculator" writes February 7 with assumed frankness but slightly veiled irony relative to the slow progress of the object:[4]

[1] *Daily Advertiser,* January 26.

[2] Evidently New York banks thus early gained their modern reputation for promoting speculation.

[3] Cf. Essay II, chap. 7, esp. 279–286, 307.

[4] *Daily Advertiser,* February 7.

"An immediate determination may be highly prejudicial to those who have contracted to receive the whole of the New-York Bank Stock in May next.[1] I am one of this number, and trust that the state will do nothing hastily to prejudice any gentlemen, who, by contracting to receive a greater number of shares than the capital consists of, contemplated the ruin of *only a few* of their fellow citizens, the business may surely be procrastinated at least until these very benevolent views are accomplished."

"Aristides," a petitioner for the charter, writes February 2 urging postponement till the next session, saying that since signing he had "seen so much of a double manner of dealing in those who pretended to be the promoters of the institution" that he had more than once wished he could withdraw.

"Indubitably if we should go to work helter skelter in granting charters to speculating men without much deliberation, we shall have the whole United States kept in continual turmoil and confusion, by the intrigues of these men." [2]

Even "A Fair Dealer," who took the "Merchant" to task for his vituperative language and who defended the undertaking, acknowledged that "few of the intelligent subscribers to the *Million Bank* are so bigoted as to justify the manner in which it was brought forward: they are ready to acknowledge that it was exceptionable." On the other hand he submits that

"When it was announced to the public that a subscription would be opened . . . , men of all classes flocked to share the advantages which were held up to view; and tho' on the one hand it is certain many entered into this business from mere motives of speculation, and without the probable means of fulfilling the engagements they laid themselves under, still on the other hand it would be absurd to say there are not a great number *who possess talents, integrity, and property equal* to the undertaking."

And he represents the scheme as essentially a natural development, asserting that a second bank had

"long been had in contemplation by some of the most wealthy and worthy of our citizens. The increasing wealth of our country naturally suggested

[1] Cf. Johnson to Craigie, January 22: "I cannot think Col° D interested in this business, as he is interested in the contracts for almost the whole of the stock of the present Bank, & at a high price. A new Bank to be carried into effect might be his ruin." The Livingstons, "bears" at this time, Johnson reports "warm" for the new bank. Cf. Essay II, 279–286, 295.

[2] *Daily Advertiser*, February 3. Cf. also "Plain Truth," in *ibid.*, January 25.

such a measure, and the pride and partiality of the existing bank convinced them of its necessity." [1]

He reveals part of the animus behind the new scheme in charging the Bank of New York with being a monopoly, established by a party and partial in its dealings, as well as unduly cautious.

"This, is by some ascribed to the directors as a virtue, and the bank is pointed as the *guardian of the public good*, by damping the ardor of speculations in withholding its sinews;" whereas "the only point they *can* or *ought* to take into consideration is, the responsibility of the party — the individual is the best judge of the application of his property; and should the bank withhold this aid, instead of *discouraging speculation*, they may *cramp trade*."

Immediately upon hearing of the first project Alexander Hamilton wrote from Philadelphia to his friend Seton, cashier of the Bank of New York: [2]

"I have learnt with infinite pain the circumstance of a new bank having started up in your city. Its effects cannot but be in every way pernicious. These extravagant sallies of speculation do injury to the government, and to the whole system of public credit, by disgusting all sober citizens, and giving a wild air to every thing. 'T is impossible but that three great banks in one city must raise such a mass of artificial credit, as must endanger every one of them, and do harm in every view.

"I sincerely hope that the Bank of New-York will listen to no coalition with this newly engendered monster; a better alliance, I am strongly persuaded, will be brought about for it; and the joint force of two solid institutions, will, without effort or violence, remove the excrescence which has just appeared, and which I consider as a dangerous tumor in your political and commercial economy.

"I express myself in these *strong terms* to you confidentially, not that I have any objection to my opinion being known, as to the nature and tendency of the thing."

The "better alliance," of course, was that proposed between the Bank of New York and the branch of the federal bank. A few days later (January 24), when he learned that the advances of the new institution had been spurned, Hamilton wrote again in the same vein: [3]

[1] *Daily Advertiser*, Jan. 21, 1792.

[2] Letter of Jan. 18, 1792, in Hamilton, *Works*, v, 463; *ibid.* (Lodge ed.), viii, 220. Both editors date the letter 1791, which is obviously an error.

[3] *Works*, v, 491–492; *ibid.* (Lodge ed.), viii, 239.

"I feel great satisfaction in knowing from yourself that your institution rejects the idea of a coalition with the new project, or rather hydra of projects.

"I shall labor to give what has taken place a turn favorable to another union, the propriety of which is, as you say, clearly illustrated by the present state of things. It is my wish that the Bank of New-York may, by all means, continue to receive deposits from the Collector, in the paper of the Bank of the United States, and that they may also receive payment for the Dutch bills in the same paper. This paper may either be remitted to the Treasurer or remain in the bank, as itself shall deem most expedient. I have explicitly directed the Treasurer to forbear drawing on the Bank of New York, without special direction from me. And my intention is to leave you in possession of all the money you have or may receive till I am assured that the present storm is effectually weathered.

"Everybody here sees the propriety of your having refused the paper of the Bank of the United States in such a crisis of your affairs. Be confidential with me; if you are pressed, whatever support may be in my power shall be afforded. I consider the public interest as materially involved in aiding a valuable institution like yours to withstand the attacks of a confederate host of frantic, and, I fear, in too many instances, unprincipled gamblers.

"Adieu. Heaven take care of good men and good views!"

In passing it must be noted that these events subjected the federal administration, and Hamilton in particular, to an irritating cross-fire. On the one hand the speculative orgy out of which the "bancomania" developed was ascribed to those diabolical schemes of a cunning traitor to the public weal — the funding system, the national bank, the national manufacturing society. On the other the Secretary's opposition to the new enterprise was denounced as an effort to maintain a monopolistic, partisan tool of a closely-knit moneyed aristocracy. Fisher Ames wrote from Philadelphia January 23:[1] "The mad bank schemes of New York produce ill effects. Sober people are justly scared and disgusted to see the wild castle builders at work. It gives them an handle to attack the government." "Decius," in the course of a three-column contribution dated February 13,[2] includes prominently in the arguments for the expediency of the project, "The necessity of some establishment which may check the encreasing influence of the general government, and its encroachments upon that of

[1] Ames, *Works*, i, 111.

[2] *N. Y. Journal*, February 15; *Daily Advertiser*, February 17.

the state." He quotes appreciatively from "Brutus" in the same journal for January 21:

"The weighty influence derived to the general government from the funding system, has already thrown an *undue* balance in that scale. The assumption of the state debts, which would, in their hands, have created a dependence upon them by a certain class of creditors, has diminished the importance of the *state*, and added to that of the general government. The manufactures are about to look up to the same source for their support, and temptations are held out to smaller states [New Jersey, for example], which may ultimately bias them in favor of one *part;* rather than the *whole* of the constitution. . . . The [national] bank is under a small direction, whose prime movement is the secretary of the treasury, and is going to branch out to every trading city in the union;[1] the directors of these branches are appointed by the general directors, placed at the seat of government, and under its immediate influence. . . . yet, not content with this, a scheme is set on foot, for consolidating the different state banks with this general bank, and thus to concentrate the whole monied interest of the community in a few hands."

"Decius" continues:

"Those who have attended to what has happened since a new bank was talked of, will feel the force of the preceding remarks — The question was scarcely raised, when the secretary of the treasury took a decided part in the opposition. Letters upon letters, it is said, were written to dissuade his friends [such were Troup, B. Livingston, Platt, Duer, and possibly Macomb] from persisting in the measure."

He points out the ramifications of government influence: two members of the state legislature are in the "direction" of the federal bank; the federal district attorney (Harrison) and Marshal (Clarkson) are among the directors of its New York branch; while another of the central directors (Low) "is also a director of the New York Bank. Instead of modestly resigning this office, he has since his promotion to the national direction, neglected no means to bring about a consolidation of the two banks," which the New York directors, who "had long tasted the sweets of the secretary's money," were ready for, and which only the opposition of the eastern shareholders prevented.[2] Clearly the movement contributed to the rising unpopularity of the Treasury.

[1] Both these assertions, of course, were false. The Secretary was far from dominating the board of the new bank.

[2] See *supra*, 52–57.

The promotion of these new banks, it seems fair to conclude, was in the main a speculative device. The move offered several fascinating possibilities. There was a hope of being bought off by the established banks. If the new institutions, one or more, should be successfully floated, there was good chance, in the midst of the current enthusiasm over banks, of unloading the scrip at an advance; or of securing an institution more sympathetic with stock speculations than the existing banking establishments; or of securing state funds to aid in these delightful operations. Meanwhile bank stocks, particularly those of the Bank of New York, could be effectually manipulated by influential pressure brought to bear on the new projects. The prejudices against the old bank, general and particular; the profitableness of existing banks; the need of more banking capital; the jealousy between state and nation — these and others made good talking points with which to appeal to diverse individuals, and by means of them the support of a non-speculating contingent was secured. But the rise, the conduct, the decline, and the whole atmosphere of this boom of the new banks indicate the dominance of speculators and speculative motives.

Essentially for this reason the fine projects fell to the ground, though the skepticism of the judicious, the pressure of the Bank of New York, and Hamilton's influence also must have counted materially against them. During February and early March the distrust of the speculators grew. Early in March came Duer's suspension. Then for five weeks the disorder increased in intensity till a veritable panic reigned. Leaders in petitions for the new banks, and in petitions for the use of the state's funds, were seen to be caught inextricably in the meshes of their own net. In disgust with the whole "outfit" the legislature tabled the bank bill, passed "An Act to prevent the pernicious practice of stock-jobbing," [1] and established a state loan office to lend the surplus funds of the state to the productive citizens of the country districts.[2] For several years no new banks were per-

[1] See Essay II, 288–309.

[2] Act of March 14, 1792, *Laws* (ed. 1887), iii, 287–300: "An act for loaning monies belonging to the state" through loan offices to be incorporated in each county. Cf. the Pennsylvania Loan Office Act of 1785 noted *supra*, 42.

mitted to arise in New York City, and the next one entered by stealth.[1]

Before leaving this group of banks and would-be banks it is worth while to turn aside to note the relations which Hamilton, as Secretary of the Treasury, continued to sustain with the Bank of New York. Doubtless as a result of his efforts a committee of the New York branch directors was appointed on March 20, 1792, before the branch opened, to confer with the directors of the Bank of New York; and the conference duly held "resulted in a formal correspondence, expressing a desire and willingness on the part of each institution to co-operate in any measure calculated to inspire mutual confidence or public accommodation." [2] But neither alliance, coalition, nor consolidation, by contract, stock ownership, or otherwise, was effected between the two New York institutions. Yet Hamilton's promise of support went beyond this and beyond the assurance of consideration in the withdrawal of public funds — a policy which he took occasion to defend in his letters to Congress Feb. 19, 1793.[3] "Be confidential with me," he wrote on January 24,[4] "if you are pressed, whatever support may be in my power shall be afforded." The support given by the Treasury during the stock panics of 1791 and 1792, by purchases for the sinking fund made through Seton and largely at his discretion, was undoubtedly of incidental value to the Bank of New York [5] and constituted a new source of gratitude toward the Secretary. In May and June, as I have pointed out in the preceding essay,[6] Hamilton requested the bank to loan considerable sums to the New Jersey manufacturing society, at the low rate of five per cent, and gave confidential assurance "that the Bank of New-York shall suffer no diminution of its *pecuniary facilities* from any accommodation" it might afford to this society.[7] The bank responded with alacrity and later correspondence makes abundantly clear that they took his assurances at their face value. On July 23, 1792, Seton wrote:

[1] See *infra*, 101–102.
[2] Domett, *Bank of N. Y.*, 42.
[3] *Works*, iii, 413 ff.
[4] *Works*, v, 492.
[5] See Essay II, 205–207, 310–311.
[6] Essay III, 419–421.
[7] *Works*, v, 508–509, 512.

"With respect to ourselves & the Branch we go on in perfect Harmony, & there does not appear any disposition on their part to do otherwise . . . we receive & pay their Notes indiscriminately with our own, & I believe they do the same — we make large interchanges now & then — I feel very gratefull for the strength of your expressions on this head, & should any circumstance occur that augurs hostilities, I shall address myself freely to you — but I trust there will not —" [1]

This harmony was not lasting, however, and on August 6 Seton wrote:[1]

"You will observe by the annexed Return that the Collector has begun to comply with your kind orders — & it will be a very pleasant circumstance that he continues to Do so — for the Branch is certainly now getting on very fast, & I think (*in confidence*) their Direction rather wish to take every advantage in Draining us of our Specie — they make pretty frequent & heavy Drafts, & rather I think unnecessarily so — because whenever the interchange of Notes leaves a balance in their favour, a Dft for Specie soon follows — I would not wish to complain just now, but if I find they persist in Draining us, I must implore the aid of your all powerful hand to convince them we are not Destitute of aid in the hour of need."

Hamilton was fortunately able to explain these appearances of an "unkind disposition" on the ground of the necessity of sending to Philadelphia a considerable sum of specie for various purposes which he enumerated at length.[2] He added to his reply: "The tide is now changing, and must speedily reverse the balance, and I mention it in confidence, because I wish, by explaining, to cherish confidence between the two institutions at New-York, so necessary to their mutual interest." This word Seton gratefully acknowledged on August 30: [1]

"I thank you much for the explanation of the late conduct of the Branch, — I must confess I was rather apprehensive it proceeded from other Motives — It is alarming to see how Banks are multiplying all over the States — should any failure happen, a general discredit will fall upon all Bank Paper."

But in December again Seton wrote in great anxiety:[3]

"I often recollect your expression, *that the Branch must ultimately preponderate* — I find this to be the case every day, and indeed it has now such an

[1] *Hamilton Papers* (Library of Congress).
[2] Letter of Aug. 17, 1792, in Hamilton, *Works*, v, 520–521.
[3] Letter of December 20, *Hamilton Papers*.

advantage in its operations over us, that if pusht too far, might be attended with fatal consequences; — their Circulation is so great and the reception of their paper so universal, that no one has occasion to drain them of Specie — our Circulation is so limitted, confined merely to the City to pay Duties & discharge notes in the Bank, the whole almost seems in their hands, & upon every exchange of Bank Notes which we make three times a week, the balance is eternally very large in their favour; we have therefore been obliged to pay them immense Sums in specie, which, and the other great drains we have had for India &c — has reduced us from upwards of Six hundred thousand Dollars in actual Coin, now down to only Two Hundred thousand; — this of course obliges us to cramp our operations, to the very great distress of our Dealers, and in one month to call in near Two hundred thousand Dollars of our discounts — in the same space of time our circulation of Bank Notes has lessened Seventy thousand; all the Paper we have now out is but a little more than three hundred thousand Dollars, not one third of our Capital; — the balance of our Bills Discounted is One Million Seven hundred & Ninety thousand, not twice our Capital, & we reduce every week — yet notwithstanding all this caution, the drain of Specie is so great and we are so much in the power of the Branch (whose direction certainly bear no good will) that I really at times feel very uneasy — we owe them now Seventy thousand Dollars, the balance of your Treasury account is nearly the same amount, and should these two Sums be suddenly called for, you may easily see from the above detail how distressing & how dangerous it would be to us. Sensible, my Dear Sir of your attachment to this Institution and desire to serve it, I think it my duty to give you this private and confidential Account of our real Situation, and to beg you will at all events prevent our being drawn upon for the Treasurers balance just now, & to save us from the depredations of the Branch if possible. By the 1st of February I hope our balance of Bills Discounted will be reduced to One Million & an half — if with our Capital we cannot go that length with perfect safety, we might almost as well wind up; — however there must be a certain period or extent of business that would infallibly put us upon a par with the other Bank, but what that extent is, must be found out by experience, & when found out it may perhaps be too small an object to be worth an operation.

"When your occupations will allow you one moment's leisure, it will be My dear Sir a great comfort to me, to have your sentiments on these points, for I must freely confess to you, that I think the Institution is in danger."

By this time, however, Hamilton was stimulated to unusual discretion by the Reynolds charge of speculation with public funds,[1] for which the sinking fund operations supplied part of the basis, and already in October he had found it advisable to ask Seton to send him copies of all letters relating to purchases of the public debt; [2] and this rather remarkable letter of Seton's is

[1] Cf. Essay II, 312–313.

[2] Referred to in Seton's letter of October 26, in *Hamilton Papers*.

endorsed, apparently in Hamilton's hand, "No Answer." However, the " fatal consequences" were averted, and despite another rapid drain of specie in March, 1793, relations between the two banks again became "tolerably smooth." [1]

In June, 1794, Seton resigned and went to Europe,[2] and further correspondence through him naturally ceased. By this time it appears that the bank was well able to hold its own in competition with the branch and was able also to return Hamilton's favors. On Oct. 6, 1794, a loan of $200,000 was made to the Treasury at five per cent for four months, and before maturity this was extended eight months. On Dec. 9, 1794, a one-year loan of $100,000 was negotiated at five per cent with the privilege of annual renewals for five years.[3] Hamilton freely acknowledged his appreciation. Writing upon learning of the bank's reception of this last proposition, he said:[4] "It gives me pleasure to have this fresh opportunity of bearing testimony to the liberal and patriotic zeal for the service of the United States which the Bank of New York has on every occasion evinced." And on leaving office he wrote:[5]

"I cannot let slip this opportunity of thanking, for the last time, the Directors of the Bank of New York for that decided, prompt support of my administration which they have upon every occasion given. It has made a lasting impression on my heart."

The relationships did not finally end even here, for in December, 1796, the president of the bank called on Hamilton, manifesting anxiety regarding its situation, and Hamilton responded by writing earnestly on its behalf to his friend and former subordinate, Oliver Wolcott, now his successor in the Treasury Department.[6]

Hamilton, in short, as Secretary of the Treasury, exchanged favors with the Bank of New York, which he had helped found.

[1] Seton's letters of March 5, May 3, June 25, 1793, in *Hamilton Papers*.

[2] Seton to Hamilton, June 16, 1794, in *ibid*.

[3] Domett, *Bank of N. Y.*, 50–51. The terms given to Hamilton's successor, in August, 1795, were notably higher.

[4] *Ibid.*, 51.

[5] Letter of Jan. 25, 1795, in *ibid.*, 131; Holdsworth, *First Bank of the U. S.*, 42.

[6] Hamilton, *Works* (Const. ed.), x, 213–214, and cf. *ibid.*, 218–220, 224 — all letters of December, 1796.

In part, clearly, his actions sprang from eagerness to avoid any maladjustment of existing credit machinery, of the delicacy of which he was keenly aware. In his report to Congress answering an inquiry intended to lay bare undue preference to the national bank, he made a point of his coöperation with the state banks, but asserted that none of the establishments had "received any accommodations which were not in perfect coincidence with the public interest, and in the due and proper course of events."[1] Yet it seems fair to say that he was overzealous and not wholly impartial in his efforts to "protect" his friends in the older bank, and that at least in asking the favor for the manufacturing society he put himself under obligations which he found it necessary to fulfil as Secretary of the Treasury. On the other hand there appears no shred of evidence that he stood personally to gain. At its incorporation in 1791 Hamilton owned but $750 of its stock. In May, 1792, he directed Seton to sell this for him, in deference to a federal act passed this month, and while Seton held off a while in the hope of better prices, the stock was disposed of early in August.[2]

In Pennsylvania conditions were not far different from those in New York, but the pressure of a considerable Treasury surplus arising from the sales of public lands figured as an especially large factor. The promoters of canals and inland navigation within the state itched to secure substantial support from this source, but with unusual foresight the state legislature undertook to invest in bank stock instead.[3] Overtures were made to the Bank of North America, without avail.[4] Other capitalists were less backward, and on March 20, 1793, the *Bank of Pennsylvania* was chartered with an authorized capital of $3,000,000, to which the state subscribed one million.[5] The

[1] *Works*, iii, 417.

[2] Domett, *Bank of N. Y.*, 131; Seton to Hamilton, May 28, Aug. 6, 1792, in *Hamilton Papers;* Hamilton to Seton, June 26, 1792, in *Works*, v, 513.

[3] Henry Adams, *Life of Gallatin*, i, 85–86. Cf. *infra*, 156–157.

[4] Lewis, *Bank of N. A.*, 81; *Pa. Stats. at Large*, xiv, 312.

[5] *Pa. Stats. at Large*, xiv, 365. Seven hundred and fifty thousand dollars was promptly turned in — $374,271.06 in specie, the rest in United States stocks — and the balance paid up by a loan from the bank: message of Governor Mifflin, Aug. 29, 1793, in Hazard, *Register of Pa.*, viii, 231 (1831).

act authorized the Bank of North America to relinquish its charter and become absorbed in the new bank, but the opportunity was neglected. Though the competition of the new bank was felt, the old prospered with it,[1] and in 1799 found no difficulty in securing a renewal of its charter.

The Bank of Pennsylvania was required by its charter to loan to the state $500,000, beyond a sum necessary to complete payments on its subscription, at not more than six per cent (sects. 12, 14) for the establishment of a loan office, an act for which was passed two weeks later (April 11, 1793). A year later the loan office was abolished, having been "found inexpedient and not to answer the purposes intended by the legislature." This was probably quite to the satisfaction of the bank.[2] Further, the state favored the bank by requiring the state's funds, the funds and securities of the insurance companies of North America and Pennsylvania, and other funds over which the state had control, to be deposited with it.[3] The better to justify its title, the bank was authorized

"to establish offices at Lancaster, York or Reading, or wheresoever else they shall think fit, within the state, for the purposes of discount and deposit only, and upon the same terms, and in the same manner as shall be practiced at the bank."

Such offices were not to be opened "in any town or borough . . . without the previous consent of the corporation of such town or borough" and might be "annulled" "if found injurious to the real interest of the incorporation." (Sect. 7, Art. 15.) Before 1810 several such offices had been opened and discontinued,[4] but the details I have been unable to learn.

The Bank of Pennsylvania came increasingly into the control of the state, held most of the state loans negotiated, made advances for carrying on the state works, and defrayed the state expenses out of its dividends.[5] It is noteworthy as the only im-

[1] Cf. *Pa. Mag. of Hist. and Biog.*, xxvi, 71, 75, 229, 232, 233, 235.
[2] *Pa. Stats. at Large*, xiv, 379–380, 481–490, xv, 78–80.
[3] *Ibid.*, xv, 43, 71, 456, 460.
[4] Dewey, *State Banking before the Civil War*, 137.
[5] Adams, *Life of Gallatin*, i, 85–86; Hazard, *Register of Pa.*, iii, 191. In 1811 a committee of the Pennsylvania legislature reported the bank to have "Bills Dis-

portant "state bank" of this century. It is true that Massachusetts held a large interest in the Union Bank of Boston and that other states had considerable sums invested in bank stock. Nowhere else, however, was the control so great, the relationship so close, or the returns so large.

New banks were established here and there after the climax of the movement was reached in 1792. In 1793 there were two besides the Bank of Pennsylvania. The *Bank of Columbia* at Hudson, N. Y., secured the charter it had sought vainly the year before and continued to do business on a modest scale, in 1811 having a paid-in capital of $160,000.[1] Another *Bank of Columbia* was chartered by Maryland December 28 to be established in the new federal district. The bank was "organized for the special purpose of handling the paper of the commissioners as well as of the lot buyers." The city commissioners were authorized to subscribe for one-fifth of the ten thousand shares ($100 par) and did subscribe ten hundred and fifty-three shares; and Samuel Blodget Jr., lately supervisor of the city, was first president.[2] The southern bank stock, par $40, was selling at $33 in February, 1797, and there was talk of failure, doubtless owing to the disasters affecting the Washington capitalists; but it survived until 1827 and was for some years used both as a public depository and as an agency for public payments. In 1814, $859,560 was reported as its paid-in capital.[3]

No new banks were established in 1794, a year of general business depression. In December of this year, however, James McHenry introduced a bill to establish a new bank in Baltimore, as he had done twelve years before. The city was doing a large and growing export trade and increasing as well in domestic business. For the moment no action was taken, but in 1795,

counted of over five millions, and cash over one million": Niles' *Register*, i, 399 (Feb. 1, 1812). Cf. *Pa. Stats. at Large*, xv, 348, for act of April, 1799, authorizing a loan of $100,000 to the state.

[1] *Laws* (ed. 1887), iii, 429–432 (March 6, 1793); *Assembly Minutes*, 1811.

[2] Bryan, *History of the National Capital*, i, 223, 329–330, 431.

[3] George Washington to Henry Lee, April 2, 1797, in *Pa. Mag. of Hist. and Biog.*, xxxv, 108–110; Howe, *Early Financial Institutions*, 10–15; Bryan, *National Capital*, i, 223, 535–536, 538, and *passim*.

when the Bank of Maryland unsuccessfully attempted to get permission to double its $300,000 capital, the new project was warmly pressed. It was argued that the $800,000 capital employed by the two existing banks was utterly inadequate to the city's needs, and an attempt was made to set a present limit of $3,000,000 to the capital of the new institution, with provision for its ultimate increase to $9,000,000. These extreme requests were denied, but the charter was granted with a generous limit of $1,200,000.[1] The bank was floated with some difficulty, owing to opposition from the Potomac Company and from Annapolis, which always feared and opposed Baltimore as a trade rival;[2] but the bank soon got under way and contributed its share to the flood of notes which compelled the attention of foreign visitors to the city.[3]

Except for the Bank of Baltimore the new charters from 1794 to 1800 were not of great importance, and all but one were confined to three New England states. Five of these were granted by the Massachusetts legislature. The *Essex Bank*, established in Salem in 1792, secured its charter quietly in 1799. A small institution, with power to raise from $40,000 to $100,000, was incorporated for Nantucket in February, 1795. Provision was made (sect. 8) that if the subscribers applied to the Union Bank by May 1, 1795, and the latter's directors agreed, the Nantucket institution might become a local branch of the Boston one, and the latter's capital increased accordingly. Apparently no steps were taken in this direction. The bank had the misfortune to be robbed of over $20,000 of its small funds, in July, 1795, about the time of beginning business. This interrupted the business, but on March 1, 1797, the legislature authorized it to operate on a capital of $20,000, and this seems to have been done. The bank, however, did not have a long career.[4]

[1] McHenry, *Life and Correspondence*, 154, 162; Bryan, *State Banking in Md.*, 20–21; *N. Y. Magazine*, vi, 767 (December, 1795); *Md. Laws* (Kilty), 1795, c. 27.

[2] Key to McHenry, Dec. 13, 1796, in McHenry, *Life and Correspondence*, 207. Cf. also *infra*, 115, 122.

[3] Isaac Weld, *Travels through North America, 1785–1787* (London, 1799), 20.

[4] *Mass. Laws* (ed. 1801), ii, 664, 760, 884; *Providence Gazette*, July 7, 1795, June 27, 1797.

Also in February, 1795, the *Merrimack Bank* at Newburyport was chartered with a capital of $70,000 to $150,000. This succeeded well enough to petition in February, 1800, successfully, for the right to increase its capital to $250,000.[1] In June, 1799, the *Portland Bank* — the first in Maine — was chartered with $100,000 capital. It did business successfully till 1808 and was wound up at a loss in 1815.[2] In January, 1800, the *Gloucester Bank* was incorporated with $40,000 capital, which was increased in the following June to $100,000.[3]

Rhode Island added three. The largest was the *Bank of Rhode Island*, with an authorized capital of $400,000. A subscription was opened Oct. 12, 1795, and nearly eight times the proposed capital was subscribed. Directors were chosen next day.[4] The president, Christopher Champlin, was a prominent merchant and member of Congress. Other important merchants on the board were George Champlin, George Gibbs, Caleb Gardner, Walter Channing, Simeon Martin, and Peleg Clarke, the last of whom was also in the Governor's Council and in 1799 succeeded Jabez Bowen as Grand Master of the State Lodge of Free and Accepted Masons. A charter was granted October 28. The bank went promptly into operation and prospered greatly, gradually increasing its dividend till it reached five per cent semi-annually. It continued under its state charter until it was nationalized in 1865; and in 1902 became the Newport branch of the Industrial Trust Company of Providence.[5]

In June, 1800, two small banks were chartered for Bristol and Westerly. Of the former little is recorded, but it continued in business till 1865. The Washington Bank, at Westerly, was

[1] *Laws* (ed. 1801), ii, 692, 697, 891.

[2] *Ibid.*, ii, 858; Willis, *Hist. of Portland*, ii, 660; *Newport Mercury*, April 3, 1799; W. E. Gould, "Portland Banks," in *Me. Hist. Soc. Colls. and Proc.*, 2d Series, iv, 90–91.

[3] *Laws* (ed. 1801), ii, 885, 936.

[4] *Newport Mercury*, Oct. 13, 20, 1795, Jan. 3, 1797, Jan. 8, 1798. The other directors were James Robinson and Thomas Dennis. For several years the same board was reëlected without change.

[5] See dividend table, *infra*, 104. Letter from Mr. Thomas Peckham, April 11, 1916.

organized especially for farmers and mechanics and was modelled somewhat after the Union Bank in New London (1792). A capital of $50,000 was raised at the outset, fifteen directors elected, and the bank opened for business Aug. 22, 1800. A dividend was declared Feb. 22, 1801, and for a number of years the bank was highly prosperous. Although competition in time reduced its dividends, it survived all ups and downs, and eventually increased its capital to $150,000, besides accumulating a surplus. In 1865 it became the *Washington National Bank*, and since 1902 it has operated as the *Washington Trust Company*.[1]

Connecticut increased her already large quota by others at Middletown in 1795, which was not organized till 1801, and at Norwich in 1796.[2] The only one south or west of Connecticut was the $100,000 *Bank of Delaware* at Wilmington, chartered February 9, organized June 5, and opened Aug. 17, 1795.[3] The Duke de la Rochefoucault Liancourt, who travelled in the country in 1795–97, commented acridly on this Wilmington bank as needless, adding:

"It will, however, have the same effects as all the small banks established on the continent; it will increase the means of speculating stock-jobbers and adventurers; and will sooner or later, like most others, prove pernicious to the cause of morality, and destructive to those whose speculations are at present aided by its discounts and the paper money which it issues."[4]

All three of these, now nationalized, still exist.

Mention remains to be made of another bank established under an act containing no banking provisions. In the spring of 1799 Aaron Burr manœuvred through the New York legislature a perpetual charter for the *Manhattan Company*, whose ostensible purpose was the furnishing of a supply of pure water for the city of New York, but whose more important underlying

[1] *Session Laws;* Stokes, *Chartered Banking in R. I.*, 13; Frederick Denison, *Westerly (Rhode Island) and its Witnesses . . . 1626–1876* (Providence, 1878), 259–264; "Historical Table of Banking Institutions . . . ," in *Third Annual Report of the Bank Commissioner [Rhode Island]*, 1910, p. 263.

[2] Caulkins, *Norwich, Conn.*, 366–367.

[3] H. C. Conrad, *History of Delaware. . . .* (Wilmington, 1908), i, 342–343.

[4] *Travels in North America*, ii, 266.

purpose was the establishment of a bank under influences more cordial to the democratic party than were the older institutions. A maximum capital of $2,000,000, in $50 shares, was authorized, and while the charter was to be forfeited if the company should fail to provide a satisfactory supply of water within ten years, a clause was inserted authorizing the use of any surplus for any purpose not prohibited by constitution or laws of the state or the nation. In the select committee of the Senate, to which he had secured the commitment, a motion was made to strike out this clause. Upon inquiry "Burr avowed the design of using the surplus capital to establish a Bank or an East India Company, or any thing else the directors might choose, since the furnishing a city of fifty thousand inhabitants with water would not remunerate the shareholders." Later, when the bill was referred to the chief justice by the Council of Revision, he reported adversely, since the result of the clause in question could not be foretold, and it was contrary to the policy hitherto pursued "that the powers of corporations relative to their money operations should be of limited instead of perpetual duration." Nevertheless, thanks to Burr's political power and skill, the committee, the Council of Revision, and the Federalist legislature all passed the bill, and Jay, the Federalist governor, signed it, despite the decided opposition of the "most respectable mercantile and monied interests." The act passed early in April; early in June the intention to set up a bank was announced, and banking operations were actually begun in September.[1] As the "Manhattan Bank" the institution has lived and prospered.

Probably there were some other attempts to establish banks which came to naught. In New Jersey, for example, there was an effort to establish a bank in September, 1795. Advertisements were published over the state for subscriptions to a million dollars in $10 shares for a bank in Trenton adapted to local needs. "The plan of this Bank," ran the advertisement,

[1] Parton, *Life of Burr*, 237–239; M. L. Davis, *Memoirs of Aaron Burr*, i, 413–417; letters of Robert Troup in King, *Rufus King*, ii, 597–598, iii, 34, 43; Domett, *Bank of N. Y.*, 57–58. For the water operations, see *infra*, 252.

"admits Farmers to borrow money on twelve months credit, they giving landed security." But the public did not respond, and the enterprise did not reach the stage of application for corporate powers.[1] It is doubtful, however, whether any serious attempts in such directions secured capitalist support sufficient to justify seeking charters. The fact is that by 1795 the commercial centres were fairly well furnished with banking facilities, and that the latter years of the century were not marked by such business expansion as called for considerable increases in these facilities. The sporadic instances of incorporation of small local banks attest merely the initiative of certain groups of citizens and the absence of abuses of banking privileges which would have made legislatures cautious in granting charters.

An examination of the census report for 1800 makes clear the degree to which the bank was naturalized in New England. Its seventeen institutions (not to count the federal branch) were scattered through sixteen towns. Except Marblehead (sufficiently near Salem) and Bridgewater, Mass., and Norwalk, Conn., every New England town of over 5000 population had its bank (these three towns had hardly more than 5000); while all the bank towns had over 5000 population except Portland (3704), Me., Bristol (1678) and Westerly (2329), R. I., and Norwich (3476), Conn. To the southward, on the other hand, banks were almost wholly confined to the larger centres, Hudson, N. Y., and Wilmington, Del., being the clearest exceptions.

It is further to be noted that, in the main, the functions of discount, deposit, and issue were exercised almost solely by these incorporated institutions. There were of course local capitalists who accommodated their neighbors, but did not make a *business* of money lending. There were also numerous examples of "ticket currency," or small notes for change, issued (especially before 1796) by individuals or corporations for the accommodation of their workmen or customers.[2] But apparently only New Hampshire and Massachusetts found need, before

[1] *New Brunswick Advertiser*, Sept. 14, 1795, and other contemporary local gazettes.

[2] Wansey, *Journal of an Excursion*, 227; Essay III, 497, and *infra*, 275.

the end of the century, to prohibit unincorporated establishments from performing banking functions.[1] The only conspicuous instances of unincorporated banks are those of the Bank of New York (1784–91), the Essex Bank (1792–99), and the Bank of South Carolina (1792–1800).

Reliable statistics of capital and operations cannot be secured.[2] It is clear, however, that nearly all of the banks went successfully into operation. The Richmond and Middletown institutions did not open during the century. The Nantucket and New Haven banks were delayed. All of the others were in successful operation in 1800. In size the Bank of the United States was by far the largest, though its $10,000,000 capital was divided among the Philadelphia parent office and the branches at Boston, New York, Baltimore, Norfolk (after 1799), and Charleston.[3] Next to it stood the Bank of Pennsylvania, with $2,000,000, and the Manhattan, with a total of the same, followed by a group consisting of the Union of Boston, the New York, the North America, the Baltimore, and the Columbia at Washington, with capitals of a million or a little more or less. No other at this time had more than $500,000, except possibly the unincorporated Charleston bank. The little institutions, with less than $100,000, were at Gloucester, Bristol, Westerly, and New Haven. In all the paid-in banking capital was probably between twenty-two and twenty-four millions in 1800. Of the profitableness of the banks there is no question. The accompanying table shows the dividend rates for the period 1782–1800 for a number of the institutions here discussed.[4] It

[1] *N. H. MS. Laws*, xii, 164 (*Index*, 33); *Mass. Laws* (ed. 1801), ii, 883–884.

[2] The table given in Blodget's *Economica*, 159, upon which is based that in Knox's *History of Banking*, 307, is unreliable, and Knox has used it incorrectly.

[3] The distribution of capital between the bank and its branches was not generally known. The state in 1810 is given in *American State Papers, Finance*, ii, 479. Rochefoucault Liancourt, in his *Travels*, ii, 161, said the capital of the Boston branch about 1796 was thought to be $500,000. Cf. also *supra*, 98.

[4] Figures are based on the following sources: letters, April, 1916, from officers of the banks or their successors (North America, New York, Providence, New Haven, Rhode Island); personal inspection of records (Massachusetts and Union banks, Boston); Holdsworth, *First Bank of the U. S.*, 137; Bryan, *State Banking in Md.*, 20; Woodward, *Hartford Bank*, 162; Woolsey, *New Haven Bank*, 314–316; Rochefoucault Liancourt, *Travels*, i, 573–574. Dividends declared in January are, in the case of the Bank of the United States and the Union Bank, included in the figure for

TABLE VII. DIVIDENDS ON BANK STOCK, 1782–1800

Bank	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Averages
North America	8¼	14½	13½	6	6	6	6½	7	7	13½	12½	12	12	12	12	12	12	11	10	*10.22*
New York....	..	..	6	6	6	6	6½	7	7	10½	8½	9	13½	9	9	13½	9	9	13½	*8.84*
Massachusetts	..	..	4[1]	2½	5	6½	7½	8½	22¾	19	27½[2]	8	8	10½	8½	9	9	9	9	*10.59*
Maryland	..	..	..	..	..	..	..	..	..	12	12	12	12	12	12	12	12	12	12	*12.00*
United States	..	..	..	..	..	..	..	..	..	..	8	7½	8	8	8	9	8	8	10	*8.28*
Providence ...	..	..	..	..	..	..	..	..	..	..	7½	7	7	8	8	8	8	10½	10	*8.18*
South Carolina	..	..	..	..	..	..	..	..	..	..	9	9	15	15	7½[1]	?	?	?	?	?
Hartford	..	..	..	..	..	..	..	..	..	..	..	3½	3	0	0	3	3½	4?	4?	*2.63*
Union (Boston)	..	..	..	..	..	..	..	..	..	..	..	8	8	8½	10	10	9	9	9	*8.94*
New Haven ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	0	8	8¼	6	6	*5.05*
Pennsylvania .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	8	8	10	9½	9½	*9.00*
Rhode Island .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5½	8	8	10	10	*8.30*
Averages	*8.75*	*14.5*	*9.4*	*4.83*	*5.67*	*6.17*	*6.85*	*7.5*	*12.25*	*13.75*	..[3]	..	..	..	..	..	..	..	..	..

[1] For six months. [2] Including extra dividends, reduced to percentages of the capital upon which they were declared.
[3] Averages are not given after 1791 because the later statistics are incomplete.

indicates that typical dividends were eight to ten per cent per annum, usually paid semi-annually. The table shows the influence of the different phases of the business cycles, but makes clear that the banks generally were able to pay good dividends even in dull times. As a result of the steadiness and fair size of these dividends, bank stocks had become, by the end of the period, recognized as standard investments and generally sold above par.[1]

The charters differed in different states, but after the first ones they tended to follow somewhat the same form in any one state. The charter of the Massachusetts Bank (1784) was very loose. No term of franchise, no capital, no par value of stock, no creditors were mentioned. Voting privileges were made one vote per share. The legislature might appoint a person to examine the books and records of the bank at any time. None of the corporation's funds were to be employed in trade. These were virtually the sole restrictions. Property held might be as much as £500,000. Thereafter, in Massachusetts, the capital was specified, varying in each case. Par value was $100 except in the Essex Bank ($500) and the Union Bank ($4–$8). Directors numbered twelve (Union, Nantucket) or seven (later). These were required to be stockholders, citizens, and residents of the state and (except in case of the Nantucket Bank) might not be directors in any other bank. One-fourth at least were ineligible for reëlection. Voting privileges were one vote per $100 in stock, one vote for each $200 additional, up to a maximum of ten votes. Inspection by a committee of the legislature was provided for, and if such investigation showed violation of the charter, the governor might forthwith declare it void. Beginning with the Nantucket Bank the directors were required to make a statement semi-annually (Portland and Essex annually), or oftener if requested, to the governor and council, of the capital, debts, deposits, notes, and cash on hand. Debts

the year preceding. Cf. also Washington's memoranda in his will, regarding his shares in the banks of Columbia and Alexandria: "the stock usually divided from eight to ten per cent per annum": *Works* (Ford ed.), xiv, 307; and *supra*, 80 n.

[1] Cf., e.g., *Mass. Magazine*, 1792–94; Holdsworth, *First Bank of the U. S.*, 136; Munsell, *Annals of Albany*, iii, 157, 167, 173, 186; and *supra*, 60 n.

might not exceed twice the capital stock, "in addition to the simple amount of all monies actually deposited in said Bank for safe keeping," the directors being personally liable for any excess. Only in the case of the Union Bank were provisions inserted permitting branches, reserving to the state rights of subscription or privileges of loans, or requiring loans to agricultural interests. This charter also contains the peculiar proviso that loans to a foreign prince or state may not be made unless authorized by law. These provisions, while not to be regarded as describing charters in other states, sufficiently indicate the form of common regulations.

Besides the Massachusetts Bank and the Bank of North America by its earlier charters, the Bank of Maryland (1790), the Union Bank of Boston (1792), and the Rhode Island and Connecticut banks had no time limits fixed in their charters; but the Connecticut charters in 1795 and after reserved to the state the right to alter or repeal. In other cases a twenty-year period, such as the Bank of the United States had, was most common, though the Bank of North America (1787) had fourteen years set, and several Massachusetts banks had ten years.

Cases of extended liability of stockholders were rare. In the case of the Bank of Alexandria, Va. (1792), stockholders were to be liable after the directors, in proportion to their holdings, if debts were allowed to exceed four times the capital.

Besides the Bank of the United States the Union Bank of Boston (1792), the Bank of Richmond (1792), and the Bank of Pennsylvania (1793) were authorized to establish branches within the state which chartered them. The Richmond charter further provided

"that any town holding three hundred shares, shall have a right to an agent, who shall at the risk and expence of the bank forward bills offered for discount to the directors, and if approved make the advance, and when due collect the money. *Provided*, that no office established in any town as aforesaid, shall be discontinued, unless there shall be for the space of three months a deficiency in the number of shares required by this act to entitle such town to an office of discount. And that no office of discount established by virtue of this act, shall be compelled to pay in specie any other notes than such as shall or may be issued by such office."

None of these seems actually to have set up any branch office of discount and deposit before 1800; the Bank of Richmond never got under way, and the others were sufficiently prosperous without risking this extension.

State participation in banking was not carried far until the nineteenth century, although the reservation of a certain number of shares for state subscription was inserted in many charters, beginning with that of the Bank of the United States in 1791. The noteworthy examples were the $254,000 subscription of the Confederation government under Robert Morris to the Bank of North America in 1782;[1] the $2,000,000 subscription of the federal government to the Bank of the United States in 1791, supplemented by smaller subscriptions by several states;[2] the $1,000,000 subscription of the state of Pennsylvania to the Bank of Pennsylvania in 1793; and the Massachusetts subscription of $400,000 to the Union Bank in 1793 and 1795. Except in these instances the reservations usually constituted quite a small fraction of the total stock, and usually the option was not exercised. However, New York in January, 1792, authorized subscription to one hundred shares ($50,000) in the Bank of New York, and in 1797 $20,000 to the Bank of Albany;[3] and in December, 1792, the New Hampshire legislature voted to subscribe twenty-six shares ($10,400) to the New Hampshire Bank, subject to repayment in three years with six per cent interest if the legislature should so request.[4] These are the outstanding if not the only instances of such stock ownership prior to 1800. The options reserved in the Manhattan Company (1799) and Bank of Columbia (1793) were exercised some time after 1800 to the extent of $50,000 and $20,000 respectively.[5] Only in 1803 did Connecticut subscribe to the Hartford Bank (1792) and Maryland to the Bank of Baltimore (1795).[6]

[1] Lewis, *Bank of N. A.*, 41.

[2] New York owned one hundred and fifty-two shares ($60,800) in 1811: *Assembly Minutes*, 1811, p. 85.

[3] *N. Y. Laws* (ed. 1887), iii, 261–262; *Assembly Minutes*, 1811, p. 85.

[4] *N. H. State Papers*, xxii, 621, 682–683. Cf. *ibid.*, 385, 446, 475–476, for defeat a year earlier.

[5] *Assembly Minutes*, 1811, pp. 79–80, 85.

[6] Bryan, *State Banking in Md.*, 28, 30. Two hundred and twenty shares ($66,000) out of six hundred reserved were paid up.

State participation in profits without stock ownership was mooted when the Boston Tontine Association sought its charter in 1792,[1] and again in 1795 when the Bank of Baltimore was getting its act.[2] In no case was it adopted.

Altogether there can be no question that the banks were the most important and the most successful of the eighteenth century business corporations. Somewhat belated in appearing, they established themselves on a solid footing in a surprisingly short time. Despite violent criticism, arising largely from prejudice or misconceptions, but in some measure from unwholesome secrecy and practices, they gained and held a deservedly high place in the business world and were respected by the mass of the town population. It is reasonable to infer that their experience tended definitely to promote experiments with the corporate form in other fields, and that the availability of banking resources indirectly aided such extension.

[1] *Columbian Centinel*, Feb. 29, 1792: a proposal of one per cent on capital if profits should exceed six per cent — like such a provision in certain canal charters of Pennsylvania, where, however, the profit limit was much higher before participation should occur.

[2] Bryan, *State Banking in Md.*, 31: the proposal was that half the profits beyond ten per cent should go to the state.

CHAPTER III

Corporations for Improving Inland Navigation

The development of transportation facilities is always of large importance in a young country. This is especially the case after the first stage of infancy has passed and the stage of adolescence has been reached: for by selection of sites and utilization of unimproved natural highways serious difficulties may often be evaded in the earliest years; but when the population has increased and extended beyond the first choices, when a measure of intensity of cultivation, of economic specialization has arisen, there appears the imperative necessity for artificial highways or artificial improvements of natural highways. Such a need had of course appeared in the American colonies before 1776, and numerous efforts had been made to bridge streams, build roads, provide regular ferries, etc., though invariably on a small scale and usually as merely local enterprises. The Revolution directed attention to this need, partly by reason of the military requirements, but quite as much by the intellectual awakening to economic needs which sprang from the intercourse of the country's ablest men and their concentration on national conditions and opportunities as contrasted with those merely local.

Between 1760 and 1775 — after the Revolution in the broader sense had begun, but some years yet before resort was had to arms — several moves were made in the direction of improving communication by water.[1] On March 4, 1761, the Pennsylvania legislature appointed commissioners to make the Schuylkill

[1] For English attention to river improvements and canals, see esp. Edwin A. Pratt, *A History of Inland Transport and Communication in England* (New York, 1915), chaps. 14, 15. The first statutes appear in the fifteenth century. After the middle of the eighteenth century numerous canal ventures were authorized, most of them in corporate form.

navigable, collecting for and applying to this purpose the sums which individuals already had raised and others which should be voluntarily subscribed; and to this object a £1500 appropriation from the provincial Treasury was made.[1] "Philadelphus," writing in the *Pennsylvania Chronicle* for 1768, urged the construction of sixteen £6000 dams to improve the navigation of the Schuylkill and Susquehanna, and proposed an incorporated company as the instrument of its accomplishment.[2] In 1769 the American Philosophical Society was induced to order a survey for a canal to connect the Delaware and Chesapeake bays; and its committee, "*William Smith*, D.D., the Provost of the college of Philadelphia, *John Lukens*, Esquire, Surveyor General of the province . . . , and *John Sellers*, Esquire," favorably reported both on this and on a canal between the Quitapahilla and Tulpehocken to unite the Schuylkill and Susquehanna. This latter route, reported the company which later undertook the work in 1795,

"was afterwards examined and levelled, under legislative sanction, by sundry skilful persons, and among others by the celebrated philosopher and mechanic *David Rittenhouse*, Esquire, LL.D. his brother *Benjamin Rittenhouse*, *Timothy Matlack*, *John Adlum*, Esquires, and others, all agreeing in the results of their work."

There were commissioners appointed under the act of Feb. 26, 1773, for making the Schuylkill navigable.[3] Several broadsides favoring canals in these two quarters were published in Philadelphia between 1768 and 1772.[4]

[1] *Pa. Stats. at Large*, vi, 93–100, 117. Cf. "T. G.," in the *American Daily Advertiser*, Jan. 2, 1792: "A water communication between Susquehanna and Schuylkill was thirty years ago, talked of as a kind of possible possibility." I do not find evidence to support the statement of C. F. Carter (*When Railroads were New*, New York, 1910, p. 5) that Pennsylvania citizens *applied for a charter* for this purpose in 1762. The statement has been made that William Penn suggested this canal, but his language does not clearly warrant this construction: Hazard, *Register of Pa.*, i, 400 (1828).

[2] Quoted in Hazard, *Register of Pa.*, viii, 99–100 (1831).

[3] See *An Historical Account of the Rise, Progress, and Present State of the Canal Navigation in Pennsylvania* (Philadelphia, 1795), 67; George W. Smith, quoted in Hazard, *Register of Pa.*, i, 409–410 (1828); William Barton, *Memoirs of the Life of David Rittenhouse* . . . (Philadelphia, 1813), 236; *Pa. Stats. at Large*, viii, 327–330.

[4] Titles in Evans, *American Bibliography*, iv, 124, 299, 337 (Nos. 10854, 12246, 12580).

In Maryland and Virginia, as well as in Pennsylvania, there was activity in this field before the war. About 1767–68 Thomas Gilpin made surveys and estimates for a canal to connect the Chesapeake at Duck Creek with the Delaware at Chester.[1] Interest was chiefly centered, however, upon projects for improving the navigation of the Potomac. These were discussed throughout the sixties, if not earlier. Members of the Ohio Company[2] were especially interested in such an enterprise, as well as landowners and merchants on the lower Potomac.

In the first definite project the initiative seems to have been taken by Thomas Johnson (later governor) and his brother of Frederick, Md., who were large landowners. George Washington, however, was consulted at the start and may have made the original suggestion.[3] At a meeting held in Frederick, probably in May, 1770, six Virginians and eleven Marylanders were chosen managers and two treasurers appointed to raise funds by voluntary subscription and with these to undertake the opening of the navigation. Among the managers were George Mason, treasurer of the Ohio Company, and Thomas Cresap, a leading member, while George Mercer, son of its secretary, was a treasurer. Neither incorporation nor authority to take toll seems to have been contemplated; as in most of the colonial schemes for local improvements, the promoters looked for financial support to those whose private interests would be advanced by the proposed work and others who possessed means and a generous public spirit. On this score Washington criticised the plan, upon being acquainted with what had been done. He doubted if there were many disinterested persons "that will contribute anything worth while to the work;" he was not sanguine of getting the provinces to undertake it at public expense; and he urged the advantage of getting legislative authority for vesting the navigation in the subscribers and securing reimbursement for "their first advances with a high interest thereon, by a certain easy toll on all craft in proportion

[1] J. Thomas Scharf, *History of Maryland* . . . (Baltimore, 1879), ii, 523.

[2] On this company, formed in 1749, see Essay I, 96–97.

[3] Jonathan Boucher, in his letter of April 2, 1770, quoted below, refers to the scheme as "your proposed Improvem^{ts}."

to their respective burthens, in the manner I am told works of this sort are effected in the inland parts of England, or upon the plan of turnpike roads."[1] By this means, he said,

"you would add thereby a third class of men, to the two I have mentioned, and gain considerable strength by it. I mean the monied gentry, who tempted by lucrative views would advance largely on account of the high interest. This, I am inclined to think, is the only method by which this desirable work will ever be accomplished in the manner it ought to be . . ."

Washington further recommended that the plan be made more comprehensive, the better to appeal to the imagination of the public.[2] For the moment this advice was unheeded; some capital was raised by the less promising method,[3] but the plan came to naught.

Early in 1772 Washington became the prime mover of a bill in the Virginia House of Burgesses (of which he was a member) for

"empowering Trustees (to be chosen by ye Subscribers to the Scheme) to raise money by way of Subscriptions & Lottery, for the purpose of opening & extending the Navigation of Potowmack from the Tide water, to Fort Cumberland; & for perpetuating the Tolls arising from vessels to the Adventurers in the Scheme. . ."

This soon passed. It is not an act of incorporation, but is interesting as closely approaching such an act. Provision is made for organization when a majority of the subscribers think a sufficient sum subscribed, by electing from the subscribers a president and eleven trustees or directors. This body is author-

[1] This word may have come through Rev. Jonathan Boucher, who on April 2, 1770, wrote Washington that the Maryland assembly "w^{d} not easily be persuaded to advance any Cash towards the Scheme," and proposed that funds be secured by having commissioners empowered to borrow at not more than ten per cent, interest and principal to be sunk by a tax on vessels using the improved navigation. He added: "Are not some of the Canals in Engl^{d}, & y^{e} Turnpike on this System? &, if I mistake not, the very grand Canal now carrying on in Scotland is so too": S. M. Hamilton, *Letters to Washington* . . . (Boston, 1901), iv, 10.

[2] Washington to Johnson, July 20, 1770, quoted by Mrs. Corra Bacon-Foster, in her *Early Chapters in the Development of the Patomac Route to the West* (Washington, 1912), 18–21. Cf. also George Mason's letter of 1775, quoted *infra*, 115n.

[3] Boucher wrote Washington August 18: "They are still going on wth th^{r} Subscript^{n} for clear^{g} y^{e} Potomac, &, as I am told, wth Spirit. Four hundred pounds are subscribed in this City [Annapolis]; nor have They yet got all They expect": Hamilton, *Letters to Washington*, iv, 30.

ized to contract for constructing the works and to call on subscribers for their payments. The property to be acquired is to be vested in the proprietors as tenants in common forever; suits for tolls, which are fixed by the act, and for subscriptions are authorized to be made in the name of the "president, treasurers, and directors appointed for opening the falls of Potomack river." Annual meetings for hearing financial reports are provided for, but elections of trustees, apparently, are contemplated only when vacancies should occur. Transfer of shares is specifically recognized, the trustees to have a preference of purchase at each transfer. Adequate rights of eminent domain are bestowed, and in addition the privilege of raising by lottery £10,000.[1]

At the same session at which this act was passed, the Virginia assembly passed similar acts to provide for opening James River through the falls from Westham to tidewater and for cutting canals from the James to the York.[2] Washington later remarked to Jefferson that to get this main business "in motion" he "was obliged . . . to comprehend James River, in order to remove the jealousies, which arose from the attempt to extend the navigation of the Potomac."[3] At this juncture John Ballendine, who owned iron works at Colchester and the Falls of James River, secured a subscription from prominent Virginians to enable him to go to England to gain knowledge respecting canals, for application on the Potomac and James. In London the next year he circulated proposals for opening both rivers and sought subscriptions. He met with some success, and on his return in August, 1774, he brought "a number of artificers and engineers" for work on the Potomac at and above the Lower Falls. At his call a meeting of "his principal sub-

[1] *Stats. at Large* (Hening), viii, 573–579. Cf. Bacon-Foster, *Patomac Route*, 17–24; John Pickell, *An Early Chapter in the Early Life of Washington, in Connection with the Narrative History of the Potomac Company* (New York, 1856), 19; H. B. Adams, "Washington's Interest in the Potomac Company," in *Johns Hopkins Univ. Studies in Hist. and Pol. Sci.*, iii, No. 1 (Baltimore, 1885), 81; K. M. Rowland, *Charles Carroll of Carrollton*, i, 94–95; *ibid.*, *Life of George Mason*, i, 189; Scharf, *Hist. of Md.*, ii, 518.

[2] *Stats. at Large* (Hening), viii, 556–570.

[3] Letter of March 29, 1784, in *Works* (Ford ed.), x, 376.

scribers and others interested" was held at Georgetown October 10. It was agreed to raise a minimum of £30,000 Pennsylvania currency. Of this about £8,000 was subscribed at once, Washington writing £500 Virginia currency, Charles Carroll of Carrollton $1000 at 76/. Sixteen Virginians (including Washington and George Mason) and twenty-one Marylanders (including Thomas Johnson and Thomas Cresap) were appointed trustees, and these were to choose a small executive committee. Ballendine began at once with what hands he had, and in December a number of trustees directed him to hire fifty slaves for the work "on the credit and at the risk" of the assenting trustees.

Meanwhile efforts were made to secure the coöperation of the Maryland assembly, which was essential because the Potomac was a boundary river. Thomas Johnson was an influential and indefatigable worker for the requisite bill, and George Mason and John Ballendine went over to help. But there were several snags in the way. Johnson wrote Washington May 10, 1772:

"I fear our Governor is still under an Impression that a Concurrence by our Assembly in a scheme with yours for clearing Potowmack may weaken the proprietary claim to exclusive Jurisdiction over that River and consequently that he is not at Liberty to assent to such Bill tho' I believe in his own Judgment clearing the River is an Object which deserves immediate Attention and that he wishes to see it effected."

He therefore suggests

"that a strong Representation should be sent to England, to be made use of in case it should be necessary, to procure an Intimation from there that a Bill ought to pass here: If Instructions ought at all to be sent to Governors as the Rule of their Conduct I have no Idea but that propry Instructions might properly be superseded by Instructions from the King in Council and if so I cannot apprehend there would be the least difficulty in obtaining an Order for the passage of a Bill in which the Trade and Subjects are so much interested."

It is possible that Ballendine went to England with some such job as part of his task. Petty intercolonial jealousies were another obstacle. Mason wrote Washington Feb. 17, 1775, after going over a draft of a bill with Johnson:

"What he mentions of some kind of jealousy least the Virginians should have some advantage, and that there should be some equality between the

Maryland and Virginia subscriptions, I can have no idea of. What matter is it whether the majority of subscribers are Marylanders or Virginians, if their property is put upon an equal footing, and the work is of general advantage to both provinces?"

There were, furthermore, some even pettier local jealousies and some direct clashes of local economic interests. Mason wrote Washington March 9, 1775:

"by what I can understand, there will be so strong an Opposition from Baltimore, & the Head of the Bay, as will go near to prevent its [the bill's] passage thro' the Maryland Assembly, in any Shape it can be offered."

Washington later accounted the principal difficulty

"the opposition which was given . . . by the Baltimore merchants, who were alarmed, and perhaps not without cause, at the consequence of water transportation to Georgetown of the produce which usually came to their market by land."[1]

Difficulties that delayed as well as annoyed were encountered in drafting the Maryland act, for the petitioners wanted liberal terms as to tolls and Treasury aid besides. Johnson said in a letter of Jan. 24, 1775:

"despairing of ever seeing Pot^{o} made navigable on the plan I most wished it you may depend on my best Endeavours to get a Bill passed here similar to yours whether upon giving ffee Simple in fiat & invariable Tolls or having the Tolls ascertained anew from Time to Time with only to a limitted profit per Cent in the Cost and Repairs of the Work or giving a Term only with a still higher profit."[2]

[1] Letter to Jefferson, March 29, 1784, in Washington, *Works* (Ford ed.), x, 376–377.

[2] Regarding this Mason wrote Washington Feb. 17, 1775: "nor can I think his notion of proportioning the tolls to the average profits can well be reduced to practice. A sufficient sum can't be raised by those only who are locally interested; men who are not will not advance their money upon so great a risk, but with views of great and increasing profit, not to depend upon future alterations. The tolls, to be sure, must be moderate, such as the commodities will bear, with advantage to the makers. It is probable for some years they will yield very little profit to the undertakers, perhaps none; they must run the risk of this, as well as of the utter failure of the undertaking, and surely if they succeed, they have a just right to the increased profits, though in process of time they may become very great. If I am not misinformed, this is the principle upon which everything of this nature has been successfully executed in other countries." From such letters as this and Washington's to Johnson in 1770 one must realize that part of the community was ripe for the public service corporation.

Mason said to Washington in his letter of March 9:

"This Affair has taken Me five times as long as I expected; and I do assure You I never engaged in any thing which puzzled Me more; there were such a Number of Contingencys to provide for, & drawing up Laws a thing so much out of my way — I shall be well pleased if the pains we have bestowed upon the Subject prove of any Service to so great an Undertaking."

Tightness of money too was a consideration not to be overlooked. Johnson wrote in his January letter:

"Unless our Assembly will so far assist us as to emit a Sum of money for Loan to the Subscribers I do assure you I do not think that those on our Side who would most willingly subscribe will be able to do any Thing clever I myself am in such a Situation that I cannot raise any Sum of Money without selling a part of the very Estate to be benefited by the Scheme on very low Terms at Present and many with whom I have spoke on the Subject are circumstanced as myself I should think nothing of risking a good deal and might prudently do it all chances considered but in these Times many want to borrow and but few to lend Money I do not know where £500 could be got on a Secty of 5000."[1]

The upshot was that no bill could be got. When Washington set out to take command of the American army in Cambridge, "the scheme . . . was in a tolerable good train;" but in October, 1775, Ballendine announced that for lack of a Maryland act he had abandoned the Potomac work. "The war, afterwards," as Washington wrote, "called men's attention to different objects, and all the money they could or would raise, was applied to other purposes." The energetic Ballendine undertook to go ahead with the James River improvements at his own expense and advertised to hire one hundred slaves, but this scheme too was soon abandoned.[2]

The years of the war, naturally enough, were barren of activities in these directions. As soon as peace came, however, antebellum projects were revived, and within a few years numerous others were proposed, several undertaken, and a few carried through to completion. Several of these were large enterprises calling for capitals of upwards of $100,000 and promising to

[1] See these letters in Hamilton, *Letters to Washington*, iv, 10, 30, v, 85, 122, 133, 135; Rowland, *George Mason*, i, 187.

[2] *Ibid.*, i, 189; Pickell, *Potomac Company*, 30; Bacon-Foster, *Patomac Route*, 29; Washington, *Works*, x, 376–377.

be of large, even nation-wide importance. Such, for example, were the Susquehanna canal of Maryland, the Potomac navigation of Virginia and Maryland, the Dismal Swamp canal of Virginia and North Carolina, the Santee and Cooper navigation of South Carolina, the Catawba and Wateree of South Carolina and North Carolina, the Schuylkill and Susquehanna navigation in Pennsylvania, the Delaware and Chesapeake of Pennsylvania and Maryland, the New York northern and western canals, and the Middlesex canal of Massachusetts. Others, though varying in size, were small and merely of local consequence. Regarding the larger enterprises considerable information is extant, and this it has seemed worth while to summarize. The smaller companies must be more quickly passed over, both because of their minor importance and because much less information concerning them is obtainable. Incidentally reference will be made to certain less highly developed forms of organization, peculiarly numerous in this field, which preceded and accompanied the corporation.

The accompanying table indicates how completely the southern states took the lead in chartering canal companies in the decade 1781–90, and how widespread was the movement in the next few years. It also reveals the high points of enthusiasm in 1792 and 1795–96.

On Dec. 26, 1783, the Maryland assembly granted the first full and complete canal charter, to *The Proprietors of the Susquehanna Canal.*[1] The act recites a long list of men, including Charles Carroll of Carrollton and Henry Lee, Jr., who,

"actuated by very laudable motives, have undertaken to render the river Susquehanna navigable from the line of this state [Love Island] to tide water, and have subscribed the sum of eighteen thousand five hundred pounds current money of Maryland, and obliged themselves to raise by subscription the further sum of one thousand five hundred pounds . . . to be applied to that purpose; and this general assembly being strongly impressed with the general utility of the said undertaking, and the beneficial

[1] *Md. Laws* (Kilty), 1783, c. 23. Thomas W. Griffith says, in his *Annals of Baltimore* (Baltimore, 1824, p. 101), that the company was chiefly composed of citizens of Baltimore.

TABLE VIII. EIGHTEENTH CENTURY CHARTERS TO CORPORATIONS FOR IMPROVING INLAND NAVIGATION

Sources	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
Maine[1]	..	..	..	..	..	..	..	..	1	1	..	..	1	1	2	..	..	..	7
New Hampshire	..	..	..	..	..	..	..	..	..	2	..	..	..	2	..	1	..	..	5
Vermoot	..	..	..	..	..	..	..	..	1	1	..	1	1	..	1	..	..	..	5
Massachusetts	..	..	..	..	..	..	..	..	..	3	1	1	..	..	..	..	..	..	5
Rhode Island	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	1
Connecticut	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	1	2
New England	..	..	..	..	..	..	..	..	2	7	1	2	4	4	3	1	..	1	25
New York	..	..	..	..	..	..	..	..	..	2	..	..	..	..	..	1	..	..	3
New Jersey	..	..	..	..	..	..	..	..	..	..	..	..	1	1	1	..	..	1	4
Pennsylvania	..	..	..	..	..	..	..	..	1	1	2	..	..	..	..	1	..	..	5
Delaware	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	1
Middle states	..	..	..	..	..	..	..	..	1	3	3	..	1	1	1	2	..	1	13
Maryland	1	1	..	..	..	..	..	..	..	..	..	..	..	1	..	..	1	..	4
Virginia	..	..	2	..	1	3	1	..	..	..	1	..	3	1	..	1	..	1	14
North Carolina	..	..	..	..	..	1	..	2	..	1	..	..	1	5	..	1	..	..	11
South Carolina	..	..	..	1	2	1	..	..	..	..	..	..	..	..	1	..	1	..	6
Georgia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	1
Southern states	1	1	2	1	3	5	1	2	..	1	1	..	4	7	1	2	3	1	36
Totals	1	1	2	1	3	5	1	2	3	11	5	2	9	12	5	5	3	3	74

[1] Charters granted by the Massachusetts legislature for companies to operate in the district of Maine.

consequences that will be derived from the accomplishment thereof to the inhabitants of this state, by extending the trade thereof, and being willing to give the said undertakers every proper encouragement and support . . ."[1]

Within the next six years several thousand pounds were expended in this enterprise. The preamble of an act of November, 1784, which granted a desired amendment regarding the tolls, notes that "the said corporation have already made a considerable progress in the said undertaking, and are prosecuting the same with great avidity."[2] Madison wrote Jefferson April 27, 1785, reporting "the undertaking on the Susquehannah by Maryland goes on with great spirit & expectations," and again Aug. 12, 1786, that it was "in such forwardness as to leave no doubt of its success."[3] Negotiations were had with Pennsylvania looking toward permission to open the river within that state, for, as Madison remarked, "Unless this is permitted the opening undertaken within the limits of Maryland will be of little account." In July, 1787, a New Yorker wrote to a Baltimore friend of a tour he had lately made to view the canal making around the falls of the Susquehanna, which, contrary to expectations, he "found in a fair way to be completed; as far as Maryland extends." He continues:

"No doubt the heretofore narrow partial views of Pennsylvania will be soon at an end, as the counties contiguous to the River are increasing fast, who will all find it to their advantage to direct their trade down the Susquehannah, which might be made navigable, at a small expense, as far as Pennsylvania extends."[4]

But Pennsylvania was backward about granting this permission until Maryland should accede to the northern proposal of a canal between the Delaware and Chesapeake bays; and in 1789, in speaking on the site of the new federal capital, the best

[1] At the outset there were to be twenty shares, and no person might subscribe more than one or less than one-fifth of a share. In 1790 the number was increased to thirty and in 1797 to forty: *Laws*, 1790, c. 36, 1797, c. 99.

[2] *Md. Laws* (Kilty), 1784, c. 66, adding: "it is necessary to ascertain with precision the tolls to be received . . . and to adjust them in such manner as that they may be proportional to the comparative value of the commodities which shall be transported through the said canal." Cf. *supra*, 115, and *infra*, 122.

[3] Madison, *Works*, ii, 137, 258.

[4] Quoted in *Mass. Centinel*, Aug. 8, 1787.

a Pennsylvania senator could say on the subject was that Pennsylvania was not disposed to obstruct the Susquehanna navigation.[1] Twice Maryland extended the time for completion of these works — in 1790 to 1798, in 1797 to 1805; and in 1790, 1797, and 1799 she authorized the raising of additional capital.[2] In the summer of 1795 a committee of the company arranged a meeting in Harrisburg of citizens of several river counties of Pennsylvania and Maryland, and the meeting resolved unanimously to open subscriptions, payable half September 11, half Aug. 1, 1796, for improving the navigation from Wright's Ferry to the Maryland line; committees were appointed to solicit subscriptions in the several counties; commissioners were appointed to superintend the work; and "a spirited address" to all interested was published.[3] The efforts seem to have been largely in vain, and the enterprise was still in a sad state of incompleteness when the century closed.

Meanwhile the Potomac project had been revived.[4] On May 31, 1783, the Maryland legislature appointed a committee to examine the river and to estimate the expense of making it navigable and the time this work would take. Report was made in November that an outlay of $92,000 and two years' time would be sufficient for opening the navigation from Fort Cumberland to the Great Falls. No action was taken, but the subject came to be considerably discussed.[5]

In September, 1784, Washington, once more a private citizen, made a journey west to inspect his lands beyond the Alleghanies.[6] On his return he submitted to the governor of Virginia a transcript of his journal and a letter urging the importance and prac-

[1] King, *Rufus King*, i, 371–372. This was Maclay; Robert Morris spoke with pride of the bargaining policy. Cf. *infra*, 136–137.

[2] *Md. Laws* (Kilty), 1790, c. 36; 1797, c. 99; 1799, c. 17. The earlier act authorizes "foreigners" to hold stock as well as citizens, probably to attract Dutch capital.

[3] G. H. Morgan, *Annals . . . of Harrisburg . . .* (Harrisburg, 1858), 114–115.

[4] The fullest account is that of Mrs. Corra Bacon-Foster, *Early Chapters in the Development of the Patomac Route to the West* (Washington, 1912). She reprints most of the relevant documents. John Pickell's account is also fairly extensive.

[5] Scharf, *Hist. of Md.*, ii, 518–519.

[6] Cf. Herbert B. Adams, "Washington's Interest in Western Lands," in *Johns Hopkins Univ. Studies in Hist. and Pol. Sci.*, iii, No. 1 (Baltimore, 1885), 55–57.

ticability of opening up the Potomac route to the Ohio country. Governor Harrison laid the letter before the assembly, with his cordial approval.[1] Washington believed in having the work undertaken by the government, but realized that this method stood no immediate chance of adoption. He therefore threw his influence in favor of launching a corporation in which the states would become stockholders.[2] A petition for a charter was soon submitted, with a bill, perhaps drafted by the General himself. To Thomas Johnson, then a member of the Maryland assembly, Washington wrote October 15, enclosing a duplicate of the Potomac Company petition and commending to him the task of pushing the plan through his legislature.[3] On November 15 a mass meeting was held at Alexandria, the town likely to benefit most by the proposed navigation, "to deliberate and consult on the vast great political and commercial object," and "every possible effort" was pledged to accomplish it.[4] On December 4 the House of Delegates heard a memorial from sundry inhabitants of Maryland and Virginia "setting forth, that they conceive it would greatly contribute to the extension of commerce, and the improvement of agriculture, if the river Potomac were made navigable from the falls, and a communication opened by that means with the western country," and asking a corporate charter. Three days later the Committee of the Whole reported favorably and appointed a committee to bring in a bill. On December 13 it was voted that inasmuch as "acts passed without communication between the two States, may be dissimilar and productive of much delay," General Washington, General Gates, and Col. Thomas Blackburn be sent as commissioners from Virginia to confer with persons similarly appointed in Maryland, on the matter in general and on specific points.[5] The conference took place December 22.

[1] Washington's letter and Harrison's reply are printed in Bacon-Foster, *Potomac Route*, 154–162.

[2] See his letters, quoted in *ibid.*, 45, 159.

[3] Letter printed in *ibid.*, 44.

[4] *Ibid.*, 45, printing the account from the *Va. Gazette*.

[5] *Journal of House of Delegates*, 58, 61, 68. Blackburn did not attend, and Gates's illness threw the entire burden on to Washington.

From it a highly favorable report issued. Regarding the principal subject of controversy Washington wrote Madison December 28:[1]

"We have reduced most of the Tolls from what they were in the first Bill, and have added something to a few others — upon the whole we have made them as low as we conceived from the best information before us, and such estimates as we had means to calculate upon as they can be fixed without hazarding the plan altogether. — We made the value of the Commodity the governing principle in the establishment of the Tolls; — but having had an eye to some bulky articles of produce, & to the encouragement of the growth and manufacture of some others, as much as to prevent a tedious enumeration of the different species of all, we departed from the general rule in many instances. — The rates of the tollage as now fixed, may still appear high to some of the Southern gentlemen when they compare them with those on James River, but as there is no comparison in the expense & risk of the two undertakings, so neither ought there to be in the Tolls."

The conference recommended the establishment, by identical charters, "of a company for opening the river Potomac," and the subscription of fifty shares to this company by each state, on the ground

"that such subscription would evince to the public the opinion of the legislatures of the practicability and great utility of the plan, and that the example would encourage individuals to embark in the measure, give vigor and security to so important an undertaking, and be a substantial proof to our brethren of the Western Territory, of our disposition to connect ourselves with them by the strongest bonds of friendship and mutual interest."

They also recommended that the two states appoint skilled persons to survey the Potomac and a road to connect the eastern and the western waters, and the clearing of this road at the joint expense of both states, as well as another road from Fort Cumberland to the navigable part of the Youghiogheny, with the consent of Pennsylvania.

The hostility of Baltimore had again been feared, but its merchants seem to have concluded that the project was chimerical and to have relaxed their traditional opposition.[2] At all events the Maryland legislature passed the charter within a

[1] Bacon-Foster, 49–51. The text of the conference report is in *ibid.*, 45–48.

[2] See *ibid.*, 68, and Madison to Jefferson, April 25, 1784, in Madison, *Works*, ii, 48.

few days, virtually as the conference had approved it. As Washington wrote from Annapolis to Madison in the Virginia House, on December 28: "The Bill passed this Assembly with only nine dissenting votes and got thro' both Houses in a day — so earnest were the members of getting it to you in time." [1] The Virginia assembly passed an identical act Jan. 5, 1785.[2] More than this, the legislatures directed state subscriptions of fifty shares each ($22,222.22), making one-fifth of the total stock proposed; and Virginia further directed fifty shares (and a hundred in the James River company) to be subscribed and paid for on behalf of General Washington, as a testimonial of their sense of his "unexampled merits . . . towards his country"

"and . . . their wish in particular that those great works for its improvement, which, both as springing from the liberty which he has been so instrumental in establishing, and as encouraged by his patronage, will be durable monuments of his glory, may be made monuments also of the gratitude of his country." [3]

The way for the operation of the Potomac Company was further smoothed so far as the states could do it. The river had been a constant source of irritation between the inhabitants of the two states, because of restrictive regulations and conflicts of jurisdiction. Commissioners were appointed by the two states in 1784, before the Potomac Company was promoted, to draw up a mutually advantageous set of "liberal and equitable arrangements concerning the said river." On December 28, when progress had been made in the incorporation measures, the Virginia legislature instructed these commissioners to unite with those of Maryland in presenting their plan to Pennsylvania and asking her coöperation, by freedom of the use of

[1] Bacon-Foster, 50.

[2] Since the session laws were printed by sessions, without giving specific dates for each act, the charters are commonly misdated October (Virginia) and November (Maryland), 1784. The charter is easily accessible in *ibid.*, 210–225.

[3] See the account of the passage of the act in Madison's letter to Jefferson, January, 1785, in *ibid.*, 53–56, and Governor Henry to R. H. Lee, Jan. 9, 1785, in W. W. Henry, *Patrick Henry* . . . (New York, 1891), iii, 266–267. Washington modestly declined the donation, but agreed that the shares should be set aside for such "objects of a public nature" as he should select. This was done, and he bequeathed the shares to a national university: Bacon-Foster, 168, 225.

the Ohio waters, exemption from duties, etc., in carrying out the plan of the navigation and a road from the head of it to the head waters of the Ohio. The Maryland commissioners were given even more extensive powers. The commissioners of the two states (Madison, Randolph, and Thomas Johnson absent) met at Alexandria in March, adjourned to Mount Vernon on Washington's invitation, and there, on March 28, signed a representation to the state of Pennsylvania and memoranda for the legislatures they represented regarding the navigation and jurisdiction of the Potomac and Pokomoke and part of Chesapeake Bay.[1] In due course these were ratified by the assemblies.[2] Pennsylvania too, after some delay, coöperated. Madison wrote Edmund Randolph, July 26, 1785, commenting on Pennsylvania's inattention and remarking that Washington must feel chagrin, since he had suggested the appeal. But on Aug. 12, 1786, Madison could write Jefferson

"that Pen^{a} has complied with the joint request of Virg^{a} and Maryland for a road between the head of Potowmac and the waters of the Ohio and the secure & free use of the latter through her jurisdiction. These fruits of the Revolution do great honour to it." [3]

This conference, be it noted parenthetically, bore the germs of larger things. For at Washington's suggestion the commissioners considered certain other matters of common interest to Maryland and Virginia — uniform currency, duties, and commercial regulations — and sent them also to the legislatures; and when, late in 1785, these were under discussion in the Virginia legislature James Madison proposed a similar meeting of commissioners from all the states to discuss such affairs, and from this suggestion came the call for the Annapolis convention which was the direct forerunner of the Constitutional Convention of 1787.[4]

[1] Rowland, "The Mount Vernon Convention," in *Pa. Mag. of Hist. and Biog.*, xi, 413–422 (1887). "The most amicable spirit," Madison wrote Jefferson April 27, "is said to have governed the negociation": Madison, *Works*, ii, 137. Cf. *ibid.*, ii, 101, and Bacon-Foster, 51–53.

[2] Virginia act of October, 1785, in *Stats. at Large* (Hening), xii, 50–55; Maryland acts of March 12, 1786, in *Md. Laws* (Kilty), 1785, c. 1, 3.

[3] Madison, *Works*, ii, 153, 258.

[4] Fiske, *Critical Period*, 253–255; Rowland, *Mount Vernon Convention*, 424–425.

Books for subscriptions to the Potomac Company were opened from February 8 to May 10, 1785, and £40,300 sterling, of the £50,000 ($222,222) proposed to be raised, was subscribed in £100 shares as follows:[1]

Virginia	Richmond,	100	Maryland	Annapolis,	73
	Alexandria,	135		Georgetown,	42
	Winchester,	31		Frederick,	22
		266			137

On May 17 the subscribers met at Alexandria and elected Washington president, and four other directors besides — Thomas Johnson, Thomas Sim Lee, John Fitzgerald, and George Gilpin.[2] Thenceforward until he assumed the presidency of that larger corporation, the United States of America, the General devoted himself assiduously to the affairs of the Potomac navigation.[3] Two weeks later the board organized at Alexandria. William Hartshorne, merchant and underwriter of that town, was made treasurer, with an emolument of three per cent on his disbursements, and bonded in the sum of £10,000 with two acceptable securities; and John Potts, Jr., clerk, with a guinea a day for attendance on the board and reasonable expenses when attending sessions out of Alexandria.[4] The board advertised widely for skilful and competent applicants for the principal positions in the direction of the work; and finally on July 14, after an interview by Director Gilpin, a "principal manager" was chosen in the person of James Rumsey, who had lately secured from the Maryland and Virginia legislatures a ten-year patent on boats of his invention designed for

[1] Bacon-Foster, 55–57, quoting the advertisement in the *Maryland Gazette*. These include the one hundred shares subscribed by Virginia and the fifty by Maryland, thus explaining the Richmond subscription and most of that at Annapolis. Alexandria subscriptions were thus more than half the private subscriptions.

[2] Pickell, *Potomac Co.*, 65–67; Bacon-Foster, 57–60. The minutes show that fifty-seven subscribers were "present in proper person" and thirty-four by proxy.

[3] See esp. letters in *ibid.*, 66–71, 126–168, and Pickell, 136–156; his diary as given in the *Pa. Mag. of Hist. and Biog.*, xix, 412, 418; Madison to Jefferson, Nov. 3, 1785, in Madison, *Works*, ii, 182; Elkanah Watson, *Memoirs*, 244, 246. One of the reasons assigned in his circular letter of April, 1787, declining reëlection to the presidency of the Cincinnati was "the arduousness of the task, in which I have been as it were unavoidably engaged, of superintending the opening of the navigation of the great rivers in this state": quoted in *Mass. Centinel*, May 5, 1787.

[4] Pickell, *Potomac Co.*, 68; Bacon-Foster, 60–62.

"working boats by mechanism, and small manual assistance, against rapid currents," [1] and who was familiar with the Potomac.[2] Rumsey was a skilled mechanician and something of an inventive genius, but it was with some hesitation that he was hired as manager. To his discretion the directors felt it necessary to trust a great deal, although they did make early in August, most of the way with him, a tour of inspection of the river from Georgetown to Harpers Ferry and the Shenandoah Falls.[3] Madison wrote Jefferson from Philadelphia October 3, concerning a September trip: [4]

"On my journey I called at Mount Vernon & had the pleasure of finding the Gen! in perfect health. He had just returned from a trip up the Potowmac. He grows more & more sanguine as he examines further into the practicability of opening its navigation. The subscriptions are completed within a few shares, and the work is already begun at some of the lesser obstructions."

Three forms of unexpected difficulties, however, soon appeared to dampen the enthusiasm of the projectors — difficulties of labor, of management, of finance. These were not peculiar to this enterprise; rather they deserve emphasis chiefly because of their prevalence and prominence, in not greatly varying form, in a great deal of the corporate enterprise of the period prior to 1800, particularly in connection with canals and manufactures.

The board began by hiring such free whites as applied. It adopted what it considered a liberal wage policy, adding to the money wages "good and substantial provisions . . . and a reasonable quantity of spirits" and offering larger wages to those who proved most expert in boring and blowing rocks — concessions deemed necessary because of the "toilsome character of the work." The plan was to work the hands in gangs of fifty,

[1] In September, 1784, Washington had been induced to inspect this, and thereupon gave Rumsey a certificate of his opinion, in part "that the discovery is of vast importance, and may be of the greatest usefulness in our inland navigation." Statement and certificate in *Mass. Centinel*, Oct. 9, 1784.

[2] Pickell, *Potomac Co.*, 71–76; W. S. Baker, *Washington after the Revolution* . . . (Philadelphia, 1898), 11–12; *Md. Laws* (Kilty), 1784, c. 20; *Va. Stats. at Large* (Hening), xi, 562.

[3] Bacon-Foster, 62–65.

[4] Madison, *Works*, ii, 182. Cf. letters quoted in Bacon-Foster.

each under an assistant manager and three overseers or foremen. Hardly had the work begun when

"a turbulent and insubordinate spirit was manifested among the hands, and to a degree as to require immediate and signal correction. Irregularity, misconduct, and insolent behavior placed the authority of the conductor and his subordinates at defiance. The work that was directed to be done was either entirely omitted or but partially performed, and it was evident to the conductor that not much progress could be made in improving the navigation, unless at least one-half of the laborers then on the line were discharged and the number replaced by others more orderly and obedient."

These facts being reported to Washington, the board met twice in September to consider the problem, and at the second meeting ordered the secretary to write to Stewart & Plunket of Baltimore and J. M. Nesbit of Philadelphia, asking them

"to purchase for the use of the company sixty servants, and to request of each of them, that as soon as there may be an arrival at either place, out of which the number can probably be procured, immediately to send an express at the expense of the company, with information of it, that they may avail themselves of the first opportunity of getting them out, and also to prevent a purchase being made at both places."

Meanwhile Rumsey was to keep in the service of the company, on the best terms he could, such of the hands as deserved encouragement. Evidently the company had met its match in bargaining power. On October 18 the board met at the Great Falls, in special meeting, and passed two significant votes:

"That the monthly wages of the men should remain as heretofore, but without making a deduction for the time the weather would not admit of their working.

"That one hundred good and able working negroes should be hired for the use of the company, for each of whom there should be an allowance of twenty pounds, Virginia currency [equal to £15 sterling], also clothing, and to pay their levies and furnish them with rations, viz: 1 lb. salt pork, 1¼ lb. salt beef, or 1½ lb. fresh beef or mutton, and a sufficiency of bread each day, and also a reasonable quantity of spirits, when necessary.

"That the negroes are to come well clothed, or to be supplied with what may be deficient, which is to be stopped out of the next year's clothing." [1]

The working force was soon enlarged by the servants and the slaves. Henceforth the three classes of laborers were utilized,

[1] Pickell, *Potomac Co.*, 70, 73, 76–80. Cf. Johnson's letter to Washington in September, quoted in Bacon-Foster, 70–71.

but the labor troubles were not ended. Clashes developed between the groups. The servants ran away. The men took no care in the handling of blasting powder and stole a considerable quantity. "Depredations" were committed upon the neighboring inhabitants, and persons "whom business or curiosity had induced to visit the works" were maltreated. It was even asserted that "one of the contractors to feed the people . . . cannot get wagoners or stock drivers to convey the provisions to the work, unless he will send one of his sons to protect them." The directors had to make the sad admission, in October, 1786:

> "The Board have taken every means in their power to employ laborers and workmen who they expected would be the most easily governed, but their endeavors have been ineffectual. They have been reduced to the necessity either to let the work stand, or of purchasing servants and hiring such as have offered, among whom many have proved to be of very bad morals and turbulent dispositions. And this Board are of opinion that the fears of the country people have originated in the ill conduct of the people necessarily employed in the works, and have been widened by exaggeration."[1]

While in later years the records reveal less of such difficulties, the labor problem was never satisfactorily solved.

The problem of management was not fully appreciated and was serious from the standpoints both of engineering and superintendence. The engineering problem was not intricate. There were four obstructions to navigation: the Little Falls, three miles above tidewater, with a thirty-six foot fall in three miles; the Great Falls, six miles higher, with a seventy-six foot fall in a mile and a quarter; the Seneca Falls, another six miles up, a short, irregular rapids with a fall of ten feet; and the Shenandoah Falls, sixty miles beyond, with a thirty foot fall in three miles. Thence up to Fort Cumberland, one hundred and twenty miles, there was little obstruction. It was considered that locks would be needed only at the Great Falls and possibly the Little Falls; elsewhere merely blasting the rocks and dredging seemed to promise an adequate opening.[2] Yet the science of overcoming even such minor obstructions had

[1] Pickell, 96–99; Bacon-Foster, 70–74.

[2] J. Phillips, *History of Inland Navigation*, 353, and quoted in *N. Y. Magazine*, iv, 151–152 (March, 1793).

not been worked out in America, and especially little was known here of the principles of lock construction.

Benjamin Franklin, writing from London to Mayor Rhoads of Philadelphia as early as Aug. 22, 1772, urged the economy of engaging "by a handsome Salary an Engineer from here who have been accustomed to such Business . . . a single Mistake thro' Inexperience in such important Works, may cost much more than the Expense of Salary to an ingenious young Man already well acquainted with both Principles and Practice." He also adverted to the advantages of canals over the locking of rivers: "Rivers are ungovernable things, especially in Hilly Countries. Canals are quiet and very manageable."[1] Washington frequently put before his colleagues the "propriety of employing a professional man;" and in March, 1786, when a Mr. Brindley came to Virginia to look over its canals, the General tried to persuade the other directors to engage him, at least temporarily.[2] This, however, seems not to have been done. In 1795 William Weston, the expert of the Pennsylvania canals, was procured to visit the works and give an opinion.[3] At last in January, 1796, one Captain Myers, who presented himself with ample testimonials, was employed as engineer. He proved costly, disagreeable, and not especially competent, and was discharged in May, 1797.[4] The result was that the company's works were directed throughout without due technical skill.

The directors gave liberally of their time to overseeing the work,[5] but superintendents constantly on the ground were necessary. Besides Rumsey, Richardson Stewart and James Smith were employed as assistant managers. They disagreed. In midsummer, 1786, Rumsey resigned, preferring charges of "incompetence, ignorance, and want of truth," among others, against Stewart. But the board, upon investigation, accepted

[1] Quoted by A. B. Hulbert, *Historic Highways*, xiii, 25–27 (Cleveland, 1904).

[2] Washington to Randolph, Sept. 16, 1785, and to Gilpin and Fitzgerald, March 31, 1786, in Bacon-Foster, 69, 77–78.

[3] *Ibid.*, 88–90.

[4] *Ibid.*, 90–95.

[5] *Ibid.*, 70, 76.

Rumsey's resignation and elevated Stewart to his place. Stewart was removed June 3, 1788, and Smith became manager for the whole line.[1] Between the lines of the reports of complaints, charges, resignations, and removals one cannot help reading a story of fundamental inefficiency and most injurious disharmony. It is a testimonial to dissatisfaction with these methods of management that we find in Charles Carroll's letter to Washington Aug. 5, 1799:[2]

"I entirely coincide with your opinion, that what remains to be done to perfect the navigation of the Potomac, should be done by contract, under the inspection of the directors, or of one or two confidential and intelligent persons to be by them appointed to superintend the contractor."

The problem of management in a corporation had yet to be solved, as the New Jersey manufacturing society learned to its cost about the same time.[3]

Probably the fundamental difficulty was that of finance. Had ample funds been available, perhaps first-class engineering and managerial talent would have been secured and the labor problems solved. The subscription, as we have noted, was liberal. Including the state subscriptions, £40,300 was subscribed at the outset. By August, 1786, forty-nine more shares had been taken and perhaps two more were subscribed before 1790, a total of some £45,400.[4] Calls for "dividends" were made to the amount of 27½ per cent the first year, due as follows: July 15, £5; October 1, £2½; April 10, £10; June 15, £10. Even the states were slow to meet the "calls," and there were many private subscribers equally delinquent. On March 1 and 2, 1785, the board directed the treasurer to appeal to the delinquents by messengers and letters. Yet the report to the stockholders Aug. 7, 1786, showed that of £12,430 sterling due, less than half, only £5940, had been paid in.[5] Repeated calls

[1] Bacon-Foster, 63, 71, 74, 79–81.

[2] Quoted in Rowland, *Charles Carroll*, 229–230, a reply to Washington's letter of July 21, 1799.

[3] See Essay III, chaps. 6, 7.

[4] Cf. Bacon-Foster, 57, 74; and Virginia and Maryland acts of 1790, which imply forty-six shares were then subscribed. I do not find other facts consistent with Mrs. Bacon-Foster's statement on p. 62 regarding sales to Hollanders.

[5] Pickell, *Potomac Co.*, 84–87; Bacon-Foster, 74.

by the treasurer availed little, and on Jan. 3, 1787, the board met, with a treasury nearly exhausted, to adopt measures to enforce payments. Delinquents were notified that unless the payments should be made by March 1, April 1, and May 1 ($7\frac{1}{2}$, 10, and 10 per cent respectively) the shares would be sold and suit entered, "by action of debtor on the case," for the balance of sums due and incidental charges. On April 3 notice was published of forthcoming sales of forty-six forfeited shares at Alexandria May 14 and nine at Georgetown May 21. On the day appointed numerous persons attended, but none were willing to bid, such was the decline in the faith in the project! The sales were twice further postponed, to June 26 and August 6 in turn. Some defaulters paid their arrearages; others gave assurances of paying soon; and the board had the courage to call for another instalment of six per cent to be paid by Aug. 15, 1787. But so small was the attendance of proprietors at the annual meeting of August 6 (Washington was attending the federal constitutional convention) that all business was postponed to a special meeting called for October 22.

The strenuous efforts of the board, coupled probably with improved business conditions, had then resulted in a measure of success; yet of the £15,142 due, £4413 was still in arrears. At the stockholders' request the board applied to the legislatures and secured "a more speedy remedy against delinquent subscribers."[1] The board tried both persuasion and law, but at the next meeting, in August, 1788, the president had to report "the good Effects of them [the acts] have not been as yet very productive;" and £4360, or nearly forty per cent of the sums due (£$6\frac{1}{2}$ had been called in since the previous meeting), was in arrears, and only £169 10s. 6d. Virginia currency was in the treasury.[2] In August, 1792, after £25 per share more had been called, delinquent subscriptions amounted to £6543, and the cash in the hands of the treasurer to £4775, Virginia currency.[3] Late in 1790 the legislatures came again to the aid of the company by providing that interest on overdue subscrip-

[1] *Va. Stats. at Large* (Hening), xii, 508.

[2] Bacon-Foster, 83–86; Pickell, 110–111.

[3] The Virginia pound was equal to three-fourths of a pound sterling.

tions should be recoverable by the same process as the principal.[1] Yet the printed forms of notices to delinquents continued to be in constant use.[2]

It is possible, though not easy, to follow roughly the progress made in construction during these weary years, amid discouragements of these various kinds. Work was begun Aug. 8, 1785, at the Shenandoah Falls, Harpers Ferry, and continued at the lesser obstructions there and at the Seneca Falls. Here some seventy hands were employed in September. "After the water rose too high, the hands were removed to the Great Falls." There, on account of a very wet season, they remained till late in the summer of 1786, when some two hundred hands were employed.[3] The next fourteen months, despite wet weather and consequent high water, saw progress on the difficult work at the Shenandoah, some work done at the Seneca, a difficult pass opened between the Great Falls and the Seneca and a towpath made, and the canal nearly completed (except for the locks) at the Great Falls.[4] In August, 1788, report was made to the stockholders that

"The unusual height of the Waters this Spring & Summer have greatly retarded our Operations on the River but should the Weather become more favorable we have reason to believe that a partial though not a perfect Navigation may be effected this fall & winter from Fort Cumberland to the Great Falls — at which the Canal is [still!] nearly completed. Our principal force has been applied to the Shenandoah & Seneca Falls, which considering the number of hands and the unfavorable Season are in as great forwardness as we could expect."[5]

In February, 1789, Washington wrote Jefferson:

"The passage would have been opened from Fort Cumberland to the Great Falls . . . before this time, . . . had it not been for the unfavourableness of the season. In spite of that untoward circumstance, . . . two or three boats have actually arrived at the last named place."[6]

[1] *Md. Laws* (Kilty), 1790, c. 35; *Va. Stats. at Large* (Hening), xiii, 187–188.

[2] See notice to Horatio Gates, New York, dated Alexandria, Sept. 6, 1793, in *Emmet Collection* (New York Public Library), No. 14939. Gates then owed £74 13s. and interest.

[3] Baker, *Washington after the Revolution*, 34–36; Bacon-Foster, 64–65, 70, 74–75, 78–79.

[4] Second Annual Report, in *ibid.*, 81.

[5] Third Annual Report, in *ibid.*, 83–84. Cf. Washington to Jefferson, Aug. 31, 1788, in *ibid.*, 166–167.

[6] *Ibid.*, 167–168.

A Georgetown letter of April 2, 1790, announced that

"within three weeks past, we have had arrivals of at least 30 boats at the mouth of Watt's branch, 14 miles from this, loaded with flour, wheat and tobacco, many of them from the headwaters of Potowmac. I have seen several of the boatmen, and they are very much pleased with the navigation. The Potowmac company's hands are now at work on the rock at the great falls . . ."[1]

One writing from Berlin, Md., June 14 informed his Alexandria correspondent that five boats, some of considerable burden, were daily employed from Fort Cumberland and other places up river, carrying tobacco, flour, etc., to the Great Falls; that new ones were constantly arriving, and others were in the stocks. "The navigation is already very easy and extremely useful" and promised to be more so.[2] By a modification of the charter, passed late in 1790, the company was permitted to profit by this traffic by taking partial tolls before the whole navigation was complete. The same acts gave a further extension of three years for completion; and since an exploring party in June had found the Shenandoah also worth improving, the company was authorized to apply capital and tolls to extend the improvements to the branches of the Potomac above the Seneca Falls.

These favors are typical of the attitude of the legislatures. Hardly a request of the company was ignored. Extensions of time for completion were repeatedly granted. The size of the proposed canal and locks was modified. Restrictions on the movements of slaves were suspended on their behalf. Foreigners were empowered to become stockholders. Maryland added to her subscription a hundred shares in 1794–95. And while further appeals to the states for loans or new subscriptions were mostly in vain,[3] it is clear that the delays were in spite of the utmost the assemblies could do.

Despite the incompleteness of the principal work, suggestions for extending the undertaking received consideration. In the spring of 1792 it was suggested that the Potomac Company

[1] Quoted in *Boston Gazette*, June 14, 1790.
[2] Quoted in *Virginia Gazette*, June 24, 1790.
[3] Bacon-Foster, 88, 90, 96–98.

continue its canal from the Little Falls, two miles from Georgetown, into the city. The President was eager to have the practicability of the suggestion examined. In a private letter in April, he said: "There is such an intimate connection in political and pecuniary conditions between the federal district and the inland navigation of the Potomac that no exertions, in my opinion, should be dispensed with to accomplish the latter." [1] This seems not to have been attempted, but the federal buildings commissioners joined the company in petitioning the legislatures in this year for freedom to move certain hired slaves from state to state.[2]

Early in 1795 books were opened for one hundred new shares to carry on work on the Shenandoah. Maryland subscribed sixty, individuals forty, but nothing was done. In August, 1797, the company voted to relinquish its exclusive rights to improve the Shenandoah, "in favor of any local company that would be formed within nine months and render that river navigable to boats carrying fifty barrels of flour within three years." Accordingly the next year a *Shenandoah company* secured a charter from Virginia. No similar charter from Maryland was secured, however, and within a few years the Potomac Company again set to work in this field, with results of which Elkanah Watson wrote in 1808: "The navigation of the Shenandoah has been opened at an expense of nearly half a million dollars." [3]

Washington resumed his active, stimulating interest upon retiring from the federal office,[4] but the work hung on and on. In 1798, when loans or new subscriptions could be secured neither from individuals nor states, the directors borrowed on their own notes $6000 from the banks of Columbia and Alexandria, and obtained loans of public stock from Daniel Carroll and General Washington to serve as collateral for cash loans;

[1] Bryan, *History of the National Capital*, i, 191.

[2] Cf. *Md. Session Laws*, Dec. 23, 1792, c. 75. Slaves were the main reliance in these later years, although the contract method was tried in a few instances in 1791–93: Bacon-Foster, 85, 86, 92.

[3] *Ibid.*, 90, 95, 103–109; *Va. Stats. at Large* (ed. 1835), ii, 99; Watson, *Memoirs*, 246 n.

[4] Cf. Pickell, *Potomac Co.*, 111–113, and Washington's diary, *passim*.

some stock in the company itself may have been similarly loaned by shareholders. By this time tolls yielded at the Great Falls proved a material aid, amounting to $2000 in a few months prior to August, 1798.[1]

Finally, in July, 1799, the directors issued a circular calling for $60,000 additional capital, which would certainly complete the navigation, saying that less than $40,000 would accomplish little or nothing.[2] Charles Carroll wrote Washington soberly:[3]

"I have, Sir, an Opinion equally sanguine with yours, of the eventual productiveness to the stockholders, and utility to the public, of this great undertaking, but fear it will not be completed for some years, from the want of funds, and the inability of the stockholders to furnish them to the extent estimated and required. This State, to judge from the transactions of the last session of its legislature, will advance no more money towards that object, and similar causes may produce the same effects in the Legislature of Virginia."

By dint of persistent lobbying a favorable response was secured from the Maryland legislature in July, 1799, when a subscription of £13,900, in six per cent stock of the United States, was subscribed to new shares on condition that security be given to complete the lock at the Great Falls. Later in the year loans were directed to be made to this and the Susquehanna company.[4] In December, 1801, these locks were at last completed, and two months later they were opened for business. As reported in 1815, some three hundred and thirty-eight miles of water navigation had been opened at a cost of about half a million dollars. Maryland and Virginia had furnished more than half the capital, and, except for a lone dividend of $5.50 per share in 1802, the toll revenues had been used up in maintenance and operating expenses and in fruitless efforts to complete the navigation as originally planned.[5]

A large undertaking, enthusiastically begun, beset by difficul-

[1] Bacon-Foster, 95–98. Cf. also Washington to Mrs. Sarah Fairfax, May, 1798, in *Works* (Ford ed.), xiii, 499.

[2] Bacon-Foster, 169–171.

[3] Rowland, *Charles Carroll*, ii, 229–230.

[4] Bacon-Foster, 99, quoting the resolve. Cf. William Hindman to James McHenry, Nov. 29, Dec. 9, 1799, in *Md. Hist. Mag.*, x, 156–157 (May, 1906).

[5] Report of committee to Virginia House of Delegates, Dec. 27, 1816, in Niles' *Register*, ix, suppl., 150–151 (1816). Cf. Bacon-Foster, 100–152, 172–209.

ties of labor, engineering, management, finance, continued in faith foredoomed to disappointment, yielding insignificant results to the expenditure of large sums and much energy, several times almost abandoned, — the Potomac Company experience, described more at length because information is available, was in considerable measure the experience of many of the companies which in this period sought to improve the inland navigation of the United States. Not lack of capital, not lack of labor, not lack of state encouragement or private interest, but lack of essential technical and business knowledge applicable in this difficult field of enterprise was the fundamental cause of these repeated failures. Till this knowledge should accumulate, strenuous efforts were almost utterly in vain.

The Chesapeake and Delaware Bay project bobbed up again and again. Soon after the peace there were published "Observations on the advantages of the proposed canal from the Chesapeake to the Delaware." [1] The writer, who had published a map of "the intermediate country," urges the advantages of the scheme, recites the beginning of friendly measures by Pennsylvania and Maryland, and indicates Delaware as the obstacle. More important, however, was the doubt of its financial practicability, for he remarks:

"The cutting a canal . . . has for a considerable time, by a number, been thought practicable; but it is by others judged to be an undertaking too great for the present circumstances of the country, under an apprehension, that she is not ripe in years."

On Aug. 12, 1786, Madison wrote Jefferson: [2]

"a negotiation is set on foot between Pen^{a}, Mary^{d}, & Delaware, for a canal from the head of Chesapeak to the Delaware. Mary^{d} has I understand heretofore opposed the undertaking, and Pen^{a} means now to make her consent to it a condition on which the opening of the Susquehannah within the limits of Pen^{a} will depend. Unless this is permitted the opening undertaken within the limits of Maryland will be of little account.[3] It is luck that both parties are so dependent on each other as to be thus mutually forced into measures of public utility. . ."

[1] *American Museum*, xi, 30–33 (January, 1792), reprinting from an unmentioned source.

[2] Madison, *Works*, ii, 258.

[3] Referring here to the Susquehanna company's undertaking: *supra*, 119–120.

The negotiations dragged on slowly, however. In the debate on the federal capital in September, 1789, Senator Maclay said "the business of opening the canal has languished," and Charles Carroll reported that commissioners had been appointed by Maryland to confer with those of Pennsylvania, and that Maryland was likely to interpose no obstacles.[1] Late in the summer of 1793 committees from Pennsylvania and Maryland met and agreed upon the undertaking, and newspaper reports went so far as to say that the canal promised most of all the important public works of the United States.[2] But it was not until 1799 that Maryland passed an act of incorporation,[3] and since those of Pennsylvania and Delaware did not follow till 1801, nothing was accomplished on this work before the end of the century.[4]

With the revival of the Potomac project in 1784–85 came also the incorporation by Virginia of a new *James River Company*.[5] The plan was to raise $100,000 in $200 shares by subscriptions opened in Richmond, Norfolk, Lewisburg, and Albemarle from February 1 to August 10; if half this total should be subscribed, to effect an organization August 20; then to dig a canal around the Great Falls beginning at Westham, navigable in dryest season by vessels drawing one foot of water, with locks eighty by sixteen feet; and further to open a four-foot navigation twenty-five feet wide thence to tidewater. John Ballendine was authorized to receive shares in the new company in exchange for the right to the canal he had earlier begun. The state treasurer was authorized to subscribe one hundred shares ($20,000) on behalf of the state. A later act directed the

[1] King, *Rufus King*, i, 371–372.

[2] *N. Y. Magazine*, iv, 575 (September, 1793). Phillips, in his *History of Inland Navigation* (1792), 350, refers to "The canals now cutting to the Delaware and Chesapeak."

[3] *Laws* (Kilty), Dec. 7, 1799.

[4] In 1799 Benjamin Latrobe was employed to make a survey, and he made a favorable report on the practicability of the project: Latrobe, *Journal*, xxi–xxii. Cf. also George W. Smith, "Notes on the Internal Improvement of Pa.," in Hazard, *Register of Pa.*, i, 410 (1828); *Preliminary Report of the Inland Waterways Commission* (1908), 276–278; Scharf, *Hist. of Md.*, ii, 524.

[5] *Stats. at Large* (Hening), xi, 450–462. The bill was introduced December 18: *Journal of the House of Delegates*, 25, 110.

purchase of one hundred more shares to be vested in General Washington.[1]

As before the Revolution, this enterprise attracted much less interest than the larger enterprise of the Potomac. Madison wrote Jefferson April 27, 1785:[2]

"The private subscriptions for Potowmac I hear amount to £10,000 Sterling. I cannot discover that those for James River deserve mention, or that the undertaking is pushed with any spirit. If those who are most interested in it let slip the present opportunity, their folly will probably be severely punished for the want of another."

Nevertheless nearly the whole sum was soon subscribed, and on August 20 the company organized at Richmond, choosing Washington president.[3] Washington declined the presidency, and Edmund Randolph acted *pro tem.* until he became attorney-general in the first cabinet, when Dr. William Foushee succeeded him, to remain in office till 1818.[4]

In October the charter was amended, presumably at the company's request, chiefly to authorize (1) the extension of subscriptions by one hundred shares ($20,000) beyond those already subscribed, (2) borrowing at six per cent, and (3) proportioning of the depth of the canal to the depth of the river in the dry season, in the discretion of the company.[5]

Work was begun and carried on amid much the same obstacles which the Potomac Company encountered, though somewhat more easily. The capital was gradually called in. By the middle of 1790 the state had paid five-sixths on its £12,000 subscription, and the other subscribers seem to have done as well.[6] The work was done partly by contract, and partly by negroes purchased by the company.[7]

[1] *Stats. at Large* (Hening), xi, 525. [2] *Works*, ii, 137.

[3] Washington to Edmund Randolph, July 30, 1785, empowering Randolph to vote his shares, in Pickell, *Potomac Co.*, 140.

[4] [Samuel Mordecai], *Richmond in By-Gone Days* (Richmond, 1856), 233–238; Washington to Randolph, Sept. 16, 1785, in Bacon-Foster, 68–70.

[5] *Stats. at Large* (Hening), xii, 116–117.

[6] The state was by no means always prompt. Cf. *Calendar of Va. State Papers*, v, 142, 164, 273, 411, and esp. 538–539, showing full statement of account with the state, May 8, 1792.

[7] Mordecai, *Richmond in By-Gone Days*, 234–235; *Calendar of Va. State Papers*, v, 273.

Late in December, 1789, the canal was opened from Westham to Broad Rock, a short distance above the city, and the legislature took a trip through it and the locks. Of works then completed Washington wrote in his diary April 12, 1790, of a visit to the works that day, in company with the governor, directors, manager, and others:

"I viewed the Canal, Sluces, Locks, & other works between the City of Richmond & Westham. — These together have brought the navigation within a mile and half, or mile and ¾ of the proposed Bason; from which the Boats by means of Locks are to communicate with the tide water navigation below. — The Canal is of sufficient depth every where — but in places not brought to its proper width . . . The locks at the head of these works are simple — altogether of hewn stone, except the gates & cills — and very easy and convenient to work, — there are two of them, each calculated to raise and lower 6 feet — they cost according to the Manager's, Mr. Harris acct. about £3000 but I could see nothing in them to require such a sum to erect them. — . . . To complete the Canal from the point to which it is now opened, and the Locks at the foot of them, Mr. Harris thinks will require 3 years." [1]

In December, 1790, upon representation that the initial capital was nearly expended, the state authorized an extension of the capital by two hundred shares; by authority of the same act the state before long subscribed one hundred of these, the rest being taken by individuals, and more promptly exercised its option to take over fifty delinquent shares at par.[2] The prospects of early success evidently stimulated both private and public investors. By 1795 the canal reached the city, and in November, 1800, the water was first let into the basin.[3] Eventually a seven-mile waterway was finished around the falls, and the river bed improved by sluices as high as Buchanan, a distance of some forty-five miles. In December, 1816, the Committee on Roads and Internal Navigation of the Virginia House of Delegates stated that the company had opened a navigation of three hundred miles, at a cost of about $1200 per mile. The company was then earning good dividends and its stock was selling at an advance of eighty per cent, though its dividends

[1] Lossing, *Diary of Washington*, 165–166.

[2] *Stats. at Large* (Hening), xiii, 163–165; *Calendar of Va. State Papers*, v, 259, 539. For later calls on these shares, see *ibid.*, viii, 645.

[3] Mordecai, *Richmond in By-Gone Days*, 234–236.

would not have netted six per cent on the outlays.[1] The company continued in control until in February, 1820, the state took over its interest.[2] This enterprise, in short, must be called moderately successful.

The second most important Virginia project was for a canal to cut and drain Dismal Swamp, which extended through to North Carolina. Before the war a joint stock *Great Dismal Swamp Company* — or perhaps two, one in Virginia and one in North Carolina — acquired most of the swamp and lands adjoining, with the object of utilizing the tract for rice culture and the manufacture of staves, and till the burning of Norfolk (1776) put an end to their operations a large gang of slaves was employed on this job.[3] Of this company Washington was a large shareholder and a manager, and here too he had early conceived the notion of a canal.[4] In October, 1783, the Virginia assembly authorized the formation of a voluntary association, with trustees, to open a communication between Elizabeth River and North River and take tolls not to exceed ten per cent of the amount expended;[5] but nothing seems to have been attempted under this authorization. The same Virginia assembly that passed the James River and Potomac charters authorized the appointment of commissioners to investigate the course of such a canal.[6] These reported favorably proposing a route, and a bill to incorporate a company to undertake the work was soon well on its way.[7] The dilatoriness of the commissioner particularly in charge caused some delay. The necessity of North Carolina's coöperation caused more, for opposition was

[1] Niles' *Register*, ix, suppl., 150–151 (1815–16).

[2] Report of Chief Engineer Lorraine to the president of the James River and Kanawha Company, June, 1868, in *The Central Water-Line* . . . (Richmond, 1869). Cf. also *Preliminary Report of the Inland Waterways Commission* (1908), 208.

[3] Phillips, *Hist. of Inland Nav.*, 356; Schoepf, *Travels in the Confederation*, ii, 100; Isaac Weld, *Travels in North America*, 103–104; Latrobe, *Journal*, 37, 55–56, 107.

[4] Washington to Patrick Henry, Nov. 30, 1785, in Henry, *Works*, iii, 338. Cf. *Pa. Mag. of Hist. and Biog.*, xviii, 412.

[5] *Stats. at Large* (Hening), xi, 332–334. For similar provisions for unincorporated companies, see *infra*, 180.

[6] Washington to R. H. Lee, Feb. 8, 1785, in Pickell, 137.

[7] Letters between Washington and Henry, June 10, 24, Oct. 29, Nov. 11, 30, 1785, Jan. 1, 1786, in Henry, *Works*, iii, 301, 304, 333–335, 337–339, 343.

made, as Patrick Henry wrote Washington,[1] "under the Guise of public Spirit, taking alarm at a measure which will place the trade of that Country in a situation of Dependence upon the Will & pleasure of this." Henry adds:

> "To obviate such Cavils I have recomended to some Friends of the Scheme to preface the Act proposed to be passed on the subject with a Declaration, in the clearest terms, that the benefits resulting shall be reciprocal to both States, & that a Conference be offer'd to hear & refute objections."

He thinks a line from Washington might have a good effect in stimulating the somewhat inattentive "men of Business in the House." In 1786 commissioners representing the two states signed at Fayetteville a compact to serve as a basis for the charters.[2] On Dec. 1, 1787, the Virginia act was passed, and at length, three years later, it became effective by the passage of a similar North Carolina act.[3]

Books were opened at various points in the two states from May to September, 1791, for the subscription of $500,000 in shares of $250. At the end of this time a considerable sum had been subscribed, and the company organized. Norfolk subscribed forty-nine shares, and the state soon added fifty more, with twenty additional later before 1800.[4] In the winter the board advertised for bids, receivable till April 9, for a canal sixteen miles long, thirty-two feet wide, and eight feet deep.[5] Work soon began. The problem was perhaps simpler than that of the Potomac Company, for only a fairly straight, level canal had to be dug. But the same difficulties hindered as had beset the other companies, and there were exasperating delays and disappointments. Part of the canal was dug by contract, at $4000 a mile; the rest, better and more cheaply it is said, by negro labor working under overseers.[6] As early as 1794 some use

[1] Letter of Nov. 11, 1785, in Henry, *Works*, iii, 334–335.

[2] See reference in North Carolina act.

[3] *Stats. at Large* (Hening), xii, 478–494, xiii, 145–146; *N. C. Laws* (Iredell ed., 1804), i, 494–500. For the slow course of it in North Carolina, see *N. C. Records*, xviii, 350–351, 506–507, xx, 550, xxi, 11, 93, 107, 109, 331, 755.

[4] Winterbotham, *View of the U. S. A.*, ii, 198; *Stats. at Large* (Hening), xiii, 264 (Nov. 25, 1791); *Preliminary Report of Inland Waterways Commission*, 291.

[5] *National Gazette*, March 12, 1792.

[6] Weaver, *Internal Improvements of N. C.*, 71.

was made of the waterway.[1] It was still far from completion, however, when in 1799 the time allowed by law for completion had expired; but the legislatures extended the time for completion to Sept. 19, 1806,[2] and further authorized the taking of partial tolls before completion of the canal. Up to 1807 it was asserted that $100,000 had been expended, of which Virginia had contributed $17,500; but it was estimated that $25,000 more would be needed to pay off debts and secure the objects in view.[3] In 1816 a Virginia legislative committee broadly asserted that "in its present use, and remote consequences, [it] is not inferior in importance, to any public work within the Commonwealth."[4] Yet it found it necessary to give the company the privilege of raising $50,000 by lottery, and the next year to subscribe $46,500 toward its completion. Further subscriptions were made by the public, by the federal government six hundred shares in 1826 and two hundred in 1829, and five hundred and four by Virginia in 1837, before the works had been put into a satisfactory condition. Although mortgages on the property have been three times foreclosed, the canal is still operated, by a successor to the original corporation.[5]

South Carolina too had her early projects. In November, 1785, a meeting was called in Charleston to consider a "proposed plan of opening a communication by locks between Cooper and Santee rivers," by means of which a considerable portion of the interior might be made more easily tributary to the southern metropolis. A plan to raise £100,000 sterling in £100 shares was agreed upon. Subscriptions were opened at once under a committee of this meeting, and one gentleman alone was reported to have subscribed three hundred shares. Early in February, 1786, when the legislature had convened, a meeting of the "Subscribers and persons interested" was held, and on

[1] Ringwalt, *Transp. Systems in U. S.*, 41.

[2] *N. C. Laws* (Iredell ed., 1804), ii, 142; *Va. Stats. at Large* (ed. 1835), ii, 255.

[3] Weaver, *Internal Improvements of N. C.*, 71. Cf. also *Calendar of Va. State Papers*, ix, 6, 17.

[4] Niles' *Register*, ix, suppl., 150 (1816).

[5] *Preliminary Report of Inland Waterways Commission*, 291–293, *q.v.* for later history.

February 7 Chancellor Rutledge, as chairman of the meeting, presented to the House a petition for a charter. Within a few weeks an act was passed incorporating *The Company for the Inland Navigation, from Santee to Cooper River*, and on March 23 Governor Moultrie was elected president, Chancellor Rutledge vice-president, and other officers and the board of directors were chosen.[1] The legislature gave encouragement by exempting shares from taxation; vesting in the company ungranted lands within seven miles of the canal; authorizing the taking of tolls not to exceed twenty-five per cent per annum "on the money which they shall have expended in making and keeping in repair the said canal and locks;" and permitting them to hold negroes as well as lands, and to import not more than three hundred for work on the enterprise with credit for the "duty" on these negroes for five years from the date of importation. Col. John Senf, state engineer, was put in charge of the undertaking.

Dissensions, however, arose in planning the route, and the work languished for several years.[2] The project was revived amid the speculative boom in March, 1792, and the advantages of a twenty-one mile canal, to cost £55,620 sterling, with tolls to yield twenty-five per cent of the investment, were dilated upon in newspapers north and south. On May 1 books were opened in Charleston for additional subscriptions, and two thousand shares promptly subscribed.[3] A rule was adopted that £5 per share should be paid semi-annually, beginning in January, 1793, till the canal should be completed, and extra assessments of the same amount levied at the discretion of the board of directors; no fixed par had been established. As

[1] The charter is in *Session Laws*, 1786, pp. 33–36. The best accounts of the canal are in Phillips, *Transportation in the Eastern Cotton Belt*, 36–43; F. A. Porcher, *The History of the Santee Canal* (Columbia, 1903, written 1875), with appendix quoting contemporary local newspapers; and John Drayton, *A View of South Carolina* (Charleston, 1802), 155–158, showing a map of the canal.

[2] Letter of Senf to Thomas Sumter, Jan. 3, 1790, cited by Phillips. Elkanah Watson, visiting Camden in August, 1787, found the leading men still busy in "projecting" the canal: *History of the Western Canals*, 9–10.

[3] *Mass. Magazine*, iv, 212 (March, 1792); *General Advertiser*, May 1, 1792 ("Reflector"); *National Gazette*, May 14, 1792.

the plantation profits were small in 1792, slaves were readily hired, and digging began at both ends of the canal early in 1793. Colonel Senf planned and laid out the course of the canal, deferring somewhat, it is asserted, to the wishes of an influential director who owned a large body of land through which he wished to have the canal pass. He also planned the construction and method of work. Fearing that negroes would not work skilfully under ordinary overseers, that overseers would put the interests of landowners ahead of those of the canal, and that serious disputes would arise over payments, he did not employ the contract system; and he undertook himself the immediate oversight of the laborers as well as the general supervision. Capital was invested in fresh negroes, and others were hired from planters. By July, 1793, one hundred and fifty were at work; in December one thousand, in 1794 eight hundred, in 1795 seven hundred, and in 1796 six hundred are said to have been employed.

The construction of the canal encountered its peculiar difficulties. Freshets on the Santee became more frequent and destructive about this time — that of 1796 long "held the record": this, however, had its favorable aspects, for it released for canal labor a large number of negroes held on plantations which were greatly injured by freshets. The country was unhealthful, and twenty-four whites (besides negroes not counted) "died at the canal of fever" during the seven years of construction. Perhaps even more than in Pennsylvania and New York the people who resided along the route of the canal opposed it. Compensation for injuries done, as well as for the "trespassing" of the canal upon lands, was called for to a large extent. In consequence of the increase in cotton growing, wages rose considerably. "At first the canal paid from £15 to £16 per head, two-thirds of which were men. By the year 1800 the price of labor had risen to £24 per annum for men and £20 for women, and the hirers [slave-owners] insisted on their employing an equal number of women with men." Adequate engineering skill was well-nigh impossible to secure. Colonel Senf himself, though a Swede, had much in common

with the Frenchman Major L'Enfant — artistic talent, inordinate vanity, carelessness of cost, instead of unvarnished technical skill and ability in superintendence.[1] There were difficulties in securing funds. It early became clear that the cost would exceed the estimate, and during 1795 and 1796 several lotteries were set on foot to raise considerable sums in support of the enterprise. These were partially successful.[2] In 1796 and 1797 delinquencies of stockholders increased so largely that forfeiture and sale of defaulting shares became poor policy, and at a stockholders' meeting of Feb. 1, 1798, those in arrears were authorized to consolidate their shares into whole ones paid up at £71 each, if the £10 assessment due January, 1798, should be paid within sixty days.

These obstacles delayed but did not prevent progress in the enterprise. In July, 1794, the canal was reported "so fast advancing, that in the opinion of Colonel Senf, and Captain Palmer, one half of the whole will be finished in the course of the present year."[3] By the end of 1795 five miles of excavation were completed at each end and several locks were under construction. In his message of Nov. 29, 1796, Governor Vanderhorst commented on the great progress made, prophesied completion in the ensuing year, and pointed to the expediency of similar works elsewhere in the state.[4] This was over-optimistic, but finally in July, 1800, the first boat passed entirely through the canal.

Completed the canal was twenty-two miles long, thirty-five feet wide on top, twenty feet at bottom, five and one-half feet deep with four feet of water, with two double and eight single locks of brick and stone, sixty feet by ten, and eight aqueducts. It was "said to be at least equal to any work of the kind, in these United States." Certainly it was the largest of the larger canal enterprises to be carried to completion before the

[1] See Essay III, 458–464.

[2] Cf. *S. C. State Gazette*, May 28, June 25, Oct. 15, 1795, for notices of drawings of Santee Canal Lotteries No. 2 and No. 4, to raise $3360 and $3594.57 respectively.

[3] *N. Y. Magazine*, v, 447 (July, 1794). Cf. mention of the "forwardness of the Santee Canal" in advertisement of Æra & Ætna Iron Works, dated April 29, 1795, in *Columbian Centinel*, June 3, 1795.

[4] *S. C. State Gazette*, Dec. 8, 1796.

end of the century. Its cost has been stated at figures varying from $660,000 to $750,000, nearly three times as great as the estimates of sanguine 1792. The entire sum seems to have been raised from stockholders, who paid up seven hundred and twenty-seven shares.

The canal remained in operation till 1858. For some years dividends of several thousand dollars were annually distributed. About 1822 dividends as high as $45 per share were paid, and shares sold as high as $300. The most prosperous period was about 1830, when from October to June some seven hundred and twenty boats came through it, and for the summer months the company was authorized to import and keep three hundred slaves to clean and make ready the canal. But there were years of drought to offset these fat years with lean ones. With the large development of cotton growing, whose product would bear the cost of land transportation, and the coming of the railroad, the canal greatly declined in importance and eventually its charter was surrendered. Altogether, while less of a failure than most similar enterprises, it never adequately justified, from a pecuniary standpoint, the outlay of its proprietors.

Two other projects soon followed that of the Santee and Cooper in South Carolina. In 1787 were incorporated *The company for improving the navigation of Edisto and Ashley rivers; and making a communication by a canal, and locks, from one to the other of the said rivers*, above Dorchester on the Ashley; and *The company for opening the navigation of the Catawba and Wateree rivers*.[1] Many of the incorporators were identical with those of the earlier company; indeed all but one (John Gaillard) of those named in the last charter were named in that of the Santee and Cooper. An interested member of the Catawba company was William Hill, proprietor of Hill's, or the Æra & Ætna Iron Works, of North Carolina. August, 1787, saw a "number of hands" employed on these improvements. In December, 1788, the Catawba group secured a charter from North Carolina to

[1] Drayton, *View of S. C.*, 155–158. In June, 1785, planters on the Edisto had secured legislative authorization for the appointment of commissioners to receive private subscriptions for clearing its channel: *S. C. Gazette*, June 2, 1785, cited by Phillips, *Transp. in the Eastern Cotton Belt*, 28.

enable opening the Catawba "80 miles higher in that State." [1] Neither company, however, pushed its project at this time, and the Edisto-Ashley improvement seems never to have been seriously undertaken. After years of delay the Catawba-Wateree company made some show of beginning operations in 1795, and on December 12 an act of South Carolina was procured giving assent to certain stipulations in the North Carolina act of 1788. In the following year, however, the inhabitants of the North Carolina counties of Burke, Lincoln, Mecklenberg, and Iredell petitioned the assembly against the corporation. They represented themselves as

"much interested in the navigation of the Catawba river and South Fork, . . . that the said act is injurious to them, . . . that the said company instead of opening the said navigation for the distance of one hundred miles of the main river and fifty miles of the South Fork in this State, for the benefit of the said inhabitants, sooner than they might themselves have opened the same, . . . have for many years altogether failed; . . that the said act has operated to obstruct and prevent the inhabitants from opening the said navigations themselves; and that the said act has met the general disapprobation, and produced great vexation in the minds of the people."

They further represented

"that the inhabitants who live within five miles, are able to remove the obstructions, and open the said rivers sufficiently for boat navigation, without aid from the public, or assistance from incorporated companies; . . . that the value of the produce of the land in that part of the State is greatly diminished for want of a conveyance easier and cheaper than land carriage; . . . that the said inhabitants are desirous to accomplish the same in the speediest manner by their exertions, and therefore by their representatives . . . prayed this General Assembly to repeal the said act and restore the free navigation of the said rivers, to be enjoyed as a very valuable right and franchise very dear to the people, and that the same may forever remain to themselves and their posterity, as free as the light and the air they breathe."

The charter was thereupon repealed, and the company's operations were confined to South Carolina.[2]

Nevertheless progress continued to be made. At Rocky Mount, S. C., the channel of the river was cleared for some

[1] *Columbian Centinel*, June 3, 1795; *Mass. Centinel*, Sept. 1, 1797; *N. C. Laws* (Iredell-Martin), i, 450.

[2] *Ibid.*, ii, 101, c. 32.

distance and a stone lock nearly completed, but this was then abandoned for lack of adequate funds.[1] Late in 1798 it was so confidently expected that the Catawba and Wateree would be effectually joined that Rocky Mount, on the Wateree, was selected for one of three principal federal magazines for military supplies.[2] In 1803 the company again prepared to recommence operations, planning a three and one-half mile canal from Rocky Creek to the Catawba.[3] In 1805 it was stated that

> "The navigation is expected to be completed in three years up to the North Carolina line; and as the improvements in North Carolina are carrying on with equal spirit, it is expected that about the same period the inland navigation will be free from the source of the Wateree branch of the Catawba to the tide water at Charleston." [4]

The fact is that physical conditions were not highly suitable for canal construction and operation — abundant rock, porous soil, irregular rainfall, frequent freshets.[5] Coupled with engineering and economic obstacles, these factors could not be overcome, and unaided by vigorous support from Charleston, the struggling enterprise came to little.

In Pennsylvania the movement for important improvements of navigation had first appeared in the colonies. After the war Pennsylvania did not lag far behind her southern neighbors in pushing ahead with such improvements. By act of March 15, 1784, three men (including Benjamin Rittenhouse) were appointed managers and directors of a lottery to raise $42,000, one-half to be expended on improving the navigation of the Schuylkill and the other half on improvements upon roads west from Philadelphia.[6] Nothing significant was accomplished under this act, and the depression and uncertainty of the next few years delayed adoption of more effective measures.

[1] Drayton, *View of S. C.*, 156–157.
[2] Washington to McHenry, Dec. 13, 1798, in Hamilton, *Works*, v, 165.
[3] Drayton, *View of S. C.*, 157.
[4] "A Friend to National Industry" [William Blodget], *Facts and Argument respecting the Great Utility of an Extensive Plan of Inland Navigation in America* (Philadelphia, 1805), 8.
[5] Phillips, *Transp. in Eastern Cotton Belt*, 11–12.
[6] *Pa. Stats. at Large*, xi, 251; Barton, *David Rittenhouse*, 236.

In 1789 was formed *The Society for promoting the improvement of Roads and Inland Navigation*, composed eventually of more than one hundred members "residing in various parts of the state, with a view to contribute their best endeavors to promote the internal trade, manufactures and population of their country, by facilitating every possible communication between the different parts of the state." In this year, and probably under the auspices of this society, Benjamin Rittenhouse and John Adlum made estimates of the expense of clearing the Schuylkill from the falls to Reading, the Tulpehocken from mouth to head, and the Delaware to Stockport, and of opening a communication all the way from Philadelphia to Presque Isle on Lake Erie. Robert Morris was president of the society, Alexander J. Dallas secretary. On Feb. 7, 1791, it submitted a memorial to the General Assembly, which then had "under their consideration the important subject of roads and inland navigation," and therein presented the information collected and the society's views, both general and specific, as to measures deserving adoption.[1] Already on January 5 a committee of the lower house had reported on the same subject.[2] The outcome was the blocking out of a rather comprehensive scheme of internal improvements and the taking of steps to execute its various parts.

As "the ground work of the *plan*" the society's memorial offered two principles:[3]

"*First*, The method of turnpike roads and toll navigation must be adopted.

"*Secondly*, The work, both of roads and navigation must be undertaken and carried into execution, by separate companies and associations of men; upon some uniform and consistent plan, aided and directed by the Legislature; as neither the state alone, nor any number of companies without public regulations and assistance, can be adequate to the great work in all its parts; and, therefore, the assistance of the state should be apportioned to different parts of the work, with a *liberal* and *equal hand*, in respect both to *roads* and *navigation*, as it may be most necessary, and where the smallness of the tolls, the distance from the *market* and other circumstances may

[1] See *An Historical Account of the Rise, Progress, and Present State of the Canal Navigation in Pennsylvania*, published in Philadelphia in 1795 by the two principal canal companies, pp. xvi, 1–10, 14–16.

[2] Reprinted in Hazard, *Register of Pa.*, ii, 129–132 (1828).

[3] *Historical Account*, 17–18.

yield the least probability of an adequate encouragement or speedy reimbursement to the adventurers."[1]

The "Heads of a Plan" based on these principles were then offered.[2] An unpaid "Board of Commissioners for the improvement of roads and inland navigation, within the state of Pennsylvania, "was to be appointed by the legislature, the governor to be president, a vice-president to be annually elected. This board was to meet weekly, or as often as needful, at times and places announced in the newspapers. It was to have offices in Philadelphia and liberal allowances for expenses. It was to investigate and determine on proper lines for roads and canals, distinguishing between those to "be undertaken solely at the public expense" and those which could "be best performed by contractors entitled to tolls, &c. The latter to be preferred wherever the situation, and the nature of the improvements will admit of it." With regard to the latter the board was to advertise for propositions and "enter into contracts with individuals, companies, or corporations" for constructing and maintaining the improvements "in such manner, and upon such principles, as have, in other countries, been found upon experience to be best." The board should fix tolls, lend public money to the contractors, or subscribe state funds to shares under any contract. Such contractors as would "submit their operations to the controul of a superintendent" appointed by the board were to have a virtual guarantee, with a corresponding limitation, of profits of six per cent. Furthermore, "The several Boards of Contractors shall be declared, by law, to be corpora-

[1] The experience of England was recited and followed up by this opinion: "The present circumstances of Pennsylvania, in respect to the increase of commerce, wheel carriages, &c. and the unimproved state of our roads and inland navigable waters, being so similar to those of England in the time of Charles II. the foregoing reasoning will justify the conclusion which we mean to draw from it, namely — That the putting or keeping the great roads in repair, either in the counties near the capital city of Philadelphia, or, indeed, in distant counties but thinly inhabited, would be a burthen not only intolerable to the inhabitants of the particular townships, through which the roads pass, but, likewise, *unequal* in itself, and ought neither to be borne by the state at large, nor yet by the particular townships and counties; but, for the greater part, 'by the *identical wearers-out* of the roads,' according to the use they make of them. — And the like reasoning applies to the improvement of rivers and opening of canals for water carriage."

[2] *Historical Account*, 18–22.

tions or bodies politic, for carrying into effect the purposes of their contracts, for and during the terms thereof." The natural inference is that the society was here suggesting the desirability of granting a general extension of corporate privileges to such as should become contractors; in short, a general incorporation act for this class of corporations. Several provisions of such authorization are set forth specifically.

"The foregoing memorial, with the estimates and proposed plan of execution, having been referred by the Legislature to committees of their respective Houses, to confer with the committee of the Society of roads and navigation, and to report thereon; the result of the whole, after mature deliberation, was the adoption of the following general principles —

"That the Legislature, although animated with the warmest zeal for the improvement of their country, by means of roads and inland navigation, yet could not subject the finances of the state (even if adequate) to the burden of the whole; yet they would make liberal appropriations of public money for the improvement of such roads and navigable waters, as lying too remote from the more populous parts of the country, and the inhabitants but thinly settled, rendered it impracticable for them either to improve their own roads and waters by subscriptions or the usual county taxes; and the profits of the tolls would yet be too small, to induce companies to undertake the work at their own expense; but that in the more settled parts of the country, especially near the metropolis, they would be ready to incorporate companies, for the gradual and progressive improvement of roads and waters, where the tolls would be sufficient to recompence the subscribers or stockholders, and the charge would fall according to justice upon those who were to be benefited, in proportion to the use they might make of such roads and waters." [1]

In accordance with this policy an act was passed "to provide for opening and improving sundry navigable waters and roads within this commonwealth." Under this act advertisement was made on April 14, 1791, of the state's desire for proposals for executing eleven separate navigation projects and six large and twenty minor road projects; and on April 22 a further advertisement relating to canals on the Tulpehocken and Quitapahilla creeks between the Susquehanna and Schuylkill, to clearing the Susquehanna from Wright's Ferry to the Maryland line, and to building a turnpike road from Philadelphia to

[1] Quoted from the *Historical Account*, 22. For legislative appropriations made in fulfilment of this promise, see *ibid.*, 73–77.

Lancaster.[1] Also in accordance with this act Governor Mifflin appointed on May 10 three joint "Agents of Information" — Benjamin Rittenhouse, William Smith, and William Findlay — to advise in the execution of these improvements.[2] Early in July two advantageous contracts were reported formed, for improving the navigation of the Delaware and Schuylkill.[3] On August 23 the governor reported these, together with others affecting the Lehigh and Lackawaxen navigations and for opening various roads, and announced the arrangement of a state loan of £60,000 for effecting these improvements.[4]

On Sept. 29, 1791, an act of incorporation was obtained which provided for securing subscriptions for the principal enterprise and the issuance, after organization of the subscribers, of letters patent by the governor to *The President, Managers and company for the Schuylkill and Susquehanna Navigation.* December 1 books were opened, and by one o'clock more than the five hundred shares ($200,000) required as a minimum were subscribed, and when the books had been open the required fifteen days no less than forty-six thousand shares were found to be subscribed. This was acclaimed "another instance of the public spirit of the inhabitants of this state," though in reality it testifies chiefly to the speculative spirit then running riot. The subscriptions were reduced by lottery to one thousand shares, and canal scrip was soon selling at an advance.[5] On January 9 organization was effected and Robert Morris elected president.[6]

Meanwhile a committee of the legislature was appointed to inquire into the feasibility of a canal to unite the Schuylkill and Delaware, north of their confluence, and on April 10, 1792, a charter for this purpose was granted. Despite the late stock market panic, the stock for this too was soon floated, and Robert

[1] *Pa. Mercury*, June 21, 28, July 16, 26, 28, 1791.
[2] Barton, *David Rittenhouse*, 359.
[3] *Pa. Mercury*, July 5.
[4] *Amer. Museum*, x, App. III, 11 (1791).
[5] *Pa. Stats. at Large*, xiv, 150–163 (reprinted also in *Historical Account*, 23–32); *National Gazette*, December 5, 29; *N. Y. Journal*, Dec. 7, 1791; *Mass. Magazine*, iii, 781 (December, 1791).
[6] *National Gazette*, Jan. 9, 1792. The meeting was held in the Senate chamber.

Morris became president also of this company. In March, furthermore, the society of which he was president sought charters for two other companies, one to open the navigation of the Schuylkill from the lower falls to the heads of its branches, and the other to open a permanent navigation of the Delaware from Trenton Falls to the northern boundary of the state.[1] These were not forthcoming, but on July 3, 1792, the governor contracted with a third Morris company for cutting a canal at Conewago Falls and improving the Susquehanna navigation between Wright's Ferry and the mouth of the Swatara; and on April 10, 1793, these contractors were given corporate powers.[2] It is no wonder that critical minds, many of whom feared Morris, growled about his "canal junto" and compared it with the bank petitioners of New York!

For all three "navigations" surveys were made in the spring and early summer of 1792, under the supervision of committees which included the celebrated David Rittenhouse and Provost Smith, Timothy Matlack, and Samuel Powel. The routes of the necessary canals were staked out by August, and in the fall work was under way at selected points on the three canals, under the superintendence of John Bull, Jonathan Robeson, and James Brindley.[3] The company sought "one of the ablest engineers that could be procured from England, to superintend and direct their works," and in January, 1793, this gentleman, William Weston, arrived from London.[4] Inspecting the works in February, he found "more than six hundred men at work, *viz.* upwards of two hundred at Norristown, and about four hundred at the summit or middle ground, between Lebanon and Myers-

[1] *American Museum*, xi, App. III, 22 (1792). It was suggested that New Jersey and New York might coöperate in the latter.

[2] *Historical Account*, 44–47; Barton, *David Rittenhouse*, 402.

[3] *Historical Account*, 67–68; *N. Y. Magazine*, iii, 318, 382 (May, June, 1792); *American Museum*, xii, App. III, 14 (1792); *National Gazette*, Aug. 18, Sept. 5, Nov. 3, 1792; *Providence Gazette*, Nov. 17, 1792. The two later companies apparently did not take the trouble to secure from the governor the letters patent by which the corporate powers were to be formally vested in the subscribers according to the charter: report of a legislative committee in 1821, in Hazard, *Register of Pa.*, ii, 296 (1828).

[4] He was expected much earlier, "certainly . . . by August or September," Morris wrote Elkanah Watson in June, 1792: Watson, *Memoirs*, 319–320.

town." Weston immediately took charge, and during the next two years confirmed the confidence of the directors in his abilities and energy and showed not a little progress on the various canals.[1] In September, 1794, the militia marching west to quell the Whiskey Insurrection reported six hundred hands still at work, the canal already ten miles long, five locks erected in masterly manner, and numerous arched bridges built over the canal to accommodate the farmers.[2]

Like the southern companies, these too found serious difficulties in their way. In the first place labor was difficult to secure. From January, 1793, advertisements were inserted in the newspapers far and wide, calling for able-bodied, sober laborers to be in Philadelphia about March 10. Cash wages of $6 a month from June to October and $5 a month from November to May were offered, provisions and lodging found, "the laborer providing his own blanket," and $5 was to be allowed each person for expenses to Philadelphia. Persons obtaining twenty-five men were to receive for this service $1 down for each man—an early example of the padrone system—and superintendents of twenty-five were to get $7 a month "and found in provisions." Laborers were assured of "lucrative employment" for a length of time, and it was announced that "Persons of enterprizing character, who have yet to provide themselves farms, may readily combine that object with the one in question." Assurance was also given "that every measure will be taken by the Companies for which they respectively engage, to make them comfortable."[3] It was not easy to keep those laborers who were employed. In March, 1793, a force of two hundred employed on the Susquehanna works quit *en masse* and brought the work to a standstill.[4] Others certainly drifted away as opportunity called to farms or other employments.

Furthermore, local opposition was encountered. The in-

[1] *Historical Account*, 48–65, 68–71.

[2] Captain Ford's journal, Sept. 24, 1794, in *N. J. Hist. Soc. Proceedings*, 1st series, viii, 81 (1856).

[3] *Columbian Centinel* (Boston), Jan. 5, 1793, and after; *National Gazette*, March 30, 1793. These were signed by "I. Roberdeau, Agent."

[4] *National Gazette*, March 30, 1793.

dependent farmers, especially the Pennsylvania Germans, strenuously objected to the exercise of the powers of eminent domain.[1] Their expressions of hostility may have stimulated the disgust of the laborers, though it is also highly probable that the conduct of the laborers, as in Virginia, did not excite the most friendly feelings on the part of the neighboring proprietors. In one respect the companies were at the mercy of these inhabitants, and in a memorial of 1795 complaint was made of the "exorbitant prices allowed by *juries* for some of the lands and waters necessary to the work," which had "considerably enhanced the expense."[2]

These obstacles, however, were clearly surmountable; and, thanks largely to the presence of the English engineer, these companies seem to have been less affected by technical and managerial difficulties. The chief problem, however, was that of finance. It is highly probable that many of the subscriptions came from those who were severely injured by the crash of this very first spring of 1792. Certainly many were speculative subscriptions, and a show of profitableness was too slow in maturing to bring about the early rise in shares upon the promise of which so many subscribers had become interested. Regardless of ultimate achievements, the impossibility of prompt completion of the undertakings to the point of paying dividends was sufficient to disappoint the expectations of momentarily enthusiastic subscribers and accordingly to cut off the principal source of funds. Furthermore, the engineer, with an instinct for thoroughness, and perhaps an inadequate appreciation of the difference in economic conditions between America and England with respect to the amount of original capital outlay warranted, urged eventually the abandonment of the plan to utilize the beds of the rivers, which figured in all these early projects, and favored "a Canal Navigation along the margin."[3] This promised to treble the estimate of expense of the Schuylkill and Susquehanna navigation alone, but the company was

[1] *National Gazette*, Dec. 12, 1792, March 30, 1793.
[2] *Historical Account*, 48. This was not an uncommon complaint.
[3] *Ibid.*, 48–65, 68–71.

persuaded of its clear advantages. A deficiency of £308,000 was calculated, and early in 1795 the company petitioned the assembly

"For an aid in money to the amount of the said deficiency, or as much thereof as the Legislature may think proper to grant, either by lending the same to the company on interest, at the rate of six per centum per annum (the principal of the loan to be advanced, by the state, to the company, in monthly instalments of ten thousand dollars each;) or by the state taking an interest in the work, for the speedy accomplishment of the same, to the amount of the deficient capital, or such part thereof, as, in regard to the public emolument, they may think meet; and that, in case the loan shall be granted as aforesaid, the corporation engage to pay the same with interest, by instalments of not less than *fifty thousand dollars* annually; the first instalment to be paid at the end of twelve months after the work shall be finished, and the commencement of tolls thereon."

Request was furthermore made for more liberal terms as to tolls on the Schuylkill and Susquehanna navigation, before the entire work should be completed. It was pointed out that

"by reason of the large sums of money already invested in the various stocks of this state and of the United States, such as banks, insurance companies, *roads*, canal and other companies, and the growing demands of capital for our increased domestic and foreign trade among our monied citizens; there appears but little prospect either of obtaining a *loan* or an increase of shares to any considerable amount among individual capitalists in this country, nor a prompt payment of a considerable number of the shares already subscribed according to law.

"And although it might be possible, and perhaps probable, in the present fluctuating state of property among *capitalists* in Europe, to obtain a *foreign loan*, upon the ample prospects, which the magnitude of this undertaking holds forth, of a speedy and secure return, either of the capital, or liberal profits on the footing of stockholders; yet the length of time, and expense attending the *negociation*, would give a damp to the work, and occasion such a stop or suspension of it, as would be dishonorable to the state and fatal in the issue; considered not only as a check to our western population, and a grievous prolongation of the time in which the present stockholders might expect some returns for their money advanced, not to mention the bad policy of vesting such a large proportion as two thirds of the stock and profits of so great an undertaking, in the hands of foreigners; although one *third* might be prudently vested in this way, while the state might hold the other third.

"This distribution of the capital into three parts, the *commonwealth* and original stockholders being invested with *two*, would undoubtedly secure the raising of the other third part, upon an advantageous loan, or new subscriptions for shares, either at *home* or *abroad*, and thereby likewise ensure the speedy and compleat success of the work.

"The finances of the state are in a flourishing condition; and it is submitted to the wisdom and feelings of an enlightened Legislature, to what nobler purposes they can be applied (in part at least) than to the improvement of our country, and the encouragement of arts and manufactures, even if no monied return were to be expected, on the capital to be expended; for, can an interest of 8 or 10 per cent. on the monied capital of a great commonwealth be considered as an equivalent for suffering the improvements of a happy and fertile country to languish and decay? But when it is considered that even in a monied view, the stock to be vested in the shares of this *canal* will produce a larger and more growing interest or dividend than can be contemplated on any other species of stock, besides the additional interest, in point of revenue, from an increase of population and of the wealth of our citizens, it is hoped the Legislature 'who have already put their hands to the *plough* . . . will not look back,' nor suffer their former liberality to be lost to the public, by any abatement of their protection and encouragement." [1]

To the appeal for additional investments by the state the legislature turned a deaf ear. By act of Feb. 12, 1795, ample authority was given for raising, by loan or the issue of new shares such additional capital as the work should require, and the modification as to tolls was made in accordance with the request.[2] Furthermore, in April following, authority was given to raise by lottery the sum of $400,000, two-thirds of which was to be applied to the Schuylkill and Susquehanna and one-third to the Delaware and Schuylkill.[3] Alone these expedients proved disappointing, as the company had feared. Necessarily, therefore, work was soon abandoned on all of the undertakings. The partially completed works soon fell into decay. The existence of the corporations was maintained by the persistence of a few members, until, a quarter of a century later, a new burst of enthusiasm for internal improvements led to a revival of interest and activity — and further disappointing investments of funds and energy.

New York, too, had some large projects. Late in November, 1784, Christopher Colles, an Irish engineer, presented to the

[1] *Historical Account*, 48–50, 72–73. Appended is a list of the "Grants of public money for the improvement of roads and waters by the Legislature of Pennsylvania."

[2] Reprinted in *ibid.*, 66.

[3] *Stats. at Large*, XV, 331–333. See advertisement, dated June 2, 1795, for the scheme — fifty thousand tickets at $10, deducting fifteen per cent: *Columbian Centinel*, Aug. 1, 1795.

New York legislature a plan for removing obstructions to navigation in the Mohawk River. The House voted it inexpedient to undertake the work at public expense, but virtually promised "that if Mr. Colles, with a number of adventurers (as by him proposed) should undertake it, they ought to be encouraged by a law," which would be virtually an act of incorporation. Colles renewed his appeal the following spring, and on April 5 $125 was voted "for the purpose of enabling him to make an essay towards removing certain obstructions in the Mohawk river, and to exhibit a plan thereof to the legislature at their next meeting." He made a survey and issued a pamphlet proposing the establishment of a company with a capital of £13,000 to improve the navigation between Albany and Oswego, especially at the Cohoes ($4\frac{1}{2}$ mile canal), Little Falls (1 mile), and Fort Schuyler ($1\frac{1}{4}$ miles); the company to be allowed toll, and a grant of two hundred and fifty thousand acres of western lands if the works should be completed within five years. Application to the legislature was repeated in February, 1786, with a report on the practicability of his plans, and a bill evidently designed to meet his ideas passed a second reading. Here, however, it rested, and the lack of interest on the part of capitalists left it virtually dead.[1]

The first New York canal companies to be actually chartered were largely the outgrowth of an agitation by Elkanah Watson, a Providence man who settled in Albany in 1789. He had travelled extensively in Europe and America during and after the Revolution: abroad he was favorably impressed with the utility of artificial navigation; in this country he was equally impressed with the need and opportunity for it; and on a visit to Mount Vernon in January, 1785, when the General was pushing vigorously the Virginia navigation enterprises, Watson was infected with the "canal mania."[2] About to settle in New York, he made a journey along the Mohawk in the fall of 1788,

[1] On early New York canals, see esp. N. E. Whitford, *History of the Canal System of the State of New York* (Albany, 1906), chap. 1. Whitford gives quite a complete bibliography (pp. 1188–1191). Joel Munsell, *Annals of Albany*, i, 304, quotes Joel Barlow's "Vision of Columbus" (1787) and "Columbiad" (1807) on this early canal.

[2] Watson, *Memoirs*, 244–246, and *passim*.

and began in 1789 the publication of newspaper contributions intended "to impress the public mind favorably on this important subject." [1] In this self-appointed task he continued laboring "incessantly by night and by day" until the companies were floated. Perhaps partly as a result of his efforts, Governor Clinton urged upon the legislature, in his message of Jan. 5, 1791, the facilitation of communication with the west; and a joint committee after investigation proposed that the commissioners of the land office should let contracts to persons or associations to open water communication between the Mohawk and Wood Creek and between Fort Edward and Lake Champlain, and remove obstacles between Rensselaerwyck and Fort Edward.[2] The upshot was the passage, on March 24, 1791, of an act directing the commissioners of the land office to cause a survey to be made of the ground for canals between the Mohawk at Fort Stanwix and Wood Creek, Herkimer County, and between the Hudson and Wood Creek, Washington County, and to estimate the expense of these canals. In September, 1791, Maj. Abram Hardenberg made such a survey and found the route easier than had been anticipated. In consequence the commissioners submitted a report early in January, 1792, asserting the practicability of financing the canals out of current income. Governor Clinton lent his support, and after consideration by a joint committee a bill was brought in on February 7, in accordance with the recommendations of the commissioners, for joining the Mohawk and Wood Creek.[3]

Meanwhile, in September and October, 1791, Elkanah Watson undertook a new journey of more careful inspection. Following Washington's example (1783) he kept a journal, and on his return submitted it to his fellow-townsman, Gen. Philip Schuyler, and published its substance anonymously in the *New-York Journal*.[4] Schuyler already had developed an interest in internal

[1] Watson, *History of the Western Canals*, 11–18, 85.

[2] Whitford, *N. Y. Canal System*, 28–30.

[3] Reports dated Albany, Sept. 5, Oct. 7, 1791, and Philadelphia, Jan. 11, 1792, in *American Museum*, x, App. III, 17, 30 (1791), xi, App. III, 2 (1792); Whitford, *N. Y. Canal System*, 30–32; Troup, *Vindication*, 20–23, App., 4–5.

[4] Watson, *History*, 19–21, 25–62; Troup, *Vindication*, 26–27, App., 14–27.

improvements of this nature; furthermore, he was wealthy and influential. He took up the enterprise warmly and carried out his assurances of earnest support.[1]

The recommendation of state construction was apparently not seriously considered. For a time it seemed as if the state bank promoted by New York City speculators would get the authority to build the proposed canals.[2] Thanks, however, to the open efforts of Schuyler (a member of the state Senate), effective lobbying by Watson, and the natural demise of the bank scheme, the commissioners' bill yielded to one drawn by Schuyler on more extensive lines; and this was pushed through much as the promoters desired.[3] On March 30, 1792, by "An Act for establishing and opening lock navigations within this State," corporate powers were bestowed upon two companies, respectively, "The president, directors and company" of the northern and western lock navigations "in the State of New York."[4] The northern company was to open the navigation from the Hudson at Troy to Lake Champlain, the western from the Hudson at Schenectady to Lake Ontario. Books were to be opened during May for subscribing one thousand shares, of no specified par, in each company.

April, 1792, was a very dark month in New York City, and May, though brighter, was far from being a good month in which to procure subscriptions.[5] A New York newspaper announced May 2:[6]

"Yesterday the books for the northern and western inland lock navigation were opened at the Coffee House, by Commissioners appointed by law for that purpose. From the respectability of the characters who have already subscribed, we have reason to congratulate our fellow-citizens in the prospect of the respective subscriptions being speedily and substantially filled."

[1] Lossing, *Philip Schuyler*, ii, 104, 467–471; Essay III, 421.

[2] See *supra*, 83.

[3] Troup, *Vindication*, 11–12, 19, App., 30; Schuyler to Watson, March 4, in Watson, *Memoirs*, 317–318. Cf. also Schuyler to Watson, May 20, in *ibid.*, 319, indicating that he was not entirely satisfied with the charter.

[4] *N. Y. Laws* (ed. 1887), iii, 326–329.

[5] See Essay II, chap. 7.

[6] *N. Y. Journal*, May 2, 1792; *N. Y. Magazine*, iii, 317–318 (May, 1792).

An anonymous correspondent (perhaps Elkanah Watson) was reported as saying that the "property of the first payment" would be enhanced fifty per cent, since the state would add $12,500, and that beyond the first instalment of $25 no further demand was likely to be made on the stockholders for two years. These were typical puffs. The true state of affairs was at first quite different. Elkanah Watson, returning from a trip to Philadelphia "in pursuit of Albany bank paper" (scrip), was present at the opening of the books, and records that in the first three days not a share was subscribed. Almost in despair, he set to work and induced his friend James Watson to subscribe twenty shares. After this subscriptions rolled in. Arrived in Albany soon after, he found the books had been open several days and no one had subscribed more than two shares. He at once subscribed seven shares in each company himself, and a little later, securing Schuyler's permission, subscribed for that gentleman ten shares in each. From this time the books here were better filled.[1] Robert Morris was also importuned for aid, and in June, notwithstanding his large interest in and activity on behalf of similar Pennsylvania projects, he generously offered "to open and push" the subscription in Philadelphia, besides subscribing himself.[2] Early in June the newspapers reported twelve hundred shares subscribed in New York City and two hundred and twenty-five elsewhere, making a total of more than the minimum (five hundred in each company) required before organization. Later in the month, when business confidence had again revived, the books were reopened for a few days.[3]

On July 27 organization of the western company was effected in Albany and Schuyler elected president.[4] It was announced that the work would be commenced immediately and completed "by spirited, active operations" within three or four years in-

[1] Watson, *History of the Western Canals*, 85–86, quoting Schuyler's letter of May 20.

[2] Morris to Watson, June 11, 1792, in Watson, *Memoirs*, 319–320.

[3] *Gazette of the U. S.*, June 13, *National Gazette*, June 14, 1792, citing Albany paper, June 4; *N. Y. Journal*, May 26, June 16, 1792.

[4] *National Gazette*, July 25, *Gazette of the U. S.*, July 25, Aug. 22, 1792; *N. Y. Magazine*, iii, 446 (July, 1792).

stead of in the two years earlier contemplated. Watson, elected a director in the western company, was appointed August 14 on a committee with Schuyler and Goldsbrow Banyer to examine the Mohawk River from Schenectady to Fort Schuyler. A Scotch engineer, Archibald Nesbit, had arrived in July and was called into consultation, as well as Moses De Witt, a surveyor, and one Lightall, a carpenter.[1] On September 1 a report was submitted to the directors, in which special attention was given to the serious problems in view.[2] The cost was estimated at £39,500 from Schenectady to Wood Creek. A saner view was urged upon those who, since the act of incorporation limited the dividends to fifteen per cent of expenditures, believed that "the higher the expense, the greater will be the profit to the stockholders; and that, therefore, the improvements should be made in the completest manner, that is, on the most expensive scale." It was asserted that experience would show such a policy contrary to both the interest and the reputation of the company, and that the existing traffic going by land would pay no more than legal interest on the sums required for the complete improvements; and alterations in the charter permitting the completion of only part of the enterprise at first were suggested. Strict economy was regarded as essential, even to the necessity for building wooden locks instead of more substantial ones.

The problem of direction was recognized as fundamental, and the committee recommended

"that the executive of the business should be committed to a single directing head, to a man of known and acknowledged abilities, of a mind so comprehensive, as to combine and form all the arrangements, with a minute detail of each part; capable of foreseeing what will be wanting in future, that the supplies may be prepared, without incurring that extra expence

[1] Watson, *History of the Western Canals*, 22; Munsell, *Annals of Albany*, iii, 154; Comfort Sands to Schuyler, July 20, 1792, in *Schuyler Papers* (*Calendar*, ii, 54); Boudinot to Hamilton, Aug. 16, 1792, in Hamilton, *Works*, v, 520.

[2] The report was published in Albany in pamphlet form and is reprinted in *Doc. Hist. of N. Y.*, iii, 1086–1103; an inadequate summary is in Watson, *History of the Western Canals*, 92. Watson had estimated in 1791 that it would cost $200,000 to open lock navigation from the Hudson to Seneca Lake: *ibid*, 92. Cf. *ibid.*, 22, where Watson mentions differences of opinion between himself and Schuyler, Watson being against the policy of wooden locks.

which ever attends collections made on the spur of the occasion; In short, a man, who if he has not had practical experience, has activity, ingenuity and judgment sufficient to compensate in a degree for that defect — so capable of profiting by experiment, that the artists, whom he superintends, may not injuriously impose on the company."

The committee realized that such a treasure would be hard to secure; they pointed out that "A person who has had practical experience in making Canals and locks, would be a valuable acquisition, but such person may not be attainable in this country." Unlike their Pennsylvania contemporaries, they did not urge securing one from abroad and looked forward to securing a "good all-round American." They believed, however, that such a general superintendent could pick two or three ingenious, intelligent, and well-informed carpenters to inspect "with a critical and close attention" the Pennsylvania and Virginia canals and locks already built. As a result the company worried along until May, 1795, without any capable engineer, and Schuyler, untrained as an engineer, attempted to superintend the entire operations of both the western and northern companies.[1]

The stockholders met September 11, agreed upon plans for construction, decided as well that the books should be reopened during November and December to secure the full one thousand shares, and in view of the small attendance at this meeting voted henceforth to allow proxies. Under date of September 17 advertisements were inserted in the newspapers for forty carpenters in four companies, ten masons in one company, five miners, one blacksmith, two lime burners, and two hundred able-bodied laborers in eight companies, on terms stated.[2] The legislature, by acts of Dec. 22, 1792, and March 9, 1793, made modifications in the charter at the request of the company, easing the terms as to depth of water and size of locks, and empowering the companies to use surplus water for manufacturing and irrigation purposes,[3] passing the act over the

[1] Cf. "Tacitus," *The Canal Policy of the State of N. Y.* (Albany, 1821), 17.

[2] *Daily Advertiser* (N. Y.), Oct. 2, 1792; *Conn. Courant*, October 22. See also *Doc. Hist. of N. Y.*, iii, 1101; Munsell, *Annals of Albany*, iii, 195.

[3] *N. Y. Laws* (ed. 1887), iv, 394, 453.

objections of the Council of Revision, which thought it too liberal — "inconsistent with the spirit of the Constitution and the public good." [1] Work was begun in April, 1793, at Little Falls with nearly three hundred laborers; in the summer Wood Creek was cleared of fallen timber, straightened, and shortened by seven miles; [2] and an additional instalment of $25 was called for from stockholders.

Difficulties appeared without delay. Many of the stockholders neglected to pay the requisition (and later ones as well), "either because they had not the means to supply such advances, or from an apprehension of the impracticability of succeeding in the operation." Forfeiture of shares was an ineffective resource. Landowners made high demands for damages, and the local juries impanelled generally allowed them, to the financial injury of the company. Opposition of the residents, shortsighted though it was, was annoying and worse. Some opposition also arose from persons who feared reputations would be gained by those prosecuting the improvement! The method of operation through superintendents opened opportunities for fraud, of which advantage was liberally taken.[3]

These difficulties led to the stoppage of the work in September, 1793, and permitted it to be recommenced but feebly in January, 1794. The legislature was appealed to for aid, given an expense estimate of $126,925, and informed that of the 743 shares subscribed in the western company and 676 in the northern, about 240 in each had been forfeited for non-payment of calls.[4] The assembly responded nobly and on March 31, 1795, directed a subscription of 200 shares on account of the state. A donation of $12,500 was added.

In May, 1795, work was recommenced, and William Weston, the English engineer whom Robert Morris had secured for the

[1] Street, *The Council of Revision*, 301–302.

[2] Whitford, *N. Y. Canal System*, 37.

[3] "Tacitus," *Canal Policy*, 17; Report of Directors to the Legislature, Feb. 16, 1798, p. 4; *Schuyler Papers*, esp. Letters on Canals, 1793–94; and blank petition and memorandum in *Ford Collection* (New York Public Library). The *Schuyler Papers* contain material which has not been fully utilized by historians of the canals.

[4] Whitford, *N. Y. Canal System*, 37–38; Munsell, *Annals of Albany*, iii, 163.

Pennsylvania improvements (which now released him), was employed to superintend the work at the Little Falls and to examine the whole line. Delays were encountered in securing workmen and blamed on "the very high price of agricultural produce creating a most extensive demand for labor," but on Nov. 17, 1795, boats were afforded passage through a canal 4752 feet long and three feet deep, and five locks, at Little Falls. In the spring of 1796 operations were begun at Fort Schuyler. The legislature, by acts of April 11, 1796, and March 17, 1797, loaned to the company £15,000 and a ton and a half of powder and authorized it to borrow $250,000 more. Thus aided, a canal one and three-fourths miles long, forty-seven and a half feet wide, with two locks, was opened Oct. 3, 1797, permitting the passage of boats from the Mohawk to Wood Creek. Work in clearing Wood Creek to the Mohawk, cutting a canal at German-Flatts, building the guard locks and a dam were continued till the end of 1799, when they were regarded as complete.

By 1798 £60 had been assessed on each share and $39,950 had been borrowed (mostly from the state). Up to 1804 the company had received from private stockholders $140,000, besides $25,494 from sales of forfeited shares; from the state $92,000 on account of its shares and the $12,500 donation.[1] The entire revenue from 1799 to 1813 was absorbed by repairs and improvements. A dividend of three per cent was paid in May, 1799, and from 1813 to 1818 dividends averaging 4½ per cent were paid. Then the company succumbed to the competition of the newly opened eastern section of the Erie Canal.[1]

The northern company attracted less interest. Because of the paucity of shares represented, stockholders' meetings were postponed from July to August, from August to September, from September to October.[2] In October, however, a committee laid out the northern route, and advertisements for contracts were

[1] Whitford, *N. Y. Canal System*, 37–39. 1798 Report, 4–7, 9–28; *Ibid.*, "Tacitus," *Canal Policy*, 16; *N. Y. Laws* (ed. 1887), iii, 719, iv, 45; Munsell, *Annals of Albany*, iii. 178, iv, 309–313; Watson, *History of the Western Canals*, 92–94.

[2] *Daily Advertiser* (N. Y.), Sept. 25, 1792.

published.[1] Work was begun in 1793, at Whitehall and between Waterford and Stillwater, and a contract made for opening the navigation of northern Wood Creek to Lake Champlain.[2] Only six hundred and seventy-two shares had been subscribed, however, and as the expense was estimated at $225,000, stockholders held back from paying the second instalment of $25, conceiving that $335 per share would bankrupt them. Their hopes were revived by plans for appealing to the state legislatures of New York and Vermont for donations or subscriptions, and many paid up. These appeals were duly made in the fall of 1793.[3] The Vermont legislature was interested, but laid the matter over till the next session; by that time the work had been suspended and the appeal seems not to have been renewed. The petition of the company to the New York legislature was answered by the favorable act of March 31, 1795, which directed a subscription of two hundred shares in this as in the other company. The act of April 1, 1796, furthermore, directed the company to employ an able engineer to report on the opening of navigation from Albany to the mouth of Meadow Creek (north of Troy), and authorized a donation of £3000 for the work, if it would not cost more than £4000 and £1000 were raised by voluntary subscription. A similar provision was made for improving the river from Meadow Creek to Mill Creek, where the company was to begin. The company accordingly made strenuous efforts to prosecute its work. In October, 1796, Schuyler appealed anew to Vermont for help, reporting the determination of the directors "to recommence their operations in the ensuing year, and to prosecute, with all possible celerity, the improvements in the internal navigation," now estimated to cost $300,000, — a sum inconsiderable compared with the advantages in prospect, but "nevertheless, so extensive, as not to be raised, without much embarrassment to many of the original subscribers . . ." He requested

[1] *N. Y. Journal*, Oct. 20, 1792.

[2] Whitford, *N. Y. Canal System*, 37; "Tacitus," *Canal Policy*, 16. Whitford says this was partially cleared in 1794.

[3] Schuyler to Governor Chittenden of Vermont, Oct. 17, 1793, in *Records of the Governor and Council of Vt.*, iv, 448–450.

the subscription by the state of fifty of the remaining one hundred and twenty-eight unsubscribed shares and the payment of $50 on each, with the assurance that the further calls would probably not amount to more than $250 per share. A committee reported favorably; the legislature was again interested, but it was cautious; and the utmost it would do was "to enable such towns as, from a spirit of liberality and enterprise, shall have a wish to become stockholders in said company, to tax themselves for the purpose." [1] Failing here, and despite New York's hearty support, the enterprise was soon abandoned, some $100,000 having been sunk in vain.[2]

In New York, therefore, as in Pennsylvania, the principal efforts at improving navigation came to little. The projects were premature, poorly planned, inadequately financed, ill-managed, — foredoomed to failure.

Among the important New England projects the improvement of the navigation of the Connecticut ranked high. Unlike the southern predecessors, the New Englanders did not attempt to accomplish the whole task by a single company. In all some seven companies were incorporated by the end of 1800 for removing obstacles, deepening the channel, or building short lock canals at various points on the river.

The first company to begin and complete its project was incorporated in February, 1792, by Massachusetts, as *the Proprietors of the Locks and Canals on Connecticut River*, to overcome the principal obstructions to navigation in Massachusetts. The company was composed largely of leading men in the Connecticut valley, including John Worthington and Jonathan Dwight of Springfield, John Williams of Deerfield, and Benjamin Prescott, a Northampton engineer. Christopher Colles of New York was secured to make the preliminary surveys, in 1792, at South Hadley and at Montague. With the assistance of Stephen Higginson of Boston, about one-fourth of the stock was sold to four Amsterdam firms in 1793, and some

[1] *Vt. Council Recs.*, iv, 450–452, quoting Schuyler's letter of Oct. 10, 1796, committee report, and act. [2] Watson, *Western Canal*, 94.

five hundred and four shares were subscribed. The necessary lands were purchased in this year, and on April 20, 1793, construction was begun at South Hadley under Prescott's direction. The work here was dedicated in the autumn of 1794 and opened for traffic the following spring. In 1795 over $3000 was collected in tolls. Nearly $200,000 was expended.

Work was begun on the canal on the upper river, at Montague Falls, in 1793. In February, 1794, however, this work was handed over to a separate company comprising most of the earlier shareholders except the Dutch capitalists, who may have insisted on the division. The Montague section of the canal was completed in 1794, and the section at Millers Falls, after considerable delay, in 1800. Four hundred and forty-one shares were issued, and at least $90,000 seems to have been spent here, perhaps as much as $150,000. The first year's tolls amounted to nearly $3800.

The early years of these canals were not highly profitable. Expenses had been greater than anticipated, while receipts proved smaller. Litigation following the erection of the first dam and its reconstruction for sanitary reasons was disconcerting. The Dutch investors, after paying in $153 in assessments, refused to pay more, and their stock was sold at auction for $80 per share (the last in 1804). Other stockholders also sold out. Eventually, however, the tolls returned the patient stockholders gratifying dividends. The upper company dividends in 1806–20 averaged $4\frac{1}{2}$ per cent. In 1820 its stock sold at $200, and that of the lower at $280.[1]

Late in 1791 Col. Enoch Hale, who in 1785 had built the first bridge over the Connecticut, at Bellows Falls, Vt., planned and began work on a canal to carry boats around these falls.[2] He may have been acting for a group of associates headed by

[1] W. De Loss Love, "The Navigation of the Conn. River," in *Am. Antiq. Soc. Proc.*, New Series, xv, 406–412; Edwin M. Bacon, *The Connecticut River and the Valley of the Connecticut* . . . (New York, 1906), 311–314; Thompson, *History of Greenfield*, i, 293, 518; Mason A. Green, *Springfield, 1636–1886* (Springfield, 1888), 351–352; *Boston Gazette*, Feb. 6, 1792; *Columbian Centinel*, Oct. 15, 1796; Pitkin, *Statistical View* (1835), 563; *Report of Inland Waterways Com.*, 205; Dwight, *Travels*, i, 321–324, ii, 352–353.

[2] *Mass. Magazine*, iii, 783 (December, 1791).

Gen. Lewis R. Morris of Springfield, Vt., and Dr. William Page of Charlestown, N. H., who had on October 31 secured an act from Vermont providing for their incorporation as *the company for rendering Connecticut river navigable by Bellows falls, at Rockingham*, with a perpetual exclusive privilege. New York capitalists also were interested in this venture.[1] Nothing material was accomplished, however, and late in 1792 a new charter was granted the associates in Vermont, and the equivalent of one was secured from New Hampshire as well.[2] The earlier act had required completion within four years, or forfeiture unless every exertion was being used to complete it; the second act called for completion by Nov. 1, 1803. Only eighteen shares were issued, and most of the capital actually employed was furnished by a wealthy Londoner, Hodgson Atkinson. Progress was slow, partly because of the rock formation, though the engineering problem was not great. Expenses proved greater than the original estimate, and the legislature granted requests for increases in tolls in October, 1795, and November, 1798. The total cost came to over $100,000. The canal, less than half a mile in length, with seven or eight locks, was probably opened in 1798 and was in full operation in the fall of 1802. In 1826 the property was valued at $70,000. It continued to be used till 1865, but as a business venture proved a disappointment.[3]

In June, 1792, *the proprietors of the White River Falls Bridge* were chartered by New Hampshire with authority to lock the falls and cut canals to improve the navigation of the Connecticut "between the Mouth of Mink brook in Hanover and the Eddy below the lower bar of White River falls in Lebanon." Vermont's tardy assent was given Oct. 2, 1795. The bridge was built; nothing, however, was done on locks and falls until after 1810, and then by a new company.[4]

[1] See Essay II, 277, 326.

[2] *Vt. Council Recs.*, iv, 448; *N. H. State Papers*, xxii, 622, 683.

[3] Bacon, *Connecticut River*, 311, 314; Thompson, *History of Greenfield*, i, 518; *Vt. Laws* (ed. 1798), 80–86; *Vt. Session Laws*, Nov. 7, 1798, pp. 116–117; Love, *Conn. River Nav.*, 413; *Report of Inland Waterways Com.* (1908), 59; Dwight, *Travels*, ii, 94–95.

[4] *N. H. MSS. Laws*, vi, 541 (*Index*, 580); *Vt. Session Laws*, Oct. 2, 1795; Lord, *Dartmouth College*, 631–632, 654–655; Love, *Conn. River Nav.*, 414.

The Company for rendering Connecticut River navigable by Water Queche Falls secured charters from Vermont in October, 1794, and from New Hampshire nearly two years later. Eventually some $60,000 was expended here, and a short, narrow canal put in operation. In 1826 the works were valued at $26,000 and were not regarded as being in satisfactory condition.[1]

The Union Company was incorporated in October, 1800, to make a six-foot channel between Hartford and Middletown, Conn., where sandbars interfered materially with trade. The work was sufficiently completed by March, 1806, to justify the company in taking tolls. By this time, however, the competition of the turnpike roads was causing a diminution of the river traffic, which reached its high point in 1805; and while its works were somewhat used, the company did not prosper. Up to 1835 it had expended $45,000. It died quietly at the expiration of its charter in 1866.[2]

In May, 1792, an association was formed in Newburyport to render the Merrimac River navigable to the New Hampshire line,[3] and on June 25 the legislature chartered *The proprietors of the Locks and Canals on Merrimack River*[4] for this purpose. The company was duly organized, but without great financial strength. In October, 1794, they issued "To the Inhabitants of the Towns bordering on or near the River Merrimack" a broadside calling for voluntary subscriptions to build the works.[5] The newspapers of 1793 to 1796 indicate the levy of several assessments of $4, $5, $8, and $9 on the proprietors, and there were doubtless others amounting in all to about $100 on each of the five hundred shares.[6] The most that was accomplished was the opening of a short channel Oct. 18, 1796, to let lumber

[1] *Vt. Session Laws*, 26–33; *N. H. MS. Laws*, x, 213 (*Index*, 570); Love, *Conn. River Nav.*, 413–414; *Preliminary Report of Inland Waterways Com.*, 205.

[2] Love, *Conn. River Nav.*, 398–400. Timothy Dwight (*Travels*, i, 236) reports it as having a capital of $80,000. The company's manuscript records are in the Connecticut Historical Society library.

[3] *Mass. Magazine*, iv, 342 (May, 1792).

[4] *Priv. and Spec. Stats.*, i, 382; *Columbian Centinel*, June 23, 1792.

[5] *Amer. Antiq. Soc. Proc.*, New Series, xi, 514 (April, 1897).

[6] *Columbian Centinel*, June 19, 1793, Aug. 23, 1794, May 27, Sept. 19, 1795, Oct. 8, Dec. 3, 21, 1796.

and firewood come around Pawtucket Falls, leading into the Concord River, thence into the Merrimac at Lowell, at a cost of perhaps $50,000. On this construction, despite the Middlesex Canal competition, dividends averaging around 3½ per cent were secured up to 1820. Thereafter the canal was relied upon to furnish water power for the rising manufacturers of the town, and as such it has continued in existence.[1]

The Middlesex Canal was an important project born of the speculative year 1792.[2] The object of this enterprise was to tap the timber lands of New Hampshire, to furnish an outlet for the agricultural products of much of Massachusetts as well as New Hampshire and Vermont, and to make possible the economic utilization of the water powers of those states. Preliminary surveys were made by Samuel Thompson in the summer of 1792, which, though they proved later to be exceedingly inaccurate on a vital matter of levels, convinced the projectors of the practicability of a canal to connect the Merrimac River at Chelmsford (now Lowell) with the Mystic at Medford. A meeting was held early in 1793, attended chiefly by residents of Medford, but also by a few other men who became of more importance to the enterprise. Such were Loammi Baldwin of Woburn, sheriff of Middlesex County, and James Sullivan of Boston, who later built the Boston aqueduct and was now prominent in the West Boston Bridge Company and attorney-general of the state. A committee appointed by this meeting had little difficulty in securing a charter from the General Court, approved June 22, 1793.[3]

The first board of thirteen was designated in the charter, and from it Sullivan was soon elected president and Baldwin vice-president. These two supplied the initiative, influence, and persistence requisite for the arduous task of building the canal.

[1] *Columbian Centinel*, Oct. 8, 1796; Ringwalt, *Amer. Transp. Systems*, 41; Drake, *Hist. of Middlesex County*, i, 190, 376, ii, 54; Hurd, *Hist. of Middlesex County*, ii, 5; Lyford, *Hist. of Concord*, ii, 834. The *Report of the Inland Waterways Commission* says the canal was abandoned in 1850.

[2] For this account the writer is largely indebted to one of his students, Mr. W. R. Harper, A. B. (Harvard), 1916, who has examined a large part of the manuscript and pamphlet material relating to the canal.

[3] *Priv. and Spec. Stats.*, i, 465–470.

The services of William Weston, the English engineer whom Robert Morris had imported for the Pennsylvania canals, were secured temporarily in the spring and summer of 1794 and his plan for a route was adopted. Most of the necessary land was acquired without the exercise of the right of eminent domain, and even where this right was utilized the company seems to have escaped the local hostility which dogged its Pennsylvania contemporaries.[1] Work was begun Sept. 10, 1794. The eight hundred shares seem to have been subscribed with considerable promptness. Shareholders were called upon for a total of $580,000 in one hundred different assessments, of $2.50 to $10 each (most commonly $5), beginning January, 1794, and continuing with frequency till February, 1805, and infrequently thereafter.[2] By this means a total of $170,000 had been raised up to January, 1800,[3] and $55 per share was called in during this year. At this time an increase of toll rates was requested and quickly secured, in view of the "great discouragements and embarrassments" which had arisen, and in order to retain the confidence of "persons of property." Doubtless for the same end charges for lockage were authorized by act of March, 1803.[4] The courage of the investors is quite exceptional for the period and implies no mean tribute to the leading figures in the company. Shares were indeed occasionally forfeited, but here the policy of selling forfeited shares succeeded as had not been the case elsewhere.

The construction eventually involved a length of over twenty-seven miles, with twenty locks, seven aqueducts (the longest one hundred and thirty-seven feet), and forty-six bridges. Contracts were awarded for short stretches, and the contractors

[1] Caleb Eddy, last agent of the corporation, states in a memorandum attached to the book of deeds that one hundred and one of the one hundred and forty-two pieces of land acquired were by "warranty deed" and only sixteen under the special authority of the charter. Prices ranged from $25 to $150 per acre.

[2] The newspapers print the "calls," but an entire list, with dates and amounts, is given in Caleb Eddy's *Historical Sketch of the Middlesex Canal* (Boston, 1843), 22–23.

[3] As stated in petition for increase of toll in *Mass. Archives*, c. 35 (1799).

[4] Acts of Jan. 25, 1800, and March 2, 1803; *Priv. and Spec. Stats.*, ii, 342, iii, 131.

worked under the general supervision of Loammi Baldwin, who for a number of years devoted himself largely to the enterprise. Certain "unanticipated difficulties" were encountered, as usual, and the company made the mistake of the Potomac company in building locks of wood which had to be replaced at heavy expense; but taken as a whole the cost and difficulty of the work did not greatly exceed the expectations of the promoters — a most unusual event. Without appreciable intermission the work was continued till in the spring of 1802 water was admitted between the Merrimac and Woburn and a raft of lumber floated down. Independence Day of this year was celebrated by a pleasure voyage along the canal. Before the end of the year the canal was completed to Medford, and in 1803 an additional stretch connected the Mystic with the Charles.

The distinction of the Middlesex Canal lies in the facts that its proprietors persisted in their efforts over a period of several years, its shareholders paid their assessments, it was actually completed and for a number of years was successfully operated. Eventually, however, the coming of the railroad threw the entire canal investment on to the scrap heap, and it is doubtful whether the financial return justified the outlay of the capitalists interested.

The enterprises above described include all of the principal canal undertakings which were floated prior to 1801. In nearly every instance the difficulties, the time, and the cost of construction proved materially greater than had been anticipated. Practically all of the companies encountered delays. Several abandoned their projects after sinking more or less capital. Only two or three attained their objects before the century closed. Most of the others had opened a small part of their projected works, and were struggling to complete them. Only a very small number could be called financially profitable, even after the lapse of another decade or two; a much smaller number yielded profits sufficient on the whole and in the long run to warrant the investment; and it is gravely to be doubted whether incidental benefits from the construction contributed materially to outweigh capitalist losses.

Looking back on the experiences of these companies, one sees how wide of the mark were the able and enthusiastic advocates of these improvements. Patrick Henry wrote Washington in November, 1785, apropos of the Dismal Swamp and other Virginia projects then beginning: "nothing more is necessary in this canal business, than giving a proper Direction to the Efforts which seem ready for Exertion." Washington responded in the same vein: "These measures only require a beginning to show the practicability, ease and advantage with which they may be effected."[1] Even such cool and able men as these — and there were many others who felt similarly — were exceedingly poor prophets on the subject of canals. The fact was that, as repeatedly in later years, canals exerted a fatal fascination. Almost invariably expenses were underestimated, obstacles minimized or overlooked, prospective income exaggerated. Labor difficulties no doubt were removable, given time; poor management might have been replaced as experience developed able men; technical skill could have been imported or developed; but utterly inexact notions of the problems involved led to premature enthusiasm, disappointment, and waste.

A few other major canal projects, for some of which charters were secured but upon which no work was done, may be mentioned somewhat more briefly.

As early as the summer of 1776 a committee of the Massachusetts General Court, headed by James Bowdoin, had the isthmus between Barnstable Bay and Buzzards Bay surveyed by an experienced English engineer, Mr. Machin, and reported that a navigable canal cutting this isthmus was practicable and would be of great advantage. Because of the large expense, estimated at £32,148 1s. 8d., they recommended the project to the Continental Congress.[2] The scheme was revived with vigor early in 1791, and a lottery was urged to provide funds for it.[3] Objections were raised on the score of expense — now cal-

[1] Henry, *Patrick Henry*, iii, 335, 338.

[2] Report of committee reprinted in *Mass. Magazine*, iii, 26–27 (January, 1791). Cf. Frederick Freeman, *History of Cape Cod* . . . (Boston, 1860), i, 333, for mention of a committee appointed to view a route, in 1697.

[3] *Columbian Centinel*, Feb. 9, 1791.

culated as £20,000 to £30,000, — the difference in the tides in the two bays, necessitating a double lock at each end, and the likelihood of its being closed in the winter.[1] Respectable merchants and others petitioned the General Court for a new examination of its feasibility,[2] and a legislative committee reported in February, 1792. The outcome was a resolve of the legislature, March 8, to the effect that the legislature was willing to grant toll to any who would undertake to build it, and this fact, together with the report of the committee, was advertised.[3] Private capital, however, was unwilling to venture, and the project at once lapsed.[4]

On Feb. 17, 1792, the General Court received "a petition of Henry Knox and others, praying for the privilege of opening a navigable canal from *Connecticut River*, to the waters surrounding the town of *Boston*," and four days later a bill to incorporate Knox, John Coffin Jones, David Cobb, Benjamin Hichborn, and Henry Jackson, Esquires, and such others as might associate with them for this purpose, passed its first reading. On March 10 the bill was approved incorporating *The Proprietors of the Massachusetts Canal*.[5] Worcester citizens were especially interested. Surveys were made in the summer of 1792 and a favorable route discovered.[6] But again capital was wary and the company was not floated.[7]

In 1792 a subscription was opened in Portsmouth, N. H., for connecting "Winnepesscoke pond" with the Cocheco River. It was probably the same scheme for which a charter was secured in 1795 to the *Proprietors of Winnepesaukee and Merrimack Canal*. For neither could the requisite capital be raised.[8]

[1] "P. Q.," writing from Boston, Jan. 18, 1791, in *Mass. Magazine*, iii, 25–26 (January, 1791).

[2] *Columbian Centinel*, Feb. 16, March 12, 1791.

[3] *Independent Chronicle*, March 15, 1792.

[4] Cf. *Columbian Centinel*, Feb. 28, 1798, for references to literature then extant on the subject.

[5] *Ibid.*, Feb. 22, March 14, 1792.

[6] *Daily Advertiser* (N. Y.), July 21, 1792.

[7] A large number of letters and other documents relating to this project are in the *Knox Papers*, Massachusetts Historical Society.

[8] *Mass. Magazine*, iv, 470 (July, 1792); *N. H. MS. Laws*, ix, 265 (*Index*, 588). Dwight (*Travels*, i, 406) says that the shares of the latter were subscribed in 1796.

As early as 1784 a canal was projected by Ira Allen of Vermont to connect Lake Champlain and the St. Lawrence, and at his instance, in 1785, the Governor of Canada had a survey made, from which the expense of a canal was estimated at £27,000 sterling. Several times between 1789 and 1798 efforts were made to get capital for this undertaking, but the project proved too audacious to be attractive, and no very earnest efforts to secure a charter were made.[1]

Early in 1796 John Brown, merchant, congressman, and bank president of Providence, pushed a scheme for a canal to connect Providence and Worcester. The Rhode Island legislature granted a charter in February for *The Proprietors of the Providence Plantations Canal*, and in April, 1796, before much progress had been made on the Middlesex Canal, subscriptions were opened in Providence. John Brown alone was reported to have subscribed $40,000. Application was made to the Massachusetts General Court for a similar act. This was refused, probably due to the influence of Middlesex Canal interests, and the project was not again taken up until 1823.[2]

In 1796 surveys were made by Benjamin Prescott, lately engineer for locks on the Connecticut, for a canal to open the navigation between Lake Erie and Lake Ontario, at Niagara, and the expense was estimated at $623,000. A company for the purpose was incorporated April 5, 1798, through the efforts of Prescott, Elkanah Watson, Charles Williamson (agent of Sir William Pulteney in the Genesee country), and Thomas Morris, and the company organized in January, 1799. On closer examination it was decided that immediate construction was economically inadvisable, on account of the smallness of the traffic available. Benjamin Latrobe was engaged to resurvey the route, but his work did not change the opinion earlier formed, and the enterprise died in infancy.[3]

Cf. also Lyford, *History of Concord*, ii, 834; *N. H. Town Papers*, xii, 559–560; and J. Q. Bittenger, *History of Haverhill, N. H.* (1888), 192–193, for other schemes, larger and smaller, which were not very seriously considered before 1800.

[1] Ira Allen's *History of Vermont* (1798), reprinted in *Vt. Hist. Soc. Collections*, i, 333, 472, 477–480; *Vt. Council Recs.*, iii, 407–420.

[2] Staples, *Annals of Providence*, 366–367; *Columbian Centinel*, April 9, 1796.

[3] Troup, *Vindication*, supplement, 5–6; Watson, *History of the Western Canals*,

In April, 1793, Pennsylvania chartered a company to open a canal and lock navigation in the Brandywine creek, up the east and west branches from their junction to points where the Philadelphia and Lancaster turnpike crossed them and beyond. Delaware passed a similar act in June. A capital of $300,000 was authorized. Commissioners, appointed to make a survey and a plan of the canals, made report to the legislature early in 1795, and the assembly approved the route selected. But capital was not forthcoming, and letters patent were never taken out.[1]

Finally, it will be recalled that the New Jersey manufacturing society, incorporated in 1791, had embodied in its charter the equivalent of a canal charter, under which it might legally even have connected New York and Philadelphia by waterway, to give outlet to its products. An extensive canal of general importance never figured largely, however, in the Society's plans, and difficulties in securing capital, coupled with disappointments in manufacturing operations, effectually checked any possibility of developments in the canal field.[2]

Besides these enterprises of considerable magnitude and importance there were a great number of smaller ones of purely local significance. Some of these secured charters, and in the regulations respecting the others one sees a number of varying pre-corporate forms.

The state which shows the greatest number of acts relating to internal navigation at this time and the greatest variety of forms of organization for this purpose is North Carolina. Its only canal enterprises of larger size and importance were the Dismal Swamp and Catawba-Wateree enterprises, in each of which another state was equally or even more concerned. Internal problems of communication were serious, and for many years water communication received special attention. Acts

99–100. The company's charter allowed the issue of negotiable promissory notes, specifying "the particular service or article for which they are given," to an amount not more than double the paid-in capital.

[1] *Pa. Stats. at Large*, xiv, 412–426, xv, 19–20, 222–224; *Del. Laws* (ed. 1797), 360; Hazard, *Register of Pa.*, ii, 296.

[2] See Essay III, esp. 385.

"for cutting a canal," "for opening the navigation," "to facilitate the navigation," and the like were very numerous. Different types of corporations, as well as various subcorporate organizations, were made use of. A few instances will make this reasonably clear.[1]

In 1789 commissioners were appointed to receive voluntary subscriptions and to make contracts for opening a canal from Juniper Bay to Mattamuskeet Lake, in Hyde County, in order to drain the neighboring lands; but no corporate powers and no rights of eminent domain were accorded.[2] In 1791, upon receiving representations that the navigation of New River was obstructed by small sandy shoals at the mouth, which could be readily removed, and that the local inhabitants had made subscriptions for that purpose, certain persons were incorporated as *Commissioners of the New River navigation*, with power to receive and apply subscriptions to the purpose in view, returning any "overplus" to the subscribers, subject to accounting to the county court "for the money and other articles by them received."[3] Other companies which were similarly incorporated but given no right to take tolls, and which cannot be classed as business corporations, were: *The Cape-Fear Company*, 1792;[4] *The Yadkin Company*, 1793;[5] *The Yadkin Company*, 1796;[6] *The Yadkin Pedee Company*, 1796;[7] *The Hico Company*, 1796;[8] *The Cataba Company*, 1797.[9] In the same year, 1791, other commissioners were appointed, but not incorporated, "for overseeing, designing, and laying out" a navigable canal from Adams's Creek to North-river, receiving and collecting subscriptions and employing powers of eminent domain as needed in the execution of their plans; the canal to be forever for public use free of toll.[10] Other commissioners were appointed to collect a

[1] See esp. *Laws* (Iredell-Martin ed.), ii, 102, for 1796 titles.
[2] *Session Laws*, 31, c. 513. Replaced by act of 1792, in *ibid.*, 16–17, c. 27.
[3] *Ibid.*, 22, c. 40.
[4] *Ibid.*, 14–15, c. 22. Cf. *Mass. Magazine*, iv, 59 (January, 1792).
[5] *Session Laws*, 16, c. 33. Repealed as disagreeable in 1794: *ibid.*, 19, c. 39.
[6] *Ibid.*, 37–38.
[7] *Ibid.*, 32–33, c. 33.
[8] *Ibid.*, 39–40.
[9] *Ibid.*, 7–8, c. 20.
[10] *Ibid.*, 25, c. 49. Cf. Commissioners of the Swan River Canal: *ibid.*, 1795, p. 23.

"tax" on specified articles conveyed down the northwest branch of Cape Fear River and to apply the sums thus received to the improvement of its navigation.[1] Trustees were appointed, in 1792, to clear the Roanoke and Dan rivers, with power to compel labor, the persons so working to be exempt from military duty.[2] In some instances such trustees were given the right to collect tolls as well.[3]

There were also several small canal companies which were truly business corporations. Thus the *Fayetteville Canal Company* ($10,000) was chartered in 1790 by "an act to make Cross Creek navigable," a purpose had in view by earlier acts which created no corporation.[4] *The Clubfoot and Harlow's creek canal company* was chartered in 1795, for a purpose for which one act had been passed as early as 1783 and another in 1792.[5] In 1796 there were *The Roanoke Navigation Company* ($80,000), *the Roanoke and Pungo Canal Company* ($60,000), *The Deep and Haw River Company* ($8000), *The Yadkin Canal Company* ($80,000), and *The Tar river Navigation Company* ($15,000).[6] Doubtless the demand for corporate privileges for these purposes and for other acts for the same ends which did not grant corporate powers, also especially numerous in 1796, was responsible for the act of this year providing for the creation of local companies for such purposes without appealing directly to the legislature.[7] As noted above, the writer believes this is not be to regarded as granting freedom of incorporation, and the companies formed under it were probably not corporations proper. For many purposes it was doubtless the equivalent. How much use was made of the act does not appear. Certainly during the next few years there are fewer special acts on the subject, and apparently only one other, the *Union Canal Company* (1798, $60,000), was chartered on the model of those of 1796.[8]

[1] *Session Laws*, 30, c. 68. Repealed, in 1794 (p. 23, c. 52) when "found a grievance." [2] *Ibid.*, 16, c. 26.

[3] *Ibid.*, 1794, p. 37; 1795, p. 28.

[4] *Ibid.*, 21–22, c. 32. Cf. *ibid.*, 1793, p. 17, c. 35, and 1799, p. 20, c. 44, extending the time for completion.

[5] *Ibid.*, 1795, pp. 15–17, c. 23; *N. C. Laws* (Iredell-Martin ed.), ii, 340–341; *Session Laws*, 1792, p. 16, c. 25. Cf. the act of 1797, c. 5.

[6] *Session Laws*, 10–34. [7] See *supra*, 18–19. [8] *Session Laws*, 22–23, c. 40.

Virginia's activities, except with the large companies already mentioned, were quite similar to those of North Carolina. Here in October, 1783, trustees were appointed to receive subscriptions in money, hemp, tobacco, or flour, to contract with persons for clearing the James River between certain points, and to collect specified tolls on tobacco, hemp, and flour, to be applied toward repaying principal and interest of the subscriptions.[1] A similar act three years later made similar provision relating to the Chickahominy, and another of Dec. 10, 1787, for Willis's River in Cumberland County.[2] An act of Dec. 17, 1787, declared the subscribers for extending the navigation of the Appomattox River to be tenants in common of the canal, etc., and for their benefit vested the works in self-perpetuating trustees. A later act required the trustees to lay their accounts before the county courts.[3] Acts of May, 1783, October, 1784, and December, 1790, appointed Roanoke River Trustees with similar duties.[4] In December, 1791, the Banister River Trustees were provided for.[5] Just such groups of trustees for subscribers as tenants in common were sometimes incorporated. Such were *The Mattapony Trustees* (1788)[6] and *The Pamunkey Trustees* (1789).[7] *The Appamattox Company*, on the other hand, was incorporated late in 1788, with president and four directors, a capital of two hundred shares of £50 each, etc., much like the Potomac and James River companies. Rechartered in 1800 with a capital of £6000, this company eventually opened a navigation of a hundred miles.[8] The several later companies in Virginia were mainly of one or another of these two classes.

Generally similar conditions with respect to improvements, chiefly without resort to business corporations, obtained in

[1] *Stats. at Large* (Hening), xi, 341–342.
[2] *Ibid.*, xii, 382–384, 583–587.
[3] *Ibid.*, xii, 591–595, xiii, 153, 568–570.
[4] *Ibid.*, xi, 250–252, 508, xiii, 193–194.
[5] *Ibid.*, xiii, 278–279.
[6] *Ibid.*, xii, 698–700; cf. also acts of 1784 and 1791, in *ibid.*, xi, 530–532, xiii, 286–288.
[7] *Ibid.*, xiii, 73–76.
[8] *Ibid.*, xii, 792–795, xiii, 568; *ibid.* (ed. 1835), ii, 218; Latrobe, *Journal*, i, 15–22; Niles' *Register*, ix, suppl. 150 (1815–16).

Maryland,[1] South Carolina,[2] Georgia,[3] and Kentucky.[4] Essentially in the same class with North Carolina's small corporations belong Maryland's *Pocomoke Company* of 1796 ($10,000);[5] South Carolina's *Company for opening the Navigation of the Broad and Pacolet rivers*, chartered early in 1788;[6] the *Pine-tree Navigation Company*, chartered late in 1797;[7] the *Company for opening a Canal from Back River to Chapel Bridge*, of 1798;[8] and Georgia's *Savannah Navigation Company* ($40,000), chartered in 1799.[9]

Quite similar were four small New Jersey companies, concerned with improving the navigation of the Rancocus ($4000), Assanpink ($3000), and Great Timber (£1000) creeks, and with the cutting of a canal to shorten the navigation of Salem Creek, for which $100,000 was deemed necessary. None was at once successful. It is not certain that the Great Timber Creek company ever secured the £500 subscriptions which were a condition precedent to incorporation. The other companies organized and began construction, but soon lapsed into dormancy. The Rancocus and Salem Creek projects were later revived, and the latter at least was eventually completed.[10]

[1] Griffith, in his *Annals of Baltimore*, 108, says that in 1784 "A company was incorporated to cut a canal from the basin at Forrest street to the cove in Ridgely's addition, and which could have been effected by the brick makers of the vicinity, free from expence to the public as was believed, if not opposed by some of the proprietors of the ground through which the canal would pass." I find no evidence of a charter and no other mention of the company.

[2] Cf. Phillips, *Transportation in the Eastern Cotton Belt*, 28; *S. C. Session Laws*, March 26, 1784, March 24, 1785, March 22, 1786.

[3] *Ga. Laws* (Marbury & Crawford ed.), 366–377; *Digest of Laws of Ga.* (Marbury & Crawford ed.), 49–52.

[4] *Ky. Laws* (ed. 1799), 497–498, acts of November, 1793, 1794.

[5] *Session Laws*, c. 33.

[6] *Session Laws*, 29–30. Cf. *ibid.*, 1800, p. 98.

[7] *Laws* (ed. 1808), ii, 163–167. This was intended to improve the navigation up to Camden and had been begun under acts of 1794 and 1796; some progress had been made, but expenses for completion far exceeded the calculations and means of the earliest undertakers.

[8] *Ibid.*, ii, 308–311.

[9] *Laws* (Marbury & Crawford ed.), 371–374; Phillips, *Transportation in the Eastern Cotton Belt*, 64–65. No work was done.

[10] *Session Laws*, March 16, 1795, p. 1041; March 15, 1796, pp. 40, 57; Feb. 10, 1797, p. 157; Nov. 17, 1800, p. 18; Feb. 18, 1813, p. 105; Dec. 3, 1825, p. 48; and *N. J. State Gazette*, March 29, May 17, July 19, 1796.

A number of small companies were promoted also in New England, with varying success. Several of these were in Maine. As early as May, 1789, a committee of investigation, chosen by several towns, reported favorably on a scheme for a canal to unite Sebago Pond with Presumpscot River at Saccarappa and estimated the cost as £3000 (£1800 for digging and £1200 for damages). Interest was again aroused in the summer of 1791. In 1795, on the initiative of Woodbury Storer, charters were secured from the General Court for this, "the Cumberland Canal," and for "the Falmouth Canal" to connect the Presumpscot above Saccarappa with the Fore River; but capital could be secured for neither.[1]

In June, 1791, *The Proprietors of the New Meadow Canal* were chartered to open a canal from the New-Meadow River to the Kennebec, below Merry Meeting Bay. Within two years it appeared that the canal had been opened "at considerable expense" to the proprietors. But it "did not answer the expectations of the public nor compensate the labors of the proprietors," and soon went to ruin.[2]

In June, 1792, *The Proprietors of Mousom Harbour in Wells* were incorporated to open a navigation in York County. At a meeting October 1 the proprietors "took up" all the unsubscribed shares, elected three directors, a treasurer, and a clerk, and contracted with one Richard Gilpatrick to complete the canal in one year for £1000, payable in instalments.[3] In March, 1797, a company was incorporated to cut a canal "by the *Ten Mile Falls* in *Pejepscot* or *Androscoggin River*, lying between Durham and *Little River Plantation*."[4] Probably neither of these was completed.

In the same category with the canals belong the sluiceways. In 1796 were incorporated *The Proprietors of the Sluice-Way on Saco River*, and in 1797 a similar company to build sluiceways

[1] *Columbian Centinel*, Sept. 3, 1791; Willis, *History of Portland*, 724–725; *Priv. and Spec. Stats.*, Mass., ii, 42, 46; S. T. Dole, "The Cumberland and Oxford Canal," in *Me. Hist. Soc. Colls.*, 2d Series, ix, 264–271 (1898).

[2] *Priv. and Spec. Stats.*, Mass., ii, 309, 432; Joseph Sewall, "History of Bath," in *Me. Hist. Soc. Colls.* (Portland, 1847), ii, 220. Sewall erroneously dates it 1779.

[3] *Priv. and Spec. Stats.*, Mass., i, 378; *Columbian Centinel*, Oct. 13, 1792.

[4] *Priv. and Spec. Stats.*, Mass., ii, 158–161.

"in the Plantation of Little Falls, from Buxton Mill-Dam to Cook's Eddy." [1] Probably numerous unincorporated companies existed for the same purpose.

The Amoskeag Falls on the Merrimac, at Manchester, naturally early aroused hope of improvement. Samuel Blodget settled at Goffstown in 1769, purchased extensive timber lands above the Falls, and only the Revolution prevented his making an effort at that time to open a canal around the Falls. Like many another man of enterprise, he served in the war on the commissary side, and returned from the struggle not worse off in a pecuniary way.[2] After wasting some years in rather unsuccessful operation of an invention for raising sunken vessels, he settled at Manchester (then Derryfield) in 1793. Securing permission from the legislature, he set vigorously to work on his favorite project, the canal, upon which he concentrated both his capital and his energy. In October, 1796, it was opened.[3] Thanks to the proprietor's undue faith in his own ingenuity, a full $20,000 was wasted when first the natural pressure of water let into the lock, and then a June freshet, destroyed the work of years. After having spent $30,000 without attaining his object, he secured a charter in December, 1798, giving up the hope of accomplishing his end solely by his own means. Colonel Baldwin, the active superintendent of the Middlesex Canal, made at his request a survey of a new route, estimated the cost of completion at $9000, but urged "that it would not do to depart much from established principles nor presume much on new theories, or to introduce works of speculation in canaling." This report was published, and within three years $7000 of stock was sold, and $5000 more raised by lottery out of a grant of $9000 made by the legislature in December, 1799.[4] The canal was unfinished when the new century dawned and was eventually completed only in the hands of the Middlesex Canal proprietors.[5]

[1] *Priv. and Spec. Stats.*, Mass., ii, 82, 158.

[2] On Blodget see G. N. Browne, in *Manchester Hist. Assoc. Colls.*, i, 120–176 (1897).

[3] *N. H. Town Papers*, xii, 557–559; *Columbian Centinel*, Oct. 15, 1796.

[4] *N. H. Town Papers*, xii, 560–565.

[5] Potter, *History of Manchester*, 525–537.

In January, 1794, two men, McGregor and Duncan, petitioned the New Hampshire legislature for the exclusive privilege of cutting a canal on the Merrimac at Isle-a-hooksett Falls, with toll privileges. This was granted, and in 1797 extended, but no corporate powers were sought or bestowed. There were probably other authorizations of this type for works higher up the Merrimac.[1] Massachusetts made a similar grant, in 1793, to Charles Barret, for a canal from Barretts Town, in Lincoln County, Me., down George's River to the sea.[2]

In June, 1791, one or two hundred men were employed in digging a $1\frac{1}{4}$ mile canal through the marshes between Newburyport, Mass., and Hampton, N. H., to unite two small streams and furnish an eight-mile navigation between these two towns. This seems not to have had legislative sanction, but it was completed within a short time.[3]

Connecticut chartered one small company besides the Union, to clear the channel of the Ousatonic River, October, 1795.[4]

The success of most of these little companies cannot be ascertained. It is to be inferred that some advantage was derived from their efforts to improve navigation; else the acts would have ceased much earlier. Yet such success as they may have had was too insignificant to tempt capital largely into this field or to create enough stir for historians to notice.[5]

Viewing as a whole the efforts to improve navigation, it is clear that this branch of enterprise called forth more corporate charters, more other legislative acts, and more state support

[1] *N. H. Town Papers*, xii, 254–255, 562; G. Stark, "Frederick G. Stark and the Merrimack Canals," in *Granite Monthly*, ix, 5–6 (Concord, 1886).

[2] *Priv. and Spec. Stats.*, i, 412–414.

[3] *Columbian Centinel*, July 6, 1791; Winterbotham, *North America*, ii, 80; Merrill, *Amesbury*, 396.

[4] *Private Laws* (ed. 1837), i, 517.

[5] Cf. Governor Martin of North Carolina, urging upon the legislature in 1791 the necessity of improving river and land communication: "Our sister states are emulous with each other in opening their rivers and cutting canals, while attempts of this kind are but feebly aided among us. Though laws are passed for this purpose, they are not properly executed." — J. A. Morgan, in *The North Carolina Booklet*, x, 123–124 (1911), quoting also Martin's message of 1784.

and encouragement than any other branch. The results were entirely disproportionate to the efforts. The Americans found the making of a canal far from the "simple and easy" task which Adam Smith described, and the corporate form, while necessary here, proved unequal to the task.

CHAPTER IV

Toll-Bridge and Turnpike Companies

The most successful of the early corporations, after the financial ones, were the toll-bridge companies. They required only a limited capital for construction and a minimum of working capital. Their problem of construction was not exceedingly difficult. Their returns were fairly sure. Once the structure was built the problem of management was simple in the extreme, and there were no problems of finance to worry about, except to provide for repairs due to ice or freshets, and rebuilding when such hostile agents caused total destruction.

Here one finds numerous forerunners of the business corporation, in colonial days and afterwards. The smallest bridges were treated as part of the highways and constructed and kept in repair by local officials. Even in colonial days, however, toll-bridges were known, and in these cases they were usually constructed by individuals who received from the state the right to take toll upon condition of building and keeping the bridge in repair, much as ferry privileges were granted by "charter" or license from the state. Sometimes such a privilege was granted to an unincorporated association. More often commissioners were appointed by the state to arrange for the building of a bridge, and these contracted with individuals or groups to build the bridge for specified tolls. Sometimes the state made a grant of funds for the building of the bridge, conditioned on the raising of subscriptions from private individuals; or grants of lottery privileges were made, the managers of which were to build the bridge as well as to collect the funds. An unusual type appears at least once, in Massachusetts. By act of Nov. 29, 1785, provision was made for building a toll-bridge over Parker River in Newbury. In February, 1798, a trustee was

appointed to have charge of this bridge, its maintenance, and the collection of tolls therefor, reporting to the county Court of General Sessions. He alone was incorporated with the corporate name of *The Trustee of Parker River Bridge in Newbury, in the county of Essex.*[1] A few of the unincorporated associations will be mentioned in connection with specific bridges; but since nearly all of the ventures of any note were undertaken or soon controlled by corporations, most of the permanently unincorporated associations call for no further mention.

The first incorporated toll-bridge company was *The Proprietors of the Charles-River Bridge.* For fifty or sixty years a permanent structure connecting Boston and Charlestown had been talked of, but deemed impracticable. In the winter of 1784–85 Maj. Samuel Sewall of York was employed to investigate the possibility of a bridge.[2] Early in 1785 Thomas Russell petitioned the legislature for the right to erect a bridge from the ferryways in Boston to those of Charlestown, and by effective address secured a vote of Boston, Feb. 10, 1785, favoring that petition.[3] There were some who questioned the desirability of the bridge, and serious clashes of opinion arose as to the site; in particular Lechmere Point was urged as preferable, and for this a group of subscribers presented a rival petition. Published discussions indicate that expectations of improvements in local business and in land values played a large part in the promotion, besides the prospects of revenue from tolls. On February 26 the joint committee of the legislature reported in favor of the ferryways site, and on March 8 the act of incorporation was passed. On March 29 the subscription paper was filled — one hundred and seventy-six shares. On May 3 the first assessment was called in, and in all nine (of £10 each) were collected before the bridge was opened, and in July, 1786, £5 further was assessed "to come out of the toll."[4]

[1] *Priv. and Spec. Stats.*, ii, 195–197.

[2] See Timothy Dwight, *Travels*, i, 495–497, for the story of how it came to be built.

[3] Cf. *Boston Town Records*, 1784–96, pp. 51–52.

[4] *Mass. Centinel*, Feb. 13, 16, 26, March 12, May 3, 1785. The relevant documents and additional information are given in the report of the decision of *The*

On May 31, 1786, the last pier was laid. On June 17, the anniversary of the battle of Bunker Hill, the bridge was opened with great éclat, in accordance with plans approved by the stockholders in special meeting May 22 — fitting to celebrate "the greatest effect of private enterprise in the United States" and "a most pleasing proof of how certainly objects of magnitude may be attained by spirited exertions." Cannons were

TABLE IX. EIGHTEENTH CENTURY CHARTERS TO TOLL-BRIDGE CORPORATIONS

	1785	1787	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
Maine	.	.	.	.	2	2	1	2	4	1	.	.	12
New Hampshire	.	.	.	3	1	2	8	.	3		.	2	19
Vermont	.	.	.	.	.	.	2	.	2		1	.	5
Massachusetts	1	2	.	4	2	1		2	1	1	.		14
Rhode Island	.	.	.	2	.	1		.	.		.		3
Connecticut	.	.	.	.	.	.	.	1	1	1	.		3
New England	1	2	.	9	5	6	11	5	11	3	1	2	56
New York	.	.	.	.	.		.	.	1	.	.		1
New Jersey	.	.		1	.		1	.	1	1	1	.	5
Pennsylvania	.	.	.	.	1		1	.	1	2	.	.	5
Middle states	.	.	1	1		2	.	3	3	1	.	11	
Maryland	.	.	1	.	.	.	1	1		1	.	.	4
South Carolina	.	.	.	.	.	1	.	.		.	.	.	1
Southern states	.	.	1	.	.	1	1	1		1	.	.	5
Kentucky	.	.	.	.	.	.	.	.	.	.	1	.	1
Western states	.	.	.	.	.		.	.		.	1	.	1
Totals	1	2	1	10	6	7	14	6	14	7	3	2	73

discharged on Copp's Hill and Bunker's Hill and Christ Church bells pealed. A procession was formed, led by the Charlestown Artillery Company, the bridge builders with their tools, and the directors and proprietors of the bridge; in its ranks were the dignitaries of state, nation, college, and the two cities, "officers of the late Continental Army," "the President and Directors of the Massachusetts Bank," and "A great number of private Gentlemen, Foreigners and Citizens." These crossed the bridge,

Proprietors of Charles River Bridge, In Equity v. *The Proprietors of the Warren Bridge* (1829), esp. 98, 102–103.

watched by twenty thousand spectators, sat down on Bunker's Hill at a genial board accommodating eight hundred, and amid salvos of cannon drank toasts in honor of the "bold and successful effort of ingenuity and enterprise." [1]

From the outset the bridge was a success financially as well as commercially. The original cost was later stated to have been £11,297 8s. 11d., or $51,000, and in the next five years some $18,000 more was said by the company to have been "added for its support." In January, 1792, in response to a rumor that it was extraordinarily profitable, the proprietors asserted "that after deducting 2½ per cent. for sinking the Capital in 40 years [when the franchise would expire], the neat proceeds have not exceeded 10½ per cent. on the original stock, to the present time." [2] And in spite of competition, against which the company vainly remonstrated, the profitableness continued.

The bridge was of far more than local significance. Its engineering success paved the way for other ventures, larger and smaller, many of them on its model. Its clear promise of financial success, justified by the dividends of its early years, drew attention to the profits awaiting claimants in similar fields. It led directly to a rapid extension of toll-bridges constructed and controlled by business corporations.

The next winter a second Boston bridge, over the Mystic at "Penny Ferry," was proposed, and after some opposition a charter was granted to *The Proprietors of Malden Bridge* on March 1, 1787. One hundred and twenty shares were soon subscribed; construction began in April under the supervision of Lemuel Cox (who had ably assisted Maj. Samuel Sewall in the construction of the Charles River Bridge) and Jonathan

[1] *Mass. Centinel*, May 13, 31, June 21, 1786; *The Bostonian Society Publications*, v, 67–74 (1908). See also, for description of the bridge with engraving, *N. Y. Magazine*, vi, 513–514 (September, 1795). "A. B." writing in the *Massachusetts Magazine* for March, 1790 (ii, 143), calls its chief engineer, "Major Samuel Sewall, of Old York, the original projector of Bridges built upon this construction. In the year 1761 there was a Wooden Bridge, of a particular construction, and the first of the kind built in America, built over York River under Major Sewall's direction. The cheapness, usefulness and conveniency of which, for more than twenty years, gave rise to the proposal of erecting Charles River Bridge."

[2] "Viator," in *Columbian Centinel*, Jan. 14, 1792; remonstrance quoted in *Charles River Bridge* v. *Warren Bridge*, 25; and *ibid.*, 99.

Tompson; and on September 29 the bridge was officially opened. This bridge was twenty hundred and five feet long, "exclusive of the abutments," thirty-two feet wide, and had one hundred piers; it cost about £5300.[1] It became a public highway in 1859.[2]

In October, 1787, George Cabot, merchant, shipowner, and lately successful privateer of Beverly, preferred with some two hundred others a petition to the General Court for leave to bring in a bill to incorporate them to build a bridge over the Charles at Beverly ferry, connecting with Salem. The town, however, was about evenly divided in regard to the choice of locations, and a hot controversy raged. After hearing representatives of both groups, the General Court sent a committee to investigate. Town meetings were called to get the sense of the town on the matter. When finally the legislative committee reported in favor of the bridge at Beverly ferry, the opponents worked against any bridge at all. The Senate passed the bill, but the House "not concurred by a majority of 20." Cabot, however, by "great address" secured a rehearing, and on November 17 the charter was granted to *The Proprietors of Essex Bridge.*[3]

Subscriptions for two hundred shares were soon secured. The corporation organized at Salem on December 13, and Cabot was elected president. Proposals "for undertaking the whole or any part of the business of building the bridge, or supplying the materials therefor" were sought from "Any person desirous of making a good bargain for ready money." Cabot himself superintended operations. Work was begun May 1, and within five months (on Sept. 24, 1788) the bridge was opened — fourteen hundred and eighty-four feet long, with ninety-three piers — with a festive meeting at Beech's tavern "and a liberal entertainment for the refreshment of the workmen." It had cost about $16,000.[4] Like the other companies this too prospered,

[1] See *Mass. Centinel*, Feb. 24, 28, Aug. 8, Oct. 6, 13, Dec. 15, 1787, and description with engraving in *Mass. Magazine*, ii, 514–516 (September, 1790).

[2] Shurtleff, *Topog. and Hist. Description of Boston*, 429.

[3] *Mass. Centinel*, Nov. 3, 14, 17, 1787; *Priv. and Spec. Stats.*, i, 175. For statement of differences as to location, see *Diary of William Bentley* (Salem, 1905), i, 69–70, 79–80.

[4] *Mass. Centinel*, Dec. 1, 1787, Sept. 10, 24, 1788; Lodge, *George Cabot*, 11–14, 30; Stone, *History of Beverly*, 110; Dwight, *Travels*, i, 406.

and "for several years previous to 1830" its stock "sold for about five times the original par value." [1]

After a lapse of four years, four new charters were granted in the enthusiastic year 1792, and still others were sought. Of these four bridges, the Newburyport bridge over the Merrimac was projected in the spring of 1791, to connect the "Pines in Newbury" with Deer Island and Salisbury. In May and June subscriptions were set on foot for two hundred shares of £25 each, and a petition for incorporation was drafted, submitted, and advertised.[2] The town of Newbury voted in November to oppose the incorporation, then after a reconsideration renewed its opposition, and in January, 1792, sent the General Court a vigorous remonstrance against such obstruction of navigation. In the legislature the bill encountered strenuous opposition principally from Messrs. Blodgett, Carr, Sargent, and Emery, "who opposed the Bill in its every stage, from a sense as they supposed of the extreme injury that would arise to the towns of Amesbury, Salisbury, Bradford and Haverhill." But it passed the House February 12 and was signed February 24 with the amendment that after thirty years the legislature should regulate the toll, while an amendment of June 22 modified somewhat the restrictions of the first act.[3] Begun in April, the bridge was planned by Timothy Palmer, a native mechanic; built under the direction of William Coombs; and opened Nov. 26, 1792. Unlike the earlier bridges this was built with solid masonry piers and with two arches of what then seemed considerable size, the largest on the continent.[4] The expense turned out to be nearly twice as great as the estimate, £10,919 7s. 5d. ($36,397.90), and the proprietors memorialized the legislature of 1793 for a liberalizing of the charter, to the extent of allowing

[1] Stone, *History of Beverly*, 110.

[2] *Mass. Spy*, June 16; *Essex Journal*, Sept. 21, 1791. The subscription paper, dated May 30 and signed by several subscribers, is printed in John J. Currier's *Ould Newbury* . . . (Boston, 1896), 593–594.

[3] *Columbian Centinel*, Feb. 11, 18, 25, 1792; Currier, *Ould Newbury*, 594–595; Coffin, *History of Newbury*, 265.

[4] See description and engraving in *Mass. Magazine*, v, 258–259 (May, 1793), and cf. *ibid.*, iv, 759 (December, 1792); reprinted in Currier, *Ould Newbury*, 596–598.

them fifty years without regulation of tolls; and upon compliance with this request some further improvements were made.[1] There were two hundred shares held, at the time of the first dividend in February, 1793, by forty-three persons, Timothy Dexter holding the largest number, thirty, Thomas Dickerson twenty, Nathaniel Carter fifteen, and Samuel Eliot and Tristram Coffin each fourteen. The first dividend was 22s. (about two per cent). Since the average gross receipts for the next ten or fifteen years were more than $4000 per annum, it may be presumed that good dividends were paid. Gradually Timothy Dexter increased his holdings till before his death in 1806 he had a controlling interest.[2]

The most important of this 1792 group was the West Boston Bridge company. As already noted, a project for a bridge from West Boston to Cambridge competed in 1785 with the Charlestown project for the favor of the General Court. The success of the Charles River Bridge company and similar undertakings stimulated a renewal of interest in the West Boston scheme. On Saturday, Jan. 7, 1792, in the period so full of flotations, the Boston papers displayed an announcement that,

"as *all* citizens of the *United States* have an equal right to propose a measure that may be beneficial to the publick and advantageous to themselves, and as no body of men have an *exclusive* right to take to themselves such a privilege, a number of gentlemen have proposed to open a new subscription, for the purpose of building a BRIDGE, from *West-Boston* to *Cambridge* — at such place as the General Court may be pleased to direct."

Without delaying for a charter, subscriptions of two hundred shares were secured in three hours. The subscribers met Monday evening, January 9, to adopt measures to carry the plan into execution. A rival group, evidently more retiring, had already made a survey of a route, and two petitions were accordingly presented to the legislature and committed to the same joint committee.[3] The matter attracted general attention.

[1] *Mass. Magazine*, v, 259 (May, 1793); *Columbian Centinel*, Feb. 9, 16, May 4, June 12, 1793.

[2] Currier, *Ould Newbury*, 598–599, giving list of shareholders.

[3] *Columbian Centinel*, January 11, 14; A. Craigie to B. Foster, Dec. 11, 1791, in *Craigie Papers*, i, 124. Cf. *Mass. Magazine*, iii, 719 (November, 1791), announcing the forthcoming petition.

The importance of another "avenue from the Country to the Capital," the lessening of distance on the western post road, the inconvenience to travellers over Charles River Bridge due to the narrow streets in the North End, and the high profits of that bridge's proprietors were all urged as arguments for a new one. There were also complaints of certain practices of the old bridge company [1] and a general outcry against it as a monopoly. On the other hand it was urged that the building of the bridge would increase the temptations and expenses of the Harvard College students.[2] Some voices were raised against granting the exclusive privileges requested, except under strict conditions; and the possibilities of state and town construction, and awarding the contract upon bids received on regulations previously drawn up, were suggested.[3] Numerous petitions pro and con were heard, including remonstrances from the Charles River Bridge proprietors.[4] Late in February a joint committee reported in favor of granting the charter to the democratic group of subscribers, quieting the Charles River crowd by a thirty-year extension in their "proprietorship," and allowing the university at Cambridge a certain revenue from the tolls of the new bridge in lieu of their ferry rights. Thereupon the House voted 87–45 to grant leave to bring in a bill, which was then rushed through and signed March 9. The proprietors met March 21 and 22, elected directors, a clerk, and a treasurer, and a committee of the board soon issued advertisements for bids on the work.[5]

Work was begun on the causeway July 15, 1792, and on the woodwork Feb. 8, 1793. James Sullivan directed the construction with his customary efficiency; delinquent shares were promptly posted for forfeiture and sale; by October, 1793, the thirty-five hundred foot span was passable, and the next month it was fully opened.[6] The cost probably considerably exceeded

[1] *Columbian Centinel*, Jan. 14, 1792 ("Viator" and "Propriety").
[2] *Ibid.*, January 21 ("Mentor").
[3] *Ibid.*, January 21 ("Fair Play").
[4] *Boston Gazette*, Jan. 23, 30, 1792.
[5] *Columbian Centinel*, Feb. 25, 29, March 3, 6, 14, 24, April 11, 1792.
[6] Shurtleff, *Topog. and Hist. Description of Boston*, 419–421; *State Gazette of S. C.*, Nov. 2, 1793; *Columbian Centinel*, Nov. 27, 1793. Cf. *ibid.*, June 12, July 3, 1793, Feb. 1, Oct. 11, 1794.

the estimate of £20,000; according to Timothy Dwight it was $76,000.[1] The bridge was not unsuccessful, but in its later years sustained severe competition and in 1846 sold out to a competing company.

The other companies of this year were *The Proprietors of the Middlesex Merrimack River Bridge* and a company for bridging the Connecticut at the Great Falls between Montague and Greenfield. The former opened in November its $8000 wooden structure, extending from Chelmsford Neck (Lowell) to Dracut at the head of Pawtucket Falls, whence it came to be known as the Pawtucket Bridge. The bridge was replaced by a new one with stone abutments, at a cost of $14,500, in 1805. The company prospered greatly, earning dividends averaging more than twenty-four per cent in one thirty-year period. In 1861, at the expiration of the franchise, the bridge was sold for $12,000 and made free.[2] The Connecticut River company made no progress, and probably little more under a new charter granted in 1796.[3]

In February, 1793, petitions were presented to the General Court for four more bridges over the Merrimac — at Methuen, Haverhill, Amesbury, and Dracut.[4] The upshot was the passage, in March, of acts incorporating the proprietors of Andover Bridge and Haverhill Bridge.[5] For the Andover, organization was soon effected, the second assessment ($10) called in July 22, and the bridge early completed, on a site now lying within the city of Lawrence. The bridge was steadily in use till it was injured by ice in the spring of 1799, and then the proprietors were assessed $8 per share to repair the damage. How profitable it was in these earliest years does not appear, though the historians of the county report that after 1807 it did a large business.[6]

[1] *Travels*, i, 497.

[2] *Priv. and Spec. Stats.*, i, 317; Bentley's *Diary*, ii, 138–139; Hurd, *Hist. of Middlesex County*, ii, 5–6; Dwight, *Travels*, i, 406.

[3] *Priv. and Spec. Stats.*, i, 345, ii, 94, and see *infra*, 196.

[4] Bentley's *Diary*, ii, 4.

[5] *Priv. and Spec. Stats.*, i, 425, 435.

[6] *Standard History of Essex County*, 33; *Columbian Centinel*, July 3, 1793, May 2, 1795, May 8, June 26, 1799; Bentley's *Diary*, ii, 114; Dwight, *Travels*, 406.

The Haverhill Bridge was not begun till 1794, until the proprietors had secured alterations in their charter to suit them. Some difficulty, perhaps not in unusual amount, was encountered in securing prompt payment of subscriptions; but on Nov. 18, 1794, the bridge was opened with great ceremony. The structure was built on the plan of Timothy Palmer, was eight hundred and sixty-three feet long, with three arches (one one hundred and eighty-two feet long), stone piers forty feet square, and abutments, and was thirty-four feet wide. Said the newspapers: "The strength, elegance, workmanship, and situation of this bridge is not equalled in America, and perhaps not excelled in the world." [1] The first quarterly dividend was declared Feb. 18, 1795, a second May 18, and there seems no reason to doubt the profitableness of the bridge.[2]

On the heels of these came a petition early in 1794 from Enoch Sawyer and others for power to bridge the Merrimac at Sweets Ferry in Haverhill, connecting with West Newbury. These were incorporated as *the Proprietors of Merrimack Bridge*.[3] In 1795 assessments were called in thick and fast: $15 each May 1, July 1, August 5, September 18; $10 due November 1 and December 10; and $20 was called for Jan. 13, 1796.[4] On Nov. 26, 1795, the bridge was opened with appropriate ceremonies, the largest on the river by some hundreds of feet, "and in elegance, workmanship and convenience not inferior to any." There were four long arches, one long straight "arch" on piles, and five large piers. The bridge, however, was not finished. Some dissension having arisen, the board of directors resigned, and in the spring of 1796 a new board was elected, after some delay, to clean up the finances and complete the structure.[5]

[1] *Columbian Centinel*, Jan. 22, July 21, Oct. 10, Nov. 12, 1794; *N. Y. Magazine*, v, 776 (December, 1794); *Bentley's Diary*, ii, 113–114; Dwight, *Travels*, i, 403–406. Dwight found it, in 1796, more handsome than any he had seen except that over the Piscataqua.

[2] *Columbian Centinel*, Aug. 22, 1795. Cf., however, *Standard History of Essex County*, 33.

[3] *Priv. and Spec. Stats.*, i, 523; *Columbian Centinel*, Jan. 25, 1794.

[4] *Ibid.*, April 29, June 27, July 18, Aug. 26, Oct. 28, Nov. 25, 1795, Jan. 13, 1796. Two assessments had been called in earlier.

[5] *Ibid.*, Dec. 5, 1795, April 30, June 1, 1796; Dwight, *Travels*, i, 406.

Dividends were declared in 1797, but the competition of other routes and the costliness of this large structure prevented the bridge from becoming profitable, and after a time it was allowed to go out of repair. "It was swept away by the ice, in 1818."[1]

Charters were fewer after 1795. In 1796 a new charter was granted to *The proprietors of Connecticut River Bridge*, for a bridge near Deerfield. But this, like the charter of 1792, did not become operative, primarily because capital was not attracted.[2]

In the same year *The proprietors of the New-Bedford Bridge* were incorporated to bridge the Acushnet River to connect New Bedford with Fairhaven and Oxford. The bridge was completed only in 1799 or 1800, at a cost of about $30,000. It was some four thousand feet long, including the abutments and the two islands crossed. It aroused opposition on account of obstruction to the channel, and in 1807 many were doubtless pleased when a flood washed it away.[3]

As early as 1794 John Williams of Deerfield asked the legislature for a license to build a toll bridge over Deerfield River at Rocky Mountain. The town of Deerfield protested vigorously and effectively, objecting both to the toll and to the proposed site. A supposedly disinterested committee investigated and reported in favor of Williams, but despite this it was the second petition that was finally granted in 1797. The next year the bridge was built at a cost of $5040. It was poorly built and had to be replaced in 1806 by a better structure. The contractors were forced to pay $1364 for slighting the work, and during its seven years the bridge paid $4700 in seven dividends. In short, it earned something above a normal replacement fund.

To summarize, *fifteen* charters for toll-bridge companies were granted for the construction of bridges in Massachusetts proper. Eleven were to be in eastern Massachusetts; all these were built, and several were notably successful. In July, 1788, after his

[1] *Columbian Centinel*, Dec. 23, 1797; *Standard History of Essex County*, 33; Coffin, *History of Newbury*, 269.

[2] Sheldon, *History of Deerfield*, ii, 916.

[3] Daniel Ricketson, *The History of New Bedford . . .* (New Bedford, 1858), 2, 79, 365–366.

visit to Boston, the French traveller Brissot de Warville could write:[1] "The three greatest monuments of the industry of this state, are the three bridges of Charles, Malden, and Essex." While in July, 1795, the *Columbian Centinel* boasted:

"Few parts of America exhibit more specimens of improvement, since the war, than Boston and the environs. The several bridges of Charlestown, Salem and Merrimack rivers, form a length of almost 3 miles, and all of them are remarkable for beauty as well as magnitude." [2]

Of the four western bridges, but one was completed, that a small one; it was moderately successful. The others were apparently not even floated.

During these years Maine was merely a district of Massachusetts, and of course had her charters from the hands of the Massachusetts General Court. Its policy was quite as liberal here. The first charter, however, did not come till March, 1793, when a New Meadows River bridge company was incorporated to build a bridge near Bath. No use was made of the act, and a new company was chartered for the same purpose in February, 1802.[3] In June, 1793, *The Proprietors of Sheepscott River Bridge* were chartered to build a bridge between Pownaboro and Newcastle; but it also seems not to have accomplished its purpose.[4] In February, 1794, companies for building two bridges near Portland were chartered — *the Proprietors of the Portland Bridge*, for a bridge across Fore River from Bramhall's Point, and *the Proprietors of the Back-Cove Bridge*, for one between Seacomb's and Sandy points. The first of these structures was completed in 1800, twenty-six hundred feet long, and the corporation itself renamed in honor of the promoter and chief stockholder, Vaughan. The second, thanks to the aid of a lottery, was passable as early as September, 1796. These two became the chief avenues for western and eastern travel.[5] In 1795 was

[1] *New Travels*, 82.
[2] July 21, 1795.
[3] *Priv. and Spec. Stats.*, i, p. xiii; ii, 476.
[4] *Ibid.*, i, 464; D. J. Cushman, *The History of Ancient Sheepscot and Newcastle* (Bath, 1882), 223–224.
[5] *Priv. and Spec. Stats.*, i, 502, 514; Willis, *History of Portland*, 727. Cf. *Columbian Centinel*, Dec. 13, 1797, March 10, 1798.

incorporated *The Damarascotta Bridge Company*, which, like the New Meadows company, did not carry out its project. A new charter was granted March 10, 1797, and the new company in time succeeded in erecting a bridge near the falls at the head of the navigation of the Damariscotta.[1]

In February, 1796, *The Proprietors of the Kennebeck Bridge* and *The Proprietors of Androscoggin Bridge* were chartered. The first of these was an Augusta project for bridging the Kennebec at Fort Western in Hallowell. Nearly half the capital was subscribed by Massachusetts proprietors of lands on the Kennebec — such men as Bowdoin, Loring, and Winthrop — and most of the rest was taken by Augustans. Fifteen thousand dollars was subscribed in $100 shares by May 5, when work was begun, and eventually one hundred and ninety shares were subscribed. The bridge was completed Nov. 21, 1797, at an expense of $27,000, which left the company so much in debt that dividends were paid only after eight years, despite an authorization in 1799 for an increase of toll.[2] The Androscoggin Bridge was built at Brunswick in the summer of 1796, the cost presumably coming within the $4000 limit of capital ($8 shares) imposed by the supplementary act of March, 1796.[3] Charters were granted in 1797 for a bridge across the Androscoggin at Lewiston, and in 1798 for *the Proprietors of York Bridge;*[4] but the results of these charters is not apparent.

New Hampshire was the leading state in incorporating bridge companies, in absolute numbers as well as in proportion to its size. Beginning in 1792, not less than nineteen companies were chartered before the end of the century — more than one-fourth of the number chartered in the entire United States.

[1] *Priv. and Spec. Stats.*, i, p. xiv; Cushman, *Ancient Sheepscot and Newcastle*, 230–231.

[2] *Priv. and Spec. Stats.*, ii, 54–56, 263; James W. North, *The History of Augusta . . .* (Augusta, 1870), 269–271, 311–314 (illustration on p. 312); *Craigie Papers*, Ledger A, p. 41; *Columbian Centinel*, March 12, 1796, April 22, May 20, July 1, Aug. 5, 1797.

[3] G. A. and H. W. Wheeler, *History of Brunswick, Topsham, and Harpswell, Maine . . .* (Boston, 1878), 549.

[4] *Priv. and Spec. Stats.*, ii, 173–175, 199–200.

The beginning was made in June, 1792, when three were chartered at a single session. *Proprietors of the Amoskeag Bridge* were incorporated to build a bridge over the Merrimac connecting Goffstown and Derryfield (later Manchester); and through the energy of Robert McGregor, who resided near by and was put in charge, the bridge, five hundred and fifty-six feet long, was passable on September 20. It cost $6000, "almost double the sum at first computed." The bridge was allowed to go to decay about 1812–15, presumably because of unprofitableness.[1] The *proprietors of the Newmarket and Stratham Bridge* were incorporated for repairing and maintaining a bridge over the Exeter River which had been built by lotteries and maintained by voluntary subscription — a mode which now was failing.[2] Ebenezer Brewster and others were incorporated at the same time "for locking falls, cutting canals and building a Bridge over Connecticut River, between the mouth of Mink brook in Hanover and the eddy below the lower bar of White River Falls in Lebanon." For this project Vermont's assent was necessary. After a delay of several years this was eventually obtained on Oct. 2, 1795; and the *White River Falls Bridge* was completed during 1796.[3]

In December, 1792, a petition was submitted for an important bridge over the Piscataqua, and the matter was put off for a hearing till the next session, the subject being advertised meanwhile.[4] Without great delay, in 1793, the legislature granted the petitioners the exclusive right of building a toll-bridge over the Piscataqua River between Walton's Point and the island in Great Bay, seven miles from Portsmouth and four from Dover on the main road from Boston to the eastward. The subscription of five hundred shares was filled at Portsmouth late in August, numerous shares being taken by Bostonians.

[1] *N. H. State Papers*, xii, 554–555, xxii, 523, 530, 572; C. E. Potter, *The History of Manchester* (Manchester, 1856), 521–522, 709; *Columbian Centinel*, Oct. 24, 1792; Dwight, *Travels*, i, 406.

[2] *Session Laws*, 1792, pp. 419–422. For earlier history of this bridge, see *N. H. State Papers*, ix, 570–604.

[3] *Ibid.*, xii, 175–176, xxii, 525, 533, 575, 586; *MSS. Laws*, vi, 541 (*Index*, 580). See *supra*, 169.

[4] *N. H. State Papers*, xxii, 688, 697.

The town of Portsmouth subscribed £1000, on condition that the full amount should not be subscribed by individuals.[1] Work was begun in the following spring, under the supervision of two agents appointed by the directors,[2] upon a plan devised by Timothy Palmer of Newburyport, the successful architect of the Essex Merrimac Bridge. In all the structure was twenty-three hundred and sixty-two feet long, in three parts — pile bridges from Newington shore to Rock Island and from Goat Island to Durham shore, and a two hundred and forty-four foot arch connecting the two islands. Besides the bridge the proprietors constructed on Goat Island "A convenient Tavern House, and stables . . . for the accommodation of travellers." The bridge was opened late in December. Nine assessments, totalling perhaps $130 per share, were called in, chiefly during 1794; toll was collected beginning Nov. 22, 1794; and a dividend, possibly the first, was declared in December, 1795. The bridge finally cost some $66,000.[3] In 1798 the proprietors submitted to the legislature a financial statement

"from which it Appears that nett Income of the bridge does not much exceed two per centum p^{r} Annum — whenever it shall need repairs the devidend to the Proprietors of course will be greatly diminished, — altho the Bridge is of great public utility — it is now and probably will continue to be to the Proprietors a very Unproductive property."

In 1794 charters were granted to the proprietors of Northbury Bridge, between Salisbury and Northfield, which was not built;[4] and of Orford Bridge, which was not completed till some seventeen years later.[5]

In January, 1795, Col. Asa Porter and associates were incorporated the *proprietors of Haverhill Bridge*, to build a bridge

[1] Adams, *Annals of Portsmouth*, 303; advertisements in Boston papers, e.g., *Columbian Centinel*, Aug. 24, 1793.

[2] Thomas Thompson and John Peirce.

[3] Description in Adams, *Annals of Portsmouth*, 306–308, and *Columbian Centinel*, Dec. 24, 1794. Cf. *ibid.*, Dec. 14, 1793, March 29, May 21, June 18, Sept. 10, Nov. 12, Dec. 20, 1794, Feb. 7, Dec. 2, 1795; Dwight, *Travels*, i, 420–421; financial statement to the legislature, Dec. 12, 1798, in *N. H. State Papers*, xiii, 304–305.

[4] *MSS. Laws*, viii, 215 (*Index*, 407); Dearborn, *History of Salisbury, N. H.*, 317. Petitions and committee report in *N. H. State Papers*, xiii, 389–390.

[5] *MSS. Laws*, viii, 256, xiii, 10, xix, 134 (*Index*, 414).

between Haverhill, N. H., and Newbury, Vt.; and in June following another set of *Proprietors of Haverhill Bridge* secured a similar charter, for a bridge on a somewhat different site. The second company succeeded in building its bridge in 1796, but owing to the undue ambition of the proprietors in desiring to have the longest arch yet constructed, the bridge collapsed after a year's service, and another had to be constructed. The first company, though given in 1797 an extension of time to complete its bridge, never accomplished its object.[1] In neither instance does Vermont's coöperation appear to have been secured.

About the same time there were incorporated *the Proprietors of Litchfield Bridge*, over the Merrimac at Cromwell's Falls, which was probably not constructed; *Proprietors of the Cornish Bridge*, which evidently soon completed its structure, even before, in November, 1797, the Vermont legislature granted it a charter; and the *Company of Northumberland Bridge*, which had to be rechartered in 1802 before attaining its object.[2]

More important in this year were the *Proprietors of Concord Bridge*, incorporated in January, and the *Proprietors of Federal Bridge*, incorporated late in December, to build bridges over the Merrimac in Concord, the former between Butler's Ferry and Concord south line, the latter near Tucker's Ferry. For each a hundred shares were subscribed. The first was opened Oct. 29, 1795, hardly more than nine months after its charter was granted; it had cost $13,000. The second was completed in 1798, more than two years after its incorporation; its cost was some $4000.[3]

Further charters were granted in 1797 to proprietors of Favour's Bridge at New Chester, Nottingham Bridge, and Holderness Bridge, but it is not apparent with what success the projects

[1] Wells, *History of Newbury, Vt.*, 307, 309–310; J. Q. Bittenger, *History of Haverhill, N. H.* (Haverhill, 1888), 193; *N. H. State Papers*, xii, 185–186.

[2] *MSS. Laws*, ix, 20, 86, 105, x, 26, 160, xiii, 411, xiv, 412 (*Index*, 292, 408); *Vt. Session Laws*, 1797, pp. 66–69; petitions in *N. H. Town Papers*, xi, 458–459, xii, 423, 458–459.

[3] Bouton, *History of Concord*, 326–329; Lyford, *History of Concord*, i, 36 ff. Lists of subscribers are given by Bouton; illustrations by Lyford. Petitions in *N. H. Town Papers*, xi, 404–405.

met.[1] After a lapse of three years charters were granted in 1800 for the New Castle Bridge, which evidently was not completed for many years; and for the "Republican Bridge" over the Pemigewasset Branch at Webster Falls between Salisbury and Sanborton, which was completed in 1802.[2]

From this sketchy review it is evident that New Hampshire's companies, though more numerous than those of Massachusetts, were on the whole smaller, less conspicuous, and less successful. Yet the list of charters indicates a surprisingly ready resort to incorporation even for small ventures.

As noted above, Vermont somewhat tardily accorded charters to two companies first incorporated by New Hampshire for bridging the Connecticut: *The proprietors of the White River Falls Bridge* waited from 1792 to 1795 for the Vermont act, the Cornish Bridge company from 1795 to 1797 for its act.[3] Almost at the same time as the first of these *The West River Bridge company* in Brattleborough was chartered, and within a few years it had completed its object.[4] Practically simultaneously with the second joint charter, in 1797, Vermont incorporated *The Second West River Bridge Company*, for building a bridge at Dummerston; and in November, 1799, the *Onion River Bridge Company* was chartered to bridge the Onion River in Waterbury.[5] The success of these is not evident. Vermont, therefore, with not very different topographical conditions, appears to have been during these years notably behind her twin sister in this form of business enterprise.[6]

In general it is to be remarked that the bridge companies of northern and western New England found much more difficulty in securing capital, were slower in completing their structures, and were less successful than the companies near Boston. The

[1] *MSS. Laws*, x, 278, 380, xi, 42 (*Index*, 177, 410, 244).

[2] *Ibid.*, xiii, 17, 102 (*Index*, 404, 473–474, 486). Cf. *ibid.*, xxii, 5, 264, xvii, 256; Dearborn, *Salisbury, N. H.*, 316–317. Petition in *N. H. Town Papers*, xii, 392.

[3] *Session Laws*, October, 1795, pp. 62–66; *ibid.*, October, 1797, pp. 66–69.

[4] *Ibid.*, Oct. 16, 1795, pp. 22–25; *ibid.*, Nov. 16, 1801, pp. 66–67.

[5] *Ibid.*, 39–42, 59–63.

[6] For lack of complete files of the *Session Laws*, however, it is not certain that this list is complete.

trouble in securing capital was due partly to the smaller supply of it available near at hand and its timidity in venturing far from the large centres except for special attraction, and partly to the smaller amount of travel, upon which success depended. The relatively smaller success of the bridges erected reflects the special importance of the second factor. The delays in completing structures were due partly to the delay in securing capital, but also, no doubt, to the poorer management available outside the considerable towns. Yet the numerous charters attest the willingness of promoters to dare failure and the readiness of the legislatures to encourage them.

Three toll-bridge companies were chartered in Rhode Island. In February, 1792, the Providence citizens set on foot subscriptions and preferred petitions for charters for building bridges over the Seekonk, "at the upper ferry and the lower ferry;" and in June the legislature incorporated *The Proprietors of the Central Bridge, leading to and from Providence* and *The Providence South-Bridge Society, in the Town of Providence* for these purposes. The first of these bridges was first used April 12, 1793. Possibly the second was also completed in due course.[1] A bridge to connect Portsmouth and Tiverton at Howland's Ferry was under discussion in February, 1792, when these companies were chartered, and two years later *The Rhode Island Bridge Company* was incorporated to construct it. Two hundred shares of $100 each were subscribed, and between May 11 and Oct. 15, 1795, the bridge was built, by one Whiting of Connecticut. It was thirty-six feet wide and eight hundred feet long exclusive of the abutments. In January following, the greater part of the bridge was carried away in a gale and flood. In April $30 was assessed on the original stockholders, two hundred new shares were taken at $80, and the reconstruction of the bridge was contracted for with John Cooke of Tiverton for $20,000. This bridge was completed Nov. 20, 1796, only to be carried away by a storm in the fall of 1797. Eventually, in

[1] *Providence Gazette*, Feb. 25, 1792, Sept. 14, 1793; *Session Laws*, 1792, pp. 15–17; *R. I. Records*, xii, 478, 491–493; Staples, *Annals of Providence*, 359; Dwight, *Travels*, iii, 61–62.

1806–07, it was replaced by a stone bridge costing $70,000.[1] In view of the size of the state and its topographical conditions it is easy to understand why no more companies were chartered.

Connecticut, though from 1795 a leader in the turnpike company movement, had surprisingly few bridge companies. Only three were incorporated, and but one of these clearly completed its object before the end of the century. The first bridge charter was granted in October, 1796, to *The Company for erecting and supporting a Toll Bridge from New Haven to East Haven.*[2] This bridge was completed in due time, at a cost of some $60,000, much greater than had been anticipated; and in May, 1799, upon representing that the tolls yielded only $4\frac{1}{2}$ per cent on this cost, the company secured an increase of toll.[3] In 1797 were incorporated *The Proprietors of Niantic Toll Bridge,* in New London County,[4] and in 1798 a *Company for erecting and supporting a Toll bridge, with Locks, from Enfield to Suffield,* which was completed without the locks in November, 1808.[5]

Outside of New England toll-bridge corporations were much less numerous. There seems to have been none in Delaware, Virginia, North Carolina, Georgia, or Tennessee. New York, South Carolina, and Kentucky show each but a single one. Maryland had four, Pennsylvania had five. New Jersey, with the same number, alone of the middle and southern states incorporated companies at all numerous in comparison with her size and importance. Perhaps this was to be expected, for her territory lay right athwart the seaboard highway between north and south; geographically she was a bridging state.

Under the stimulus of the success of the Massachusetts undertakings a movement was set on foot to improve by similar means the greatest highway of the day — between New York

[1] *Amer. Museum*, xii, App. III, 6 (1792); *Newport Mercury*, Aug. 11, Oct. 20, 1795; *Session Laws*, October, 1795, p. 26; *N. Y. Magazine*, vi, 639 (October, 1795); W. A. Watson, "History of the Rhode Island Bridge Company," in *The Newport Historical Magazine*, iii, 170–172 (January, 1883).

[2] *Private Laws* (ed. 1837), i, 241–242.

[3] A further increase was granted in May, 1805: *ibid.*, i, 242–243.

[4] *Ibid.*, i, 279.

[5] *Ibid.*, i, 250–252; Love, *Navigation of the Conn. River*, 404.

and Philadelphia, the two chief cities of the country. This road not merely required the crossing of the noble Hudson and Delaware, near its extremities, but within New Jersey it crossed three New Jersey streams of some size. The improvement of this communication was of more than local interest, whether the national capital was at New York or (as after 1790) at Philadelphia; and the execution of the project shows interestingly the transition that was painfully made from the older methods of lotteries and state commissioners to the newer method of corporate enterprise.

On May 31, 1790, the assembly heard a petition from the quasi-public trustees of the ferries over the Passaic and Hackensack,[1] requesting permission to erect toll-bridges over these streams and submitting an estimate of the expense prepared by George Cabot, the honorable senator from Massachusetts.[2] The matter was laid over till the next session, leave being given to advertise the proposal. The outcome then was the appointment of a commission composed of three Jerseymen and two New Yorkers, with power to select sites, to "erect or cause to be erected" bridges thereon, and to lay out roads joining Newark, the bridges, and Powles Hook (Jersey City).[3] The commissioners were authorized to farm out the bridges "to be erected and made, and afterwards maintained and kept in Repair by the Toll arising therefrom," at rates to be fixed by the commission, but not in excess of three-fourths of existing ferry rates, upon conditions such as they should deem expedient and for a term not exceeding ninety-nine years from the passage of the act. Other bridges within certain distances were prohibited, provided these be completed within four years. The commissioners were authorized to receive voluntary subscriptions, and any person contributing £20 or more was to be entitled, "with his Dwelling, household, and his and their Goods and Chattels, to pass and repass the said bridge Toll free." Moreover, by another act passed the same day the commissioners were authorized

[1] Incorporated 1765; see Essay I, 99.
[2] *Assembly Minutes*, May 31, p. 29.
[3] *Ibid.*, Nov. 8, 10, 1790, pp. 24, 27; *Session Laws*, Nov. 24, 1790, pp. 685–692.

to raise £4000 by lottery for constructing the road and causeways.[1]

In February, 1791, the ground was surveyed by Casimer Th. Goerck for the commissioners,[2] and in April the commissioners advertised for bids for building the bridges, setting forth the terms of the contract they were empowered to make.[3] The lottery was promptly put into operation. The various "classes" were drawn during the summer and fall,[4] and so satisfactory was the outcome that the commissioners thought it possible to raise by this means the entire cost of the bridges.[5] Accordingly, in November, 1791, the same legislature which so liberally incorporated the "S. U. M." authorized the commissioners to raise by lottery the sum of £27,000, of which £20,000 was to be applied to building the bridges, with the prospect that tolls not exceeding one-fourth of the ferriage rates would suffice for maintenance and replacement fund.[6] The New York assembly consented to allow the lottery tickets to be sold in that state.[7] Despite this privilege, and though liberally advertised for a year,[8] this second lottery proved a disappointment. John Pintard, one of the commissioners, was deeply immersed in the speculative activities of 1791 and 1792, and failed with Duer in March, 1792; and rumor charged that the lottery funds were misappropriated by the speculators.[9] Finally in November, 1792, when almost two years had been wasted, the legislature directed procedure according to the original plan.[10]

[1] *Session Laws*, 693.

[2] Map and description in *N. Y. Magazine*, ii, 365–368 (July, 1791).

[3] *Brunswick Gazette*, June 21; *Gazette of the U. S.*, July 2; N. Y. *Daily Advertiser*, August 1; and other newspapers.

[4] See advertisements in *N. J. Journal*, June 22, July 6, September 28; *Newark Gazette*, July 7, November 24.

[5] *Assembly Minutes*, Nov. 11, 1791, p. 60.

[6] *Session Laws*, Nov. 24, 1791, pp. 752–755. Of the balance, £2000 was to be applied to provide buildings to accommodate the legislature in Trenton, the new state capital, and £5000 to the building of the New Brunswick bridge.

[7] *Newark Gazette*, Feb. 2, 1792.

[8] See New Jersey newspapers, *passim*. Whitehead, *Perth Amboy* (1856), 287, says that £14,000 was raised, but this is doubtful.

[9] Cf. Essay II, 284. Alexander Macomb, a leading speculator, had been one of the petitioners for permission to sell tickets in New York: *Newark Gazette*, Feb. 2, 1792.

[10] *Session Laws*, Nov. 29, 1792, p. 810.

On Jan. 31, 1793, the commissioners advertised the location of the bridges, the terms of the contract, and themselves called for subscriptions of two hundred shares of $200 each for building the bridges. Subscriptions were promptly opened in New York and Newark and filled with avidity. On February 19, after a meeting of the subscribers, a contract was signed with them by the commissioners giving them the right to tolls to Nov. 24, 1889.[1] Late in April, Joseph Nottage of Boston, announced as the builder of the Charles River Bridge, arrived with a number of workmen to begin the construction, and in May the first instalment was called in.[2] The work was pushed, and although a six months' extension of the time allowed for completion had to be secured, the passage was permanently opened early in 1795.[3] The Passaic bridge was four hundred and ninety-two feet long, the Hackensack bridge nine hundred and eighty feet; both were thirty-eight feet wide, with five-foot footways.

Up to this time the "proprietors" had existed as a joint stock company without any legislative sanction of their organization. In October, 1795, they petitioned for incorporation,[4] and finally, after delays due to opposition, legislative hearings, and the habitual dilatoriness of the assembly, a very simple charter was granted in March, 1797.[5] A year later they were empowered to take charge of the road between the bridges (which had occasioned no little trouble to the commissioners and the inhabitants near by), charging toll upon it unless voluntary subscriptions should be forthcoming to cover the expense.[6]

From the outset the proprietors were prosperous. The bridges seem not to have cost much more than $50,000, and up to 1811 the dividends had averaged more than ten per cent and the stock

[1] *Newark Gazette*, February 7; *N. J. Journal*, February 20; *Bridge Proprietors v. the State*, 21 N. J. Law 386 (1848).

[2] *National Gazette*, *N. J. Journal*, May 1; *Newark Gazette*, May 15.

[3] *Session Laws*, Nov. 5, 1794, p. 926; *Newark Gazette*, Dec. 31, 1794, Feb. 4, 1795.

[4] *Assembly Minutes*, Oct. 30, 1795, p. 10.

[5] *Session Laws*, March 3, 1797, p. 201.

[6] *Ibid.*, March 8, 1798, p. 342. Cf. also *N. J. Journal*, Feb. 19, 1794; *Newark Gazette*, Feb. 12, May 21, 1794, Jan. 7, March 4, 1795; *Assembly Minutes*, Feb. 6, March 3, 1798, pp. 24, 67.

had risen to "one hundred per cent advance." [1] The company was the subject of repeated complaint, ostensibly on the ground that bridges and road were not properly maintained, doubtless also in part because of its prosperity, but the legislature consistently refused to weaken its position.[2]

The Proprietors of the New-Brunswick Bridge originated about the same time and in somewhat the same way. In November, 1790, two or three groups of petitioners sought the right to build this bridge over the Raritan, and the legislature appointed commissioners to decide between them and fix tolls to be received.[3] After the decision, upon ten days' notice posted in the town, the successful aspirants were authorized to meet and "establish such and so many Constitutions, Articles, Covenants, Agreements and Associations, as they may think necessary to enable them to raise Money for the building of their said Bridge, and to carry into Effect all and singular their Purposes and Intentions respecting the same." The subscription to these articles, duly filled up and acknowledged, was to be recorded in the county clerk's office, and thereafter to "be binding and conclusive on all Persons who shall subscribe the same, and in all Respects be effectual and valid, as if the same were herein particularly specified and set forth." The bridge was to be completed by Dec. 1, 1793, and the toll franchise granted for ninety-nine years from that date. As in the case of the other bridges, a monopoly was given within specified points, and rates of toll were not to exceed three-fourths of existing ferriage rates.

As in the other instance, action was delayed by the initial success of the lottery, and the Passaic and Hackensack commissioners were directed in 1791 to turn over £5000 of their

[1] Monitor (pseud.), *The Rights and Privileges . . . Examined*, 4 (1811). (A copy is in the library of the New Jersey Historical Society at Newark.)

[2] *Ibid.*, 3–4: In the ten years since the road and bridges were first travelled "there has not been a day nor an hour, that the bridges and road have answered the public expectation, or been in a state conformable to the intent of the legislature." Cf. also *Assembly Minutes*, January–February, 1814, pp. 122–123, 127, 161–165, 212–214; January, 1829, pp. 56, 69.

[3] *Session Laws*, Nov. 24, 1790, p. 694; *Assembly Minutes*, Nov. 3, 4, 10, 1790, pp. 18–20, 28.

lottery proceeds to new commissioners for building the New Brunswick Bridge, which was thereafter to be controlled by trustees appointed by the city of New Brunswick.[1] When the lottery proved a delusion, this act was repealed and a company organized in accordance with the original plan.[2] Early in 1793 the town considered the question of subscribing to the bridge, but decided in the negative.[3] Delayed by a disastrous storm in June, 1794,[4] and by the time required for building so solid a structure as the proprietors planned, the bridge was not ready for passage until Nov. 2, 1795, after an expenditure of $86,695.41.[5]

Because of the extremely high initial outlay the company was not at first especially prosperous. The legislature came to its aid in November, 1796, however, with permission to increase the tolls, taking the precaution to require decennial reports to the legislature and to limit the annual net proceeds to fifteen per cent of the cost of building and repairs;[6] but by 1814, in spite of the necessity of rebuilding the bridge in 1811 at an expense of nearly $12,000, the annual income had amounted to nearly seven per cent on the capital sunk.[7] On June 1, 1799, the legislature provided them with a simple charter of incorporation to supplement the somewhat irregular guarantee of their articles of association.[8]

While these were the first considerable bridge projects to get under way in the state, the first bridge company to be incorporated was *The President, Managers and company of Rancocus Toll-Bridge*, chartered Nov. 28, 1792,[9] when final arrangements

[1] *Session Laws*, Nov. 23, 24, 1791, pp. 753, 758. Disputes may have figured in the delay: cf. *Assembly Minutes*, November–December, 1791, pp. 21, 26–27, 60–62.

[2] *Session Laws*, Nov. 29, 1792, p. 818; *N. J. Journal*, March 27, 1793; *N. J. State Gazette*, April 10, 1793.

[3] *Bergen* v. *Clarkson*, 6 N. J. Law, 428–446 (1796).

[4] Wansey, *Journal of an Excursion*, 102–109.

[5] Report to the legislature, in *Assembly Minutes*, Nov. 14, 1806, p. 91; *Newport Mercury*, Dec. 15, 1795.

[6] *Session Laws*, Nov. 17, 1796, p. 123.

[7] Reports to legislature, in *Assembly Minutes*, Nov. 14, 1806, p. 91, and Jan. 16, 1817, p. 101.

[8] *Session Laws*, 528.

[9] *Session Laws*, 806. The act is clearly modelled upon the most recent Pennsylvania charters — those creating companies for the Philadelphia and Lancaster Turnpike Road and the Delaware and Schuylkill Navigation, of April 9 and 10,

were being made for the East Jersey bridges. Its structure, located at Wallace's Ferry over Rancocus Creek in Burlington County, was completed with unprecedented promptness in the summer of 1793,[1] but its size was such that one hundred shares of $80 each were ample. In the winter of 1797–98 the company pleaded successfully for an increase in the toll, "in some degree proportionate to the universally advanced rates of ferriage," on the ground that the former rates were "insufficient to support the great and unavoidable expense of keeping it in repair, without loss to the stockholders."[2] Thereafter the company prospered: in 1801 a dividend of ten per cent was declared; the average rate for the years 1801–05 was 8.44 per cent, and for 1811–15, 9.45 per cent.[3]

The two Delaware bridge companies of this decade, for building bridges at Easton and Trenton, were chartered respectively in 1795 and 1798.[4] Like some Connecticut River bridge companies and several navigation companies, they had to seek charters from the two states into whose jurisdiction they were to extend. These were secured without difficulty or delay. Both companies were slow, however, in organizing and effecting their objects. Hampered by difficulty in securing subscriptions ($25,000 authorized), the Easton company did not secure its formal letters patent till September, 1798.[5] Perhaps earlier than this work was commenced, with Cyrus Palmer of Newburyport as architect, but little progress was made.[6] In 1799 the two interested legislatures authorized the company to raise $12,500 by lottery "to aid and assist them in completing the

1792: *Pa. Stats. at Large*, xiv, 279–294. No provisions seem to have been copied from the charter of the "S. U. M.," the only New Jersey precedent, although in several respects, having been based on the same models, the two charters resemble each other.

[1] *N. J. State Gazette*, Aug. 7, 1793.

[2] *Session Laws*, Feb. 1, 1798, p. 263.

[3] *N. J. State Gazette*, Jan. 13, 1801, and reports to the legislature, in *Assembly Minutes*, Nov. 10, 1807, p. 38, and Jan. 12, 1816, pp. 86–87. Dividends were on eighty-five shares, the others probably having been forfeited.

[4] *N. J. Session Laws*, March 18, 1795, p. 1067, and March 3, 1798, p. 321; *Pa. Session Laws*, March 13, 1795, p. 670, and April 4, 1798, p. 303.

[5] Hazard, *Register of Pa.*, ii, 295 (1828).

[6] *Pa. Mag. of Hist. and Biog.*, xxxiv, 329 (1910). Was this *Timothy* Palmer or a relative?

said bridge;[1] but, as usual, this resource proved of little value.[2] An extension of time having been granted,[3] work was begun in earnest in 1803, under the energetic superintendence of Samuel Sitgreaves; but it was October, 1806, before the bridge was ready for crossing, and May, 1807, before it was finally completed.[4] The bridge was thirty-four feet wide, and about six hundred feet long between the abutments.

Of the total cost of $61,854.57, $42,200 was contributed by the subscribers; the balance stood at first as a debt, but was wiped out by the proceeds of toll within six years;[5] and as early as 1816 a seven per cent dividend was declared as the result of six months' operation.[6] The company was unusually fortunate in that the bridge withstood ice, floods, and freshets. In recent years the company has replaced its ancient covered structure with one of modern type, and this it continues to control.

The Trenton Bridge, though proposed as early as 1796[7] and granted its act of incorporation in April, 1798, did not succeed in securing its subscriptions and letters patent until the summer of 1803.[8] On May 21, 1804, the first cornerstone was laid,[9] and, extensions of the time for completion having been secured,[10] the bridge was finally opened in 1806. Its cost, originally estimated at $75,000, proved to be more than twice as great, and over $160,000 of stock was issued. Like the Easton Bridge Company this also flourished. In 1835 its control passed into the hands of the Philadelphia and Trenton Railroad Company, and since then the Pennsylvania Railroad and its predecessors have enjoyed its benefits.

In Pennsylvania only three companies were chartered besides

[1] *Session Laws*, Nov. 11, 1799, p. 646.

[2] See *N. J. State Gazette*, Nov. 21, December, 1800, April 2, Oct. 29, 1804.

[3] *Session Laws*, March 12, 1803.

[4] *Pa. Mag. of Hist. and Biog.*, xxxiv, 239–240 (1910).

[5] Uzal W. Condit, *The History of Easton . . .* (Easton, 1895), 465, showing picture of the bridge about 1830.

[6] *N. J. State Gazette*, April 15, 1816.

[7] *Newark Gazette*, Feb. 10, 1796.

[8] Hazard, *Register of Pa.*, ii, 295 (1828).

[9] *True American* (Trenton), June 6, July 4, 11, Aug. 22, 1804; *N. J. State Gazette*, Dec. 31, 1804.

[10] *Pa. Session Laws*, April 2, 1804; *N. J. Session Laws*, Dec. 3, 1804, p. 478.

the Easton and Trenton Delaware Bridge companies. In April, 1793, a company was chartered to build a bridge over the Susquehanna, four miles below Wright's Ferry; but letters patent were never issued, and it probably was not constructed.[1] Five years later a company was chartered to build a bridge over the Lehigh near Northampton, but letters patent for this were not issued till 1812.[2] The third was more important and successful.

The Schuylkill Permanent Bridge Company act of March 16, 1798, was, like many others, the outcome of steps taken over a period of years. During the Revolution a floating bridge, little more than a military pontoon, was thrown across the Schuylkill at Market Street, Philadelphia, the principal highway to the west; and after the war this was maintained by the city because of its superiority to the ferry. With the growth of the city in importance the need of a fixed structure became increasingly evident, and a flood of 1789 which swept away the floating bridge further emphasized the need. In 1786 Thomas Paine had proposed an iron bridge of a single arch, and prepared a model which was much admired. The Philadelphia Agricultural Society petitioned that this be carefully examined and a charter granted, and the legislature resolved to grant a charter to any company agreeing to build and maintain a bridge till the tolls should repay principal and interest; but neither the terms nor the times were propitious, and the enterprise slumbered.[3] In the winter of 1787–88 a company was formed to build a permanent bridge, but the city wardens (and perhaps others) were heard in opposition, and no charter was granted. The city council desired to build the bridge, but could not raise the requisite funds. Finally, early in 1798, a company of weighty capitalists headed by Richard Peters, justice of the supreme court, was formed and secured a charter. It bought for

[1] *Session Laws*, 380; Hazard, *Register of Pa.*, ii, 295 (1828).

[2] *Session Laws*, 141; Hazard, *Register of Pa.*, ii, 295 (1828).

[3] Scharf and Westcott (*History of Phila.*, 2141) say that Paine produced another model in 1787 "and the Assembly chartered a bridge company, included in whose members were John Paine, Samuel Powel, and Robert Morris, with a nominal capital of $66,666.66." Such a company may have been formed, but the published acts give no evidence of a charter.

$40,000, half in stock, the rights of the city in the ferry and floating bridge, then yielding about $3500 per annum. A design by Timothy Palmer of Newburyport, builder of the Merrimac, Piscataqua, and Potomac bridges, was accepted. After numerous delays, due principally to capitalist backwardness, the corner-stone was at last laid Oct. 18, 1800. The engineering difficulties, chiefly in the construction of the huge piers, were finally overcome through the energy and ingenuity of Reynolds, the constructing engineer, in the face of much scoffing and criticism; but not till Jan. 1, 1805, was the bridge ready for use. Originally $150,000 capital had been authorized, in $10 shares; 750 new shares were later added, and in all $218,000 stock was fully paid; but the cost mounted to some $300,000, the income from the ferries and floating bridge having been invested in the new one and a considerable sum raised by loan.[1]

New York's sole charter in this class was granted in 1795 to *The Cayuga Bridge Company* for erecting a bridge across Cayuga Lake, with a capital of $25,000 in $50 shares. Two years later its term to complete the bridge was extended one year. When it was finally completed, in September, 1800, this structure was reported the largest in the world.[2] One of New York's turnpike companies, as noted below, was empowered to build and operate a toll-bridge over the Mohawk at Schenectady, on its route westward to Utica.[3] It may be that the presence of numerous turnpike companies, in this state and in Connecticut, was partly responsible for the smallness of the number of separate toll-bridge companies.

The George-town Bridge Company was incorporated by Mary-

[1] Scharf and Westcott, *History of Phila.*, iii, 2141–2143; Joseph Jackson, in *Public Ledger* (Philadelphia), March 14, 1915, showing picture of the bridge; *Pa. Stats. at Large*, xvi, 36–46, 244–245, 397–398; Hazard, *Register of Pa.*, x, 145–150, 179, 193, 213 (1832) — an account by Judge Peters; *ibid.*, ii, 295 (1828), xi, 292–293 (1833); *Pa. Mag. of Hist. and Biog.*, xvi, 175, 422 — extracts from the diary of Jacob Hiltzheimer; *ibid.*, xxviii, 131 (1904); *Mass. Centinel*, May 16, 1787, Dec. 18, 1790. Cf. J. J. Currier, *History of Newburyport, Mass.* . . . i, , 369, for Timothy Palmer's testimonial when the bridge was completed.

[2] Ringwalt, *Transp. Systems in U. S.*, 36; *Laws* (ed. 1887), iv, 78–80, 326–327.

[3] *Infra*, 223.

land late in 1791, to build a bridge over the Potomac to connect Georgetown with northern Virginia. Subscriptions were not forthcoming at the first invitation. In 1795, however, a contract was made with Timothy Palmer, the renowned bridge builder of Newburyport, Mass., and the majority of the four hundred shares ($200 par) were subscribed. The bridge was opened in October, 1797, having cost nearly $84,000, of which $47,000 had been secured from the stockholders and the rest by a loan. In 1801 the directors announced that the tolls had sufficed to cover maintenance and interest on the debt, and proposed to sell eighty-six unissued shares at $200 to pay off the debt, setting forth the prospect of early dividends at six per cent. This plan failed, and the next year a suit was brought to enforce the sale of the property to settle the debt. This seems to have been averted, but possibly the deferring of maintenance on account of financial difficulties may have been partly responsible for the catastrophe of 1804, when the high wooden arch fell into the river. This was replaced in 1806, at a cost of $8000. This having been destroyed by a flood in 1808, a chain bridge was built at a cost of $4000; and when this was likewise swept away in 1810, another better one was built at an expense of $8000. In 1826 the stock of the company amounted to $81,562.50 — three hundred and sixty-two and one-half shares of $225 each. The directors then reported that the profits had not averaged one per cent and were at this time yielding only $2\frac{1}{4}$ per cent.[1]

Late in 1795 a company was chartered to build a bridge over the eastern branch at the foot of Kentucky Avenue (where the Pennsylvania Avenue Bridge now is). In January, 1798, *The Anacostia Bridge Company*, chiefly a Benjamin Stoddert enterprise, was chartered with an authorized capital of $20,000 to build another bridge over the same branch. Neither company was floated at this time. The former, however, known as the *Lower Bridge*, was opened in January, 1804, three months

[1] Bryan, *History of the National Capital*, i, 243, 290–291, 430–431, 490–491; petitions in *Sen. Doc. 86*, 19th Cong., 1st Sess. (1826); *Md. Session Laws*, Dec. 29, 30, 1791, pp. 81, 89, and Dec. 24, 1795; *McDonough* v. *Templeman*, 1 Harris and Johnson (Md.) 156–163 (1801).

before the first destruction of the *Georgetown Bridge*, and within two years the other, known as the *Upper Bridge*, was completed.[1] Late in 1796 Maryland also chartered *the Water-street Bridge Company*, which erected a bridge over Jones' Falls in Baltimore at the site of the so-called *Tower Bridge*.[2]

South Carolina chartered, in May, 1794, *The port Republic Bridge Company* to construct "Causeys and a Bridge, across the marshes and river, which separate the Island and Port Republic, (formerly Port Royal) from the . . . mainland."[3]

Finally Kentucky, in 1799, chartered *the Frankfort Bridge Company*, for erecting a toll-bridge at the town named. This was the sole business corporation chartered by that state prior to 1800. It appears not to have accomplished its purpose.

In the main it is to be said that the toll-bridge companies performed important services in many states and were highly regarded both by legislatures and by investors. The type of enterprise was one for which the corporation was peculiarly fitted, and it was one field in which corporations usually justified expectations.

The bridge companies varied greatly in size, but few could be called large. The Massachusetts charters fixed no capital, but the investment there usually came to less than $50,000 and was frequently under $10,000. Among the most costly of those finished before 1801 were the New Brunswick Bridge, costing over $80,000, and the Piscataqua Bridge, costing between $60,000 and $70,000. Several companies had specific authority to raise over $100,000, but none of these completed its undertaking till after the end of the century. Probably more than half of the number floated built structures costing under $20,000.

The charters were not far different from the turnpike charters, though somewhat briefer and simpler. Of their outstanding features a few words will be said at the end of the chapter.

[1] *Md. Laws* (Kilty); Bryan, *History of the National Capital*, i, 336–337, 491–492.
[2] *Session Laws*, c. 56.
[3] *Stats. at Large* (ed. 1838), viii, 182; *Columbian Centinel*, Sept. 10, 1794.

Turnpike corporations followed both canal and bridge companies.[1] The first company was chartered in 1792, and it was only in 1794, as the accompanying table witnesses, that the turnpike movement began in earnest. They were offspring of the same movement for improved communication. Yet the prejudice, in some places, in favor of water communication, and the generally firm establishment of roads as "public goods" and subjects of public management, operated to delay the

TABLE X. EIGHTEENTH CENTURY CHARTERS TO TURNPIKE CORPORATIONS

	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
New Hampshire					1			2	1	4
Vermont					1	1		3	4	9
Massachusetts					1	2		3	3	9
Rhode Island			2						1	3
Connecticut				4		6	6	2	5	23
New England			2	4	3	9	6	10	14	48
New York						1	2	5	5	13
Pennsylvania	1		1		2		1			5
Middle states	1		1		2	1	3	5	5	18
Maryland					1		2			3
Virginia				2					1	3
Southern states				2	1		2		1	6
Totals	1	0	3	6	6	10	11	15	20	72

entry of the private corporation into this sphere.[2] It is probable that an impetus to the private toll road was furnished by the success of the toll-bridge companies and the ill success of the navigation companies. Late in appearing, the turnpike company was also slow in getting upon a firm footing. Difficulties in securing capital proved more formidable than in the case of bridges, and the works, quite naturally, required more time to

[1] For English turnpikes, see Edwin A. Pratt, *A History of Inland Transport and Communication in England* (New York, 1912), 77–107. The system was generally adopted about 1767. The common form of organization was somewhat different from the simple American business corporation.

[2] Cf. *supra*, 112, 149, 151, and Washington to Patrick Henry, Nov. 30, 1785, regarding repairs of roads "until the period shall arrive when turnpikes may with propriety be established": Henry, *Works*, iii, 339.

complete. As a result the history of the turnpike belongs largely to the nineteenth century. The available records of these early years, moreover, are especially scanty. We must therefore rest content with a brief and inadequate survey of the veriest beginnings.

As with canal and bridge companies, there were forerunners of the turnpike corporation in the nature of less highly developed forms of organization. In the south, at least, it was common in the eighties for the legislature to appoint commissioners to lay out a road between two specified points and to construct it either with the aid of voluntary subscriptions or by the required labor of neighboring inhabitants. In some cases a road improved at private expense by individuals was vested in those individuals and their heirs and assigns for a term of years with power to take toll.[1]

A Maryland act of May 21, 1787, provides for the establishment of several turnpike roads from Baltimore to the western parts of the state, on the grounds that the existing roads,

"by means of the great number of waggons that use the same, are rendered almost impassable during the winter season, and the ordinary method of repairing the said roads is not only insufficient but exceedingly burthensome; and the establishment of . . . turnpike roads . . . would greatly reduce the price of land carriage, of produce and merchandise, and raise the value of lands in the said county, and considerably increase the commerce of the state." [2]

Commissioners are therefore appointed to lay out roads from Baltimore to Frederick-town, Reister's-town, York-town, and from Reister's-town to Winchester-town and toward Hanover-town, subject to review by certain other commissioners appointed, and then to construct them, with ample powers of eminent domain. Funds were to be provided by a county tax of 3s. 9d. and 2s. 6d. per £100. Tolls were to be collected and applied by the commissioners of review to defray the expense of clearing and maintaining the roads. A supplementary act of Dec. 22, 1790, authorizes these commissioners, "as a considera-

[1] *N. C. Session Laws*, 1792, c. 16, p. 22; Va. acts of October, 1785, October, 1786, Dec. 28, 1788, in *Stats. at Large* (Hening), xii, 75–80, 282, 295–297, 725, 728; *Md. Laws* (Kilty), 1789, c. 2; *Ga. Laws* (Marbury & Crawford), 404–405 (1797).

[2] *Laws* (Kilty), 1787, c. 23; several supplements later.

tion to induce persons to undertake the execution of any such work," to "let and farm the revenue arising under the authority of the aforementioned act, to any person or persons for any term not exceeding twenty years," at what is deemed a reasonable compensation (Sect. 14).[1]

In July, 1789, an association was formed to improve the seven-mile road between Norwich and New London, Conn., with permission of the legislature a lottery was drawn in June, 1791, in aid of the road. In May, 1792, the company, still unincorporated, was authorized to take toll, and this was begun the following month. A little later, toll was taken on the "Stage Road" through Greenwich.[2] Other examples in the north could also be found.

The first turnpike company was one outgrowth of the agitation for improved internal communication in Pennsylvania, which was fostered by the *Society for promoting the improvement of Roads and Inland Navigation* formed in 1789, and which led to the adoption of extensive canal plans.[3] On Oct. 10, 1791, in accordance with a resolution of the assembly almost simultaneous with the incorporation of the Schuylkill and Susquehanna company, Governor Mifflin appointed Benjamin Rittenhouse, John Ewing, and John Noncarrow commissioners to lay out a road from the middle ferry on Schuylkill to Lancaster. On January 31 they reported. A company was soon formed to construct the road, and on April 9 the assembly incorporated them as *The President, Managers, and Company of the Philadelphia and Lancaster Turnpike Road.*[4]

On June 4, books were opened in Philadelphia and Lancaster, for subscriptions of six hundred and four hundred shares respectively, of $300 each. In order to reduce the likelihood of

[1] *Laws* (Kilty), 1790, c. 32. Cf. *ibid.*, 1794, c. 48, for a similar act respecting a bridge.

[2] Caulkins, *Norwich, Conn.*, 530. The author says a charter was granted, but I find no evidence to that effect. Cf. Anderson, *Waterbury, Conn.*, i, 566; Caulkins, *New London, Conn.*, 658; *Mass. Hist. Soc. Proc.*, 2d Series, iii, 44.

[3] *Supra*, 149–153.

[4] Barton, *David Rittenhouse*, 360–361; *General Advertiser*, Jan. 11, Feb. 2, 4, June 7, 1792; *Pa. Stats. at Large*, xiv, 279–294.

speculative subscriptions, which had recently played havoc with several promising companies, the law provided for a deposit of $30 cash for each share subscribed. Despite this, twenty-two hundred and seventy-six shares were subscribed in a few hours in Philadelphia alone and the $68,280 in cash was accordingly deposited, while over five thousand persons were reported present and eager to subscribe, to the amazement of the populace. Resort was had to a lottery to decide which subscriptions should be allowed, and the fortunate recipients of scrip soon found it possible to sell them for $100 each. Managers, including Benjamin Rittenhouse, and officers, including William Bingham, president, were elected, and on June 21 the requisite letters patent were secured from the governor. Early in August by-laws were adopted and arrangements made to begin work.[1]

The execution of the project was hampered by opposition of property owners, who objected to the exercise of the right of eminent domain, and by thrifty Pennsylvania Germans and other wagoners, who objected to paying tolls. Nevertheless, the road was pushed with noteworthy speed and completed in 1794. Its cost was $465,000, averaging $7500 a mile for the sixty-two miles; practically the whole was contributed by shareholders. Francis Baily, an Englishman who visited the region early in 1797, remarked upon it as "a masterpiece of its kind, . . . paved with stone the whole way, and overlaid with gravel, so that it is never obstructed during the most severe season." [2]

The company continued to encounter hostility. Perhaps with a view to changing this attitude, an act of April, 1795, forbids the company to demand or receive toll "from or for persons living on or adjacent to said road, who may have occasion to pass by the said road, upon the ordinary business relating to their farms or occupations, and who shall not have any other convenient road or way by which they may pass." An act of

[1] *National Gazette*, June 7, Aug. 25, 1792; Hazard, *Register of Pa.*, ii, 293–299.

[2] Hazard, *Register of Pa.*, ii, 299 (1828); Wansey, *Journal of an Excursion*, 155, 210–211; Governor Wolf's message of 1831, quoted in Ringwalt, *Transp. Systems in U. S.*, 31; Francis Baily, *Journal of a Tour . . .* (London, 1856), 107; S. C. Frazer, "Old Pennsylvania Milestones," in *Pa. Mag. of Hist. and Biog.*, xxxii, 201–206.

1798 reflects continuing troubles when it establishes penalties for evading tolls or defacing or destroying signboards or milestones, and authorizes the company to establish scales to ascertain the weights of vehicles for purposes of collecting toll.[1] Unlike most of the companies that were erected upon its model, the company still exists, surviving criticism and complaint much as it did one hundred and twenty years ago.

At the time of chartering the "Lancaster pike" a charter was sought for another from Germantown to Reading. This was delayed by opposition and not secured until March 29, 1798.[2] A few other companies, however, were chartered in the meantime in Pennsylvania. April 22, 1794, a company was chartered for building a turnpike ten miles long from Lancaster to the Susquehanna. Some delays in securing subscriptions were experienced, but on Feb. 24, 1796, letters patent were issued. Further obstacles hindered operations, and it was 1801 before the road was begun. Then $48,300 was subscribed in $300 shares, and in 1803 the road was completed at a cost of $5816 per mile.[3] In the spring of 1796 were chartered the Lancaster, Elizabethtown, Middletown, and Harrisburgh, and the Gap, Newport, and Wilmington, neither of which was begun for many years — the first in 1806, the second in 1809.[4] In short, up to 1800 Pennsylvania's turnpikes were confined to the single pioneer enterprise.

In September, 1795, books were opened in New Jersey, and probably also in Philadelphia and New York, to secure subscriptions to a company for constructing a turnpike road to connect these cities, at an expense calculated at $300,000. At least one-fourth was subscribed, but the scheme was not pushed and had to wait for further interest till the fall of 1800.[5] No other turnpikes were pushed in New Jersey until about the same time,

[1] *Stats. at Large*, xv, 330–331, xvi, 130–133.

[2] Scharf and Westcott, *History of Phila.*, i, 496; *Stats. at Large*, xvi, 71–88. No mention is made of this company in the 1821 legislative report quoted in Hazard, *Register of Pa.*, ii, 293–300 (1828).

[3] *Session Laws*, 607; Hazard, *Register of Pa.*, ii, 293, 299 (1828).

[4] *Session Laws*, 27, 50; Hazard, *Register of Pa.*, ii, 298–299 (1828).

[5] *N. Y. Magazine*, vi, 574 (September, 1795).

and travellers were left bitterly complaining of the abominable roads.

Rhode Island was the second state to incorporate a turnpike company and established three. In February, 1794, there was incorporated *The Society for establishing and supporting a Turnpike Road from Cepatchit Bridge, in Gloucester, to Connecticut Line, on the great road leading to Killingly and Hartford;* and in October *The Providence and Norwich Society, for the establishing a Turnpike Road from Providence to County Line, through Johnston, Scituate, Foster and Coventry.*[1] In October, 1800, an important highway was handed over to *The Proprietors of the Providence and Boston Turnpike-Road.*[2]

Connecticut, while not the pioneer, was the real leader in the turnpike movement. Beginning in 1795 with four companies, she chartered six in each of the two years 1797 and 1798, two in 1799, and five more in 1800 — twenty-three in all, as compared with nine for Massachusetts and thirteen for New York. Together these touched all sections of the state.

Two of the earliest of these reached out toward Providence — the *Hartford, New-London, Windham and Tolland County Society*, southeast to Norwich via Franklin (1795), and the *New-London and Windham County Society*, east from Norwich via New Lisbon, Preston, Plainfield and Sterling to the Rhode Island line (1795). Five others radiated from Hartford, of which three were especially important: the *Boston*, east northeast via Bolton, Coventry, Mansfield, Ashford, Pomfret, and Thompson to the Massachusetts line (1797); the *Hartford and New London*, southward via New Salem, Marlborough, and Glastonbury (1800); and the *Hartford and New Haven* (1798). The *Talcott Mountain* connected the capital city with Farmington, Simsbury, and New Hartford (1798); and the *Granby* ran north to the Massachusetts line (1800). New Haven was connected with Litchfield by the *Strait's*, running through Watertown, Waterbury, and Woodbridge (1797), and with Cheshire by

[1] *Session Laws*, 9–11, 13–14; *Providence Gazette*, Jan. 18, 1794; Anderson, *Waterbury, Conn.*, i, 566.

[2] *Session Laws*, 29–34.

the *Cheshire* (1800). Litchfield was also linked up with New Milford by the *New-Milford and Litchfield* (1797); with Bristol by the *Litchfield and Harwinton* (1799); and with the Massachusetts line by the *Canaan and Litchfield* (1799). New Hartford was connected with the Massachusetts line by the *Green Woods* (1798) and the *Farmington River* (1800). In the southwestern part of the state were three touching Derby — the *Oxford*, running northwest to Southbury (1795), the *Derby* (1798), and the *Ousatonic*, running northwest to New Milford (1798), connecting there with the *New Milford and Litchfield* (1797); and four others — the *Norwalk and Danbury* (1795), the *Saquituck*, between Norwalk and Fairfield (1797), the *Fairfield, Weston and Reading*, between Bethel and Weston (1797), and the *Stratfield and Weston* (1799). Two of lesser importance in the east were the *Windham*, from Windham to Plainfield (1799), and the *Windham and Mansfield*, from Franklin to Stafford (1800).

These companies were, as a rule, not obligated to build new roads, but to put existing roads in good repair and to keep them so with the aid of the tolls received. Nearly all of them, judging by later acts or resolves, the talk of the public, and local histories, attained their immediate objects and continued long to take toll, to the irritation of those who had to use their highways. Of few does any significant published record remain.[1]

Massachusetts, beginning in 1796, chartered nine or ten turnpike companies,[2] nearly all in the western part of the state. The *First* ran from Western Bridge to Palmer and in 1798 was authorized to be extended through to Wilbraham, six miles beyond. The *Second*, chartered in 1797, ran from Charlemont to Adams, and the *Williamstown*, chartered two years later, carried it through Williamstown to the Massachusetts line to connect with New York's *Eastern Turnpike*, chartered soon after,

[1] Cf., however, *Private Laws* (ed. 1837), ii; Woodward, *Hartford Bank*, 96–97, Blake, *History of Hamden*, 93–94, and Dwight, *Travels*, ii, 285 (the Hartford and New Haven); Larned, *Windham County*, ii, 295 (the Boston); Orcutt and Beardsley, *Derby, Conn.*, 305–306 (the Oxford); Blake, *Hamden, Conn.*, 95–96 (the Cheshire); Anderson, *Waterbury, Conn.*, i, 566 (the Strait's); Caulkins, *New London*, 659 (the Hartford and New London); and cf. *infra*, 223, 306–307.

[2] They are usually designated by number. The Williamstown was really the fourth; the seventh seems to be missing.

running from Bath (Rensselaer County) through Petersborough. The *Third Massachusetts* (1797) connected Northampton and Pittsfield, and the *Eighth* (1800) ran from Westfield to Pittsfield. The *Fifth* (1799) connected Northfield and Leominster, with a branch from Greenfield striking the main road at Athol.[1] The *Sixth* (1799) connected Amherst with Worcester and Shrewsbury. The two others were junction roads — the *Ninth* (1800) running from Bellingham to Douglass, linking up with Connecticut's *Boston Turnpike Company* (1797), and the *Tenth* running across southwestern Massachusetts from the Connecticut line near Sandisfield, through Bethlehem, Lee, and Lenox to Canaan, Conn., probably connecting with the *Canaan and Litchfield* (1799).

The *First* had its road in use by November, 1797. The *Fifth* was perhaps the most important. Most of the others seem to have utilized their privileges more or less promptly and completely.

New York met several Massachusetts and Connecticut companies halfway. Besides the *Eastern* (1799), the *Rensselaer and Columbia* (1799) was to connect Albany with the Massachusetts line near Lebanon Springs, and the *Columbia* (1799) was to connect Hudson, Claverack, and Hillsdale with the Massachusetts line on the route to Hartford. The *Susquehannah* (1800) was to run from Salisbury, Conn., to Wattle's Ferry on the Susquehanna, "by Aneram Furnace in Livingston," and the *West-Chester* (1800) was to run from East Chester to the Connecticut line at Byram. Three companies struck westward. The *Great Western* (1799) was to run from Watervliet, near Troy, over fifty miles west to Cherry Valley, Otsego County; and the *Mohawk Turnpike and Bridge Company* (1800) was to bridge the Mohawk at Schenectady and run thence, by what became the Erie Canal route, seventy-odd miles west to Utica. The *Seneca* (1800) was to run from Utica to Cayuga and Canandaigua. Another fairly

[1] J. H. Temple, *History of Palmer*, 224–225 (First); J. E. A. Smith, *History of Pittsfield* . . . , 508–509 (Third and Eighth); A. L. Perry, *Origins in Williamstown*, 25 (Williamstown); F. A. Currier, "The Old Turnpike and Turnpike Days," in *Fitchburg Hist. Soc. Proc.*, iv, 160–163 (1908), Thompson, *Greenfield*, i, 506, 558, and Sheldon, *Deerfield*, ii, 916 (Fifth).

long route was that of the *Northern* (1799), which followed the present Boston and Maine line from Lansingburg on the Hudson via Cambridge and Salem to Granville, and from Salem to Rupert, Vt. Probably the most profitable was the *Albany and Schenectady*, the first to be chartered (1797). The *Orange* (1800), running from Cheescocks, Orange County, to "the road from Stirling Iron Works," was a small local company.

Toward the close of the century the New York developments in this direction were quite reassuring to "friends of public improvements." Robert Troup, for example, wrote to Rufus King, March 9, 1800, when several charters were about to be considered: "General efforts are now making in the Legislature by Mr. Williamson & his friends to have the western roads turnpiked; and if the object can be accomplished, of which I am far from despairing, the improvement of the country will travel on with much quicker step."[1] To him the enactment of six charters within the next month must have been decidedly pleasing.

To the northward also there was considerable turnpike enterprise. Maine had no companies prior to 1800, but New Hampshire had four fairly important ones and Vermont as many as nine — nearly half of her quota of eighteenth century corporations.

The first turnpike corporation of New Hampshire, *the proprietors of the New-Hampshire turnpike road*, was chartered June 16, 1796,[2] to erect a "direct road from Concord to the Piscataqua bridge," running thirty-six miles through Pembroke, Chichester, Epsom, Northwood, Nottingham, Barrington, Lee, and Durham, to the Merrimac in Concord, "that the communication between the seacoast and the interior parts of the State might be made much more easy, convenient, and less expensive." The "expensiveness" of the enterprise was assigned as a reason for difficulty in accomplishing it "otherwise than by an incorporated company" to be "indemnified by a toll for the sums

[1] King, *Rufus King*, iii, 207.

[2] For interest here in 1791–93, see Stackpole and Thompson, *Durham, N. H.*, i, 236–237; *Session Laws*, June 16, 1793, pp. 539–543.

that should be expended." The road was promptly completed. In 1800 new regulations regarding the toll were adopted, and in 1803 an extension of the road was authorized. In 1796 petitions for two other turnpikes failed to evoke the encouragement of the legislature. Late in 1799, however, the *Proprietors of the Second* and *Third Turnpike Roads* in New Hampshire were incorporated. The former was to build a fifty-mile turnpike from Claremont to Amherst. The town of Claremont voted encouragement, Francestown not to remonstrate, Antrim no objection, and the road was opened in the summer of 1801, at a cost of $80,000. The latter was to build a fifty-mile road from Bellows Falls through Keene and Jaffrey toward Boston. This was completed in 1803. In June, 1800, Elisha Payne, Russell Freeman, and Constant Storrs petitioned for a charter to enable them to open a turnpike road from Boscawen or Salisbury west to the Connecticut River at Lebanon, to connect with the road about to be opened by a Vermont company from the mouth of White River to Lake Champlain. After due advertisement the act was passed Dec. 8, 1800, and the *Fourth* company began its successful career.[1]

Vermont's *First* turnpike corporation (1796) was to build a short road to connect Bennington and Wilmington. The second, *The Green Mountain Turnpike Corporation*, was to run from Clarendon to Shrewsbury (1797). *The Green Mountain Turnpike Company* was incorporated in 1799. Three touched Woodstock: *The Windsor and Woodstock* (1799); *The centre*, from Middlebury to Woodstock, with a branch to Royalton on White River (1800); and *the Royalton and Woodstock* (1800).[2] *The*

[1] *N. H. Index of Laws*, 401, 542; *Session Laws*, 539–543; Lord, *Dartmouth College*, 622–623; John M. Shirley, "The Fourth N. H. Turnpike," in *Granite Monthly*, iv (March, 1881); Lyford, *History of Concord*, i, 299–300; *Laws of N. H.* (ed. 1797), 325–329; C. J. Smith, *History of the Town of Mont Vernon, N. H.* (Boston, 1907), 39–42, 45–47; Otis F. R. Waite, *History of the Town of Claremont, N. H.* . . . (Manchester, 1895), 358; W. R. Cochrane, *History of the Town of Antrim, N. H.* (Manchester, 1880), 85; *ibid.*, *History of Francestown, N. H.* . . . (Nashua, 1895), 149–150; George Aldrich, *Walpole as it Was and as it Is* . . . (Claremont, 1880), 85; John J. Dearborn, *The History of Salisbury, N. H.* (Manchester, 1890), 300–315.

[2] See Samuel Swift, *History of* . . . *Middlebury* . . . (Middlebury, 1859), 314–315, and H. S. Dana, *History of Woodstock, Vt.* (Boston, 1889), 538–542, for facts

White River probably was to link up with the second of these. In Windham County were *The Windham* (1799) and *the Connecticut River* (1800), running from Rockingham (Bellows Falls) to Thetford, Orange County. Nearly all, it will be noted, were in southern or southeastern Vermont, but at least three crossed the mountain range.

The six turnpike companies south of Pennsylvania were confined to two states, — Virginia and Maryland. The Virginia legislature chartered, late in 1795, *the Fairfax and Loudoun turnpike road company* and *the Matildaville company*, to construct turnpike roads from Alexandria westward to Little River and northward to the Great Falls of the Potomac.[1] Late in 1800 Virginia further incorporated *the Alleghany Turnpike Road*, for "making easy the communication" between the head navigation of the Potomac, at the mouth of Savage River or George's Creek, "to the nearest western navigation;"[2] but this, conditioned on Maryland's passing a similar act, did not go into effect. Maryland chartered in October, 1796, *the Washington Turnpike Road company*, to build a turnpike from Baltimore to the rising Washington; and in January, 1798, similar charters were granted for turnpikes to Frederick and Reisters-town. None of these Maryland roads was built, presumably because the requisite capital could not be raised.[3]

It is not clear why, in the south, where canal and navigation enterprises flourished, there was such a paucity of corporate toll bridges and toll roads. It would seem that at numerous points companies would have found such undertakings profitable, and the numerous charters to private canal companies do not indicate strong prejudice against imposition of tolls. Clearly the tradition of public building and control of land highways was much stronger than in the case of waterways, and business enterprise was not active enough to press into the field.

concerning these. It is possible that Dana treats the branch of *the centre turnpike company* as an independent corporation.

[1] *Stats. at Large* (ed. 1835), i, 378–388.

[2] *Ibid.*, ii, 249–254.

[3] Griffith, *Annals of Baltimore*, 120; *Laws* (Kilty), 1796, c. 69, and 1797, c. 65, 70.

Most of the turnpike companies were small affairs with capitals of less than $100,000 and with stretches of road perhaps most commonly twenty to thirty miles, and rarely over seventy. Among the largest were the first, *the Philadelphia and Lancaster* (1792), with $300,000, soon enlarged some fifty per cent; *the Fairfax and Loudoun* (Virginia, 1795), with $245,000; the Lancaster and Harrisburg (Pennsylvania, 1796), with $180,000; and *the Germantown and Reading*, with $500,000. New York's largest, *the Great Western* (1797), was authorized to raise but $80,000. In view of the uncertainty of requirements, Massachusetts charters fixed no definite amount, and even left to the company the decision as to the number of shares. South of New York the par value of shares was high, $300 in the first three Pennsylvania companies and $200 in the first two of Virginia. In New York $25, $40, and $50 were most common. In New England also the par was low, as fixed by the companies themselves; and elsewhere the trend was clearly toward the smaller par value.

The charters of the canal, bridge, and turnpike companies were roughly similar, though there were considerable variations in different states. Something may well be said at this point of certain of their significant elements.

Provision was ordinarily made for forfeiture of the charter (and sometimes also of improvements made) if the work should not be completed within a specified time,[1] but extensions of time were freely granted. An uncommon requirement is that in a few later Connecticut turnpike charters compelling the company to give bond to the state treasurer, of $10,000 to $50,000, to complete the road within a certain time, or to pay damages and make the road free of charge upon the towns within a specified period.[2] I have seen no evidence of forfeiture of such a bond. In the case of turnpike companies it was frequently provided that the road should be inspected by a temporary commission,

[1] In Massachusetts three to six years, in New York two years, were allowed for beginning, and usually five years thereafter for completion. The *First New Hampshire Turnpike* charter allowed ten years, the *Fourth*, six.

[2] *Private Laws*, ii, 1217, 1223, 1273, 1297.

appointed by the governor, before turnpike gates could be set up for taking toll.

The charters varied greatly in their regulation of the initial establishment and the internal organization of the corporations. Pennsylvania charters, in general, were elaborate and detailed; Massachusetts charters gave the proprietors much leeway, being silent even as to the authorization of capital. In most states the provisions were much looser and freer than in bank charters. Ample powers of eminent domain were freely given. Penalties were commonly prescribed for malicious injury to the works. The companies were made liable, however, in case of illegal taking of toll, or for obstructions of the highway.

Policies as to term of franchise, rates of tolls and profits, and relinquishment of the works to the public varied greatly. Five principal ones may be distinguished. (1) Most commonly, perhaps, a perpetual charter would be granted, but rates of dividend limited, say, to twelve (Massachusetts turnpikes), fourteen (New York turnpikes), fifteen, or twenty-five per cent. (2) Or a perpetual charter might be given, subject to the regulation of tolls after, say, twenty, thirty, or fifty years — a common policy in Massachusetts bridge charters. (3) In some cases the franchise was definitely limited to thirty, forty, fifty, or seventy years. Upon the expiration of this period the work should revert to the state or "be delivered up in good repair," and this was sometimes accompanied by a provision for regulating the tolls after part of this period had expired — another common policy in Massachusetts bridge charters. (4) The state might be authorized to buy out the company after a certain period, say forty years, upon repaying outlays and a certain percentage per annum (typically twelve per cent) upon them, less the profits divided, as in New Hampshire turnpikes. (5) The works might revert to the state as soon as the tolls had repaid the advances of the proprietors and a certain percentage (typically twelve per cent) per annum upon them, as in Connecticut turnpike companies.

A few specific variants from these may be cited. In the charter the Lancaster and Harrisburg turnpike (1796) the legislature

reserved the right to take possession of the road at any time after 1825, paying the company a sum agreed upon by ten persons, five appointed by the legislature and five by the president and managers. A somewhat similar provision occurs in the charters of the Northampton Bridge Company (1797) and the Schuylkill River Bridge (1798).[1] The charter of *the Germantown and Reading turnpike* (1798) requires profits exceeding nine per cent to be appropriated to retire the stock of the company at par, the road to become free when all should be so retired.[2] The charter of the Schuylkill River Bridge (1798) provides that "a fund for the redemption of the bridge" shall be constituted of receipts in excess of fifteen per cent annual net profits, private donations for the purpose, and income upon this capital invested "in bridge stock, or other productive funds," with a view to making the bridge toll free within the twenty-five year period from its completion for which the franchise was granted.[3]

Moreover, in many charters provision was made that when tolls did not yield an income equal to a stated percentage (usually six per cent) of the total outlays on construction and repair, increases in rates might be made directly or authorized whereby to bring dividends up to this minimum. Coupled with this was a provision that the tolls should not exceed a liberal maximum of twelve, fifteen, or even twenty-five per cent. To ascertain these facts periodical reports to the legislature or courts were required — typically either annually or semi-annually till construction was completed and triennially or decennially thereafter — of tolls, expenses for repairs and operation, and profits. There was no penalty imposed for neglect of this provision, and it appears to have been commonly a dead letter.

Where the rate of toll was fixed directly by the charter the legislature turned an attentive ear to memorials showing that costs had exceeded expectations and profits were incommensurable with the outlays, and granted solicited increases in maximum rates of toll.[4] Changes in dimensions of the canal or

[1] *Pa. Stats. at Large*, xv, 419.
[2] *Ibid.*, xvi, 86.
[3] *Ibid.*, xvi, 44.
[4] Cf. *Mass. Priv. and Spec. Stats.*, ii, 75, 331 (Andover Bridge, 1796, 1799); *N. H. MSS. Laws*, x, 160, 166 (Cornish Bridge, White River Falls Bridge, 1796);

in location of turnpike gates or canal toll gates, permission to take toll on part of the works before the whole was completed, are other evidences of the same nature. There was a disposition to assure the companies, so far as it lay in the power of the legislature, returns "fair to the investor;" and if the demand was so elastic and the costs so high that even the best rates would not yield a "fair" profit, that was the fault of the miscalculation of the promoters and not of a hostile legislature or public opinion.

Vt. Session Laws, Nov. 16, 1801 (West River Bridge, incorporated 1795); *Conn. Priv. Laws*, i, 242–243 (New Haven — East Haven Bridge, 1799, 1805).

CHAPTER V

Insurance, Water Supply, Manufacturing, and Miscellaneous Companies

Beside the banks and highway corporations already discussed the other business corporations appear of secondary importance and can be dismissed with slighter consideration. The insurance companies were the most important, aqueduct companies the most numerous, manufacturing companies the most interesting. A common interest attaches to these three groups because in all one may observe quite clearly the transition from the non-corporate to the corporate form.

Two branches of the insurance business had grown to considerable importance by the end of the eighteenth century. Marine insurance expanded with the growing commerce of American merchants even before, but especially after, the Revolution. Fire insurance, though much less widespread, became more and more vital as the population increased and crowded more into the towns. A third branch, life insurance, deserves passing mention. Other forms are entirely negligible.

In an earlier essay reference has been made to two charitable-religious organizations which were virtually life insurance companies for Presbyterian and Episcopal clergy.[1] These continued their operations after the Revolution, within their limited fields. One has maintained its existence to the present day. Several of the regularly chartered insurance companies had authority to insure lives. The first, *the Insurance Company of North America*, probably made as much use of this power as any before 1800. In January, 1795, a committee of the directors was appointed to draw up a plan for life policies. No effort was made

[1] Essay I, 81.

to solicit this form of business, but the board acted on such applications as came in. On May 26, 1796, policies were approved of $24,000 on the life of John Holker, from June 6 to September 19, and $5000 on the life of Bon Albert Briois de Beaumez (for the benefit of Theophile Cazenove) for eighteen months. On September 27 a third was approved, but apparently not issued. Not more than two or three others were issued before the end of the century.[1] In April, 1800, the Manhattan Company advertised extensively its willingness to insure lives and grant annuities, and published rates, conditions, etc.[2] Whether it issued any policies does not appear. I have seen no evidence that any other company attempted any business in this field in the eighteenth century.

In a word, the life insurance business in America prior to 1800 was insignificant in amount. Its growth may have been retarded by the serious variations in the death rate which were due to the prevalent epidemics,[3] but it is to be remarked that this type of insurance was not yet far developed abroad and that its phenomenal spread has occurred only in the nineteenth century.

The marine insurance business first gained a foothold. As early as May, 1721, John Copson advertised in Philadelphia his intention to open a marine insurance office in that city; but if he did so, he soon abandoned it.[4] In 1724 Joseph Marion, notary public, trained as a clerk, copyist, "accountant," etc., opened such an office in Boston, which he continued to conduct for upwards of twenty-four years. Other offices for marine insurance were soon in operation in Boston, and toward 1750 others were added in Philadelphia and other commercial centres.[5] Commonly these offices merely served as a meeting ground for merchants desiring insurance and capitalist insurers, often them-

[1] Thomas H. Montgomery, *History of the Insurance Company of North America . . .* (Philadelphia, 1885), 72–74.

[2] *Columbian Centinel*, May 28, 1800; Hardy, *Early Insurance Offices*, 91.

[3] Zartman and Price, *Readings in Insurance: Personal Insurance*, 80.

[4] Montgomery, *Ins. Co. of N. A.*, 15–16.

[5] Hardy, *Early Ins. Offices*, 25, 31–32, 37–50, 93–96, giving a chronological list of the Massachusetts underwriters before 1880; Montgomery, *Ins. Co. of N. A.*, 17–27; F. L. Hoffman, *Insurance Science and Economics* (Chicago, 1911), 160–

selves merchants, and the agent was little more than a secretary. In some instances, however, a definite company of insurers was formed, whose names were inserted in each policy, and who were liable for proportionate parts of losses on policies signed by two or three of the members. Thus in 1757 an insurance firm known as Thomas Willing & Co. was established in Philadelphia. The partnership was not renewed after two years. A similar company formed in Philadelphia in 1762, by a member of the earlier one, lasted likewise two years. In 1783, if not earlier, such a company, composed of twenty gentlemen, was in operation in Boston, under the leadership and in the office of John Hurd. A similar company was advertised by James Jeffry in Salem in March, 1784. In 1794 Sanford and Wadsworth, merchants, signed policies "for the Hartford Insurance Company." In July, 1795, this firm, Jeremiah Wadsworth, John Caldwell, Elias Shipman, and John Morgan formed a partnership "for the purpose of underwriting on vessels, stock, merchandise, etc., by the firm of the Hartford and New Haven Insurance Company." Numerous other examples of this sort may doubtless be found, especially in the commercial centres, but these "companies" were no more than partnerships, and apparently they did not seek corporate privileges.[1] The first *incorporated* company to undertake marine insurance appeared in 1794, with powers ample to enable it to write other types of insurance as well.

It is not difficult to suggest reasons why the corporate form was not earlier utilized in marine insurance. The possible loss was definitely limited in each case by the length of the voyage and the value of ship and cargo. The insurance was an affair of the active merchant class, and the risks were ordinarily so scattered that a group could easily be formed to bear them. There was little need for large capital, little gain from continuity of existence, small occasion for formal organization. Till the merchant importers became so numerous that a spe-

161. In the *Providence Gazette* of Dec. 27, 1794, Joseph Lawrence advertises that he "has for upwards of thirty years kept an Insurance Office" in that town.

[1] Hoffman, *Ins. Sci. and Econ.*, 161, 177; Hardy, *Early Ins. Offices*, 45–48, 50; Montgomery, *Ins. Co. of N. A.*, 23–24; Woodward, *Hartford Bank*, 89–91.

cialized capitalistic organization had an advantage, the more elastic and more temporary associations of insurers, with the aid of a broker or secretary with an office, sufficed.

Fire insurance, however, was an affair not merely of the merchant importer, but of other merchants and householders as well. The hazard was indefinite as to time and, in view of conflagration possibilities, as to extent as well. A large membership was a distinct advantage, and the fact that the members were engrossed in other occupations prevented their active attention to this business. The necessity for central management was greater because of larger membership; yet this management, distinctly of a routine nature, involved no problems too difficult for the eighteenth century business corporation. One is not surprised, therefore, to find that fire insurance, though later in developing, affords the earlier examples of corporate insurance.

In the *Boston News-Letter* of Nov. 28, 1728, Joseph Marion advertised a scheme "*for the erecting an* Insurance Office *for Houses and Household Goods from Loss and Damage by Fire in any part of the Province of* Massachusetts Bay, by the name of the New England Sun Fire Office *of* Boston," to which scheme he invited the attention of prospective undertakers "desirous to promote and encourage a work of such Publick Good, Benefit and Safety to the Inhabitants of this Province in General." Apparently capital was not forthcoming, for twenty years later Marion advertised the scheme afresh — again without success.[1] Meanwhile, in consequence of proposals prosecuted in November, 1735, the Friendly Society of Charleston, S. C., was organized early in 1736 for mutual insurance against fire. It operated successfully for four years, when a conflagration which destroyed some three hundred houses gave it its deathblow.[2]

In March, 1752, at the instance of one John Smith, a marine underwriter, a mutual fire insurance company on the model of the London Amicable or "Hand in Hand" was formed in Philadelphia, with the name of *The Philadelphia Contributionship for the Insuring of Houses from Loss by Fire.* Benjamin

[1] Hardy, *Early Ins. Offices*, 25–35.
[2] *S. C. Hist. and Geneal. Mag.*, viii, 46–53 (January, 1907).

Franklin was a subscriber and one of the first directors, and Lieutenant-Governor James Hamilton put his name first to the deed of settlement. Two other directors were marine underwriters, another became clerk, and Smith became treasurer, the general executive officer, — so closely was the new type linked with the old. At first there was some enthusiasm, and on March 25, 1753, $108,360 insurance was in force. Interest lagged, however, and ten years later only $67,773 was in force, and funds

TABLE XI. EIGHTEENTH CENTURY CHARTERS TO INSURANCE COMPANIES

	1768	1786	1787	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
Maine	.	.	.	.	.	.	.	.	.	.	.	.	1	1
New Hampshire	.	.	.	.	.	.	.	.	.	.	.	1	.	1
Massachusetts	.	.	.	.	.	.	.	1	.	.	1	2	1	5
Rhode Island	.	.	.	.	.	.	.	.	.	.	.	2	4	6
Connecticut	.	.	.	.	.	.	.	1	.	1	.	.	.	2
New England	.	.	.	.	.	.	.	2	.	1	1	5	6	15
New York	.	.	.	.	.	.	.	.	.	.	3	.	.	3
Pennsylvania	1	1	.	.	.	.	2	.	.	.	.	.	.	4
Middle states	1	1	.	.	.	.	2	.	.	.	3	.	.	7
Maryland	.	.	1	1	.	.	1	2	.	.	1	.	.	6
Virginia	.	.	.	.	.	.	1	1	.	.	1	.	.	3
South Carolina	.	.	.	.	.	.	.	.	.	2	.	.	.	2
Southern states	.	.	1	1	.	.	2	3	.	2	2	.	.	11
Totals	1	1	1	1	0	0	4	5	0	3	6	5	6	33

in hand were but $982.25. In this year, 1763, a plan was adopted for accumulating a fund to provide for the conflagration hazard, and business picked up again. In 1768 the assembly was successfully petitioned for a charter.[1] Business continued much as before, with modifications necessitated by experience or suggested by possibilities of further extension of business. Operations were continued during the Revolution, and the company continues its existence to-day. At the end of its first century its insurance written amounted to nearly eight million dollars

[1] Montgomery, *Ins. Co. of N. A.*, 28–34; Hoffman, *Ins. Sci. and Econ.*, 170–171. Cf. *Centennial Meeting of the Phila. Contributionship for Insurance of Houses from Loss by Fire* (Philadelphia, 1852), 22 ff.

and its funds to $694,545.[1] To-day it has insurance in force of over twenty-two millions, and net ledger assets of more than six.[2]

The second fire insurance company, likewise mutual, arose out of discontent with the policy adopted by the *Contributionship* not to insure or reinsure houses having trees planted before them. This was voted in April, 1781, and finally made a by-law of the company three years later. In October, 1784, a new society was under way, formed largely of seceders from the old, and in February, 1786, it secured without difficulty a charter as *the Mutual Assurance Company for Insuring Houses from Loss by Fire*. This was organized on much the same basis as the older society. It too has enjoyed a long and modestly successful existence, and to-day has over nine million dollars of insurance in force, and net ledger assets of nearly four millions.[3]

The next year (1787), by deed of settlement, *The Mutual Assurance Company of . . . New York* was founded, even nearer than its predecessors to the London model. This continued successfully as a voluntary organization, and a disastrous fire Dec. 9, 1796, merely caused it to increase its rates of premium. In 1798 it secured a charter.[4]

Other mutual fire insurance companies were chartered during the nineties. The *Baltimore Equitable* appeared in 1794, and in the same year *The Mutual Assurance Society against fire on buildings, of the State of Virginia*, at Richmond, followed a year later by a similar company insuring goods and furniture.[5] The Baltimore company to-day has insurance in force of over twenty million dollars, and a surplus of some $700,000. The first Richmond company has over twenty-seven millions in force, and a surplus of over two and a half.[6]

[1] Fowler, *Hist. of Ins. in Phila.*, 292–302, 395.

[2] *42d Annual Report of Ins. Comsr. of Pa.* (1914), 407–409.

[3] Fowler, *Hist. of Ins. in Phila.*, 302–303, 306–307; Montgomery, *Ins. Co. of N. A.*, 31–33; *42d An. Rep. of Ins. Comsr. of Pa.* (1914), 343–344.

[4] Fowler, *Hist. of Ins. in Phila.*, 307 n; *Laws* (ed. 1887), iv, 198–201.

[5] *Md. Laws* (Kilty), 1794, c. 39; *Va. Stats. at Large* (ed. 1835), i, 307, 412. On the Virginia companies see Samuel Mordecai's *Richmond in By-Gone Days* (Richmond, 1856), chap. 28.

[6] *39th An. Rep. of Ins. Comsr. of Md.* (1910), 21; *10th An. Rep. of Comsr. of Ins. of Va.* (1916), 75–77.

Early in 1797 Boston citizens became enthusiastic over the constitution of the New York *Mutual* and, hopeful of securing lower rates than from the stock companies, they drew up a constitution and in March, 1798, secured a charter. Heading the list of petitioners for the charter was Moses Michael Hays, a well-known Jewish underwriter. Others were Paul Revere; James Sullivan, of the Middlesex Canal and Boston Aqueduct companies; Samuel Salisbury, who had been an incorporator of the *Massachusetts Fire* in 1795; and William Parsons, the next year a director of the *Boston Marine*. Policies could not be written till applications for insurance amounted to $2,000,000. Very low rates were advertised. By December the requisite applications were in, and on Feb. 1, 1799, policies began to issue. Evidently many applications were rejected or soon withdrawn, however, for in May, 1800, it was stated that $940,000 was insured, "$\frac{1}{5}$ of which is in the country" — this despite the fact that up to this time no loss whatever had occurred.[1]

The Massachusetts Mutual Fire survived for seventy-five years — the last of Massachusetts eighteenth century insurance companies. In 1855 it reported insurance in force on real estate, $14,100,710, and on Dec. 31, 1871, a surplus of $419,009. But the great Boston conflagration of Nov. 9, 1872, wiped it out, with twenty-five other Massachusetts companies.[2]

In December, 1794, a mutual was organized in Norwich, Conn., which secured a charter the following May. It still lives and continues to do a small local business. At present its insurance in force amounts to some $130,000, its net surplus to over $16,000.[3] In December, 1797, the South Carolina legislature chartered the *Charleston Mutual*.[4] In 1798 the *Georgetown Mutual* appeared,[5] and in October, 1800, Rhode

[1] *Columbian Centinel*, Jan. 4, Feb. 1, 1797, March 14, April 7, May 19, Aug. 4, Dec. 8, 15, 1798, Feb. 6, 1799, May, 1800; Hardy, *Early Ins. Offices*, 78–79.

[2] *An. Reports of Ins. Commissioners of Mass.* (1855), 156; (1872), 41; (1873), p. l.

[3] F. M. Caulkins, *History of Norwich, Conn.* (ed. 1874), 649; *49th An. Rep. of the Ins. Comsr.* (1914), 105–106.

[4] *Stats. at Large* (ed. 1838), viii, 195. Cf. advertisement of the Vigilant Fire Insurance Office, in Charleston, in the *S. C. State Gazette*, Sept. 18, Nov. 27, 1795.

[5] Bryan, *National Capital*, i, 337.

Island added to its two stock companies in Providence the *Providence mutual Fire Insurance Company*, which in 1915 reported assets over $800,000 and an income above $150,000.[1]

In May, 1787, the Maryland assembly chartered *The Baltimore insurance fire-company*, the first to be organized on a joint stock basis. Its plan was interesting. Subscriptions of £10,000 or more, current money (equal to $26,666.67), were authorized, in shares of £100. Subscribers were to deposit with the trustees, at the opening of the office, demand notes for £40, £30, £20, and £10 on each share, with security acceptable to the trustees. When losses occurred, the acting trustees were to call on the subscribers to pay to the treasurer, by a specified day within a month, sums in proportion to their holdings and sufficient in all to pay the loss; and process was provided for enforcing prompt payment. Thus no paid-up cash capital was requisite. The trustees, nine in number, must all live in Baltimore, and there the office was to be; but insurance elsewhere might be written. New shares of any amount might be issued, if voted by a stockholders' meeting, called for this purpose, at which sixty-six shares should be represented. Dividends were to be declared only once in five years. The company was established, but found its basis unsatisfactory. To the legislature, in the fall of 1791, it was represented

"by the stockholders . . . and other inhabitants of Baltimore-town, that inasmuch as the capital . . . consists of notes of hand, convertible into money in cases of loss by fire, and that in the event of failure or bankruptcy among the stockholders, the insured might become considerable sufferers: circumstances which, by affecting the solidity of the funds, . . . operate to destroy the public confidence in the said institution."

The company was therefore rechartered as *The Maryland Insurance Fire Company*. The capital was now fixed at $30,000 to $60,000 in $300 shares, payable in six per cent stock of the United States or in United States Bank stock; and shareholders in the earlier company were to have six weeks' preference in subscribing to the new. The arrangements regarding the capital re-

[1] *Annual Report of Ins. Comsr.* (1915), 90–96.

mained peculiar. The securities paid in were to become legally the property of the company. Nevertheless the depositors were to receive the dividends upon them and have full privileges of holders in most other respects. No stock was issued by the insurance company, and it was the other stock, or rather the limited rights attaching to it, which was transferable. When a loss occurred, the trustees were to assess the shareholders proportionately and to dispose of the stock of delinquents, the purchasers succeeding as shareholders. Thus in effect the stock was deposited as security for payment of assessments; yet it could not be withdrawn. Assessments were limited to the par value of the stock. Yearly dividends were now provided for, as also a triennial "exact and particular" statement, to the stockholders' meeting, of debts and surplus. On this new basis the company continued with more satisfaction.[1]

The next company developed from a tontine association, which was itself in part an insurance device.[2] Before the Boston association had emerged as a bank, but after the Massachusetts legislature refused it a charter as a tontine association, one of its projectors, Samuel Blodget, Jr., was induced by Ebenezer Hazard, a Philadelphia broker, to help float a similar association in that capital city. On March 19, 1792, subscriptions were solicited for *The Universal Tontine.* Blodget subscribed fifty thousand of the shares to transmit for sale in Boston, and perhaps some subscribers were secured there. For reasons which have been made clear in an earlier essay, the time was highly inauspicious for flotations, and of the one hundred thousand shares desired, but eighty-four hundred were subscribed (by one hundred and eighty-seven persons). The agents reported early in November no new subscriptions and that "Tontines in general appear to be in disrepute . . . many who have subscribed are dissatisfied and are desirous either that the Association be dissolved or the funds be appropriated to some other use."[3] Thereupon the subscribers agreed to convert the

[1] *Md. Laws* (Kilty), May, 1787, c. 22, November, 1791, c. 69.

[2] The account in the following pages is based directly on Montgomery's *Ins. Co. of N. A.*

[3] Cf. Essay II, chap. 7, and this essay, *supra*, 70–73. The agents' report is more

organization into the *Insurance Company of North America.* A constitution was adopted Nov. 19, 1792, the company undertaking "to make Insurances upon Vessels and Merchandize at Sea, or going to Sea, or upon the life or lives of any person or persons, or upon wares, merchandize, or other property, going by land or water." Next day subscriptions were opened; within two weeks two-thirds of the $600,000 capital proposed was subscribed (in $10 shares); and on December 1 organization was effected and $4 per share called in. Incorporation was immediately sought. It was represented to the legislature that with the increase in the national commerce local underwriters of responsibility were too few and that the company would benefit the community at large as well as the mercantile part of it

"by retaining in the State the money invested in their capital stock and the large sums that must otherwise be drawn from the country for premiums of insurance, by relieving commerce from the present tribute paid to foreign underwriters, and by securing the assured through the means of an ample capital stock from a possibility of loss, which in the manner of making insurance heretofore practised hath frequently happened through the failure of individual underwriters."

Corporate powers were desired

"in order to establish a greater confidence in the minds of persons who may incline to do business with them, and to enable the assured, in case of disputed losses, to have more convenient recourse to law, as well as to enable the company to prosecute their undertaking with greater ease and effect."[1]

Remonstrances from other merchants and underwriters were presented, and followed by memorials favoring incorporation, "from Merchants, Ship owners, Insurers, and Citizens." These slept in the hands of a committee of the House till on February 28 the directors appointed a committee to seek a charter from Delaware — the move which some years before had materially aided in bringing another assembly to terms with the Bank of North America. The stratagem succeeded. The committee reported favorably March 11. The advantages of a corporate organization were set forth — the greater ease of recovery in

intelligible when one recalls that John Pintard, secretary of the New York Tammanial Tontine Association, was among those bankrupted and temporarily disgraced by the panic of March and April, 1792.

[1] Montgomery, *Ins. Co. of N. A.*, 35–37.

case of loss, the "solidity," the advantage of size. They remarked precedents in other countries and for fire insurance in America, and the fact that no exclusive privilege was sought. They pointed out "That already the charges of insurance have been considerably abated since the establishment of the company whereby a great saving to the mercantile body is affected, who can afford to give so much more for the produce, as they pay less for insuring it" — the last a persuasive touch for the benefit of country members. A bill was accordingly reported April 1, but the assembly adjourned before it could be put through.

The company had not waited to begin business, and in July, 1793, a six per cent dividend was declared on the paid-in capital, followed six months later by another. Such success as this transformed the opponents into would-be competitors. Asserting the advantages of competition and that they had been unable to secure shares in the earlier company, they petitioned for a charter providing "that those who are more immediately interested in commerce may have an opportunity at subscribing thereto." The upshot was the passage of two charters in April, 1794.[1]

The North America company at first concentrated upon marine insurance. Premiums rose from $213,465 in 1793 to $1,304,200 in 1798, then declining to $103,902 in 1802. The first decade showed a surplus over losses of $536,569 on premiums of $6,037,457. In 1794 plans were adopted for the insurance of the *contents* of buildings against fire, which existing fire companies were not insuring, and of buildings themselves. At first exclusively on town risks, the fire policies were extended in March, 1795, to risks within ten miles of Philadelphia, and in April, 1796, to any point in the United States. Advertisements were placed in distant cities, such as Boston, but in 1798 the board refused to establish an agency at Charleston. On this branch of the business the surplus of premiums over losses to the end of 1802 was $51,137 on $81,254.

[1] Montgomery, *Ins. Co. of N. A.*, 35–44; *Pa. Stats. at Large*, XV, 41–48, 70–76.

The company did not set aside any reserves and paid out its profits promptly. From July, 1793, to January, 1798, the dividends amounted to $591,296.63, an average of over twenty per cent per annum on the capital of $600,000. In January, 1799, a twenty per cent dividend was declared. In July, 1798, July, 1799, and thereafter till July, 1806, inclusive, no dividends at all were paid. Such were the variations in the business done. Yet for the period 1793–1800 as a whole a considerable profit was yielded.

The second company was *The Insurance Company of the State of Pennsylvania*, with an authorized capital of $500,000 in $400 shares and about the same powers. This was promptly established and has maintained its friendly rivalry with the older company down to the present day. At the present time the *Insurance Company of North America* has a paid-up capital of four million dollars, net ledger assets of over eighteen millions, and fire and marine risks in force (net) of upwards of a billion dollars each; while the corresponding figures for its rival are one million, four millions, two hundred and sixty-six millions (fire) and thirteen millions (marine).[1]

In December, 1795, following Pennsylvania's example, Maryland chartered for Baltimore the rival Baltimore and Maryland companies for marine insurance, with capitals of $300,000 and $500,000 respectively.[2] Three years later New York followed suit with the *New York Insurance Company* and the *United Insurance Company of the City of New York*. All of these seem to have been successfully established; in 1801 the shares of the New York companies were quoted at 128 and 119.[3]

In 1795 also a body of seven petitioners sought and secured a charter as *The Massachusetts Fire Insurance Company*, on the plea that they were

"anxious to lend their aid to prevent the Calamities incident to themselves and fellow Citizens from the frequent Fires experienced in this and other populous Towns" and that "Experience has taught that this species of

[1] *42d Annual Report of the Ins. Comsr. of Pa.* (1914), 54–57, 68–71.

[2] *Laws* (Kilty), Dec. 24, 26, 1795.

[3] *Laws* (ed. 1887), iv, 241–245, 192–195; Pratt, *Work of Wall St.*, 5, citing *N. Y. Evening Post*, Nov. 16, 1801.

Insurance must be performed by Companies, or corporate Bodies, having large and permanent Funds at immediate command, in order that the business may be carried to so great an Extent as to embrace any object that may offer, and still afford full Security to the Insured, without producing inevitable Ruin to the Insurers, in the greatest Losses that may probably take place."

A capital of $300,000 in $100 shares was authorized, and this the proprietors might increase at their discretion to a maximum of $600,000. Ten dollars per share was to be paid in before any insurance was written. The balance was payable in annual instalments of $10 each; but in case losses, prior to completion of payments, should exceed "the amount of stock on hand," the excess was to be collected by proportionate assessments and an additional assessment of $10 collected forthwith, subject, of course, to the limitation of liability of each proprietor to $100 per share. The charter itself was limited to twelve years. Provisions were inserted requiring investment of the capital of the company, within sixty days of its collection, in stocks of the United States, of Massachusetts, of the United States Bank, or of incorporated banks in Massachusetts.[1]

The company opened an office at 16 State Street, called in the first instalment in August, and in September published rates and terms and appealed for business "from any of the citizens of Massachusetts, New Hampshire, Rhode Island and Connecticut." In November they offered "to make insurance for any citizens of the United States." The business was not large — about one thousand policies were written in the first three years; prospective competition with the new mutual company brought rates down about twenty-five per cent, but fewer than two thousand policies were written in the next five years. This experience led the company to secure an amendment to its charter early in 1799, enabling it to write marine policies, as the *Massachusetts Fire and Marine Insurance Company*.[2]

Contemporaneously with the entry of the *Massachusetts Fire* into the marine business, Stephen Higginson and others secured

[1] Hardy, *Early Insurance Offices*, 57–61. Cf. a petition to the town of Boston in 1785 for a fire insurance company refused as not for the "advantage of the Town."

[2] Timothy Dwight gives its capital as $400,000 in 1820: *Travels*, i, 499.

a charter as the *Boston Marine Insurance Company*. It was to raise $500,000 in $100 shares, which according to law was to be paid in by March, 1800, and promptly began business. The Newburyport and Salem marine insurance companies, on the same model, were chartered in 1799 and 1800 respectively, and began business with capitals of $100,000 and $200,000. In 1800 also the *Maine Fire and Marine* at Portland, on the principle of the Massachusetts company, was chartered and floated its $100,000 stock.[1] The *New-Haven Insurance Company*, incorporated in October, 1797, successfully prosecuted a marine insurance business with a capital of $50,000.[2]

In 1799–1800 Rhode Island was struck by an insurance craze. In February, 1799, companies were chartered for Providence and Newport, and a year later others for Providence (*the Washington*), Warren, and Bristol. The *Providence Insurance Company* and the *Washington Insurance Company* amalgamated in 1820 as the *Providence-Washington*. In this form it has ever since done business. It is now the largest Rhode Island insurance company, with a capital stock of $1,000,000, ledger assets of over $4,000,000, and a normal business nearly as much. It still does both fire and marine insurance, the fire insurance being roughly double its "marine and inland" business.[3] The Newport company's stock ($100,000 in $100 shares) was considerably oversubscribed in March, 1799. A dividend was declared as early as June 18, and the third instalment of twenty per cent was called in October. The par value of shares was soon reduced to $60. The company remained in operation only five years, paying five per cent per annum during that period.[4] The Warren company operated with a capital of $40,000 till July 1, 1844; during this time it paid losses of about $200,000, and its dividends averaged fourteen per cent per annum.[5]

[1] Hardy, *Early Ins. Offices*, 77; *Columbian Centinel*, April 3, July 3, Sept. 4, Nov. 2, 1799. Dwight gives its capital in 1820 as $300,000: *Travels*, i, 499.

[2] *Private Laws* (ed. 1837), i, 680–682; Dwight, *Statistical Account*, 78.

[3] *Report of the Insurance Commissioner of R. I.* (1915), i, 9–16; William E. Foster, "Stephen Hopkins, A Rhode Island Statesman," in *R. I. Hist. Tracts*, xix (Providence, 1889), 117.

[4] *Newport Mercury*, March 12, 26, April 2, 23, June 11, 18, Sept. 17, 1799; G. C. Mason, *Reminiscences of Newport*, 174–177.

[5] G. M. Fessenden, *History of Warren, R. I.* . . . (Providence, 1845), 105.

There were thus incorporated, and possibly all in active operation at the end of the century, eleven mutual fire insurance companies and twenty-two stock companies, most of which did both fire and marine insurance, the latter business predominating. Very naturally they were concentrated chiefly in the populous mercantile towns. Baltimore had four, not counting the one reorganized; Philadelphia four; Boston, Providence, and New York each three, not counting New York's *Manhattan Company;* Charleston and Richmond each two. The others were scattered chiefly through trading towns of lesser rank: Portland, Portsmouth, Newburyport, Salem, Newport, Warren (R. I.), Bristol (R. I.), Norwich, New Haven, Georgetown, and Alexandria. Most of them were purely local enterprises, but some of the fire companies secured business from outlying towns and country districts, and a few of the larger companies attempted to secure business from distant places.

The joint stock insurance companies came nearer than any others to rivalling the banks in size, measured by the capital employed. The earliest (Baltimore) had a minimum capital of $26,667, and its successor was entitled to have $60,000. Most of the later ones had upwards of $100,000, and the *Boston Marine* was authorized to raise $820,000. The par value varied greatly, all the way from $6 (in the *North America* company) to $1000 (Maryland, 1795).[1] On the whole they were financially successful, though their dividends varied much more than did those of the banks. None met failure before the end of the eighteenth century, and several have survived the nineteenth as well.

A close relation existed between the insurance companies and the banks,[2] chiefly because premiums were usually paid with notes and because the insurance companies had large funds which they needed to invest or have safely kept. Bank stock

[1] Cf. others: Alexandria, $20; New York, $50; Boston, $100; Baltimore, Massachusetts Fire, Maine, $300; United, $500.

[2] No company was chartered in this period, as was later the case, to combine the two businesses (e.g., *Newark Banking and Insurance Co.*, 1804), and only the *Manhattan Company* undertook without specific grant to do these two types of business.

furnished an investment, along with national debt, and the bank vaults were the safest place for temporary surpluses. Massachusetts insurance companies were required to invest their funds in stocks of the United States or Massachusetts or stocks of the Bank of the United States or incorporated banks of the state. Pennsylvania charters were similar, though they allowed wider leeway — stock of any corporation chartered by the state was an eligible investment. The relationship was the closer, also, because the merchant class demanded both services and naturally tended to control both types of institutions, and because the leading underwriters were important local financial figures. Here one may find the explanation of the almost simultaneous incorporation of the banks and insurance companies in Bristol and Warren, R. I.[1] The *Providence Insurance Company*, by 1814, was the largest stockholder (one hundred and fifty shares) in the *Providence Bank*.

The charters of the insurance corporations were less elaborate than those of the banking and highway companies, and the mutual charters were especially simple. The term of charter was indeed usually limited, after 1790, to nine, ten, eleven, twelve, or twenty years. Trading was ordinarily specifically prohibited, and sometimes banking as well. Directors, varying greatly in number (at least from nine to twenty-four), were usually required to be citizens of the state, and sometimes a majority were required to be chosen from citizens of the town. Usually directors in other insurance companies, and sometimes private insurers, were ineligible to the directorate, and in the New York *Mutual* any person serving the corporation "in the way of trade." A provision in Maryland charters preventing *stockholders* in one insurance company from being directors in another was eliminated in 1796.[2] Regressive voting, or else one vote per share up to a maximum of ten, thirty, or fifty, was

[1] Stokes, *Public and Private Finance*, 274–276; Mason, *Reminiscences of Newport*, 174–177. The records of the Massachusetts Bank show that Edward Payne and John Hurd, insurance brokers, were among the large stockholders of the bank in its early days and that the Boston Marine held eight shares of this bank: *Directors' Records*, 61, and *Dividend Book*.

[2] *Md. Laws* (Kilty), 1796, c. 63.

the rule. Reserves were occasionally, though seldom, mentioned, but certain of the later charters stipulated that after losses impaired the capital the impairment must be made good before dividends were paid. Massachusetts adopted the policy of requiring statements to stockholders once in two or three years, statements to the legislature when required, and submission to examination by it; and some of these provisions appear elsewhere. The enlarged charter for the *Massachusetts Fire and Marine Insurance Company* (1799) stipulated that previous to its issuing marine policies it should publish in two Boston newspapers "the amount of their actual funds, the periods when the remainder will be paid, the greatest amount to be taken upon any Vessel or house, and the risques they propose to insure against." A similar statement was to be kept posted conspicuously in the company's office and published annually. This was inserted in later charters of that state.[1] These regulations constituted the closest supervision established for any class of corporations prior to 1800, even more than for banking, bridge, and navigation companies. Much still, however, was left to each company to regulate entirely to suit itself.

Companies for supplying water were almost the sole representatives during this period of the local public service corporations which in latter days have become so ubiquitous. In the eighteenth century these were numerous only in Massachusetts; they were generally of minor importance financially; they were not conspicuous in failure or success; and so little is chronicled of them that frequently the charter tells the whole story that is extant.

Four water companies had been incorporated in colonial days, as we have noted in a preceding essay, and two or three of them outlived the war.[2] The next charter was not granted till 1792, and nearly three years elapsed after that before a movement to incorporate aqueduct companies appeared. This long gap is not easy to explain. Certainly as the population increased,

[1] Cf. *Columbian Centinel*, April 3, 1799, for the *Boston Marine Insurance Company's* first advertisement meeting this requirement.

[2] Essay I, 89–90.

easily accessible water supplies became inadequate or tended to be polluted, and larger water resources were needed for fire fighting; and municipal authorities rarely took measures to furnish the new supply. It is probable, however, that the Rhode Island companies had not been notably successful and inspired no imitation, and that for the time being the requisite investment of capital, the need of coöperative action, and the necessity of stable organization and powers of eminent domain were so small that voluntary associations of neighboring householders were adequate without incorporation. Moreover, the low state of development of hydraulic engineering hindered the extension of aqueduct systems: till the nineteenth century bored saplings were almost exclusively used for pipes, and these easily rotted, leaked, and made infinite trouble. Here, as so often, economic progress waited on technical advance.

There were numerous abortive schemes of various sorts, in this period, for supplying water, of which a few typical instances may be recounted. In Albany one Captain Machin took levels in 1779 and presented plans to the council for supplying water by means of an aqueduct. In March, 1792, when the bank capital was so quickly oversubscribed, the furnishing of a city water supply was one of the objects of a tontine subscription which was filled in the speculative fervor. In February, 1796, an act was passed to enable the city corporation to supply the inhabitants with water. It was some years more, however, before an effective system was here introduced.[1] In 1787 an attempt was made to float an aqueduct company in Baltimore.[2] The proprietors of the Delaware and Schuylkill navigation company (1792) planned to combine with their principal enterprise a project for "the watering of the city" of Philadelphia — an object of "immense consequence to the health of the city, and to the extinguishing of fires." For this they procured the right to raise additional capital (£50,000 was planned) and to pay ten per cent dividends upon it.[3] Nothing was done upon

[1] Munsell, *Annals of Albany*, ii, 192–193, iii, 151; *Columbian Centinel*, April 4, 1792.

[2] Griffith, *Annals of Baltimore*, 121.

[3] *Historical Account*, 63–65.

this, and late in 1798 the company, various citizens, and the hospitals petitioned the legislature for aid. A committee of the Senate reported in favor of a state subscription of $200,000 for the completion of the canal and incidentally the water system. Benjamin H. Latrobe, an engineer, presented a proposal to build works for the city, and his plan was accepted. The following spring a large house for water power was constructed near the Schuylkill south of High Street and a marble receiving fountain at Center Square; pipes were laid in the streets, and Nicholas I. Roosevelt was secured to build the pumping engines. The works proved expensive, defective, and inadequate. By 1803, $300,000 had been laid out, and only $960 was received in rentals, though one hundred and twenty-six houses of private adventurers in the enterprise were receiving water free.[1]

There were also a considerable number of small unincorporated associations for this purpose. The semi-public character of these "companies" is recognized by a New York act of March 9, 1790, "for the better regulating and protecting of Aqueducts in the city of Hudson." This provided for details of organization without granting corporate powers, much as the well-known acts enabling proprietors of swamp lands to drain them by common action at common expense.[2] Here the proprietors were to elect a treasurer, clerk, collector, and two inspectors, and to vote a sum to be assessed pro rata according to shares held. The mayor and recorder of the city were to supervise the meetings of the proprietors, and the council was to make by-laws on application of the proprietors and fix penalties for their infraction. No powers of eminent domain, however, were bestowed.

The Baltimore Water Company was the first of the new line of aqueduct companies. It was authorized December, 1792, in a supplement to the charter of the *Maryland Insurance Fire Company*.[3] The directors of the latter company were to open a subscription when they should think proper, but the new company was to be entirely distinct from the old. It is not clear

[1] Scharf and Westcott, *Hist. of Phila.*, i, 466, 499–501; Watson, *Annals of Phila.*, ii, 457; Latrobe, *Journal*, xix–xxi; Hazard, *Register of Pa.*, xi, 381 (1883).

[2] *Session Laws*, 73. Cf. Essay I, 99.

[3] *Md. Laws* (Kilty), 1792, c. 11.

that the subscription was ever opened. At all events, in December, 1800, the legislature authorized the mayor and city council "to introduce water into the said city," [1] as if no water had yet been "introduced." This move, too, was unsuccessful.[2]

Massachusetts was foremost in chartering water companies, having to her credit a total of sixteen created by special charter.

TABLE XII. EIGHTEENTH CENTURY CHARTERS TO CORPORATIONS FOR SUPPLYING WATER

	1772	1773	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
Maine		.						1		.		1
New Hampshire								1		.		1
Vermont								.	.		1	1
Massachusetts						2	4	5	4	.		15*
Rhode Island	2	1				.	. .	.	.			3
Connecticut		. .		.				1	2		2	5
New England	2	1				2	4	8	6		3*	26*
New York				.				.		2	. .	2
New Jersey										1	1	2
Middle states										3	1	4
Maryland			1		.		.					1
South Carolina			. .							1		1
Southern states			1							1		2
Totals	2	1	1	0	0	2	4	8	6	4	4	32*

* Under the Massachusetts general incorporation act of Feb. 21, 1799, there were probably several corporations established, but data concerning these are not available.

Moreover, such was the pressure for corporate privileges for this purpose that, as we have seen, the General Court early in 1799 passed a general incorporation act for aqueduct corporations under which others may have been formed.[3]

The impetus to the Massachusetts movement seems to have come from New Hampshire. In 1794 Abijah Wilder and Luther Eames formed a partnership in Keene, N. H., for the building

[1] *Md. Laws* (Kilty), 1800, c. 77.

[2] Cf. Griffith, *Annals of Baltimore*, 121, 171; Scharf, *Chronicles of Baltimore*, 263.

[3] *Supra*, 15–18. Records of its operation are not accessible. It is highly probable several such companies were organized.

of aqueducts. They first utilized their skill in their home town, but then sought wider opportunities. Securing as associates Nathan Bond and William Page of Lebanon, N. H., and the interest of the entrepreneur James Sullivan, leader in the West Boston Bridge and Middlesex Canal enterprises, they petitioned the Massachusetts legislature late in 1794 for a charter enabling them to bring water from Jamaica Pond in Roxbury to Boston. Roxbury remonstrated, and the petitioners got leave to withdraw their bill. Sullivan, however, secured a vote of approval from the town of Boston, and against the opposition of Roxbury a charter was granted Feb. 27, 1795.[1] Sullivan became president, Bond engineer, and these with Joseph Knapp were appointed agents to carry the scheme into execution. In November, 1795, they advertised for proposals to supply straight, sound, winter-cut hard-pine logs of specified dimensions to be delivered Jan. 1, 1796. These were evidently procured, for in February bids were requested by March 20 for contracts to bore, fix, and lay the logs over part or all of the fifteen-mile distance. By July $120 had been assessed on each share, and shares of delinquent subscribers were ruthlessly sold.[2] In August bids were requested for the relaying of pavements, to begin early in October, and about fifty yards per day to be relaid, the corporation supplying the stones, undertakers the gravel. Persons desiring to have brick sidewalks were invited to make application, since the company would bear part of the expense. In mid-October this work was "prosecuting with vigor." Late in 1797 rules and regulations for the distribution of water were advertised, with rates and other provisions.[3]

In all the shareholders paid in about $1300 on each of the one hundred shares, the par being indefinite, as in many of

[1] *Priv. and Spec. Stats.*, ii. 19–21; S. G. Griffin, *A History of the Town of Keene . . .* (Keene, N. H., 1904), 297–302; Amory, *James Sullivan*, i, 373–376; Nathaniel B. Shurtleff, *A Topographical and Historical Description of Boston* (3d ed., Boston, 1891), 412–414. The company had accidentally been left anonymous in 1795, in curious similarity to the Boston water company of 1652; a supplementary act of June, 1796, christened it *The Aqueduct Corporation.*

[2] *Columbian Centinel*, Nov. 25, 1795, Feb. 13, May 11, July 2, 1796.

[3] *Ibid.*, Aug. 27, Oct. 15, 1796, March 25, 1797, July 25, Aug. 1, Sept. 22, 1798, Dec. 21, 1799. Cf. further *Boston Town Recs.*, Selectmen's Minutes, 1787–98, pp. 296, 329, 332, 382.

the Massachusetts public service companies. The concern was not highly profitable. The wooden pipes soon had to be replaced by iron ones, at considerable expense. Customers were not very numerous: at its best the company supplied some fifteen hundred houses. For the first ten years no dividends were paid, and for the next thirty they averaged under four per cent. Eventually, in the late forties, the property was sold to the town of Boston for $44,000.

The Manhattan Company (1799) was, as we have seen, formed ostensibly and incorporated primarily to furnish New York City with a satisfactory water supply. Its charter was to be void unless it should accomplish this object within two years. The company still operates under its charter, hence it may be presumed to have served the purpose intended. It contemplated bringing water from the Bronx River, but actually did no more than build a pump near the "Collect pond" and distribute water in the usual wooden pipes from there or a well at Cross and Duane streets to the lower part of the town. It need hardly be said that no large part of its $2,000,000 capital was thus employed, and in spite of its efforts New York was far from enjoying a satisfactory abundant water supply.[1]

A few facts regarding smaller companies may be briefly presented. The first Massachusetts corporation, chartered two days before the Boston company, was named *The Proprietors of the water-works in the middle of the town of Pittsfield.* It contracted in April, 1795, for laying the aqueducts, and this was probably done. In 1803 the company advertised for a person to repair the works and keep them in repair for a fixed sum paid annually by each member. In the following year the company had become so disorganized that the regular meeting was not held.[2] A project for the Salem and Danvers aqueduct was promoted in 1796, incorporation secured in the spring of 1797, a reservoir completed on Gallows Hill in 1798, and water supplied through three-inch sapling pipes in the spring of 1799. A capital of some $60,000 is said to have been raised. The com-

[1] Cf. *Memorial History of New York*, iii. 344, 394–395.

[2] J. E. A. Smith, *The History of Pittsfield* . . . (Springfield, 1876), ii, 258.

pany lived long, introducing improvements and maintaining its monopoly with considerable success. In 1848 the price of shares in the company was $4 for each family of three, and fifty cents for each additional person, annually.[1] In 1796 Joshua Thomas organized an association to bring water from the Town Brook near Deep Water Bridge in Plymouth, a charter was secured in February, 1797, and the company continued to supply the inhabitants till 1855.[2] *The Proprietors of the Portsmouth Aqueduct* were incorporated in December, 1797, with a view to bringing water from a spring about three miles from the courthouse. Pipes were laid first in 1799, and by 1800 some two hundred and fourteen houses and stores were supplied with abundant water of excellent quality.[3] *The Morris Aqueduct Association* in Morristown, N. J., was organized in February, 1799, chartered in November, and completed its works about the same time.[4] A similar company incorporated for Newark in 1800 accomplished its object. Both had long and modestly successful careers. A New London Aqueduct company was chartered in May, 1800, with a capital of $400, increased two years later to $20,000. It contracted to supply the whole city with water and laid pipes accordingly, but for lack of adequate custom its venture proved unprofitable, and the works were eventually abandoned.[5]

An examination of the census statistics of 1800 brings out the rather surprising fact that many of the companies were established in small towns, while many of the larger towns had none. In Massachusetts (including Maine), for example, nine out of sixteen companies clearly chartered were in towns with populations between one and two thousand, and four more in towns of less than twenty-four hundred. Of the towns with over five thousand population, only Portsmouth, Boston, Salem, New London, Hartford, New York, Baltimore, and Charleston were

[1] Osgood and Batchelder, *Salem*, 69–71; J. W. Hanson, *History of the Town of Danvers* (Danvers, 1848), 154.

[2] William T. Davis, *Ancient Landmarks of Plymouth* (Boston, 1883), 127.

[3] *N. H. MSS. Laws*, xi, 18 (*Index*, 24); Nathaniel Adams, *Annals of Portsmouth* (Portsmouth, 1825), 319–320; petition in *N. H. State Papers*, xiii, 305.

[4] *N. J. Hist. Soc. Proc.*, 1st Series, viii, 32 (1856); *Session Laws*, 1799, p. 617, 1800, p. 10.

[5] Caulkins, *New London*, 663.

provided before 1800 with water companies, and three of these had populations only slightly exceeding five thousand. There was, in other words, no clear *general* tendency to the establishment of water supply corporations in the eighteenth century.

In the main, large investments in aqueducts were premature from the private capitalists' standpoint, in view of the low value currently placed upon pure water in ample quantities and the technical difficulties of constructing serviceable and durable works. Had values been based on "long-run" considerations the situation might have been different, for poor water supplies had a heavy responsibility for both the epidemics and the conflagrations which inflicted serious losses upon at least the larger towns. Furthermore, the advantages secured by the smaller companies were not so greatly appreciated that there was widespread imitation, and where associations were established incorporation did not always seem worth the bother of securing it.

These charters are, in general, exceedingly brief and simple. Commonly no specification is made as to directors, capital stock, or par value, and only occasionally is a limitation imposed on the amount of property which may be held. Powers of eminent domain are rarely given; indeed it is usually specified that the use of the spring and the laying of the pipes over private property shall be conditioned on the voluntary consent of the landowners concerned. Powers are commonly granted for laying pipes in the streets, usually with the restriction that travellers shall not be inconvenienced thereby, often with the reservation that not more than a few rods shall be torn up at any one time, and sometimes subject to permission and regulation of the town authorities. Penalties for injuring the "works" are nearly always designated. Frequently no provision is made for directors, and the assumption is that the proprietors themselves, with their committees, will be adequate to handle the business. Further, it is assumed that in the main the water users will be the members of the corporations, dividends are rarely mentioned, and assessments on shares are often spoken of as "taxes." In short, the companies were commonly coöperative rather than capitalistic, like the mutual insurance companies.

For manufacturing companies, more than for any of the preceding groups of corporations, this period was one of tentative beginnings, and the story here to be told is one of experiment, on the whole unsuccessful, in applying a device for which the economic conditions were not ripe. It is a story also, however, of a tendency in the direction of the corporation by enterprises not yet incorporated.

Throughout this period household manufacture was widespread in America. Peter Colt of Hartford wrote for the Secretary of the Treasury, July 21, 1791, that there was "scarcely a Family in the State either so rich or so poor as not to be concerned therein." [1] Anselm Bailey wrote similarly from Surry, Va., a month later, that in that state an average of about two hundred yards of cloth (mostly cotton) was turned out annually by each family and that five-sixths of all the cloth, shoes, and stockings were home made.[2] In 1794 Henry Wansey wrote of New Jersey:

"Spinning of flax, is the general employment in private families in the evenings, and when they are not in the fields; each family usually making their own coarse linen, which they put out to weave, and afterwards bleach and finish at home.[3]

Some manufacturing was organized upon the so-called "domestic system," with a capitalist entrepreneur dealing with numbers of home workers. Fisher Ames said in Congress in 1789:

"It has become common for the country people in Massachusetts to work small forges in their chimney corners; and in winter, and in evenings, when little other work can be done, great quantities of nails are made even by children. These people take the rod iron of the merchant and return to him the nails, and in consequence of this easy mode of barter the manufacture is prodigiously great." [4]

The wool-card and cotton-card industry in and around Boston was similarly organized and attained importance at this time. In

[1] *Hamilton Papers.*

[2] *Ibid.*, Aug. 23, 1791.

[3] *Journal of an Excursion*, 101. See also descriptions of manufactures in *Connecticut Courant*, July 14, 1788; Phineas Bond to the Duke of Leeds, from Philadelphia, Nov. 10, 1789, in *Amer. Hist. Assoc. Report*, 1897, i, 651–654.

[4] Quoted by J. M. Swank, in *Mag. of Amer. Hist.*, xiii, 100.

July, 1789, it was stated that Giles Richards & Co. had produced sixty-one thousand eight hundred pair in the preceding eleven months, fifty per cent cheaper than the imported product, and that over eight hundred persons were employed in the industry. Two years later it was reported that sixteen hundred women and children were employed to stick the cards and that two-thirds of the ten thousand dozens of product were exported from the state, at a value of $53,000.[1]

In America, as in England, the great bulk of manufacturing enterprises, as they emerged from the household stage, were individual or partnership undertakings. This, for example, was the form of organization characteristic, throughout the colonial period and long afterwards, of the typical manufacturing establishments — grist mills, saw mills, iron forges and foundries, slitting mills, fulling mills, paper mills, glass works, and the like. None of these unincorporated enterprises attained large scale, as they did at this time in England and in France.[2] Phineas Bond, British consul at Philadelphia, reported in 1789 that the ordinary capital of the numerous paper mills in that vicinity was £1500–1600, Pennsylvania currency, four-fifths of it invested in mills and buildings — too small for manufacturing any but coarse grades.[3] Accounted large was the plant of James Caldwell, merchant of Albany, erected in 1790–91, containing a snuff mill, chocolate mill, mustard mill, an "engine" for cutting smoking tobacco, and a machine for cutting tobacco for the snuff mill. The output of his snuff mill was estimated at more than the consumption in the northern states.[4] O. Burr & Co. of Danbury, the largest hat manufacturers in Connecticut, had an output of between £1300 and £1400 in 1790 and sent "large quantities" abroad.[5] Mix, Barney & Co., button manu-

[1] *Columbian Centinel*, July 29, 1789, June 8, 1791; *Mass. Magazine*, iii, 268–269 (May, 1791).

[2] Cf. the report in the *General Advertiser* (Philadelphia), March 28, 1792, of English manufactories employing 19–20,000 (Peele, Wedgewood), 12–15,000 (Phillips & Co.), 8–9000 (Arkwright). Arthur Young mentions in his *Travels in France* (Aug. 26, 1787) a tide corn mill constructed by a company at Bordeaux costing £350,000.

[3] *Amer. Hist. Assoc. Report*, 1896, i, 633–634.

[4] Described in *N. Y. Magazine*, ii, 268–269 (May, 1791). Cf. Munsell, *Annals of Albany*, i, 338–340.

[5] J. P. Cook to John Chester, Sept. 12, 1791, in *Hamilton Papers*.

facturers of Connecticut, were considered large when in 1791 their output was worth $300 to $500 a month and they employed only twelve workmen.[1] A somewhat typical successful firm is that of Almy & Brown of Providence, which commenced business about June 15, 1789, and in the next two years and a quarter manufactured some seventy-eight hundred and twenty-three yards of corduroys, royal ribs, cottonets, jeans, fustians, velverets, thicksets, etc.[2] The Æra & Ætna Iron Works of North Carolina, with its four grist mills and two saw mills, had attached to it some ninety negro workmen.[3]

Equally important with these partnerships as predecessors of manufacturing corporations were the associations of tradesmen and manufacturers and the more capitalistic associations formed for the promotion of manufactures and the useful arts. Representatives of the former type were established in Boston in April, 1785, and in New York and Baltimore in the fall of the same year.[4] Similar organizations were doubtless formed in other centres within a short time, and within a few years several of them secured charters of incorporation.[5] On March 21, 1776, the Continental Congress resolved, on motion of John Adams, that the local authorities

> "take the earliest measures for erecting and establishing, in each and every colony a society for the improvement of agriculture, arts, manufactures, and commerce, and to maintain a correspondence between such societies, that the rich and numerous natural advantages of this country, for supporting its inhabitants, may not be neglected." [6]

After the war an early example of an association to promote manufactures was founded in Boston in 1786.[7] Most important

[1] Mix to John Chester, Sept. 30, 1791, in *Hamilton Papers*.

[2] Early operations described in letters from Moses Brown to John Dexter, July 21, Oct. 15, 1791, in *ibid.* See also White, *Samuel Slater*, 64–68, 72–76.

[3] *Columbian Centinel*, June 3, 1795; *S. C. State Gazette*, July 30, 1795.

[4] Bagnall, *Textile Industries*, 81, 89; *Mag. of Amer. Hist.*, xxii, 90.

[5] E.g., Providence, March, 1789 (*Session Laws*, 3–6); New York, March 14, 1792 (*Laws*, ed. 1887, iii, 300); Newport, May, 1792 (*Session Laws*, 18–20). Cf. also the agricultural societies of Pennsylvania, 1785, Massachusetts, 1792, and South Carolina, 1795.

[6] *Journ. of Cont. Cong.*, iv, 224; Adams, *Works*, ii, 487.

[7] *Mass. Centinel*, Nov. 29, 1786; *Mass. Hist. Soc. Proc.*, 2d Series, viii, 496 (1894).

was *The Pennsylvania Society for the Encouragement of Manufactures and the Useful Arts*, formed in August, 1787.[1] Others were soon established in Boston, New York, Philadelphia, Baltimore (1788), Wilmington, Del. (1789), Burlington (1791), Morristown (1792), and Newark, N. J.[2] Ordinarily these did not directly undertake manufacturing operations. Commonly, however, they held meetings at which methods were discussed, and the proceeds of these meetings were published as well as articles of "intelligence;" the members agreed to patronize American industries, giving their products the preference over foreign goods; premiums were awarded for excellence of products and new inventions; and individual artisans claiming special knowledge or skill were given financial aid by individual members. While the direct effect of these associations was small, they undoubtedly paved the way for larger efforts.

Most important as forerunners of the manufacturing corporation were unincorporated joint stock associations, which in this period sprang up in numbers. Where the single entrepreneur caught a clear vision of profits, even in the face of considerable risk of failure and loss, he would adventure heavily his own funds and efforts and supplement them as far as necessary by support from friends whom he could interest or by aid got by similar persuasion from state or town. Where, however, the outcome, no less desirable, seemed more doubtful; where the possessor of the idea lacked the skill necessary to initiate the business or the leisure to conduct it; and where a public interest seemed to be involved, the formation of a joint stock by subscriptions from numerous individuals, partnerships, corporations, towns, and the state was a natural resort. For such ends various motives could be relied upon. There was the patriotic motive, in the establishment of an enterprise useful to the country, either in itself or to blaze the way for others founded upon

[1] Constitution in *Amer. Museum*, ii, 167–169 (September, 1787); and see *infra*, 264–266.

[2] *Mass. Centinel*, Sept. 13, 1788; *Amer. Museum*, v, 161–163 (February, 1789); *N. Y. Journal*, Feb. 20, 1791; *Independent Gazetteer*, Jan. 15, March 19, 1791; *National Gazette*, Feb. 20, 1792; *N. J. Hist. Soc. Proc.*, 1st Series, viii, 31 (1856); *Gazette of the U. S.*, Aug. 3, 1793.

its model. There was obviously the prospect, however remote, of direct pecuniary gain. There was the speculative possibility of a rise in the value of the shares, should the venture succeed. There was the chance of incidental pecuniary advantage, in the rise of local land values or the enlargement of local markets consequent upon the naturalization of a new business. Charitable motives also were played upon. Thus in October, 1786, Newburyport citizens planned a "Society for the relief of the industrious poor," with the idea of advancing money to procure wool, flax, etc., to be delivered in small quantities to those "disposed to spin" and paid for in money according to the fineness of the yarn, the cloth resulting to be sold for the benefit of the Society.[1] The *Massachusetts Centinel* of Sept. 6, 1788, commented favorably on the near completion of the manufactories for sail cloth and glass, which promised "to give employment to a great number of persons, especially females who now eat the bread of idleness, whereby they may gain an honest livelihood." An avowed object of the *New-York Manufacturing Society* was "furnishing employment for the honest industrious poor."[2] On behalf of the Beverly company it was urged that the manufacture offered support "for infirm women and children, who for want of employ are often burdensome to the Public."[3] Griffiths, in his *Annals of Baltimore*, reports an association formed in that city in 1790 "As a relief to the pecuniary distresses of the inhabitants . . . to carry on the manufacture of cotton upon a small scale," which turned out "some jeans and velvets." Under the stimulus of these and like motives there were many — rich, poor, and moderately circumstanced — who could be induced to invest a small fraction of their wealth which could be lost without great regret, while its very investment satisfied the love of risk-taking so characteristic of the American temper, which had hitherto found its principal outlets in individual pioneering, commerce overseas, land speculation, and ubiquitous lottery schemes.

[1] *Mass. Centinel*, Oct. 11, 1786.

[2] *Amer. Museum*, v, 325 (April, 1789).

[3] Petitions of June, 1788, and June, 1790, cited in Rantoul, *First Cotton Mill*, 12, 24.

Most of these joint stock associations never even sought corporate privileges. Several which became corporations passed through an earlier stage of unincorporate existence. Hence it is desirable to notice specifically some of the pre-corporate associations as well as the manufacturing corporations themselves.

One of the earliest of these to appear after the war [1] was *The Associated Manufactoring Iron Company of the City and County of New York*, "for the purpose of promoting the manufacturing of iron in this State." Among its associates were William Constable, then vice-president of the New York Chamber of Commerce, a prominent merchant and soon a prominent speculator as well; Samuel Ogden, who was later interested in various land speculations; William Neilson, Solomon Simpson, and Alexander Stewart. By act of April 28, 1786, the legislature granted the associates limited liability, for seven years, for debts contracted in the company name, provided that a duplicate of the subscription agreement and an up-to-date list of the subscribers, with their holdings, should be filed within four months and kept on file in the office of the clerk of the city and county. Whether incorporation was even sought is doubtful. Clearly it was not granted, though one of its most prized elements — limited liability — was bestowed.[2] The company apparently made no use of its privileges or did not attain even temporary significance. Certainly it had no imitators on any significant scale.

An example of joint stock manufacture on a factory scale, which thrived for a time, was the Boston Duck or Sail Cloth Manufactory. Bounties on hemp had been introduced in the fall of 1786 and were continued for a number of years.[3] In 1788 this company was established by a number of "gentlemen of fortune," among whom Samuel Breck was prominent. A factory one hundred and eighty feet long and two stories high was

[1] For earlier ventures see Bagnall, *Textile Industries*, chaps. 1–3, and Essay I, 94–95.

[2] *N. Y. Laws* (ed. 1887), ii, 295. This company is occasionally treated as a corporation.

[3] *Mass. Resolves*, Nov. 8, 1786, March 28, 1788, Jan. 31, 1789, June 18, 1791, June 28, 1792, and see *Columbian Centinel*, Feb. 11, 1792.

built in Frog Lane, Nassau Street, and equipped, at a cost of some $6000. In January, 1789, the company stated that several hundred poor persons were constantly employed. As early as July, 1789, the factory was reported to be turning out over twelve hundred yards per week. On October 28 President Washington visited the plant and wrote in his diary that it

"appeared to be carrying on with spirit, and is in a prosperous way. . . . They have 28 looms, and 14 Girls spinning with Both hands, (the flax being fastened to their waste). Children (girls) turn the wheels for them, and with this assistance can turn out 14 lbs. of Thread pr. day when they stick to it, but as they are pd. by the piece, for work they do, there is no other restraint upon them but to come at 8 o'clock in the morning and return at 6 in the evening. They are the daughters of decayed families, and are girls of Character — none others are admitted. . . . This is a work of public utility and private advantage." [1]

In April, 1790, it was reported to be employing over three hundred persons, and late in May testimonials to the excellence of its product were signed by sail makers who had worked up the cloth and by merchants and schooner commanders who had used it for their vessels. In the year 1790 as much as seventeen hundred bolts, of nearly forty yards each, were sold, part in Baltimore and Philadelphia, and ships were being entirely clothed with its product.[2] In 1791 the works were enlarged, and in September of that year Hamilton was informed that two hundred women and girls and fifty men were employed and that the capital invested amounted to $4000 in buildings and $2200 in tools, etc.[3] In December the proprietors petitioned Congress for the exclusive right to a trade mark they were using and secured Jefferson's support for their request, though no action was taken at this time.[4] The concern may have prospered temporarily. Certainly it continued to satisfy its customers, as one learns from a letter written by Stephen Higginson to Hamilton in July, 1794, in which he speaks in high praise

[1] *Columbian Centinel*, Sept. 6, 1788, Jan. 28, April 25, July 29, Aug. 22, 1789; *Gazette of the U. S.*, May 6, 1789; Rantoul, *First Cotton Mill*, 31.

[2] *Columbian Centinel*, March 31, June 5, 1790, Jan. 19, 1791; *Boston Gazette*, April 12, June 14, 1790; *Amer. Museum*, ix, App. III, 7 (1791).

[3] Breck to Hamilton, Sept. 3, 1791, in *Hamilton Papers*.

[4] *Argus* (Boston), Dec. 23, 1791, and cf. *Columbian Centinel*, Dec. 24, 1791, for "A Manufacturers' Commendation."

of its product.[1] Some time before 1800, however, it ceased operations, finding them unprofitable.[2]

There were several duck factories of lesser importance and smaller scale. At Exeter, N. H., stimulated by a state bounty of 7s. per bolt, one was established in 1789. Washington found another in Haverhill, Mass., in November, 1789, conducted "upon a small ingenious scale." At this very time Phineas Bond writes of one in Stratford, Conn., "carried on to great advantage." At least as early as 1790 one was established in Salem, which continued for some years. In Providence, late in 1791, and again early in 1793, a plan for a sail duck and twine manufactory was pushed by "a number of public spirited gentlemen," who sought to form a company with fifty shares for the purpose. In 1792 those interested in this concern procured from the Rhode Island assembly a five-year bounty of 6s. for each piece of topsail and stouter sail cloth of good quality, thirty-nine yards by twenty-four feet, which should be properly inspected by state inspectors and duly labelled. Late in 1792 others were established in Nantucket, Mass., and Newport, R. I.; and within the next two years others at Springfield, Mass., and Wallenponpank Falls, Penn.[3] None of these became of consequence, and most of them soon closed down.

Similar to the Boston duck company, but even less successful in its early days, was the "Boston Glass House." On March 1, 1783, lottery privileges to the extent of £3000 had been granted to Robert Hewes for erecting such an establishment, after New Hampshire had given him inadequate encouragement of the same sort. July 6, 1786, an exclusive right to manufacture

[1] Hamilton, *Works*, v, 599–601. Cf. the puff in *Columbian Centinel*, May 5, 1796.

[2] William Tudor, *Letters on the Eastern States* (2d ed., Boston, 1821), 253–254.

[3] Charles H. Bell, *History of the Town of Exeter . .* (Exeter, 1888), 339; Rantoul, *First Cotton Mill*, 36; *Columbian Centinel*, May 21, 1791; letters of Phineas Bond, in *Amer. Hist. Assoc. Report*, 1896, i, 651; *Boston Gazette*, April 12, 1790; Bentley's *Diary*, Sept. 29, 1790; *Columbian Centinel*, Jan. 2, 1793; *Providence Gazette*, Oct. 22, 1791, Jan. 25, 1793; *Amer. Museum*, x, App. III, 31 (1791); *R. I. Session Laws*, 1792, pp. 9–10; Winterbotham, *View of the U. S.*, ii, 92, 148, 166; *N. Y. Magazine*, v, 585 (1794); Bagnall, *Textile Industries*, 117–120; *Newport Mercury*, April, 7, Aug. 11, 1795, Dec. 5, 1797; G. G. Channing, *Early Recollections of Newport . . .* (Newport, 1868), 144.

glass for seven years was substituted. In January, 1789, a co-partnership was formed, including Hewes, William Phillips, and Henry Higginson (two Boston capitalists); to these the legislature gave the exclusive right of manufacturing glass for fifteen years, provided after three years they should manufacture annually £500 worth; further, the workmen were exempted from military duty and the stock was exempted from taxes for five years after its establishment.[1] Early in 1788 the factory was built. For several years difficulties were encountered in securing skilful and honest workmen. Samuel Breck wrote to Hamilton Sept. 3, 1791:

"We wait only for Workmen, which are engaged & probably on their passage, to commence making Sheet and other Glass — *the Director*, who appears competent to the business has prepared everything. The Oven, Furnaces, & implements are in perfect order — Their cost including the building materials &c[a], about Eleven thousand Dollars." [2]

In October, 1792, a party of workmen was secured from Amsterdam, but for some years more the "patriotic adventurers" enjoyed "nothing but accumulating loss." In the winter of 1794–95, however, affairs looked up. In April, 1795, it was advertised that

"The Proprietors of the Boston Glass Manufactory, after great trouble and expence, have got this useful Manufacture established so as to be able to supply any quantity of Window-Glass that may be wanted, and of any sizes from 6 by 8 to 19 by 13, of a quality superior to any ever imported into America — Therefore, hope they shall meet the encouragement of their fellow-citizens in this and the other States, by having their orders for Glass, which will be executed with care and dispatch, by Samuel Gridley, superintendent, at the manufactory, or by sending their orders to Messrs. *Joseph Anthony* and Son, merchants, Philadelphia, or *William Codman*, merchant, New-York." [3]

Financial success, however, was reluctant to come. Competition from imports was severe. In March, 1796, Congress was

[1] *Session Laws*, July 6, 1787, p. 642; *Priv. and Spec. Stats.*, i, pp. viii, xi, xii; Henry Ames Blood, *The History of Temple, N. H.* (Boston, 1860), 166–173; *N. H. Town Papers*, xiii, 559–560; *Mass. Centinel*, Sept. 6, 1788.

[2] *Hamilton Papers*.

[3] Dated April 8, 1795, in *Columbian Centinel*, May 2, 1795. For earlier data see *Mass. Centinel*, Aug. 8, 1789, *Columbian Centinel*, Oct. 3, Dec. 15, 1792, Dec. 14, 1793, April 23, 1794, Feb. 14, 1795.

petitioned "for encouragement, by bounty, or additional duty on imported glass;"[1] but this appeal was in vain. In June the glass blowers there employed advertised their desire for employment elsewhere,[2] presumably because the proprietors despaired of profiting by their activity; and only in October, 1797, was the manufacture recommenced and the same workmen reëmployed.[3] In 1816, however, Niles' *Register* could remark:[4] "The Boston glass works have long been famous for their window lights, said to be superior to any other made in the world."

Another considerable venture of the same kind is mentioned by Phineas Bond in a letter of Nov. 10, 1789:

> "A glass house at Fredericktown in Maryland was set on foot at a vast expence by a German Co: who being discouraged at the cost of the undertaking soon relinquished the pursuit: another company with a large capital has lately resumed this enterprize, they have also expended very large sums of money and make glass of different kinds to a very large amount. Their white glass if it may be so called, is of a very mean quality, vastly thick and heavy and full of specks; the window glass made there and sent for sale to Baltimore Philad[a] etc is thick irregular and dim —"

Washington refers to this enterprise in a letter to Jefferson, Feb. 13, 1789, and reports it likely to produce during the year "nearly to the amount of ten thousand pounds value." William Barton of Philadelphia, in his *Observations on the Manufactures and Commerce of the United States*, published as early as July, 1790, reported the factory to be employing five hundred persons.[5] Nevertheless it seems soon to have proved a disappointment.

The *Pennsylvania Society for the Encouragement of Manufactures* was not content merely with holding meetings and offering premiums. It contemplated from the outset definite manufacturing operations. To quote its constitution:

[1] *Columbian Centinel*, March 19, 1796.
[2] *Ibid.*, June 1, 1796.
[3] Advertisement signed Charles P. Kupfer, in *ibid.*, Oct. 7, 1797.
[4] Vol. x, p. 382 (Aug. 3, 1816), remarking a recent increase in output.
[5] *Amer. Hist. Assoc. Report*, 1896, i, 654; Pickell, *Potomac Co.*, 155; *Columbian Centinel*, July 17, 1790. Cf. *Mass. Magazine*, ii, 190 (March, 1790), which reports it to be "thriving fast." Brissot de Warville, in his *New Travels*, 374, says it "exported last year [1789?] to the amount of ten thousand pounds in glass;" but his information was probably not reliable.

"For the better employment of the industrious poor, and in order to render the society as useful as possible, a subscription, for sums not less than ten pounds for any one person or company, shall be immediately opened to all persons whatever, for the purpose of establishing factories in such places as shall be thought most suitable."

The subscribers to this "manufacturing fund" were to hold separate meetings, appoint a manufacturing committee of twelve members to manage the operations, and take all the profits; and shares in this fund were transferable. In August, 1787, a large number of subscribers were secured, and within the next few months the equivalent of £1327 10s. 6d. in specie was collected. Machines were procured from England, largely through the enterprise of Tench Coxe, and efforts were made to secure models of more. Premises were hired and work was promptly begun. During the winter and spring two or three hundred women were employed in spinning linen yarn, while workmen were engaged to make carding engines and spinning jennies for the cotton manufacture. On April 12 the first loom was set to work and by August twenty-six were in operation. At the end of the first year a report of the committee showed expenditures for machines, utensils, fittings, etc., of £453 10s. 2d.; materials on hand worth £550 2s. 6d.; and goods on hand amounting to £732 14s. 11d. The sales had amounted to £448 5s. 11½d., and a profit of £72 4s. 9½d. was calculated. The products had amounted to over seven thousand yards, chiefly of jeans, corduroys, plain cottons, linen, and tow linen. Up to Nov. 1, 1788, four thousand yards more were produced, and the twisting mill had manufactured one hundred and eighty-five pounds of thread. At the celebration of the adoption of the new federal Constitution the workers and products of the society figured prominently in the grand procession. By act of March 26, 1789, the legislature subscribed a hundred shares in the manufacturing fund, referring in the preamble to the great prospects of success in the cotton manufacture and the fact that "the sums subscribed being inadequate to the prosecution of the plan upon that extensive and liberal scale, which it is the interest of this state to promote." Later a loan of £200 was made to John Hewson, calico printer to the society. Yet in November, 1789, Phineas Bond, who had

been quite apprehensive about the society two years earlier, wrote home that it was then so much undersold by the importers of its products from Manchester "that the quantity manufactured has diminished essentially." On March 25, 1790, the factory and materials were destroyed by fire, with a loss estimated at £1000. The subscribers were discouraged, and operations were not resumed.[1]

A widely known company was organized in Hartford, Conn., in April, 1788, to establish a woollen manufactory. It was evidently modelled upon the Manufacturing Fund of the Pennsylvania Society, and £2150 was subscribed in £10 shares by thirty-one shareholders — Jeremiah Wadsworth, the leading member, with fifteen shares, Peter Colt (later superintendent for the "S. U. M.") having five, and Peter Colt & Co. ten more. The capital was later increased to £2800. By the articles of association no part of the stock might be withdrawn before May 1, 1795, except by agreement of a majority of the shareholders. Though no charter seems to have been requested, legislative encouragement was sought and secured. By an act of May, 1788, a bounty of 1d. per pound was offered on yarn spun and made into cloth up to June 1, 1789; buildings were exempted from taxation for five years, and polls of employees for two years. Further aid was sought early in 1789, and though Wadsworth was on the committee appointed to consider the matter, nothing was then granted. Early in 1789 its products were on sale in New York, and in April President Washington was inaugurated in a dark-brown suit manufactured by this company which he found to exceed his expectations. During 1789 and 1790 a considerable quantity of goods was produced: in January, 1790, report was made that since Sept. 1, 1788, ten thousand two hundred and seventy-eight yards of cloth had been made, of as good quality and as cheap as could be imported.

[1] *Amer. Museum*, ii, 167–169, 248–259, 360–362, 507–509, iii, 179, 286, iv, 48–49, 404–409, v, 268–269, vii, 228; *Mass. Centinel*, Sept. 8, 1787, July 19, Aug. 9, 1788; *Federal Gazette*, January, 1792; *Boston Gazette*, April 12, 1790; *Pa. Stats. at Large*, xiii, 239–240; Bagnall, *Textile Industries*, 75–80; Bishop, *Amer. Manufactures*, i, 404–411, ii, 18–19; White, *Samuel Slater*, 50–51, 58–60; *Amer. Hist. Assoc. Report*, 1896, i, 552–554, 653.

Despite the auspicious beginning the business did not prove profitable. There were prejudices against American goods. Wool was high. The smallness of the capital and the fact that the company could not borrow on good terms added to their embarrassment. The machinery was much inferior to that of the English. Workmen and materials were scarce. And there were those who opposed the establishment because they believed it to interfere with other interests which they had. Legislative aid was again sought in May, 1790, this time by way of a loan for a year. This was refused, but in October a lottery to the extent of £1000 was granted to enable the purchase of additional machines, implements, and stock. The lottery proved a success. In September, 1791, dyeing vats were reported in excellent order, and soon after it was announced that "This manufacture, after struggling with every obstacle, begins to flourish, and bids fair to be advantageous to the proprietors as well as to the public." Henry Wansey, however, who visited the plant in the summer of 1794, "found it much on the decay, and hardly able to maintain itself." He added that the machines were inadequate and old-fashioned, the fabric poor, and further: "Ninety-three hundred dollars have been lent towards the undertaking by the State. None of the partners understand anything about it and all depends on an Englishman who is a sorter of the wool." This very year the factory suspended operations, and in 1795 its property was sold at auction to Wadsworth and its existence terminated.[1]

In the first half of 1789, evidently stimulated by Philadel-

[1] Articles of association, with list of subscribers, are printed in *Maine Hist. Soc. Colls.*, iv (Portland, 1856), 54–56; the preliminary announcement is in *Conn. Courant*, April 7, 1788, mentioning persons at Middletown, Wethersfield, Farmington, and Windsor, with whom subscriptions might be left. For legislative documents see *Conn. Session Laws*, May, 1788, p. 361, and October, 1791; *Conn. MSS. Archives* (Hartford), *Industry*, ii, 230–231, 235. See further Peter Colt to John Chester, July 21, 1791, Elisha Colt to Chester, Aug. 20, 1791, in *Hamilton Papers;* Wansey, *Journal of an Excursion*, 60, 258–259; John Adams to Mrs. Adams, April 19, 1789; Washington's *Diary*, Oct. 20, 1789; and notices or advertisements in *Conn. Courant*, September, 1789, April, May 24, Sept. 27, Dec. 27, 1790, Jan. 3, Feb. 21, 1791; *Boston Gazette*, Jan. 18, 1790; *American Mercury* (Hartford), Sept. 19, 1791; *N. Y. Journal*, Oct. 19, 1791; Bagnall, *Textile Industries*, 100–109; and Walton, *Story of Textiles*, 163–165.

phia's example, *The Baltimore Manufacturing Company* was set on foot. A capital of "at least one hundred pounds, of ten pounds each share" was proposed; seven "of the company" were to be elected directors with full control of the funds and operations; limited liability and the transferability of shares only when they were fully paid were specified in the articles, and incorporation was to be sought. The primary object was the cotton manufacture. The project, however, encountered effective opposition, quite natural in a town so devoted to trade as Baltimore then was; incorporation was not secured, and the scheme fell to pieces.[1]

In 1794 the *Cecil Manufacturing Company* was established near Elkton, Md., for the manufacture especially of woollen yarns and cloths. Its chief promoter was Col. Henry Hollingsworth of Elkton, a prominent, enterprising man. Philadelphia and Delaware capitalists, as well as others of Cecil County, were interested. The factory was sixty feet by thirty-six, three stories high. It was burned in March, 1796, but promptly rebuilt; and the company is said to have carried on its operations for twenty years with reasonable success.[2]

Scattered through the states there were a good many other small unincorporated joint stock associations, generally of very minor importance. Peter Colt, writing to Hamilton's agent in July, 1791, reported the existence of several small cotton and woollen manufacturing companies in Connecticut, each with a capital "raised by Subscription, & managed by an Agent for the benefit of the adventurers."[3] A gunpowder manufacturing company was founded in Baltimore in 1790 which continued to operate until 1812.[4] Several cotton manufacturing associations were formed. Tench Coxe, in 1792, mentioned one in Virginia; one "containing forty of the most respectable planters and farmers, in the western district of South Carolina; and

[1] Constitution in *Amer. Museum*, v, 591 (June, 1789). Cf. White, *Samuel Slater*, 184 n; Bishop, *Amer. Manufactures*, ii, 19, 43; Walton, *Story of Textiles*, 188–189.

[2] Bagnall, *Textile Industries*, 232–235; Johnston, *History of Cecil County, Md.*, 382.

[3] Letter of July 21 to John Chester, in *Hamilton Papers*.

[4] Bishop, *Amer. Manufactures*, ii, 23; *Mass. Centinel*, April 10, Dec. 8, 1790.

one which had raised a subscription of about $25,000 in Kentucky.[1] In 1795 a company of some fifty shareholders was organized to erect a furnace to manufacture salt at Muskingum, Ohio.[2] These are random instances of what must have been a considerable group in the last decade of the century.

Such, then, were the forerunners of the manufacturing corporation. The first incorporated company for manufacturing purposes was concerned with silk. As early as March 1, 1784,

TABLE XIII. EIGHTEENTH CENTURY CHARTERS TO MANUFACTURING CORPORATIONS

	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	Totals
Massachusetts	1	.	.	.	.	1	.	1	.	.	.	1	4
Connecticut	1	.	.	.	.	.	.	.	.	.	.	.	1
New York	.	1	.	.	.	.	.	.	1	.	.	.	2
New Jersey	.	.	1	.	.	.	.	.	.	.	.	.	1
Totals	2	1	1	0	0	1	0	1	1	0	0	1	8

an act was passed by the Connecticut assembly offering a bounty of 10s. per annum for three years for planting one hundred mulberry saplings and another of 3d. per ounce for raw silk, the first act to be in force nine years, the second fifteen.[3] Thanks especially to the efforts of one Aspinwall,[4] some twelve thousand trees were reported in full bearing in the spring of 1788, and in Mansfield alone eighty families raised in six years some one hundred and fifty-seven pounds of raw silk. President Ezra Stiles of Yale undertook at this time to distribute to the ministers of the state a quantity of seeds, with instructions for

[1] "Reflexions on the State of the Union," in *A View of the United States*. . . , 303, 305.

[2] Bishop, *Amer. Manufactures*, ii, 66–67.

[3] *Session Laws*, 232–233. Cf. act of May, 1794, replacing the bounty on raw silk with one of 2d. per ounce to be paid for ten years from July 1, 1794: *Session Laws*, 282–283.

[4] Peleg Sanford, in a letter to Jeremiah Wadsworth, Dec. 25, 1791, in *Wadsworth Papers*, refers to "Aspinwalls having devoted nearly twenty years of his life almost entirely to this business."

cultivating mulberry trees, and secured "zealous coöperators." [1] Encouraged by this progress, and "with a view of introducing among them a greater degree of neatness and perfection," thirty-two Mansfield inhabitants solicited a charter in September, 1788, and in January, 1789, were incorporated *The Director Inspectors and Company of the Connecticut silk manufacturers.*

This was not a typical business corporation. It was much more like the ancient "regulated companies." The members lived near together and seem to have wished incorporation chiefly to secure power of making by-laws "for the well ordering and regulating themselves, in and about the raising and manufacturing of silk." The company was to meet annually and then to choose a director, a treasurer, and two inspectors of silk. There was also to be a clerk with an indefinite term. The director was to act as moderator of the meetings and "give such information to s[d] Company from time to time as he shall Judge beneficial, and for the good of the public in general, as relative to said manufacture." The company was exempted from assessments on profits for twelve years.[2]

The company, however, came to little. Constant Southworth, who was named in the act as the person to call the first meeting, wrote Hamilton's agent Sept. 1, 1791, that "no special advantage can be derived from this grant, however generous, until workmen can be obtained skilled at least in some one branch of the Silk manufacture." [3] The organization inspired no imitators and played no appreciable part in the rise of manufacturing corporations.

The *Beverly Cotton Manufactory*, second in order, was first

[1] Letter from New Haven, dated July 5, in *Columbian Centinel*, July 25, 1789.

[2] Bagnall, *Textile Industries*, 82–84, printing petition for charter; *Conn. MSS. Archives* (Hartford), *Industry*, ii, *Agriculture, Manufactures, Fisheries*, 1764–89, pp. 236, 237. The charter is not in the published laws of the state. Cf. *Mass. Centinel*, Sept. 3, 1785, referring to "the Silk Company in Connecticut."

[3] *Hamilton Papers.* Cf. *Gazette of the U. S.*, May 11, 1791, for mention of silk culture in Northford, Conn., in 1790; Sanford to Wadsworth, Dec. 25, 1791, in *Wadsworth Papers.* F. Morgan, in *Connecticut as Colony and State* (Hartford, 1904), ii, 266, says: "The Connecticut Silk Society was incorporated in 1788, with its headquarters at New Haven. Its object was the encouragement of silk culture and manufacture throughout the State." If this society was incorporated, it probably is not to be classed as a business corporation.

established in October, 1787. It grew out of the efforts of two Englishmen, Leonard and Somers, to get a foothold in this country. They had made "various applications both publick and private" in several states for encouragement, "with no other effect than loss of time and money," and were about to leave the country when George Cabot,

"convinced of the importance and practicability of introducing a manufacture for which large sums are yearly sent out of the country, generously patronized them, and influenced a number of gentlemen in Beverly, to associate for the purpose of establishing these much wanted manufactures." [1]

Early in June, 1788, the associates petitioned the legislature for an act of incorporation. They dilated upon the importance of manufactures, both because of the products and as a means of employment to a great number of women and children, "many of whom would otherwise be useless if not a burden to society." They reported success in small experiments in the cotton manufacture and convictions that it would prove profitable as well as socially advantageous except for the extraordinary expenses attendant upon its introduction. As pioneers they requested a charter with such accompanying favors as might be deemed necessary to offset the initial disadvantages and expense. The petition, after consideration by a committee, was referred to the session meeting January, 1789. Then, on February 3, a simple act was passed incorporating *The Proprietors of the Beverly Cotton Manufactory*. Power was given to hold £10,000 real estate and £80,000 personal estate. Goods manufactured by the company were to bear a lead label impressed with seal of the corporation, and they were protected in the use of this trade mark. Two weeks later the legislature passed a resolve for "encouraging" the establishment, reciting that

"It is essential to the true interest of this Commonwealth, to encourage within the same, the introduction and establishment of such manufactures as will give the most extensive and profitable employment to its citizens,

[1] *Mass. Centinel*, April 9, 30, 1788. In March, 1787, Somers had been granted £20 by the legislature through Hugh Orr of Bridgewater for whom Somers, after a visit to England, constructed a model or machine for carding and spinning cotton: White, *Samuel Slater*, 297–298. His petition to the Massachusetts legislature, Feb. 15, 1787, is in Bagnall, *Textile Industries*, 89–90.

and thereby, instead of those emigrations which are ruinous to the State, increase the number of manufacturers, who by consuming the productions of the soil will add to the value of it . . ."

Provided the corporation should within seven years manufacture "a quantity of cotton and cotton and linen piece-goods, of a quality usually imported into this Commonwealth, not less than fifty thousands of yards," duly recorded, or pay £500 in gold or silver within eight years, Maine lands to the value of £500 specie were granted the proprietors as tenants in common in a proportion which was probably that of their shares in the factory.[1]

In August, 1788, before incorporation, the associates had procured a suitable plot of land. There they soon erected a three-story brick building sixty feet by twenty-five, and a small woollen dye-house, at a cost of $3000. As early as 1788 the foremen were excused from paying poll tax, by vote of the town, and by January, 1789, the newspapers spoke of it as a promising factory.[2] In October, 1789, the factory was one of the sights in which President Washington was especially interested on his visit to this region. He found it "carrying on with spirit," using "the new Invented Carding and Spinning machines," fifteen or sixteen spring shuttle looms, turning out "Cotton stuffs . . . excellent of their kind."[3] At this time the product was mostly coarse fabrics, chiefly strong and durable corduroys, being manufactured at the rate of about ten thousand yards. From December, 1789, these were well advertised, and in 1790 Beverly corduroys were widely known.[4] In September, 1791, George Cabot reported to Hamilton a working force of forty, an output of eight to ten hundred yards per annum, considerable improvement in technique, a solid basis of manufacturing reached, and an increase in scale of operations desirable and possible.[5]

[1] The best account of the founding and early years of the company is Robert S. Rantoul's address, *The First Cotton Mill in America* (Salem, 1897). The appendix to this address contains most of the relevant legislative documents, correspondence, etc. For quotations just made see pp. 29–30.

[2] Rantoul, 15–16, 40.

[3] *Ibid.*, 33; *Columbian Centinel*, November 7.

[4] Rantoul, 19; *Columbian Centinel*, Jan. 16, 1790.

[5] Rantoul, 39–42.

It appears that the Cabots were the chief stockholders. Judging from the grant of lands there were forty shares, divided as follows:

John Cabot	10	Andrew Cabot	2
Joshua Fisher	9	Israel Thorndike	4
Henry Higginson	4	Isaac Chapman	1
Moses Brown	4	Deborah Cabot	2
George Cabot	4		

Thus the several Cabots held eighteen shares. All but Henry Higginson, who hailed from Boston, were Beverly citizens. Moses Brown was a namesake and correspondent of another of the same name in Providence who patronized Samuel Slater shortly after. Fisher and John Cabot, the principal stockholders, were the managers.

The enterprise encountered numerous difficulties. Thanks to the lack of skill of the artisans, the early machinery was "bad and dear," the early products were ill wrought and costly, and "extraordinary loss of materials" was suffered. But with such awkward workers the best materials were essential. Pretenders to knowledge, chiefly Irish, misled them. The scale of manufacture was too small to be economical. Workers, men and women, had to be instructed in detail, and when they had been taught at considerable cost in the making and use of the machinery, they were attracted away by "bribery" or higher wages to other establishments — in Worcester, Mass., Providence and Greenwich, R. I., Lebanon, Conn., and elsewhere. As a result the proprietors estimated the net loss to June, 1790, at £2000, and to September, 1791, at about $5000, exclusive of interest and depreciation.[1]

Further appeals for public aid were made. In March, 1790, the local member of Congress was appealed to to use his influence to get Congress to grant a lottery for the amount of the extra expense they were undergoing by reason of the prompt diffusion of the knowledge they gained and imprated. This appeal, however, was in vain. In June, 1790, the proprietors

[1] Cabot to Goodhue, March 16, April 6, 1790; petition of June, 1790; and Cabot to Hamilton, Sept. 6, 1791, in Rantoul, 23–25, 37–42.

petitioned the state legislature for some kind of aid in lieu of the land grant, which had "not in any degree answered the purpose of it." House and Senate concurred in favoring encouragement, and the House passed a bill to grant lottery privileges for raising £1300 to be "applied in prosecuting and perfecting such manufacture by obtaining and using therein, all the requisite art and machinery, so far as the said proceeds shall extend." The Senate, however, failed to concur. In March, 1791, however, the proprietors were granted four hundred tickets in the state lottery then in progress and three hundred in the next. This with the land grant George Cabot estimated in September might amount to $4000.[1]

It was not long, however, before the enterprise was recognized a failure. Governor Hancock, in his message of January, 1793, sadly admitted this was the prospect.[2] Henry Wansey, the Wiltshire clothier who visited so many cotton factories with keen interest, did not think it necessary to go out to Beverly in the summer of 1794 and accepted hearsay evidence that even in the manufacture of coarse goods the factory did "not answer."[3] Yet in his diary Nov. 24, 1794, William Bentley of Salem wrote of taking the famous Mr. Priestley to see the local sights:

> "We visited the Beverly Manufacture, which from the fruitless attempt to manufacture cotton velvet, & unfashionable goods, is now converted to the profitable business of Bedticks, & the demand is much beyond the ability of Mr Burnham to supply. 60 hands are now employed . . ."[4]

Despite this turn for the better, within a few years the corporation sold out the property to the two principal stockholders, probably perforce, and virtually passed out of existence. The factory passed through several hands and was for some years the seat of manufacturing operations, but prior to 1813 business had entirely ceased and part of the machinery had been taken away.[5]

[1] Rantoul, 23–28, 38–41; *Columbian Centinel*, Feb. 19, 1791.

[2] *Mass. Resolves*, January 31, p. 49; and cf. Moses Brown to John Dexter, July 22, 1791, in *Hamilton Papers*.

[3] *Journal of an Excursion*, 84.

[4] *Diary*, ii, 113.

[5] Bagnall, *Textile Industries*, 97–98; Cutler, *Manasseh Cutler*, ii, 113–115.

The New-York Manufacturing Society was formed early in 1789 as a joint stock association on the Philadelphia model, "for the purpose of establishing useful manufactures in the city of New-York, and furnishing employment for the honest industrious poor." Two hundred and forty-six subscribers (including Hamilton, Duer, Pintard, Cruger, Matlack, Jay, Steuben, Seton, Clarkson, Varick, Bancker, Craigie, Watson, and Melancthon Smith) were soon found to take three hundred and eighty shares of £10 each, New York currency. Operations were early begun. A large brick building was constructed in Vesey Street and stocked with "reels, looms, carding machines, spinning jennies, with every other machinery necessary and compleat for carrying on the cotton and linen manufacture," and a dwelling house was procured for the manager. Here Samuel Slater found employment for the first two months after his arrival in America late in 1789, leaving for more promising if less pretentious quarters with Almy & Brown in Providence. As early as January, 1790, fourteen weavers and more than one hundred and thirty spinners were reported here at work. A charter was secured March 16, 1790, authorizing a stock of £60,000, and a twenty-five year franchise; and following the example of Pennsylvania the state at once subscribed one hundred shares. In the summer of 1790, "tickets," or paper currency in denominations of 1d. to 6d., were issued, ostensibly "in order to accommodate the operations of their Factory," but more probably to secure driblets of additional funds. The operations, however, were a disappointment to the proprietors, and the entire property was advertised for sale at auction, first in April, 1793, then in October, and finally in January, 1794.[1]

Sufficient details regarding the New Jersey *Society for establishing useful Manufactures* have been given in the preceding essay. Its origin was due to the belief that manufacturing of textiles, in particular, was thoroughly practicable, pro-

[1] Subscription list in Wilson, *John Pintard*, 19–20; constitution in *Amer. Museum* v, 325–326 (April, 1789); charter in *Session Laws*, 1790, pp. 24–25; and see White, *Samuel Slater*, 41; *Mass. Centinel*, Jan. 27, 1790; *N. Y. Journal*, Aug. 10, 13, 1790, Jan. 11, 1794; *Daily Advertiser*, April 4, 1792, Oct. 7, 1793; *Diary* (New York), April 17, 1793; and Bagnall, *Textile Industries*, 122–127.

vided it could be established on a scale sufficiently large and with a satisfactory management. Experience with the small companies, like those at Philadelphia, Beverly, Hartford, and New York, revealed difficulties which needed to be offset or overcome. Hence the seeking of a liberal charter, the care in securing a site, the serious endeavor to insure efficient management, and the actual procuring of a large capital, which marked the New Jersey enterprise. Floated in the summer of 1791, chartered and organized late in the same year, it was seriously embarrassed first by the distraction into speculative activities of the attention of its leading and most responsible directors, and then by the financial collapse in the spring of 1792, which carried down its chief pillars and involved the Society directly in loss of funds and well nigh destroyed public confidence in it. It had the advantage, both in its planning and in a good deal of the execution of its plans, of the highly intelligent aid of the Secretary of the Treasury. It finally had the advantage of a capable superintendent, Peter Colt, of Hartford, who had been interested in the Hartford Woollen Manufactory. Its plans, however, proved to be on too magnificent a scale. Too much was invested in fixed capital, and the technical knowledge of the day in America was too small to insure serviceable construction. It suffered severely from carelessness or extravagance on the part of the chief engineer in charge of construction, Major L'Enfant, and from the division of responsibility among several men in a critical year before Peter Colt was appointed. Many of its subscriptions proved to be those of mere speculators, and of the subscribed capital of over $600,000 hardly more than a third was ever received in specie or an equivalent. In the construction of machinery and in the conduct of its manufacturing operations the Society suffered, like so many other contemporaries, from the inefficiency, carelessness, dishonesty, or wilful antagonism of the artisans whom it employed. The result was a troublesome period of construction of plant and utter disappointment in carrying on manufacturing operations. The works were closed down in 1796, after a considerable loss of capital and without any return whatever to the investors.

The second Massachusetts manufacturing corporation grew out of the coming to America, in the spring of 1793, of two Yorkshire woollen manufacturers, Arthur and John Scholfield. They introduced themselves to Rev. Jedediah Morse of Charlestown, the widely known geographer (father of S. F. B. Morse), and secured his patronage. Taking into partnership one John Shaw, an English spinner and weaver who had come out in the same ship, they built machinery, hired quarters in Charlestown, and in October sold fifty-odd yards of broadcloth as their first product. Morse attracted to them the attention of his wealthy merchant friend, William Bartlett of Newburyport, at whose suggestion they moved in December to that centre. Their machinery and products attracted favorable attention immediately; a company was promptly formed to finance their efforts; and without difficulty a charter was obtained Jan. 29, 1794, for *The Proprietors of the Newbury-Port Woollen Manufactory*.[1] Shares were provided for, though without specified par, and the company was entitled to hold £10,000 in real estate and £80,000 in personal estate. One hundred and twenty shares were first subscribed, later eighty more, nearly all by Newburyport capitalists. Some six acres of land, with water privileges, were secured on Parker or Falls River, in Byfield, and there early in June a three-story building ninety feet by thirty was "raised" and soon equipped with machinery made by local firms, at a total cost of about $50,000. English workmen were secured, assessments levied on the stockholders, and some broadcloths, cassimeres, serges, and blankets made to be sold by William Bartlett, the principal stockholder, at his store in Newbury. A petition to the legislature in 1795, for exemption of the property of workmen from taxation, was not granted. The usual difficulties were encountered, no dividends were paid, and the expenses were partly met by charging a small sum to the strangers who came out of curiosity to see the factory. In 1797 another petition to the legislature for aid was in vain, the goods on hand were sold at auction, and funds had to be borrowed to pay the workmen. In 1798 the directors voted to continue "if laborers could be

[1] *Priv. and Spec. Stats.*, i, 478.

procured for one-eighth less than the year preceding." The Scholfields sold their interest in 1799 and moved to Connecticut. The company dragged out an unprofitable existence till about 1803, when Bartlett bought out the other stockholders and disposed of the plant to an Englishman.[1]

In February, 1796, the Massachusetts legislature granted incorporation to *The Proprietors of the Calico Printing Manufacture*, with power to hold property worth $10,000 exclusive of their manufacturing stock. The company seems to have been already in operation in Boston, on a site near the West Boston Bridge, and to have occupied several buildings, the largest a two-story building sixty feet by thirty. The next year, however, they removed to Newton and do not henceforth appear. The company is significant merely as one of the smallest and least pretentious which secured a charter.[2]

As the foregoing discussion amply shows, most of the manufacturing corporations, and probably the majority of the unincorporated joint stock manufacturing enterprises, were concerned with textile manufactures, at least primarily. Two examples of other kinds appear. Not far from Albany a "glass house" had been established as early as 1789. At first it confined its manufacture to "bottles in thin green glass." In October, 1792, however, it advertised, as far away as Boston, in the very face of the Boston Glass Manufactory, its window glass of all sizes from eight inches by six to eighteen by fourteen. The legislature, appealed to on behalf of the struggling infant, gave aid in May, 1793, in the form of a loan of £3000, for three years without interest and for the next five at five per cent. In 1794 the works were considerably enlarged and an output of £10,000 was anticipated, as well as the employment of nearly one hundred hands. Congress was petitioned for an increase of the duties on glass. Liberal exemptions from taxation and other burdens were granted by the state in April, 1796. About the

[1] Mrs. E. Vale Smith, *History of Newburyport* . (Newburyport, 1854), 152–154; Currier, *History of Newburyport*, ii, 146–147 (naming the incorporators); *N. Y. Magazine*, v, 382 (June, 1794); Bishop, *Amer. Manufactures*, ii, 54; Bagnall, *Textile Industries*, 202–212.

[2] *Priv. and Spec. Stats.*, i, 64–67; *Columbian Centinel*, June 10, 1797.

same time the proprietors took steps to "consolidate their establishment into a permanent manufacturing town," apparently after the manner of the New Jersey manufacturing society. Finally a charter was sought, and on March 30, 1797, the company was incorporated as *The Hamilton Manufacturing Society*. The charter was limited to fourteen years, the capital to one hundred shares of not more than $1000 each, and the act made the stockholders specifically liable for the debts of the company, — the only instance of this kind that I have seen among the corporate charters. What may have been the immediate success is not clear. From the fact that henceforward practically nothing is heard from the society one may infer that it did not long survive and that it was of minor significance, like the other manufacturing corporations.[1]

Finally in March, 1800, Massachusetts granted a charter to *The Salem Iron Factory Company*. This had existed as a voluntary joint stock company at least since May, 1796, evidently headed by Ebenezer Beckford. Its mill seat and mills were on Waters River ("formerly Cow-House River") in Danvers. The corporation had fifty shares and was authorized to hold real estate of not more than $30,000 and personal property not over $300,000. Its later history too is "shrouded in the mists of history." [2]

There is small need to inquire why there were no more manufacturing corporations, in view of the failure which so soon overtook practically all that were chartered, as well as most of the companies which remained unincorporated. It is worth while, however, to consider the causes of failure. In 1790, newspaper accounts of the rising manufactories were widely printed and copied, with the belief that such accounts would

"wear off the diffidence of our citizens, stimulate them to improve and extend the manufactures already established, to attempt others which have

[1] *Columbian Centinel*, Oct. 10, 1792; *N. Y. Magazine*, v, 585 (September, 1794); Watson to King, Jan. 22, 1794, in King, *Rufus King*, i, 543; *Newark Gazette*, May 4, 1796; letter of Phineas Bond, Nov. 10, 1789, in *Amer. Hist. Assoc. Report*, 1896, i, 652; *N. Y. Laws* (ed. 1887), iii, 707, iv, 95–97; Munsell, *Annals of Albany*, iii, 156–157, 176–177; *S. C. Gazette*, May 1, 1796.

[2] *Priv. and Spec. Stats.*, ii, 378–381.

not yet been tried, to convince them that Nature has done her part for the United States in furnishing them with numerous sources of natural wealth which only require the assistance of enterprize to turn them into their proper channel, and to demonstrate the absurdity of depending on other nations for what can be better obtained at home." [1]

Such a belief was responsible for Hamilton's lengthy essay in his Report on Manufactures, which was given wide publicity, for much of Tench Coxe's writings, and for Hamilton's herculean efforts on behalf of the New Jersey manufacturing society. Experience, however, proved these beliefs vain. What were the factors which caused manufacturing companies to fail where banks had succeeded?

Jefferson wrote Thomas Digges from Paris, June 19, 1788: "In general it is impossible that manufactures should succeed in America from the high price of labour. This is occasioned by the great demand for labour in agriculture." [2] Yet he now admitted that "if any manufactures can succeed . . . it will be that of cotton." Certainly the manufacturers complained of the high price of labor, and even more loudly of the difficulty of keeping workmen who could so easily move to another employer or become small landed proprietors — conditions reflecting the fact that they could be retained only at considerably higher wages. It was against the notion that this was an insurmountable obstacle that Hamilton argued at length in his Report on Manufactures.

But dearness of labor was by no means the sole handicap. Silas Deane wrote to Gen. S. B. Webb, July 16, 1785, from London, telling of his visits to English factories, and adding:

"It is not the cheapness of labor, in this Country, as is generally supposed, which ennbles [sic] them to manufacture at so cheap a rate, but the use of machines which they have invented to lessen manual operations, & their ingenious division, distribution, & combination of the several parts of their work. Labor is dearer here than in any part of Europe, and full as dear as it was with Us, before the late War." [3]

[1] *Federal Gazette*, July 8, 1790.

[2] Jefferson, *Works* (Ford ed.), v, 27–29. Cf. also Brissot, *New Travels*, ii, 117; Cooper, *Some Information respecting America*, 1–2; *Amer. Museum*, v, 254–257, 493–495 (1789); Coxe, *View*, 38; and quotations and references in Essay III, 361–362, 364 n.

[3] Webb, *Correspondence*, iii, 51–52.

Various efforts were made to procure the famous machines of English invention which were playing so large a part in England's industrial revolution. Great Britain, however, used the utmost endeavors to prevent the exportation of either machinery or models.[1] When machinery was smuggled out, efforts, sometimes successful, were made to have it destroyed or returned.[2] Threats were made against the rising American cotton factories in particular, and rumor had it that the fire which, in March, 1790, destroyed the Philadelphia factory was set by an incendiary in British pay. Deane wrote Webb, in the letter above quoted: "I am about to form a Company" for the purpose of setting up a steam engine in New York, Boston, or Philadelphia "to erect several in different parts of America, if to be done with patents and exclusive privileges, for a certain Term of Time, & have already wrote to several of my friends in America on the Subject." But his efforts did not meet with success. Occasionally, it is true, individual artisans such as Samuel Slater came over with accurate recollections of English machines or with real inventive genius. Too often, however, such knowledge and such genius were merely pretended, and American capitalists were sadly imposed upon by the pretenders.

Especially in connection with manufactures much was made of the handicap of lack of capital, for industry as a whole and for particular plants. William Tudor, Boston merchant and bank director, said in his *Letters on the Eastern States* some years later: "It is not the price of labour, but the want of capital, that prevents our success. . . . Whenever persons of capital shall choose to employ it in manufactures, and give personal attention to their concerns, it will be found that the price of labour will be no impediment."[3] Hamilton argued that capital in general was available, and applied his energies to turn it into

[1] See laws of 23 Geo. II, c. 13 (1750), 14 Geo. II, c. 71 (1774), 21 Geo. III, c. 37 (1781), 22 Geo. III, c. 60 (1782), and White, *Samuel Slater*, 88, quoting Moses Brown.

[2] Letters of Phineas Bond, Dec. 29, 1787, Jan. 2, 1788, Nov. 16, 1788, in *Amer. Hist. Assoc. Report*, i, 557, 583.

[3] Cf. Essay III, chaps. 1, 6; Phineas Bond, in *Amer. Hist. Assoc. Report*, 1896, i, 631, 633–634; William Tudor, *Letters on the Eastern States* (2d ed., Boston, 1821), X, esp. 255–256, 262; and *infra*, 297–298.

industrial channels. Yet the results of attempts at manufacturing, on the whole, well justified the reluctance of capitalists to adventure freely in this field; and while it is true that individual plants were usually on too small a scale to secure needed economies, the problem of management — financial, engineering, and industrial — was so troublesome that it set very narrow limits to the profitable scale of operations.

Skilled masters of the manufacturing arts were also lacking. Americans had had no training in this line of work and could get practically none abroad. Lacking this, entrepreneurs were subject to be imposed upon by the first plausible talker who came along with pretensions to expert knowledge of manufacturing processes, and instances of such imposition were numerous. The result was waste, dampened enthusiasm, and failure. Serious attempts were made, both by direct solicitation and by open or disguised advertisement, to attract such artisans from across the water. But no less than the English government was concerned to prevent the emigration of skilled workmen to prevent the export of machines, and its rigid laws must have succeeded to no small extent.[1]

Other difficulties are occasionally mentioned. For example, Moses Brown of Providence, writing to Hamilton's agent July 22, 1791, complained of British dumping and said that such a policy had begun ten or twelve years previous.[2] Henry Wansey found it a common tendency to sink "a vast deal of money in buildings and machinery unnecessarily, so that the interest on the money will eat up almost all the property."[3] John Adams, writing to Tench Coxe in May, 1792, said:[4]

"Manufactures cannot live, much less thrive, without honor, fidelity, punctuality, public and private faith, a sacred respect to property, and the moral obligation of promises and contracts, virtues and habits which never did and never will generally prevail in any populous nation without a decisive, as well as an intelligent and honest government."

[1] Cf. Digges to Jefferson, from Dublin, May 12, 1788, in *Jefferson Papers*, series 2, xxiv, 51; *British Stats. at Large*, 5 Geo. I, c. 27 (1718); 23 Geo. II, c. 13 (1750); 22 Geo. III, c. 60 (1782).

[2] *Hamilton Papers.*

[3] *Journal of an Excursion*, 84, 217.

[4] *National Magazine*, ii, 253–254 (1800).

Certainly the failure was not due to lack of encouragement by the legislatures. I have seen no evidence of refusal to grant charters which were seriously sought for this purpose. Time and again, in nearly every state, legislative "encouragement" in one or another form was granted to manufacturers. Bounties were granted, as in the case of sail cloth in Massachusetts, New Hampshire, and Rhode Island, woollen goods in Hartford, and silk in Connecticut. Taxes on property or on the polls of workmen were abated. Lottery privileges were granted, as to the Hartford woollen manufacture and the New Jersey manufacturing society. Loans were given at low rates of interest or without any. National laws established protective duties. Patents were granted. And in several instances, as in the case of the Pennsylvania manufacturing fund, *The New-York Manufacturing Society*, and the "S. U. M.," subscriptions were made by the state to the shares of corporations. It is true that the extent of these aids may easily be exaggerated, yet there is no doubt that the manufacturing companies, corporate and voluntary, failed rather in spite of appreciable encouragement than because of legislative hostility or indifference.[1]

It is significant that the corporation was here not a whit more successful, and perhaps even less successful, than the unincorporated enterprises. The advantages in the raising of capital and the greater possibility of continuous life were more than offset by the less personal interest and control and the low stage of development of the art of management. One is interested to find the directors of the "S. U. M.," weary of their job after two years, hiring Peter Colt to run the establishment as if it were his own.

Besides the manufacturing companies a few miscellaneous business corporations may be mentioned. Here especially it is frequently difficult to be certain just what companies should be included and which excluded. Not to speak of marine societies and agricultural societies, I should exclude without much

[1] Cf., in addition to those mentioned above, *N. Y. Laws* (ed. 1887), iii, 191, 590, 679, 707, for loans to various manufacturers.

hesitation such companies as *The Proprietors of the New Burying Ground in New Haven*,[1] chartered by Connecticut in 1797, and in Massachusetts the *Proprietors of the Mattakesset Creeks in Edgartown* (1783), the *Associated Proprietors of Lumber in Merrimack River* (1790),[2] and the *Proprietors of Mills on Charles River* (1797). The last three were associations formed to protect the rights of owners of adjoining properties rather than corporations to secure pecuniary gain. There must also be excluded the *Trustees for the purpose of promoting Manufactories*, incorporated by Kentucky in 1798. These were not themselves to undertake manufacturing, but were simply to grant lands on easy terms to manufacturers to induce them to settle in that state. Here is no business corporation, but an excellent example of the sort of public body which Hamilton recommended in his Report on Manufactures.[3] Similar were the *Directors and Society for promoting the cultivation of the Vine*, incorporated in the same state about the same time.[4]

The Proprietors of the Roxbury Canal were incorporated in February, 1796, to cut a canal from Boston Harbor to Roxbury, for which a fund had been subscribed, under the leadership of Jonathan Davis. Since, however, no toll was allowed to be taken "on any float, vessel, or transportation of articles through the canal," this can hardly be accounted a business corporation.[5]

A case near the line is *The River Machine Company*, incorporated in January, 1790, "for the Purpose of clearing and deepening the Channel of *Providence* River, and making the same more navigable." The merchants of Providence had agreed to raise $1,000 in forty "equal shares" to build, maintain, and operate dredging machines. Vessels of more than sixty tons (except those laden with lumber and wood) were to pay a duty of two cents per ton, for the benefit of the company. Any surplus of this sum over the company's disbursements was to be

[1] *Priv. Laws* (ed. 1837), i, 298.
[2] *Priv. and Spec. Stats.*, i, 51, 265, ii, 151.
[3] *Kentucky Laws* (Toulmin ed., 1802), 310.
[4] *Kentucky Laws* (ed. 1810), ii, 268.
[5] *Priv. and Spec. Stats.*, ii, 70–71. Cf. advertisement in *Columbian Centinel*, March 17, 1798, offering lots for sale and announcing "In all probability the completion of the Canal will take place the ensuing summer."

applied, at the end of twenty years, to further improvements of navigation under the direction of the company. Thus no dividends were contemplated. Later this year the company petitioned Congress for a continuance of these privileges, on the ground that there was "a greater number of vessels belonging to this port than to New York, and that it was" a place of more navigation than any of its size in the Union. Though Congress did not respond, the machine was set in operation as early as the spring of 1792. In 1794 and 1796, however, the operation of the act was suspended, and it is doubtful if anything significant was accomplished.[1]

The joint stock company was frequently resorted to in order to raise capital for construction of buildings. Some were tontine associations, like those of Boston (1791–92) and Philadelphia (1792–93) which developed respectively into the Union Bank and the Insurance Company of North America. An early example was The New York Tammanial Tontine Association, which was formed in January, 1791, partly to build a hall for the Tammany Society, then six or seven years old. Four thousand shares of $16 each were to be issued, with a maximum subscription of twenty-five shares. For thirty days subscriptions were confined to members of the society. Judging by quotations of the scrip on the New York market in the winter of 1791–92, the subscription was filled. But the speculative collapse of the following spring seriously injured John Pintard, an officer and leading promoter, as well as other supporters, and the object was not carried out.[2] In the summer and fall of 1792 a similar association with one thousand shares was promoted in Albany to build a $15,000 commodious "City Tontine Hotel."[3] In the spring of 1793 a joint stock company to build a theatre was

[1] *Session Laws*, January, 1790, pp. 3–5, October, 1794, p. 19, October, 1796, p. 23; Staples, *Annals of Providence*, 351–352; *Providence Gazette*, April 21, 1792. Cf. *Mass. Centinel*, June 27, Aug. 18, Sept. 15, 1787, for data regarding a horsepower dredging machine used earlier on the Hudson near Albany.

[2] *Daily Advertiser*, Jan. 14, 1791, giving notice of a meeting of subscribers to elect thirteen directors, secretary, treasurer, and five inspectors. See *ibid.*, Jan. 18, 23, Feb. 4, Sept. 17 (constitution), Nov. 14, 1792, and E. P. Kilroe, *Saint Tammany and the Origin of the Society of Tammany* (New York, 1913), 118–119, 189–193.

[3] *N. Y. Magazine*, iii, 640 (October, 1792); Munsell, *Annals of Albany*, iii, 153.

pushed in Boston, to issue one hundred and twenty shares of £50 each.[1] In none of these cases, however, does there seem to have been any effort to secure corporate privileges.[2]

There are, however, two wharf companies, after the order of the colonial corporations in Boston and New Haven, proprietors respectively of the Portsmouth Pier, incorporated 1795, and the Kennebunk Pier, incorporated 1798, neither of more than local importance.[3] The first of these companies was given the title of the *New Hampshire Hotel and Portsmouth Pier;* but there is nothing else in its charter relating specifically to a hotel enterprise. If such was in the minds of the proprietors, it seems not to have been translated into concrete existence.

The only corporation to undertake agricultural operations was authorized in Pennsylvania in March, 1793, as *The President, Managers and Company for promoting the cultivation of vines.* One Peter Legaux was at the bottom of it; he had made some experiments and was desirous of such encouragement as capitalists might subscribe. A minimum capital of $10,000 in $20 shares was fixed, and as this could not be raised, full incorporation was not effected. A second attempt was made in 1800–01, when the act of incorporation was revived and obstacles which the promoters thought hindered subscription were removed. This time the company was able to organize and begin operations on Legaux's farm at Spring Mill, but history is silent as to its results.[4]

There was a single mining company, the proprietors of beds of iron ore in Litchfield County, Conn., which was erected into a corporation as early as 1784. The charter undoubtedly merely

[1] *Gazette of the U. S.*, April 24, 1793.

[2] The joint stock device was also resorted to for various non-business purposes, such as founding schools and libraries; these were sometimes incorporated. Cf. *N. J. Hist. Soc. Proc.*, 1st Series, viii, 18–23 (1856), for account of the organization of the Morris Academy at Morristown, N. J., giving the subscription list.

[3] Adams, *Annals of Portsmouth*, 311–312; *Mass. Priv. and Spec. Stats.*, ii, 187–189; Charles Bradbury, *History of Kennebunk Port . . .* (Kennebunk, 1837), 181.

[4] *Pa. Stats. at Large*, xiv, 356–360, xvi, 438, 516; Scharf and Westcott, *Hist. of Phila.*, i, 511; Bishop, *Amer. Manufactures*, ii, 48. In 1787 Legaux had been granted the privilege of maintaining a ferry over the Schuylkill at his farm: *Pa. Stats. at Large*, xii, 485.

gave corporate privileges to the group of proprietors who already owned the land in common, and the company is to be classed rather with the local wharf companies, water supply companies, and unincorporated land associations than with the modern joint stock mining corporations.[1] In 1799 a bill was presented in Congress to establish a New Jersey copper mining company to be aided by a $50,000 subscription from the United States. This bill having been "smothered in the Birth," a new bill was presented to authorize a federal loan of $50,000 to the company at six per cent; but this too failed to pass.[2] Anthracite coal was discovered in 1791 at Mauch Chunk, Pa., and in February, 1792, the Lehigh Coal Mine Company was formed by Michael Hillegas (former treasurer of the United States), Charles Cist, printer, and others, but no charter was sought or secured, and because of difficulty of marketing the output, mining efforts were soon abandoned.[3]

There were no ordinary trading corporations. In 1780 Hamilton had said, in recommending to Morris a plan for a bank and suggesting a resolve against any grant of exclusive privileges:

> "Large trading Companies must be beneficial to the commerce of a nation, when they are not invested with these, because they furnish a capital with which the most extensive enterprises may be undertaken. There is no doubt the establishment proposed, would be very serviceable at this juncture, merely in a commercial view; for private adventurers are not a match for the numerous obstacles resulting from the present posture of affairs." [4]

At various times there were definite proposals to establish such companies. In 1785 a modest and intelligent Englishman named Wingrove came to America, recommended by John Adams and Jay, and "submitted to Congress a plan for an American com-

[1] Baldwin, *Private Corps.*, 301, citing *Conn. MSS. Archives, Agriculture*, etc., *1764–1789*, ii, 186.

[2] *Southern Hist. Assoc. Publications*, ix, 104 (March, 1905). Possibly this was the "Mine and Metal Company" for which in 1801 the House passed a charter which the Senate negatived: *Annals of Congress*, x, 912, 989, 738, 755, 758.

[3] The prospectus is printed in *Pa. Mag. of Hist. and Biog.*, xxxix, 170–175 (1915). Cf. Thomas C. James, "A Brief Account of the Discovery of Anthracite Coal on the Lehigh," in *Hist. Soc. of Pa. Memoirs*, i, 321–327 (1826, republished 1864); and *General Advertiser*, Jan. 24, 1794.

[4] Hamilton, *Works*, i, 131.

mercial establishment in the East Indies." A committee of Congress reported "that the commercial intercourse between the United States and India would be more prosperous if left unfettered in the hands of private adventurers, than if regulated by any system of a national complexion;" and Congress approved.[1] Stephen Higginson reports having seen in 1785 a proposition which came through Lafayette from John Adams and M. Tourtelle Saugrain, "the Providore for lighting Paris and the other Cities of France, for a company here [Boston] to supply him with 1000 tons of our Whale Oil, and to receive the manufactures and products of France in return." Nathaniel Barret went to Paris the next winter to secure the contract and was seemingly successful, but the company, if organized, never attained large consequence.[2] Phineas Bond wrote in an official letter of July 2, 1787, speaking of the growing trade to China:[3]

"A company of merchants in Philad[a] is at this time in a train of being established to engage in this trade — considerable sums (upwards of 100000 dollars) are already subscribed, a ship of between 300 and 400 tons now on the stocks and nearly finished, is contracted for and will be ready to sail in the Autumn."

If such companies were formed, they did not seek charters.

In January, 1799, Pitt and Grenville urged upon Rufus King, the American ambassador in London, a plan for incorporating an Anglo-American exclusive company as the best means of managing the trade of San Domingo. King, however, expressed his belief

"*that the Plan* would be objected to as well on account of the general unpopularity of monopolies in America as on the score of a defect of *power in Congress* to create an *Exclusive Corporation* for the Purpose *of Trade.* . . . Besides," he added, "our *merchants* are numerous and full of enterprize, and no way has suggested itself by which a limited *number of them* could without undue preference be selected to compose a company."[4]

[1] King to Adams, Feb. 3, 1786, in King, *Rufus King*, i, 155. Cf. Smilie and Robert Morris, in the debates on the recharter of the Bank of North America, March 29, 30, 1786, in Carey's *Debates*, 23, 40.

[2] Higginson to Adams, Aug. 8, 1785, in *Amer. Hist. Assoc. Report*, i, 724. Cf. *ibid.*, i, 735–736; Adams, *Works*, viii, 364, 389, 414; Wharton, *Diplomatic Correspondence of the Amer. Rev.*, ii, 468, iii, 57–58.

[3] *Amer. Hist. Assoc. Report*, 1896, i, 540–541.

[4] King to the Secretary of State, Jan. 10, 1799, in King, *Rufus King*, ii, 499–505.

And the plan fell through. King touched upon the essential reasons why trading companies were not formed — the prejudice against the kind of trading companies which had been known, and the individual enterprise of the American merchants.

Perhaps it is correct to include here *The Company for procuring an accurate map of the State of New Jersey*, incorporated in 1799 as a sort of semi-official scheme to secure a good map of the state without charging the whole cost to the public treasury. On petition of Governor Howell and associates the legislature vested in them as a corporation the exclusive right for fifteen years of vending within the state a new map to be prepared, on condition that two thousand shares be subscribed and the maps published within four years. Toward this object the state guaranteed a subscription of one hundred and fifty shares, of not more than $5 per share, in return for the delivery of an equal number of maps. Presumably individuals were expected similarly to subscribe, getting the return of their capital in this form and in addition such profits on outside sales as might be forthcoming. The pretty scheme did not work. A year after the charter was granted the trustees duly appointed reported so great a discrepancy between the funds subscribed and the prospective expense of surveys that the enterprise was declared impractcaible.[1]

It is somewhat surprising that, in this era when land speculations flourished so extensively on large scale and small, there is but one incorporated land company, *The Proprietors of the Half Million Acres of Land, lying south of Lake Erie*, chartered by Connecticut in 1796.[2] There was indeed some popular prejudice against these land speculators which might have prevented their obtaining charters. Probably the chief explanation is, however, that there was slight occasion for employing the corporate form: there was little outlay for incurring of debts; as a rule the shares were not, and were not expected to become, widely distributed; the management problem, though difficult,

[1] *Session Laws*, Nov. 19, 1799, pp. 652–654; advertisement dated Nov. 17, 1800, in *N. J. State Gazette*, Nov. 25, 1800.

[2] *Session Laws*, 451.

was not complicated; and the business was expected to be wound up within a comparatively short time. Under such circumstances corporate organization might be more bother than it was worth and make for unwelcome publicity and clumsiness of operations.[1]

In a word, the time was not yet ripe for the extension of the corporation beyond the field of the financial and public-service industries, and the experiments which were made in other fields discouraged further attempts.

[1] The Ohio Company of 1786 closely approximated a corporation and there was talk of securing a charter; it is not clear why none was effectually sought.

CHAPTER VI

Concluding Observations

By the end of the eighteenth century the corporation was a familiar figure in the economic life of the larger American cities; and it was rapidly ceasing to be an object of awe in the smaller towns and country districts. Here, in conclusion, it will be worth while to review the success of the different groups of companies and attempt an explanation of differences which appear; to note the position which the corporation occupied in the community, and the public attitude toward it; and to present a brief résumé of the corporation law and policy which the period discloses.

In size the corporations varied extremely. None but banks had paid-in capitals over $1,000,000, except the *Manhattan Company*, which also was essentially a bank. The companies with capitals between $500,000 and $1,000,000 included, besides banks, a few joint stock insurance companies. In the group having from $100,000 to $500,000 would be included most of the other banks and insurance companies, several canal or navigation companies, a few bridge and turnpike companies, the Boston *Aqueduct Corporation*, and the New Jersey manufacturing society. The majority, including most of the turnpike and bridge companies, raised less than $50,000. There were a goodly number, notably bridge, water, and manufacturing companies, which raised less than $10,000. Not even accurate estimates can be given on this point, because of dearth of information extant; and because of the silence of many charters it is impossible to make even a summary statement regarding the capitals authorized.

There was great variation in the success achieved by the century's close. Of the twenty-nine banking corporations chartered,

all but two had begun business; only one or two were struggling; none had failed; nearly all yielded profits ample to remunerate their stockholders, and some were paying such dividends that the stock sold considerably above par. On the other hand, all of the eight manufacturing corporations had got under way, but not one had paid dividends, nearly all had suspended operations, several had dissolved, and almost if not quite without exception their shareholders suffered pecuniary loss. These represent the extremes. The canal and navigation companies had not all succeeded in securing the capital requisite to organization; but two of the major ones, and few of the minor ones, had completed their undertakings and were in a position to pay dividends; as a class they were distinctly a disappointment to those who had advanced capital, and did not please much better those who hoped to make use of the intended improvements. Some of these, indeed, like the Santee and Cooper, the Dismal Swamp, and the Middlesex Canals, were destined to complete their objects and to have a period of reasonably profitable existence. Several of the smaller undertakings, financed largely by persons immediately interested in the success of the improvements, served their purpose in a small way, even if they yielded no dividends more tangible than convenience, — as was the case somewhat later with many of the turnpike companies. In general, however, the inland navigation companies of this era proved a disappointment, and the experience with them tended to discourage further enterprises of this kind. The bridge companies, on the other hand, were reasonably successful. Few failed to secure the requisite capital, though in some cases, including the largest, delays were encountered because of capitalist reluctance; most of them completed the intended structures within a comparatively short time; the majority were successful, at least at the outset, from the standpoints of their stockholders and the public, and there were several, like the Charles River Bridge and the Passaic and Hackensack bridges, whose stock was in high repute. Only the catastrophes caused by floods and ice, with which they were not yet technically able to cope, marred seriously their otherwise good record. The turnpike companies stood between the other

highway corporations in these respects. Most of those chartered seem to have attracted sufficient capitalist support; several had completed all or considerable stretches of their roads, and were taking toll; and unquestionably some were already reaping fair returns or better; but the movement began so much later that few had had an opportunity to display their possibilities before the end of the century. Experience with those established was on the whole encouraging, although none was a bonanza. The insurance companies, mutual and stock, had their ups and downs, but were on the whole successful, some greatly so. Apparently none had yet come to grief. The water supply companies led a quiet, modest existence, involving as yet no conspicuous success or failure.

It would be highly interesting if we could express these facts statistically, presenting tables to show, by classes, states, and years, figures for companies projected, floated, successful, to compare with those incorporated. But no such data can be obtained in any but the most fragmentary form. Mortality statistics of corporations are interesting and valuable, but especially difficult to secure. It may be said, however, that to-day, after the lapse of more than a century, some twenty-five of these eighteenth century corporations are still in existence.[1] These include eight banks (not to mention at least four others which after prosperous careers have lately been merged with younger institutions), ten insurance companies (including all those chartered by Pennsylvania), and one or two representatives each of the canal, toll-bridge, turnpike, water supply, and manufacturing companies. Two or three of these, like the "S. U. M.," are inert, but most of them are operating as actively as ever.

Reasons for the variations in success may be suggested with some assurance. There was the clearest paying demand for the services of the banks, insurance companies, and bridge corporations. For the navigation improvements, turnpikes, and fresh water supplies there were desires often not backed by willingness to pay. Furthermore, technical skill was highly important

[1] See Appendix B.

in the highway and aqueduct companies; the lack of it was most seriously a handicap upon the navigation companies, to whose failure it was perhaps the largest contributing factor. The problem of management was simplest in the case of banking, bridge, and insurance companies, and this fact told powerfully in their favor. It was most difficult with the navigation and manufacturing companies, and goes far to explain their failure. In the same cases labor difficulties were bound to arise and proved most troublesome. Where judgment, initiative, boldness were required they were supplied, and if they were sufficient all went well; but where long-planned policies, careful supervision, and sustained effort were requisite, the American business man failed to supply them through the medium of the corporation.

Despite the fact that a large number of the companies which got under way failed to fulfil the hopes of their projectors and supporters, I have discovered no instance prior to 1800 of losses to *creditors* of business corporations. The stockholders suffered, but the failure did not spell bankruptcy. This was largely because the failure descended before construction was completed, and the creditors were chiefly those who had loaned directly to the company or furnished supplies for construction. Such extensions of credit were not large. That there were no bankruptcies among banks and insurance companies speaks well for the management. This freedom from losses by outside creditors certainly conduced to the wider use of the corporate form with its limited liability, which might otherwise, as happened later, have come for this reason into bad odor.

Despite the marked increase in corporations during this period, corporate securities figured but slightly in the security markets. Soon after flotation, indeed, there were often speculative dealings in "scrip" or stock of various sorts. A few banks and insurance companies, an occasional bridge company, had securities transferred sufficiently to warrant newspaper quotations. But except in the highly speculative period of 1791–92 the stocks were but little in speculative hands, and only a local, imperfect market for them existed. Public securities remained, at the century's end, by all odds the principal stock market commodity.

Certain further comments on the statistics of charters are now warranted. Despite the success of the banks, their number, and still more emphatically, their capital, did not increase greatly after 1793. The reason would seem to be fourfold: the country was so nearly saturated with banks that the profits were no longer phenomenal enough to evoke large pressure for additional charters; the existing banks could quietly exert effective pressure against introduction of further competition; in the smaller towns, where there was the greatest possibility for expansion, success had on the whole been least, while the problem of satisfactory management was greatest; and the increase in normal business may have been somewhat offset by a decline in speculative operations. The failure of the manufacturing companies effectually explains their failure to be chartered even in as large numbers. The ill-success of the inland navigation companies accounts for the decline in such charters. The turnpike companies were still in an experimental stage when the century closed, and their increase was due to a current of enthusiasm which a decade earlier had spent itself on navigation companies. That the toll-bridge companies did not continue their rate of increase was due partly to local opposition; but chiefly to the facts that the more important and advantageous opportunities were already taken, as in the case of the banks; and that the public and the new turnpike companies were building the smaller bridges, while technical skill had not sufficiently developed to make possible building larger bridges. The increase in water supply companies, which would doubtless be continuous if the statistics of charters formed under the Massachusetts general law could be found, reflects local movements of no great general importance, in the face of relatively unsatisfactory results.

It is of interest to attempt an explanation of New England's prominence in the corporation movement. It does not appear that the legislatures to the southward were more cautious in granting charters. Investments in corporate stock for purposes of encouragement appear almost if not quite wholly confined to the middle and southern states. The New England states, it

seems, merely responded to a larger demand for corporate privileges.

One observes that during this period New England held more than its population's proportion of the public debt.

"The four New England states . . . received $440,800 in the interest and capital disbursements on the public debt in 1795 out of a total national disbursement of $1,180,909.19 in that year. Massachusetts alone received in interest on the funds one-third more than did all of the Southern states. . . . The thrifty Yankees of Connecticut held more of the public debt than all the creditors in Virginia, North Carolina, and Georgia." Indeed, "Georgia and North Carolina held practically none of the public debt." [1]

It would be easy to conclude that, as many of the admirers of the funding system believed, the public debt constituted a liquid capital which naturally flowed into such new fields as the corporations opened, and that therefore the secret of New England's supremacy in corporate activity lay in her possession of great sums in public securities. There is certainly a modicum of truth in this view. An owner of public securities could very easily invest in corporate stock, since a good market for the public debt was well established, in striking contrast to the market for real estate. Furthermore, having owned public stock, the purchase of corporate shares involved no difficult mental transition. It seems highly probable that there was a connection between the especially widespread ownership of the public debt in Connecticut and the predominence in that state of turnpike companies and small banks.

Yet it is probable that two factors were related less as cause and effect than as effects of common causes, among which these may be suggested. In New England, much less than farther south, additional investments on the farms were not so imperatively required, nor did new and unoccupied lands cry out so alluringly for cultivation. The merchant class was especially large, and prominent in the smaller towns as well as in the large centres. By contrast, in Virginia, the largest state, trade was carried on chiefly with foreign capital, the traders "being factors, agents, and shopkeepers of the merchants of Great Britain,"

[1] Beard, *Econ. Origins of Jeffersonian Democ.*, 393–394, 397. There was considerable concentration of holdings in the cities — New York, Albany, Charleston, etc.

rather than independent merchants. This was true of most of the rest of the South, barring towns like Baltimore and Charleston. The Yankee population was notoriously industrious and thrifty. Thus there were supplies of capital available for investment. There was, moreover, a widespread spirit of enterprise. The distribution and concentration of population was such that toll-bridges, turnpikes, and some aqueduct companies could be made to pay, without making an enterprise so large as to be difficult to manage; and the need for water supplies and transportation facilities, outside the large centres, was large by comparison with states farther south. It is in this saturation of the outlying districts with corporate enterprises that New England chiefly differed from other sections, where the principal cities were about as fully provided.

The statement is frequently made that the development of enterprises in the United States in these days, and presumably corporate enterprises included, was hampered by lack of capital. A recent American writer quotes with favor Bagehot's remark that to-day

"we have entirely lost the idea of any undertaking likely to pay — and seen to be likely — can perish for want of money; yet no idea was more familiar to our ancestors, or is more common now in most countries;"

and continues:

"Liquid capital, available for investment in general development work, as distinct from its intensive uses on the farm or in the local industry which created it, depends clearly on three basic factors: order, good communication, and credit in some more or less highly organized form. These factors, in combination, are . . . considerably less than a hundred years old." [1]

The study of corporate enterprise during this period prior to 1800 does not support such a view. It is undoubtedly true that more rapid development would have taken place before 1800 had larger supplies of capital been available. Yet not only was capital readily forthcoming for every undertaking likely to pay and *seen* to be likely, but it came forth for innumerable undertakings in which the risk was very great and the

[1] Ray Morris, in the *Atlantic Monthly*, cxiii, 805 (June, 1914).

chances of success were remote. Americans had then, as now, a reputation for rash enterprise. It was reported a common saying among foreigners especially in the early days of this period, "that the Americans were fond of engaging in splendid projects, which they could never accomplish." [1] Moreover, liquid capital, after the war, and especially after 1789, was really abundant, eagerly seeking investment, and ready to take in other lines risks as high as those of the sea. Where, indeed, experience showed that profit was not to be expected, capital in sufficient quantity to float a considerable enterprise was not forthcoming. But if facts could be had to-day of enterprises dear to the hearts of sanguine promoters which never get under way, the percentage would probably be as high as it was in the last decade of the eighteenth century.

The largest source of capital for the rising corporations was the merchant class, — ranging from the small country storekeeper to the wealthy metropolitan merchant importer. It paid such men to be stockholders in the local banks, for certainty in securing discounts. They were quite naturally subscribers to fire and marine insurance stocks. Support of bridge and turnpike ventures might bring business in their direction. Moreover, like few of their fellow citizens, they had surpluses that could be thus at least temporarily invested in stocks which would constitute a serviceable kind of reserve, or ventured in more risky enterprises in which they could afford to lose. Such forces, in their cases, supplemented effectually a normal public spirit and a desire for direct income from the securities.

There were others, however, as well: retired farmers or merchants; widows of substance; children who had inherited well; landed proprietors who had picked up public securities; successful speculators in stocks; and a considerable body of small savers in town and country, of various occupations, who in these days before the savings bank were able and willing to stake in a local enterprise the cost of a share or two.

The small investor was especially appealed to for the sup-

[1] Phillips, *History of Inland Navigation*, quoted in *N. Y. Magazine*, iv, 152 (March, 1793).

port of turnpikes, for which as a class par values were lowest — ranging usually from $20 to $50, with $25 perhaps the most common figure. In the banks and the early canals the par was commonly $250 to $500, though toward the end of the period the tendency appears for a par of $100. There are at least two instances of $1000 shares — the *Hamilton Manufacturing Society* (1797) and the *Maryland Insurance Company* (1795). Insurance companies show high, low, and intermediate par values. In a considerable number of companies, chiefly for bridges, canals, and aqueducts, no fixed par was established, and shareholders were assessed small sums, typically five or ten dollars, at intervals as the funds were needed for construction.[1] Such a method, when accompanied by a vigorous policy of enforcing forfeiture of delinquent shares, was usually satisfactory, since it involved no problem of temporary investment of capital paid in before it was needed;[2] but otherwise it often left the company unable to push construction steadily, and led to well-nigh fatal discouragement.

Funds for investment were quite frequently secured outside the locality to be directly benefited. A director of the Bank of North America said in 1786 that "of the stock of the bank, 360,000 dollars belong to inhabitants of others of the united states, or of Europe. . . ."[3] Foreign investors — Dutch, French, and English especially — held considerable stock in the Banks of North America and the United States, and by the end of the century very likely in other large institutions. Dutch capitalists supplied part of the funds for at least the Connecticut River canals at South Hadley, the Potomac Company, the New Jersey manufacturing society, and probably the Western Inland company of New York. During the speculative fever of 1791–92, New York capitalists subscribed to practically every important fresh project — the Boston Tontine, the Providence and Al-

[1] This was the general rule for the companies chartered in Massachusetts; south of New England it was unusual.

[2] The Schuylkill and Susquehanna Navigation company purchased stocks at good prices in the panic of 1792, a few months after its subscribers had paid in: *General Advertiser*, May 23, 1792.

[3] Carey's *Debates*, 32.

bany banks, the New Jersey manufacturing society, the Pennsylvania, New York, and Vermont canals, the Philadelphia and Lancaster Turnpike — to mention but a few instances. Boston capital was largely behind the larger Maine bridge undertakings, Piscataqua and White River Falls bridges (Hanover) of New Hampshire, and probably many other corporate enterprises of the northernmost states. In general, however, the bulk of the funds for most companies seems to have been drawn at the outset from the immediate neighborhood.

State subscriptions were important elements only in the larger Virginia canals and the early New York canals, and the banks of North America, the United States, the Union Bank of Boston, and the Bank of Pennsylvania. Occasionally towns took a stake in bridge or canal companies, but rarely, if ever, to any large extent.[1]

A careful study even of existing records would throw more light on the sources of funds and the distribution of shares at the origin of the corporations and later. Here a few facts, gleaned almost at random, may be presented.

The number of original subscribers to the stock of certain corporations was as follows:

	Date	Subscribers	Subscriptions	Averages
Bank of North America	1782	147	$400,000	$2,721[2]
Massachusetts Bank	1784	104	$251,750	$2,421
Charles River Bridge	1785	88	£176,000	£200
Providence Bank	1791	138	$529,600	$3,838
Hartford Bank	1792	68	$100,000	$1,471
Insurance Company of North America	1792	560	$600,000	$1,071
Fourth New Hampshire Turnpike	1800	128	. .	. . .
Germantown and Reading Turnpike	about 1800	248[3]		.

[1] See also *infra*, 327–328.

[2] Cf. Robert Morris's statement in 1786 that the two thousand one hundred and seventy-six shares were held by about three hundred persons, an average holding of about $2900. Carey, *Debates*, 32, 94. Cf. also the subscriptions to the Beverly factory, shown *supra*, 273, and the subscription lists of the New Jersey and Connecticut manufacturing companies of 1791–92, given in Essays II and III.

[3] *Pa. Mag. of Hist. and Biog.*, xxiii, 537–539 (1899).

On its face this table points to the conclusion that the average subscription ranged from $1000 to $4000. It cannot safely be inferred, however, that this was the average *investment*. In several cases the original subscriptions were partly or wholly speculative; the subscribers either hoped to sell at an advance all or part of their shares before paying for them in full, or anticipated an over-subscription and subscribed more largely than they wanted in the hope of getting a proper amount when the subscriptions were cut down. Such factors would tend to exaggerate the average investment holding. On the other hand, many subscriptions were made in the names of dummies to evade limitations upon the number of shares any one might subscribe at the outset.

A few instances appear of control from the beginning by a coterie of large capitalists. Nearly half of the original stock of the Bank of North America was subscribed by five wealthy individuals—Robert Morris, John Swanwick, William Bingham, John Carter, and Jeremiah Wadsworth, who had four hundred and sixty-six out of the one thousand $400 shares. With a sixth member they had a clear majority. The one hundred and twenty-one holders of five shares or less held only two hundred and fifty-two shares.[1] In the Hartford Bank (1792) the sixteen holders of six or more $400 shares had a clear majority.[2] Robert Morris and a few of his business associates dominated the three Pennsylvania canal companies of 1791–93. At least the initiation, and probably the support, of the two principal South Carolina canal companies came from a relatively small Charleston group. Five large capitalists, subscribing respectively one hundred and fifty, one hundred and fifty, one hundred and ten, one hundred, and fifty shares, took seventy per cent of the stock of the Hartford and New Haven turnpike (1798).[3] On the other hand, subscribers of one and two shares had a majority of the stock in the Charles River Bridge (1785); subscribers of five shares or less had a majority in the Fourth New

[1] Lewis, *Bank of N. A.*, 132–135. See Carey's *Debates*, 109, for Smilie's criticism of the situation as "highly dangerous," in view of the one vote per share rule.

[2] Woodward, *Hartford Bank*, 170.

[3] *Ibid.*, 96–97.

Hampshire Turnpike (1800); and the "S. U. M." subscriptions, while averaging high, were well scattered.

In general it appears, as one might expect, that the greater the certainty of success, the more heavily the large capitalists ventured; and the more doubtful the outcome, the lower was the average subscription. Here one may see the source of the check to many of the companies which did not get beyond the stage of incorporation: unless the larger fish could be attracted by the bait, the interest of the smaller fry was unavailing.

There was clearly some tendency to concentration of ownership. In several bridge companies single stockholders gradually acquired a controlling interest. The size of large holdings grew, the number of large holders, the number of members from particular families, and the average holdings. Thus, in the Massachusetts Bank, at the first dividend payment, only three stockholders had more than twenty shares, while control rested largely with holders of fewer than ten. The decrease of capital in 1786 did not proportionately reduce the number of shareholders; but with later increases they did not proportionately increase, so that average holdings changed 1785–87 from about $2421 to $1538 to $3048. By 1792, and thereafter, eight holders of more than twenty shares each held above three hundred and twenty of the eight hundred shares, and needed little help to control the bank policy. In the Providence Bank, in 1800, ten men had six hundred and thirty-seven $400 shares, as follows: twenty-five, twenty-five, thirty-one, thirty-six, fifty-three, fifty-three, fifty-eight, sixty-one, one hundred and forty-five, one hundred and fifty.[1] There were twenty-five holders of one share each, twenty holders of two shares each. There were but ninety-six holders of the one thousand shares — an average of $4167. This bank, the Bank of North America, and the New Jersey "S. U. M." early became virtually family companies, though not until the nineteenth century. The concentration, however,

[1] Data furnished by Mr. Earl G. Batty, cashier of the bank, in April, 1916. Cf. Stokes, *Chartered Banking in Rhode Island*, 266, for the situation in 1811: more than one hundred and forty stockholders, including fifty-one widows and fatherless children.

as not far-reaching or thoroughgoing; new companies were eing formed; and while large capitalists were growing larger ew ones of power were rising into importance, and no great ıcrease in the concentration of ownership or management of ıpital can be positively asserted.

A list of the incorporators named in the numerous Massachu-ɛtts incorporation acts shows a very large body of separate ıcorporators, and a comparatively small number who figure in ıore than two companies. It is dangerous to conclude from his that the leading backers were as numerous as the published ames show, yet in default of contrary evidence it points to he activity of a considerable number of entrepreneurs.

On the whole, the assertion may be ventured that the ighteenth century corporations were initiated, financed, and ontrolled by a considerable number of different members of he capital-owning class, rather than by a few "captains of ıdustry" or by a large number of small investors.

At this distance in time it is impossible to gauge accurately he public sentiment of this period toward the corporation, but : is worth while to present some evidence and to endeavor to ssess the prevailing opinion and the changes which took place ı it as the corporation became more common.

That there was a certain prejudice against corporations as uch is undeniable. To the sentiments expressed in the summer f 1792, quoted in the preceding essay,[1] a few other character-ɜtic utterances may be added. Among the objections reported March 8, 1785, to a bill for incorporating a society of trades-nen and mechanics in New York City, the New York Council f Revision included these:[2]

"Because all incorporations imply a privilege given to one order of itizens which others do not enjoy, and are so far destructive of that prin-iple of equal liberty which should subsist in every community; and though espect for ancient rights induced the framers of the Constitution to tol-rate those that then existed, nothing but the most evident public utility can ustify a further extension of them. . . .

[1] Essay III, chap. 5, esp. 430–432, 440.

[2] Alfred B. Street, *The Council of Revision of the State of New York* . . . Albany, 1859), 261–264.

"Because the reason assigned in the preamble of this bill may equally operate for the incorporation not only of the mechanics, but of every other order of men in every county, whereby the State, instead of being a community of free citizens pursuing the public interest, may become a community of corporations influenced by partial views, and perhaps in a little time (under the direction of artful men) composing an aristocracy destructive to the Constitution and independence of the State."

The prejudice was loudly expressed in the debates over the Bank of North America in 1785–87. The bank was denounced as possessing exclusive rights, "whereby the natural and legal rights of mankind are invaded, to benefit certain individuals . . . ," and as "having a natural tendency, by affording the means, to promote the spirit of monopolizing." It was considered relevant to remark that "Corrupt chartered boroughs in Great Britain have eaten up the spirit of the constitution." [1] It was argued that the institution would promote the concentration of wealth, distinctly dangerous to a democracy.[2] One legislator voiced this fear:[3]

"If the legislature may mortgage, or, in other words, charter away portions of either the privileges or powers of the state — if they may incorporate bodies for the sole purpose of gain, with the power of making bye-laws, and of enjoying the emolument of privilege, profit, influence, or power, — and cannot disannul their own deed, and restore to the citizens their right of equal protection, power, privilege, and influence, — the consequence is, that some foolish and wanton assembly may parcel out the commonwealth into little aristocracies, and so overturn the nature of our government without remedy."

In May, 1787, so innocent a would-be corporation as the Connecticut Medical Society was denounced in the State Legislature as "a combination of the doctors . . . directly against liberty . . . a very dangerous thing, . . . a monopoly;" [4] and it was refused a charter. Congressman Jackson of Georgia cried out in Congress, in the debate on the incorporation of the Bank of the United States (Feb. 4, 1791):

"What was it drove our forefathers to this country? Was it not the ecclesiastical corporations, and perpetual monopolies of England and Scot-

[1] Smiley and Finlay, March 29, 31, 1786, in Carey's *Debates*, 22, 23, 65. Fitzsimons and Morris rightly denied that any monopoly was possessed; *ibid.*, 30, 39.

[2] *Ibid.*, 66, 68.

[3] Finlay, March 31, 1786, in *ibid.*, 65.

[4] *Conn. Courant*, June 4, 1787, quoting Granger and Barrall.

land? Shall we suffer the same evils to exist in this country . . . ? For, if we establish the precedent now before us, there is no saying where it shall stop."

And Madison (February 7) dilated on the extensive influence of incorporated societies on public affairs in Europe. "They are a powerful machine, which have always been found competent to effect objects on principles in a great measure independent of the people." [1] "Leonidas," writing in the *New-York Journal*, Feb. 25, 1792, in praise of the late incorporation of the mechanics of the city as "a measure replete with much political, agricultural, commercial and individual good," remarks: "The dangers, attendant on incorporations of large monied interests, which, at all times, have it in their power, by means of their excessive wealth, to raise commotions in the state, do not present themselves here;" and that such societies "would create a bulwark, formed of the middle order of citizens, against the undue influence which large associations of overgrown monied importance and ambition, would produce among us." John Taylor, a violent republican, said in 1794: [2]

"It would be difficult . . . for a man of understanding, whose only motive was the common good, to find in the constitution, a single expression which contemplated the erection of banks, or other corporations. For corporations are only deeds of gift, or of bargain and sale, for portions of valuable *common* rights; and *parts* may be disposed of, until the whole is distributed among a few individuals."

There is reason to believe that this prejudice against corporations delayed for several years or prevented the grant or utilization of several charters for municipal purposes. Clearly it was one of the talking points in Boston, where leading citizens during this period repeatedly agitated, but in vain, for a city charter. In Philadelphia it was a factor in the delay until 1789 of the munici-

[1] Clarke and Hall, *Bank of the U. S.*, 55, 82. For further talk on the danger of a precedent, cf. "Caius," in the *Amer. Daily Advertiser*, quoted in *N. Y. Journal*, Feb. 8, 1792: "Thus it will not be remote, should the precedent be remarked on, be suffered to remain, before under the power of Congress to grant exclusive charters of incorporation, we may hope to see land jobbers as well as stockjobbers, manufacturing, commercial and fishing companies severally incorporated under the management of directors members of that honorable body [Congress]."

[2] *Enquiry into the Principles and Tendency of Certain Public Measures*, 5. On Taylor and his writings, see Beard, *Economic Origins*, esp. chap. 7.

pal charter to replace that of William Penn which was made void by the Revolution.[1] In Baltimore there was a like delay, and when after years of agitation a charter was granted in 1793, "the inhabitants of the Point, the mechanical, the carpenters and republican societies, then lately formed, took part in opposition, and it was not carried into effect." [2]

A different sidelight appears in connection with the efforts of the New Jersey Copper Mine capitalists to secure a national charter, national subscriptions, a national loan — one or more — in 1800. Hugh Williamson, who "lodged" in the neighborhood of the works, and was "pretty well informed concerning the measure of Prudence with which the Business is conducted, and the measure of the Candour with which some Representations have been made," wrote James McHenry urging him to caution the President. Said he:

> "Certainly it is to be desired that Companies were formed and that Copper Mines were diligently wrought but if Government ever becomes Partners they will infallibly be the milch Cow . . . I have seen too many of these large companies foolishly and extravagantly managed, where they have proved insolvent. . . ." [3]

Such general objections were accompanied by specific objections in the case of particular companies or groups of companies. Toll-bridge charters were opposed by owners of ferry privileges, by towns and landowners preferring rival sites, by objectors to obstructions to navigation.[4] Turnpikes aroused vigorous hostility from landowners because of the right of eminent domain, from other landowners who were left to one side by the route laid out, and from farmers who objected to having to pay toll.[5] Even defenders of the companies admitted just com-

[1] Cf. Quincy, *Municipal History of Boston*, 23–26; contemporary newspapers, e.g., *Mass. Centinel*, July 2, 1788; Hazard, *Register of Pa.*, ii, 327 (1828); Winterbotham, *View of U. S. A.*, ii, 415.

[2] Griffith, *Annals of Baltimore*, 141.

[3] *Southern Hist. Assoc. Publications*, ix, 104–105 (March, 1905).

[4] Cf. Hazard, *Register of Pa.*, x, 148 (1832); Lord, *Dartmouth College*, ii, 655.

[5] Cf. Scharf and Westcott, *Hist. of Phila.*, i, 470, referring to remonstrances in 1792, "not only against the proposed Chestnut Hill turnpike, but also against the different canal and turnpike companies already in existence, as being invested with privileges in derogation of the rights of the people;" Anderson, *Waterbury, Conn.*, i, 566; Orcutt, *Torrington, Conn.*, 183; Blake, *Hamden, Conn.*, 94–95; *New Windsor*

plaints where "the companies have not fulfilled their engagements — or the roads have not answered the expence without too high toll, or the Turnpikes have been set in the wrong place, or without being under proper restrictions." [1] Canal companies were similarly opposed and criticised, as well as because unwarranted enthusiasm had been aroused among their subscribers.[2] Banks had to meet considerable opposition of the sort which has always arisen from those who fail to understand banking operations. Jefferson, for example, wrote Monroe, July 10, 1791, commenting on the oversubscription to the national bank:[3]

". . . we shall be paying thirteen per cent. per annum for eight millions of paper money, instead of having that circulation of gold and silver for nothing. Experience has proved to us that a dollar of silver disappears for every dollar of paper emitted; and, for the paper emitted from the bank, seven per cent. profits will be received by the subscribers for it as bank paper, (according to the last division of profits by the Philadelphia bank,) and six per cent on the public paper [securities] of which it is the representative. Nor is there any reason to believe, that either the six millions of paper, or the two millions of specie, will not be suffered to be withdrawn, and the paper thrown into circulation. The cash deposited by strangers for safe keeping will probably suffice for cash demands."

Few could outdo the irascible federalist John Adams in denunciation of banks. While president he blamed them for increasing the instability of the circulating medium, which he says has "committed more depredations upon the property of honest men, than all the French pirates;" [4] and some years later he asserted:[5]

Turnpike Co. v. *Wilson*, Coleman and Caines (N. Y.) 467–478 (1805). Cf. Pratt, *Inland Transport and Communication in England*, 77–80, for similar hostility in England.

[1] *Conn. Courant*, June 26, 1797 ("A Philanthropist"). He remarks: "There is something, I imagine, frightful in the very sound of the word Turnpike."

[2] Cf. "An Enemy to Unnecessary Corporations," in the *Gazette of the U. S.*, Jan. 1, 1794, apropos of the bill to incorporate the Insurance Company of North America, quoted in Fowler, *Hist. of Ins. in Phila.*, 48–49.

[3] *Works* (Washington ed.), iii, 267–268.

[4] To Oliver Wolcott, June 21, 1799, in Adams, *Works*, viii, 660.

[5] To John Taylor, in *ibid.*, x, 375. Cf. *ibid.*, ix, 638–639, for a letter to Benjamin Rush, Aug. 28, 1811, expressing a belief in a national bank merely of deposit, with a branch in each state. "Our whole banking system I ever abhorred, I continue to abhorr, and shall die abhorring . . . every bank of discount, every bank by which interest is to be paid or profit of any kind to be made by the deponent, is

"I have never had but one opinion concerning banking, from the institution of the first, in Philadelphia . . . , and that opinion has uniformly been that the banks have done more injury to the religion, morality, tranquillity, and even wealth of the nation, than they can have done or ever will do good. They are like party spirit, a delusion of the many for the interest of the few."

The corporation had its defenders, of course. It was pointed out that no exclusive privileges were granted, and that talk of monopoly and the "corrupt chartered boroughs" was beside the point; yet it could not be denied that being a corporation carried with it peculiar *privileges* which all did not enjoy. History was called to witness that "all governments find the utility of incorporating societies for peculiar purposes." [1] The dangers were minimized, the need for enterprises for which incorporation was essential was stressed. But the *talk* of the opponents resounds louder than the voices of the defenders.

There is no doubt that the opposition proved somewhat of a hindrance to the extension of corporate privileges for business purposes and caused a certain circumspection in granting charters. The delays in granting charters to the Bank of New York, the Essex Bank, the Bank of South Carolina, the Insurance Company of North America, the Chestnut Hill turnpike, among others, were due in part to such objections. They led to the postponement of charters to public service companies till hearings upon them could be had, or petitions procured. They were responsible in part for charter provisions limiting

downright corruption. It is taxing the public for the benefit and profit of individuals; it is worse than old tenor, continental currency, or any other paper money." Also his letters to John Taylor of Caroline, 1814, in *ibid.*, iv, 509–510: "Have these principles of government which we have discovered, and these institutions which we have invented, which have established a 'moral liberty' undiscovered and universal, . . . inhibited monopolies and incorporations? Is not every bank a monopoly? Are there not more banks in the United States than ever existed in any nation under heaven? Are not these banks established upon a more aristocratical principle than any others under the sun? Are there not more legal corporations, — literary, scientifical, sacerdotal, medical, academical, scholastic mercantile, manufactural, marine insurance, fire, bridge, canal, turnpike, &c. &c. &c., — than are to be found in any known country of the whole world." Cf. also the sentiments of the Duke de Rochefoucault Liancourt, commenting in 1796 on the Wilmington Bank: *Travels in N. A.*, ii, 266, partly quoted *supra*, 100.

[1] "An American," writing in the *Mass. Centinel*, June 16, 1784, apropos of the proposed charter for Boston; he refers specifically to the "Weavers, Carpenters, and Taylors" of England. Cf. also Essay III, 445–446.

the size of initial subscriptions, establishing regressive systems of voting in corporate elections, limiting the term of franchises, providing for reversion of property to the state or to individuals, and reserving to the legislatures the right to alter or repeal acts of incorporation.[1]

Actions, however, proverbially speak louder than words. Despite the prevalence of such talk as has been quoted, the extent and intensity of the distrust and hostility is easily magnified. The unprecedented growth of corporations emphatically attests the weakness of the opposition. Not many charters were sought in vain, and these chiefly because of local objection to the particular project. And it is significant that expressions of fear and criticism were more common before 1792 than after, when more experience with actual corporations had accumulated. It is probably fair to say that the broader opposition rested on traditional antipathy to such corporations as the close corporations of the English boroughs, the restrictive gilds, and the monopolistic companies for foreign trade; and that the American business corporation turned out to be quite a different sort of creature.

Further light on this subject is revealed by a survey of the public policy toward the corporation. This must be gathered almost entirely from the special acts of incorporation. The historian of the law of business corporations before 1800 points out that not even a beginning was made in America, before the nineteenth century, in building up the great body of this law.[2] There were practically no general statutes.[3] The corporations

[1] Cf. also the chartering of the Insurance Company of Pennsylvania simultaneously with the Insurance Company of North America, frankly as a rival to it: Fowler, *Hist. of Ins. in Phila.*, 49–50, and *supra*, 240–241, 242.

[2] Samuel Williston, in *Harvard Law Review*, ii, esp. 165–166 (November, 1888). Baldwin's remarks in his *Private Corporations*, on the attitude toward corporations peculiar to American law, do not apply to this earlier period.

[3] A single instance of something approaching a general act is one of South Carolina passed Dec. 21, 1792. This recited "that bodies corporate should be enabled to recover from their members all arrears and other debts, dues and demands which may be owing to them, in like mode, manner and form, as one individual could recover the same from another, with whom he had no connection;" and this power it gave. (*Stats. at Large* (ed. 1838), viii, 175.) This act, though gen-

seldom appeared in court. No judicial decisions of consequence had been rendered. American lawyers relied on English precedents, many of which related to corporations not for business purposes.

One fundamental question of corporation law, and of state policy as well, arose soon after the Revolution: May a state repeal an act of incorporation? There was much shaking of heads over the summary alteration of the charter of the college in Philadelphia, in November, 1779, after an act announcing that the new government would not interfere with existing corporate privileges. This act, however, was defended on the ground that the old charter had been forfeited by the actions of the trustees under it.[1] A much greater storm was raised by the repeal, in 1785, of the Pennsylvania charter of 1782 to the Bank of North America.[2] Here the practical-minded directors dropped an anchor to windward in securing a charter from Delaware; they raised much talk about the validity of the congressional charter, which antedated that of Pennsylvania; and they concentrated their efforts upon the election of an assembly for repeal of the repealer or a recharter. They had also planned to contest the issue in the courts; but in the state of public sentiment and political disorganization then existing it seemed better to discuss even the legal issue in the open court of public opinion and in the new assembly itself.[3] Hence on this point a battle was waged in 1785–87.

While the bill to revoke the charter was under discussion, James Wilson, perhaps the ablest lawyer of Philadelphia, submitted a carefully reasoned argument against the contemplated action.[4] After demonstrating the power of Congress to incorporate, he considered the question: "Would it . . . be wise or

eral in form, was almost certainly passed in the interest of the Santee and Cooper canal company, and corresponds to provisions which in other states were inserted in original charters or acts supplementary to them.

[1] *Pa. Stats. at Large*, x, 23–30; Barton, *David Rittenhouse*, 363; Fitzsimons, March 29, 1786, in Carey's *Debates*, 17–18. A new charter was granted Sept. 30, 1791.

[2] See *supra*, 41–43.

[3] Cf. Robert Morris, March 30, 1786, in Carey's *Debates*, 33–34.

[4] Wilson, *Works*, i, 565–577.

politic in the legislature of Pennsylvania, to revoke the charter which it has granted to this institution?" Five grounds he presented for his negative answer. (1) Such act would be nugatory, since the federal charter was an ample basis. (2) The state cannot undo its legislative acknowledgment of that act. (3) The repeal would wound confidence in the engagements of governments, which a state, in its own interest, should promote; since the act of incorporation "formed a charter of compact" between the legislature and the bank. (4) The repeal would injure the credit of the United States, upon which the interest of Pennsylvania much depended. (5) The action would deprive the state and nation of the benefits of the bank in war and peace.

Interest centres here on his third point. While "passed in the same manner" and "clothed in the same dress of legislative formality," acts conferring privileges on individuals or associations differ markedly, he said, from general legislative acts, with respect to the "discretionary power of repeal." "Here two parties are instituted, and two distinct interests subsist. Rules of justice, of faith, and of honor must, therefore, be established between them." Else such associations would be at the mercy of the state.

"For these reasons, whenever the objects and makers of an instrument, passed under the form of a law, are not the same, it is to be considered as a compact, and to be interpreted according to the rules and maxims by which compacts are governed. . . . To receive the legislative stamp of stability and permanency, acts of incorporation are applied for from the legislatures. If these acts may be repealed without notice, without accusation, without hearing, without proof, without forfeiture; where is the stamp of their stability? . . . If the act for incorporating the subscribers to the Bank of North America shall be repealed in this manner, a precedent will be established for repealing, in the same manner, every other legislative charter in Pennsylvania. A pretence, as specious as any that can be alleged on this occasion, will never be wanting on any future occasion. Those acts of the state, which have hitherto been considered as the sure anchors of privilege and of property,[1] will become the sport of every varying gust of politics. . . ."

Peletiah Webster's *Essay on Credit*, published Feb. 10, 1786, also supported the charter-compact view.[2] A pamphlet by

[1] Such a phrase as this the opponents rejoiced in.

[2] *Essays*, 427–464, esp. 446, 456, 459. The same distinction "between Law and

Thomas Paine, published in the same month, presented much the same arguments, including the emphasis on the contractual nature of the charter, and asserting that the repeal had been rushed through by a coterie of designing men relying on mistaken notions and erroneous reasoning. Paine, however, acknowledging that omission of limitation of life opened the way for abuse, admitted that a future generation "have the right of altering or setting it aside, as not being concerned in the making of it, or not being done in their day," though he denied this right to the present generation.[1]

In the legislative debates of March and April, 1786 this question figured largely. The defenders of the repealer argued that the charter was not "founded in justice," and in particular that the assembly which passed it had no idea of the perpetuity of the bank or of its impotence to alter the charter. One asserted

"that a clause had been introduced as a rider to the bill, for the purpose of empowering the assembly that should sit in 1789, to alter or amend the charter, as might be necessary. This was rejected by 27 to 24, and the express reason assigned for the rejection, was, that the charter of the bank must necessarily be always within the power of the house." [2]

He argued further that a charter could not be considered a contract because no consideration was received for it by the state. Smilie of Fayette County, a prime mover in the repeal, stated that "The right of the house to repeal charters was debated in the council of censors — and a member of that body, now in this house, and in favour of the bank, conceded the point of right in the legislature to revoke them." [3] Finlay urged that "the supreme legislature of every community necessarily possesses a power of repealing every law inimical to the public safety" — as this act was declared to be. This power was represented as one of the *necessary* powers of the legislature — and these the constitution had given without enumeration.

legislative Grants and Contracts" is pointed out in Noah Webster's essay on "Principles of Government and Commerce," published in New York, 1788, in his *Essays . . . on Moral, Historical, Political and Literary Subjects* (Boston, 1790), 40, 41.

[1] *Dissertations on Government*, 34.

[2] Lollar, March 29, 1786, in Carey's *Debates*, 14.

[3] March 29, 1786, in *ibid.*, 23.

Smilie intimated that a revolution was the only recourse if such a power was not legally enjoyed.[1] Whitehill further contended that "If charters cannot be repealed because they are contracts, it affords a great invitation to fraud." [2] On the other side, William Robinson followed Wilson and Paine in arguing that

"In granting charters the legislature acts in a ministerial capacity . . . in which they have the power to act for the community, whose agents they are appointed. This is totally distinct from the power of making laws, and it is a novel doctrine in Pennsylvania that they can abrogate those charters so solemnly granted. There is this distinction between laws and charters of incorporation . . . The first are general rules, which extend to the whole community — the second bestow particular privileges upon a certain number of people . . . Charters are a species of property. When they are obtained, they are of value. Their forfeiture belongs solely to the courts of justice." [3]

The point was not settled at this time. The repealing act was neither repealed nor adjudged inoperative; the bank advocates simply accepted a new charter. This action, however, must be regarded as a set-back to those who supported the contract view of charters, for the new charter was materially more restrictive than the old. In the unsettled state of the government it is clear that the bank supporters preferred to accept half a loaf rather than risk an adverse court decision or adverse legislation counteracting a favorable judgment.[4]

A few other instances of summary repeal or alteration appear. In March, 1787, the Rhode Island legislature repealed its act of May, 1784, incorporating Newport as a city, evidently without judicial formality or the definite consent of the corporation. The nullifying act recited that the charter had been granted in

[1] March 29, 1786, in Carey's *Debates*, 65, 66.

[2] March 31, 1786, in *ibid.*, 64.

[3] March 29, 1786, in *ibid.*, 11–12. He admits that Blackstone ascribes to Parliament the power of repeal, but argues that the assembly is not here analogous to Parliament.

[4] Samuel B. Harding deals with this agitation in its connection with local politics, in his "Party Struggles over the First Pennsylvania Constitution" (*Amer. Hist. Assoc. Report*, 1894, pp. 389–391). He concludes that the repealing act "unquestionably contributed more than any other element to the overthrow of the Constitutionalists in 1786 and secured the submission of the Federal Constitution to a Republican assembly."

consequence of a petition preferred "hastily, and without due and proper consideration," by

"a number of the inhabitants of the then town of Newport convened in town meeting, and without consulting many others of their fellow townsmen, or giving them an opportunity to consider the consequence and importance of a change in their town regulations, and of introducing a mode of government novel, arbitrary, and altogether unfit for free republicans;"

and that since incorporation

"they have experienced many inconveniences and indignities, unknown to them before said incorporation, injurious to their property and civil liberty, and incompatible with the rights of freemen; that the choice of the mayor, aldermen, and common council is effected by a few leading, influential men, who, when chosen, have the appointment of all the city officers, independent of the suffrages of the people, which they conceive to be a derogation of those rights and immunities which freemen are indisputably entitled to . . . ; that the power of the corporation is indefinite, and of consequence dangerous; and that they were told that the city mode of government would be economical, and much less expensive; in which they have been deceived . . ."[1]

Here, however, the sentiment of the city seems to have clearly favored the repeal. James Sullivan, in an anonymous pamphlet of 1792, urged the repeal of the charter of the Massachusetts Bank, saying:[2]

"There is no lawyer in the state, who is disinterested, that will give it as his opinion, that the legislature has not a right to repeal the act of incorporation of that society. It is by no means a charter of privilege; if it is, the General Court had no right to grant it, because the constitution expressly provides, that no *exclusive privilege* shall be granted to any man, or body of men. It is not like an incorporation to build a bridge, or to cut a canal, because, in the first case, the government grants a property in a river, which belongs to the state; and in the last it is only a grant of power to use the property and soil which they have bought, or may buy of others. But the incorporation of this bank is an open, express privilege of taking more interest for their money than other people have a right to take. If it is not a grant of exclusive privilege of taking more interest for their money than other people have a right to take. If it is not a grant of exclusive privilege, it is on the same footing of other legislative acts, such as incorporating towns and proprietors, which laws may be repealed at pleasure. Here was no contract between these people and the government, nor did the latter receive any reward or consideration for the grant."

[1] *R. I. Recs.*, x, 233–234.
[2] *The Path to Riches* (ed. 1809), 33–34.

The author of these sentiments was attorney-general of the state. And the General Court, while not repealing, did soon after materially alter the charter against the bank's protest.[1] North Carolina repealed, in 1796, on petition of numerous inhabitants, her act of 1788 incorporating the Catawba and Wateree company, which first came into existence by virtue of the South Carolina act of 1787.[2] Here it is not clear that the corporation seriously protested. Apparently without contest of the issue, the Connecticut assembly seems to have freely reduced rates of toll for her turnpike companies long before the charters contained any reservation of the right of alteration.

There were probably other instances. It is fair to say, therefore, that at least to the end of the eighteenth century, corporate charters were, without any specific reservation, legally subject to repeal or alteration at the hands of the legislature. Such action was, however, comparatively rare, and repeal, at least, was resorted to only under what seemed a high degree of provocation or else with the tacit consent of the corporation.

On the other hand, there were a number of examples of acts passed to alter corporate charters which were to take effect upon their formal acceptance by the corporations. The legislatures show a tendency to become more cautious in interfering with established privileges after the chaotic period of 1784–88 was passed. It occasionally happened, however, that new privileges sought by the corporations were granted along with restrictions which had been omitted from the original grants.

Even before the power of repeal was settled, reservations to the legislature of power to alter, amend, or repeal made their appearance in corporate charters. The first instance of this appears to have been the act of January, 1789, incorporating the Connecticut silk manufacturers of Mansfield, which contained the proviso "That if any of the Provisions of this Act shall be found to be inconsistent or inadequate, the same may, on application, or otherwise, be altered, repealed, amended or enlarged by the General Assembly, as they shall shall [*sic*] find

[1] *Supra*, 69.
[2] *Supra*, 147.

proper or necessary."[1] This reservation was apparently in a friendly rather than a cautious spirit. But a similar proviso, in the form characteristic of the period following the Dartmouth College decision (1819), was common in Connecticut charters for financial corporations in 1795 and after; and other Connecticut charters had more limited provisions of the same sort.[2] The practice does not seem, however, to have spread into other states.

In the absence of general statutes and decisions, it is necessary to turn to the specific acts of incorporation to discover details of the public policy. Here one is confronted by large divergence among different classes of corporations and in different states, and it is hardly profitable to present all the varieties of provisions which appeared in the three hundred charters and their many supplements. Yet a few comments may be illuminating.

It would appear that the earliest charters were granted substantially in the form submitted by the applicants (with minor modifications), and that these in turn served as models for later drafts of bills, through which, as well as by direct legislative amendment, changes were introduced. Frequently no models seem to have been used for the earlier charters, except as charters for ecclesiastical or social corporations afforded a form for incorporating clauses. In certain important instances, however, notably the banks and the Virginia and Pennsylvania canals and bridge companies, various English models were drawn upon. These facts enable one to understand the remarkable looseness of several early charters, such as those of the Bank of North America (1781), the Massachusetts Bank (1784), the Charles River Bridge (1785), and the Beverly Cotton Manufactory (1789), and the contrasting elaborateness of others. They also explain the great divergence of charters of one state from those of another, and the tendency of charters of one type in each state to be roughly similar.

The typical corporate powers — to have perpetual succession, to sue and be sued in the corporate name, to hold property,

[1] *Conn. MSS. Archives, Industry*, ii, 237.
[2] *Private Laws*, i, 99, 117, 128, 133, 279, 679–680.

:o have a common seal, to make and alter by-laws, to appoint officers and agents — were perhaps usually specified. Often, however, mention of particular powers was dispensed with by the use of such clauses as "all privileges and franchises incident to a corporation," or "doing all and every other act, matter and thing which a corporation or body politic may lawfully do." Commonly the real estate which might be held was limited to a specified amount (or occasionally to some multiple of its capital stock) or to the amount requisite for the purpose of the company; but sometimes, as in the case of the New Jersey manufacturing company, the limit allowed was high enough to enable the corporation to develop virtually into a land company.

By-laws were usually not further restricted than that they must not be contrary to the charter, or the constitution and laws of the state and nation. Connecticut turnpike company by-laws, however, were subject to repeal or modification by the Superior Court of the state.

Limited liability was recognized as an attribute of an incorporated company, almost invariably without specific mention; indeed it was a principal object desired through incorporation.[1] A subscriber to the Bank of New York, in 1784, refused to pay his subscription when the legislature denied a charter, saying:

"When the regulations were published and agreed upon, it was stipulated that no subscriber should be liable for more than his stock. This presupposes the grant of a charter; for, without it, this article could not take effect; should the subscription money be at present paid in, the stockholders became to all interests and purposes bankers, and every man is liable — however small his share may be — for all the engagements of the bank to the extent of his whole fortune."

In the petition of the directors of this bank for a charter in July, 1789, it is stated

"That standing on the footing of a private Company, in which each member is supposed to be personally responsible for all the engagements entered into, it has been found that many persons who would otherwise be desirous of becoming subscribers, are deterred by that circumstance, from doing it; whereby the increase of the stock of the bank is obstructed and its operations proportionably confined."[2]

[1] Cf. esp. Fowler, *Hist. of Ins. in Phila.*, 48 (Ins. Co. of N. A.).

[2] Domett, *Bank of N. Y.*, 18–19, 34, quoting contemporary newspapers.

In but a single instance, that of the *Hamilton Manufacturing Society* (New York, 1797), was this limitation of liability refused to a corporation.

Commonly in New York and South Carolina, occasionally elsewhere, acts of incorporation were declared public acts, to be taken notice of by all whom they might concern — thus relieving the companies of the necessity of showing on all occasions the evidence of their rights.

The purposes authorized were never defined with the precision characteristic of those to-day, but the main purport was usually clear enough. Trading, however, was specifically forbidden to most of the banks and insurance companies, as well as the New Jersey manufacturing society — witnessing to the fear of the trading corporation. Banking, also, was occasionally specifically forbidden. Limitations of investment, except in real estate, appear chiefly in the joint stock insurance companies and the New Jersey manufacturing society, confining them to specified classes of securities. The banks of Alexandria, Richmond, and Pennsylvania were forbidden to purchase public securities. Occasional other limitations appear, especially in insurance charters. Thus the 1794 insurance companies of Pennsylvania were required to keep their deposits with the Bank of Pennsylvania. The New York Mutual was authorized to insure only in New York City. The Baltimore Equitable might insure no dwelling house for more than £5,500, and none beyond five miles of the city limits. The Providence Bank was forbidden to make a charge for deposits. The Banks of Pennsylvania and Baltimore were not allowed to lend more than $50,000 to any one borrower. And so on.

There were a few instances of corporations empowered to undertake, or actually undertaking, different objects. Joint stock insurance companies could usually write different kinds of insurance, but commonly concentrated upon one or two. Manufacturing companies sometimes undertook different kinds of manufacture. There were a few bridge-and-turnpike companies, some bridge companies with control of short stretches of toll

road, and at least two toll-bridge companies which were expected to build short canals with locks. The New Jersey manufacturing society had power to dig certain canals. The Niagara Canal Company had the right to issue negotiable notes. The Delaware and Schuylkill navigation company had authority to raise additional capital to provide Philadelphia with a water supply, and planned also to develop mill sites along the canal and to build wet and dry docks at the terminus. The *Union Company* of Connecticut, for improving navigation, was authorized to build wharves. The *Maryland Insurance Fire Company* (1791) was authorized to build a gunpowder magazine, where all gunpowder brought to the city was to be stored at specified rates. The company was also to have the regulation of chimney sweepers, issuing licenses, and keeping proper records.[1] The *Manhattan Company* of New York, with specific powers only for furnishing water, employed its large capital largely in banking but also for insurance. As a rule ancillary powers of this general nature were not utilized, except where, as in the case of bridge and turnpike, they were intimately related. In general, legislatures were chary of granting, and the companies hesitated to ask, combinations of diverse powers.

Ample powers of eminent domain, in various forms, were granted almost always to highway companies, rarely, however, to aqueduct companies, where voluntary agreement with landowners was usually insisted upon — the difference reflecting probably the smaller degree of public interest deemed to be involved in the latter enterprises. The water companies were, however, authorized to use the streets for laying pipes, sometimes subject to the consent of the town, and usually in accord with restrictions in the interest of the public convenience. In the case of highway companies these powers often extended beyond enabling the taking of lands needed for the highway itself, to enabling it to enter upon lands to make surveys and take materials necessary for its structure. The use of these powers, probably often

[1] *Laws* (Kilty), 1791, c. 69. Cf. supplement of Dec. 23, 1792 (*Laws*, c. 11) authorizing the company to permit any person or persons to erect this storage house and conduct it, paying the company for the privilege.

somewhat tactless, caused a vast deal of friction with inhabitants along the route of turnpike and canal companies. The procedure laid down for determining the amount of compensation in case no voluntary agreement could be reached, varied in different states, and more or less in any one state. A jury impanelled by the sheriff, and an arbitration commission of three members, were two of the most characteristic agencies.

Exclusive privileges were rarely given. The Bank of the United States was assured that no other bank charter would be granted by the Federal government during its term of twenty years. A few bridge companies were secured from competition with other bridges within a certain distance of the structures they raised. But while pressure from the corporations hindered the extension of corporate privileges to banking, bridge, and other companies which would compete with established ones, the legislatures generally refused to recognize the existence of vested rights in an implied monopoly. It is fair to say that the glibly used phrases "monopoly" and "exclusive privileges" meant no more than privileges given to *some* which were not freely open to *all*, rather than privileges assured to some to the exclusion of all others.

The earliest charters contained no limitation on the right to subscribe. Very early, however, on account of certain great rushes to subscribe (especially the Bank of the United States and the Schuylkill and Susquehanna canals, 1791), a clause was frequently inserted limiting subscriptions by any one person for a certain time, to prevent oversubscription and the engrossing of much-desired stock by a few individuals. This method, however, was not entirely successful, for the speculators resorted to the use of several names, actual or fictitious, to attain their ends.[1] Pennsylvania charters frequently set not only a minimum number of shares to be subscribed, but a minimum number of subscribers, before organization of the company could be legally effected. For the Easton Bridge, for instance, forty per cent of the au-

[1] Cf. *General Advertiser*, January 12 (speech of Fisher in Pennsylvania legislature, January 1), *Amer. Daily Advertiser*, March 2 ("Honestus"), *National Gazette*, June 7, 1792.

thorized capital had to be subscribed by twenty-five different persons, and a certified subscription list sent to the governor by the commissioners taking subscriptions.

There were conflicts between tendencies to keep the subscription lists small and to make them extensive. Speculative subscriptions would be fewer if subscriptions were quietly secured and troublesome or otherwise undesirable subscribers could be excluded. On the other hand, outcries were easily raised against monopolizing subscriptions, and against granting charters to a "few men." It was not politic to limit too greatly the opportunity to subscribe. An early subscriber to the Hartford Bank, for instance, wrote when time was nearly ripe to request a charter: [1]

"There would be no difficulty in getting incorporated if it was *not* known that the subscription was filled, for this reason, that there would be a number in the Legislature who would wish to become subscribers, and would, of course, advocate the bill while they supposed they could subscribe, and, on the contrary, if it was known the subscription was full, they would oppose it violently."

In some cases, notably the Hartford and New Haven banks (1792), a limit was imposed on the number of shares that could be subscribed or *held* by any person ($12,000); but this provision was repealed as to the Hartford Bank in 1796.

For banks and insurance companies, definite dates were usually set when the instalments of subscription should be paid in. In other companies, subscriptions were usually subject to call by the directors, after a small initial payment. Advertisements of the calls, usually in local newspapers, were stipulated, and a certain period of notice required. In later charters it was not uncommon to set a maximum amount of a single instalment, and occasionally a minimum interval between instalments was set — reflecting probably an abuse of the unrestricted action of the board in this respect. After the earliest charters, where (as in the case of the Potomac company and "S. U. M.") the lack of it caused trouble, provision was made for forfeiture of delinquent shares, with sums previously paid, and this was

[1] Woodward, *Hartford Bank*, 50. Cf. also the discussion over the West Boston Bridge charter, in *Boston Gazette*, January, 1792.

sometimes supplemented by authority to collect sums due by action of debt.

Careful provisions were commonly inserted regarding the regular and special meetings of the corporation, the method of calling, advertisements in newspapers for a specified time in advance, etc. These provisions were intended to be merely directory, and late in the last decade one finds supplementary acts and provisions in new charters declaring that failure to elect in precise conformity to these provisions should not make charters void or the election, when held, illegal.

Stipulations regarding a quorum of stockholders sometimes appear, although this was usually left to be settled by by-law. The earlier companies repeatedly found themselves in difficulties because of carelessness of stockholders about attending meetings or sending proxies. At the organization meeting of the Massachusetts Bank (1784), only two hundred and sixty-six of the five hundred and ten shares subscribed were represented. At the next election an unusually large number were present, and three hundred and eighty-seven votes out of a possible five hundred and eleven were recorded. In 1786, however, less than half, and in 1787 and 1788 only five eighths of the shares were voted. In 1789 only thirty shares out of two hundred were voted. This was in spite of the fact that nearly all the stockholders lived in Boston, and could easily have attended or sent proxies. In September, 1791, "A stockholder" in the Bank of the United States complained that of two hundred and fifty stockholders not more than twenty-four attended the first meeting.[1] This was at the time of greatest interest in a corporation which attracted universal attention. Frequently, as in the cases of the Potomac Company, the Northern Inland Navigation of New York, and the "S. U. M.," meetings had to be postponed for lack of a quorum. Then as now, stockholders received earnest appeals to send in proxies if unable to attend in person.

A board of directors — in highway companies more often called "managers," in some cases denominated trustees — was usually provided for, to be elected by the shareholders. These

[1] *Columbian Centinel*, Sept. 24, 1791. Cf. also *supra*, 73 n.

boards varied in size from three or four to upwards of twenty, most commonly ranging from seven to thirteen; sometimes the determination of the size being left to the company. Usually the president was elected by the board, from its own membership, and it had full power to appoint all subordinate officers. There were a good many charters, however, especially for building highways, which provided for the election of the president by the stockholders, and often similarly the treasurer as well. This board was given practically complete powers of management often even to the extent of making the by-laws, subject usually to modification by a stockholders' meeting. A common provision in the more elaborate charters forbade the directors any emoluments for their service, except as allowed by the stockholders in regular meetings. Reports by the board to the stockholders were sometimes specified, notably for highway companies during the period of construction; and occasionally stockholders were given the right to inspect the corporate records.

Voting rights were usually not mentioned in water company charters, where the rule of one vote for each *proprietor* may have been general through this period; in Massachusetts bridge charters, which were notably free; and in occasional other charters, such as the congressional charter to the bank of North America (1781). From the outset, however, most charters specified voting rights. These were usually limited in one way or another. A maximum of ten votes, or sometimes twenty, was common, and well-nigh universal in case of turnpike companies. Higher maxima were common in insurance companies. Frequently a complicated system was drawn up giving less and less weight per share as the size of the holdings increased.[1]

[1] Cf. Hamilton's proposal, adopted for the "national bank":

Shares	Votes	Shares	Votes
1–2	1 for 1	31–60	1 for 6
3–10	1 " 2	61–100	1 " 8
11–30	1 " 4	101+	1 " 10
	Maximum: 30 votes.		

Thus a holder of thirty-six shares would have 2 + 4 + 5 + 1, or twelve votes.

Alexander Hamilton, arguing for such a scheme in his report on the "National bank," said:

> "A vote for each share renders a combination between a few principal stockholders, to monopolize the power and benefits of the bank, too easy. An equal vote to each stockholder . . . allows not that degree of weight to large stockholders which it is reasonable they should have, and which, perhaps, their security, and that of the bank, require. A prudent mean is to be preferred."[1]

The tendency was, however, for these limitations to be relaxed toward a simple vote per share basis. This was done, probably invariably, at the request of the corporations, probably under pressure from those who were or would be large holders. And voting rights of one per share were specified in occasional charters, notably in those of the Bank of North America (Pennsylvania charter, 1782), the Massachusetts Bank (1784), the New Jersey manufacturing society (1791), and the New Haven Insurance Company (1797).

Qualifications for directors were not invariably specified, and there were occasional instances of directors acting who were not stockholders.[2] The banks and insurance charters usually stipulated membership in the corporation, citizenship and residence in the state, and sometimes required a certain proportion to be residents of the town.[3] One or more of these provisions appeared frequently.

Rotation in office, for a part at least of a board of directors, was stipulated in a number of bank and insurance charters, and often in by-laws where the charter was silent. It was a feature which Hamilton accounted important. Toward the end of this period, however, it was more rarely embodied in new charters, and was stricken out of some existing charters, while corpora-

[1] Clarke and Hall, *Bank of the United States*, 28. Herein he differed from Robert Morris. Cf. the latter's speech, March 31, 1786, in Carey's *Debates*, 117, defending the existing rule in the Bank of North America, against Smilie's criticism (*ibid.*, 109).

[2] Cf. Hamilton in the "S. U. M.," Essay III, and the advertisement by Jeremiah Van Renselaer, in *N. Y. Journal*, Feb. 20, 1793, of his resignation as director of the Western Inland Lock Navigation because two directors not shareholders were admitted, contrary to the charter.

[3] Cf. Banks of Albany and Columbia (Hudson): nine out of thirteen, including the president, were to be residents of the town.

tions which had adopted it as a by-law tended to drop it. The *New York Insurance Company*, for example, in 1800 requested the legislature to alter its charter in this respect, representing it as "detrimental to the interests of the said company by removing from the direction thereof persons well qualified by their experience to accomplish the purposes of the said institution." [1]

Interlocking directorates were sometimes forbidden. The *Union Bank* of Boston (1792) might have on its board no director of any other bank — and this provision appeared in all but one (Nantucket) of the later bank charters in that state. It is found also in the charters of the *Bank of Pennsylvania* (1793) and the *Bank of Baltimore* (1795). Massachusetts joint stock insurance corporations were not allowed to have on their directorates any "person being singly or as a partner with one or more persons, a member of any other company" carrying on the same type of insurance. The policies of New York and Pennsylvania, at least, were similar. At the stockholders' request, the charter of the *Bank of Albany* was modified March 31, 1797 to provide: "That no two or more persons who are or shall be interested or connected together as copartners in any mercantile establishment or manufactory or landed speculation shall be eligible to the office of director at the same time. . . . ." [2] No one serving the corporation in trade was eligible to the directorate of the New York *Mutual Fire* (1798).

There was not much holding of stock in one corporation by another, except in the case of insurance companies holding bank or other corporate stock. Yet the law seldom frowned upon this, and the common phrase "individual, partnership or body politic" in the charter sections dealing with subscriptions, seems to imply that subscriptions by corporations (whether business or public) would not be unexpected. *Dealing* in stocks was sometimes forbidden in so many words, as in the case of the Massachusetts Bank after it had made a good profit on shares subscribed in the Bank of the United States, or in the charters

[1] *N. Y. Laws* (ed. 1887), iv, 539–540. Cf. Bank of N. Y., 1801; *Mass. Bank Stockholders' Records*.

[2] *N. Y. Laws* (ed. 1887), iv, 98.

of the banks of Alexandria, Richmond, and Pennsylvania with respect to public stocks.[1]

Little attention was paid to the protection of the corporate estate. The first Massachusetts insurance charter (*Massachusetts Fire*, 1795), however, required that the capital should be invested in federal or Massachusetts state debt, or in stock of the national or Massachusetts banks, and "that if any loss or losses shall at any time diminish the capital . . . no dividend shall be made, until such loss or losses be completely restored." This was followed thereafter in that commonwealth. In New York and elsewhere, the latter provision was commonly found in joint stock insurance charters. But no system of reserves was provided for. Bridge charters often incidentally mention reserve for reconstruction in case of decay or destruction, as for example, the Easton Bridge company authorizing dividends out of the clear profits, "deducting first all contingent costs and charges," and "such proportion of the said income as may be deemed necessary for a growing fund to provide against the decay, and for rebuilding and repairing of the said bridge." It does not appear that the companies often made any such reserve.

It seems usually to have been expected that all the net profits would be paid out regularly. Indeed, a common provision was that dividends of all the profits should be made semi-annually, though many charters left the amount to the discretion of the directors, and many more failed to mention dividends. Few companies actually set aside any surplus, and dividends consequently commonly fluctuated with the annual earnings.

Not only did the legislatures grant corporate privileges. They generally also displayed a favorable attitude toward the corporations. Limitations of capital and real estate were liberal, and usually enlarged upon request. Pennsylvania public service companies, indeed, were authorized to increase the capital beyond the specified amount as needed to complete the undertaking, and Massachusetts charters for such companies imposed

[1] The president and cashier of the Bank of Pennsylvania were forbidden any concern in dealing in stocks, on penalty of $10,000.

no limitations at all. While time limits were usually set for beginning or completion, or both, of bridges, canals, and turnpikes, extensions of time were seldom, if ever, refused; and it is probable that the restriction was intended merely to prevent "dog-in-the-manger" tactics. Increases in the term of franchise were sometimes made for additional encouragement, or as an offset to new competition introduced.[1] Other modifications of charters were granted with no little freedom.

Lottery privileges were granted in a number of cases, as a supplementary aid, notably for the New Jersey manufacturing society (1791), the Santee and Cooper canals, the two principal Pennsylvania navigation companies (1795), the South Hadley Falls canals (Massachusetts, 1796), the Pocomoke (navigation) company (Maryland, 1796), the Amoskeag Canal (New Hampshire, 1799), and three New Jersey bridges (1790–92, 1798). Probably the ill-success of lotteries in the period when the corporations were most in need of additional funds, and a growing public opinion against them — both probably related to the growth of corporations, whose shares had many of the advantages without most of the disadvantages of lottery tickets — prevented larger resort to this means.[2]

Exemptions from taxation were occasionally granted, either to the property of the corporation or to the workmen employed. Exemptions from militia duty also appear. Usually both types of exemptions were limited to a period of years. Both were given only where a strong case for "encouragement" was made out, notably for manufacturing corporations.

Furthermore, when occasion demanded, the legislatures frequently responded to appeals for loans or subscriptions to shares. Here one should carefully distinguish two diverse motives contributing to induce state subscriptions. These were (1) a desire for direct pecuniary gain, by productive investment of state funds; and (2) a desire to promote operations within the state

[1] E.g., Essex Merrimack Bridge, Charles River Bridge: *Mass. Priv. and Spec. Stats.*, i, 370, 403, 525, ii, 61–62.

[2] Governor Hancock's message of May 26, 1791 (*Resolves*, p. 8), contains an argument against lotteries, at a time when they were greatly in vogue but were being forced out partly by the competition of the business corporation.

destined to promote the general interest, somewhat regardless of direct return. The latter motive seldom operated in subscriptions to banks, for which funds usually came forth readily in ample amount from private individuals; and in no instance did a state subscribe to a struggling bank. At the outset, in canal and manufacturing flotations, both motives were played upon, but the second was clearly the more important. With the encouragement motive dominating, Virginia subscribed $60,000 to the James River Company, $17,500 to the Dismal Swamp Company, more heavily still to the Potomac Company to which Maryland also subscribed and loaned large sums; New York subscribed nine hundred and fifty shares and paid $92,000 to the Western canal company;[1] and New Jersey subscribed and paid promptly $10,000 to her *Society for establishing useful Manufactures*.[2] It is worthy of remark, however, that no company aided in any important measure with the encouragement motive achieved success, except the Bank of North America.

Reports to the legislature were required principally from highway companies, usually at triennial or decennial intervals, with a view to revision of tolls or furnishing data upon which might be determined later the terms of surrender to the state. These were seldom demanded, but were occasionally submitted. A number of bank and insurance charters required submission of statements on request, and a few (Bank of Pennsylvania, 1793–94) called for regular reports, of capital, debts, notes, deposits, specie, etc. The Bank of Alexandria made regular reports. Commonly the requirement seems to have been ignored. Connecticut turnpike charters provided for an annual accounting to the county court or courts, and sometimes in addition for inspection by the General Assembly. Elsewhere, especially in banking and insurance charters, the accounts were sometimes required to be open to the legislature on request. Neither power, however, was materially utilized.

The charters simply cannot be summarized as a whole.

[1] *Assembly Minutes*, 1811, p. 85.
[2] Essay III, 387, 508.

Throughout this period they reveal a combination of amateur experiments in drafting, close following of older models, and insertions of this, that, or another favorite clause of some legislator. The foregoing review is intended merely to indicate a few particulars of policies which had become fairly well established by 1800, and examples of other significant ones which were tried out.

The corporation, then, was developed as an organization device in England before the discovery of America, and applied to more and more uses during the exploration, settlement, and upbuilding of the New World. English business corporations figured largely in that exploration and settlement, and English missionary corporations played a part in the upbuilding process. During the colonial period, the corporation was naturalized in the colonies, where it was used principally for local government, ecclesiastical management, education, and public and private charity. Although there are a few examples of colonial business corporations, the device was not significantly utilized for business purposes prior to the Revolution — partly because it was not widely so applied in England, partly because of prejudice against the prominent examples of English business corporations, but chiefly because economic, political, and social conditions did not require its presence.

The Revolutionary war checked for the time even the regular increase of corporations, because of political uncertainty and the interference with ordinary economic activities; but it laid the foundation for more rapid progress after peace with independence was established. Partly as a result of the triumph of the more democratic spirit which had brought on the war, much freer incorporation of ecclesiastical and other non-business corporations closely followed it. These tended to smooth the way for incorporating for business purposes, at least wherever a general good could be persuasively presented in justification. Due partly to the thoroughgoing stirring of the national life, the stimulating contacts of the ablest men, and the inspiring opportunity of working out the country's destiny unrestricted

by outside interference, there appeared a greater willingness to experiment and a more vigorous spirit of enterprise. The first business corporation, established as a war measure, amply justified itself, and stimulated imitation in the field of commercial banking. The need for better communication was emphasized by the war, and the leadership of the great man of the continent, in Virginia navigation enterprises, attracted wide attention to the usefulness of the business corporation in this field. The marked success of the first toll-bridge companies, experiments pure and simple, led to imitators here. The business expansion accompanying, and in some measure attributable to, the establishment of firm federal and state governments and the substitution of sound public credit and finance for unsound, tended strongly to promote the use of the corporation in tried and untried spheres.

The result was an unprecedented application of the corporation to business uses. Here, in operation, it gradually overcame most of the popular prejudice against it *per se*. Outcries against specific evils were responded to by increased complexity and caution in acts of incorporation. In certain fields it fully justified the sanguine hopes of its promoters and the public, and was a highly important factor in the country's progress. This was true notably in banking, insurance, bridge and turnpike building. In other fields, notably manufacturing and the improvement of inland navigation, it was a disappointment, partly due to inherent weaknesses in the corporate form, but chiefly to a low stage of technical and business development.

By the end of the eighteenth century, the business corporation, in one form or another, was a familiar figure in all the large towns and through much of the country, notably so in thrifty, enterprising New England. The legislatures were beginning to weary of pressure for special incorporating acts, and a beginning had been made in establishing general acts of incorporation for business purposes.

When all this is said, it must be repeated that the period is one merely of beginnings. Yet before 1801 a substantial basis had been laid upon which the nineteenth century could build.

APPENDIX A

American Colonial Business Corporations Incorporated and Operating in the Future United States

1732 May	Conn.	New London Society united for Trade and Commerce. *Conn. Col. Recs.*, vii, 390–391.
1760 May	Conn.	The Union Wharf Company of New Haven. *Conn. Col. Recs.*, xi, 400–401.
1768 Feb. 20	Pa.	*The Philadelphia Contributionship for the Insuring of Houses from Loss by Fire. *Pa. Stats. at Large*, vii, 178–181.
1772 May	R. I.	Field's Fountain Society [Providence]. *Session Laws*, 8–11.
1772 July 14	Mass.	Boston Pier, or the Long Wharf in the town of Boston in New England, The Proprietors of. *Mass. Province Acts*, x, 200–202.
1772 Oct.	R. I.	Rawson's Fountain Society [Providence]. *Session Laws*, 55–57.
1773 Oct.	R. I.	Cooke's Fountain Society [East Greenwich]. *Session Laws*, 76–78.

* Companies so marked are still in existence, though in some cases under slightly different titles.

APPENDIX B

AMERICAN CHARTERS TO BUSINESS CORPORATIONS, 1781–1800, CLASSIFIED BY OBJECTS AND ARRANGED UNDER EACH OBJECT (SO FAR AS POSSIBLE) IN CHRONOLOGICAL ORDER

Except as otherwise indicated, the charters here listed may be most easily found for the different states in the following collections:

MAINE. As for Massachusetts.
NEW HAMPSHIRE. *MS. Laws* (see *Index to the Laws of N. H. . . .*, Manchester, 1886); and *Session Laws*, for turnpike companies.
VERMONT. *Session Laws.*
MASSACHUSETTS. *Laws*, 1780–1800 (2 vols., Boston, 1801), for banks and insurance companies; *Private and Special Statutes*, 1780–1805 (3 vols., Boston, 1805), for other corporations.
RHODE ISLAND. *Session Laws.*
CONNECTICUT. *Resolves and Private Laws*, 1789–1836 (2 vols., Hartford, 1837).
NEW YORK. *Laws*, 1777–1887 (vols. I–IV, Albany, 1886–87).
NEW JERSEY. *Session Laws.*
PENNSYLVANIA. *Statutes at Large* (16 vols., Harrisburg, 1896–1911).
DELAWARE. *Laws*, 1700–97 (2 vols., Newcastle, 1797).
MARYLAND. *Laws* (Kilty ed., 2 vols., Annapolis, 1799).
VIRGINIA. *Statutes at Large*, 1619–1792 (Hening ed., 13 vols., Richmond, etc., 1819–23); and *Statutes at Large*, 1792–1806 (Shepherd ed., 3 vols., Richmond, 1835).
NORTH CAROLINA. *Session Laws.*
SOUTH CAROLINA. *Statutes at Large* (Vol. VIII, Columbia, 1837).

BANKS

1781			
Dec. 31	U. S.	*North America [Philadelphia], The President, Directors, and Company of the Bank of.	*Journals of Congress*, vii, 257.
1782			
Mar. 8	Mass.	Do.	*Laws* (ed. 1788), i, 187.
Apr. 1	Pa.	Do.	
Apr. 11	N. Y.	Do.	

* Companies so marked are still in existence, though in some cases under slightly different titles.

1784		
Feb. 7	Mass.	‡Massachusetts Bank [Boston], the P. and D. of the.
1786		
Feb. 2	Del.	North America, The P., D., and Co. of the Bank of.
1787		
Mar. 17	Pa.	Do.
1790		
Dec. 14	Md.	Maryland [Baltimore], The P. and D. of the Bank of.
1791		
Feb. 25	U. S.	United States [Philadelphia], The P., D. and Co. of the Bank of the. *U. S. Stats. at Large*, i, 191–197.
Mar. 21	N. Y.	*New-York, The P., D. and Co. of the Bank of.
Nov. 5	R. I.	*Providence Bank, The P., D. and Co. of the.
1792		
Jan. 3	N. H.	New-Hampshire Bank [Portsmouth].
Apr. 10	N. Y.	Albany, The P. D. and Co. of the Bank of.
May	Conn.	‡Hartford Bank, P., D. and Co. of the.
May	Conn.	‡Union Bank, in New London, The P., D. and Co. of the.
June 22	Mass.	*Union Bank [Boston], The P. and D. of the.
Oct.	Conn.	*New Haven Bank, The P., D., and Co. of the.
Nov. 23	Va.	Alexandria, The P., D., and Co. of the Bank of.
Dec. 23	Va.	†Richmond, The P., D., and Co. of the Bank of.
1793		
Mar. 6	N. Y.	Columbia [Hudson], The p., d. and co. of the bank of.
Mar. 30	Pa.	Pennsylvania [Philadelphia], The P., D., and Co. of the Bank of.
Dec. 28	Md.	Columbia [D. C.], The P., D. and Co., of the Bank of.
1795		
Feb. 27	Mass.	Nantucket Bank, The P. and D. of the.
June 25	Mass.	Merrimack-Bank [Newbury Port], The P. and D. of the.
Oct.	Conn.	*Middletown Bank, The P., D. and Co. of the.
Oct. 28	R. I.	‡Rhode-Island [Newport], The P., D., and Co. of the Bank of.
Dec. 24	Md.	Baltimore, The P., D., and Co. of the Bank of.
1796		
Feb. 9	Del.	*Delaware [Wilmington], The P., D. and Co. of the Bank of.
May	Conn.	*Norwich Bank, The P. D. and Co. of the.
1799		
June 15	Maine	Portland Bank, The P., D. and Co. of the.
June 18	Mass.	Essex Bank [Salem], The P., D. and Co. of the.

* Companies so marked are still in existence, though in some cases under slightly different titles.

† Companies so marked were clearly not organized under the charter.

‡ These companies, after prosperous histories, have been merged in recent years with younger institutions.

1800		
Jan. 27	Mass.	Gloucester Bank, The P., D. and Co. of the.
June	R. I.	Bristol, The P., D. and Co. of the Bank of.
June	R. I.	*Washington Bank [Westerly], The P., D. and Co. of the.

NOTE. The Bank of New-York (1791) was founded in 1784, and the Essex Bank (1799) in 1792, and they thus operated for several years without charters. Besides the above, the Bank of South Carolina was founded in 1792 and operated in Charleston without a charter; and the Manhattan Company, chartered by New York in 1799 ostensibly to furnish a water supply, immediately established a bank in the metropolis, which is still in operation.

INSURANCE CORPORATIONS

1786		
Feb. 27	Pa.	*The Mutual Assurance Company for insuring Houses from Loss by fire [Philadelphia].
1787		
May 21	Md.	The Baltimore insurance fire-company.
1791		
Dec. 26	Md.	The Maryland Insurance Fire Company [Baltimore].
1794		
Apr. 14	Pa.	*North America [Philadelphia], The P. and D. of the Insurance Company of.
Apr. 18	Pa.	*Pennsylvania [Philadelphia], The Insurance Company of the State of.
Dec. 22	Va.	*The Mutual Assurance Society against fire on buildings, of the State of Virginia [Richmond].
Dec. 26	Md.	*The Baltimore Equitable Society for insuring Houses from Loss by Fire.
1795		
May	Conn.	*Norwich, The Mutual Assurance Company of the city of.
June 25	Mass.	The Massachusetts Fire Insurance Company [Boston].
Dec. 3	Va.	Mutual Insurance company against fire on goods and furniture, in the state of Virginia [Richmond].
Dec. 24	Md.	The Maryland Insurance Company [Baltimore].
Dec. 26	Md.	The Baltimore Insurance Company.
1797		
Oct.	Conn.	The New-Haven Insurance Company.
Dec. 16	S. C.	The Charleston Mutual Insurance Company.
Dec. 16	S. C.	The Charleston Insurance Company.
1798		
Jan. 10	Va.	Alexandria, The marine insurance company of the town of.
Jan.	Md.	Georgetown Mutual Insurance Company.
Mar. 1	Mass.	The Massachusetts Mutual Fire Insurance Company [Boston].
Mar. 20	N. Y.	United Insurance Company in the City of New York.

* Companies so marked are still in existence, though in some cases under slightly different titles.

Mar. 23	N. Y.	The Mutual Assurance Company of the City of New York.
Apr. 2	N. Y.	The New York Insurance Company.
1799		
Feb. 3	R. I.	*The Providence Insurance Company.
Feb. 13	Mass.	The Boston Marine Insurance Company.
Feb.	R. I.	Newport Insurance Company.
June 15	N. H.	The New Hampshire Insurance Company [Portsmouth].
June 18	Mass.	The Newburyport Marine Insurance Company.
1800		
Feb. 7	Maine	The Maine Fire and Marine Insurance Company [Portland].
Feb. 17	R. I.	*The Washington Insurance Company in Providence.
Feb.	R. I.	The Warren Insurance Company.
Feb.	R. I.	The Bristol Insurance Company.
June 9	Mass.	The Salem Marine Insurance Company.
Oct.	R. I.	*The Providence mutual Fire Insurance Company.

CORPORATIONS FOR IMPROVING INLAND NAVIGATION

1783		
Dec. 26	Md.	Susquehanna Canal, The Proprietors of the.
1784		
Dec. 28	Md.	the Patowmack Company.
1785		
Jan. 5	Va.	the Potowmack Company.
Jan. 5	Va.	James River Company.
1786		
Mar. 22	S. C.	Santee to Cooper River, the Company for the Inland Navigation, from.
1787		
Mar. 27	S. C.	†Edisto and Ashley rivers, the company for improving the navigation of, and making a communication by a canal and locks from the one to the other of the said rivers.
Mar. 27	S. C.	Catawba and Wateree rivers, the company for opening the navigation of the.
Dec. 1	Va.	the Dismal Swamp Canal Company.
1788		
Feb. 29	S. C.	Broad and Pacolet rivers, The company for opening the navigation of.
Dec. 6	N. C.	Catawba and Wateree rivers, the company for opening the navigation of the. *N. C. Records*, xxiv, 961–962.
Dec. 15	Va.	the Mattapony trustees.
Dec. 17	Va.	the Appamattox trustees.
Dec. 30	Va.	the Appamattox company.

* Companies so marked are still in existence, though in some cases under slightly different titles.

† Companies so marked were clearly not organized under the charter.

1789		
Dec. 9	Va.	the Pamunkey trustees.
1790		
Dec. 15	N. C.	The Fayetteville canal company.
Dec. 15	N. C.	the Dismal-Swamp Canal Company.
1791		
June 17	Maine	New-Meadow Canal, the Proprietors of the.
Sept. 29	Pa.	Schuylkill and Susquehanna Navigation, The President, Managers and Company of the.
Nov. 1	Vt.	Bellows falls, the company for rendering Connecticut river navigable by.
1792		
Feb. 23	Mass.	*Connecticut River*, the Proprietors of the Locks and Canals on.
Mar. 8	Mass.	†*Massachusetts* Canal, the Proprietors of the.
Mar. 30	N. Y.	northern inland navigation in the State of New York, The p., d. and co., of the.
Mar. 30	N. Y.	western inland lock navigation in the State of New York, The p., d. and co., of the.
Apr. 10	Pa.	Delaware and Schuylkill Navigation, The P., M. and Co. of the.
June 20	N. H.	White River Falls Bridge, The proprietors of the.
June 27	Mass.	*Merrimack River, the Proprietors of the Locks and Canals on.
June 27	Maine	Mousom Harbour in Wells, The Proprietors of the.
Oct. 25	Vt.	Bellows falls, the company for rendering Connecticut river navigable by. *Laws* (ed. 1798), 81–85 [second charter].
Dec. 18	N. H.	Bellows Falls, Company for rendering Connecticut River navigable by.
Dec. 31	N. C.	the Cape-Fear company. *Laws* (Martin ed.), 54–55.
1793		
Apr. 10	Pa.	The Conewago Canal Company.
Apr. 10	Pa.	†Brandywine Canal navigation, The P., M. and Co. of the.
June 17	Del.	†Brandywine Creek, The company for opening a canal and lock navigation in the waters of.
June 22	Mass.	Middlesex Canal, the Proprietors of the.
Dec. 11	Va.	the Rappahannock company.
1794		
Feb. 27	Mass.	Connecticut River, The Proprietors of the Upper Locks and Canals on, in the County of Hampshire.
Oct. 22	Vt.	Water Queche Falls, The Company for rendering connecticut River navigable by.

* Companies so marked are still in existence, though in some cases under slightly different titles.

† Companies so marked were clearly not organized under the charter.

1795		
Mar. 16	N. J.	Rancocus Creek, The P., M. and Co. for the improvement of the navigation of the north branch of.
June 25	Maine	Cumberland Canal, the Proprietors of the.
June 25	Maine	Falmouth Canal, Proprietors of the.
Oct. 21	Vt.	White-River-Falls-Bridge, the proprietors of the.
Oct.	Conn.	Ousatonic River, The Company to clear the Channel of the.
Dec. 9	N. C.	The Clubfoot and Harlow's creek canal company.
Dec. 1	Va.	Piankitank canal company, the trustees of the.
Dec. 5	Va.	The Quantico Company.
Dec. 21	Va.	Upper Appamatox company, the trustees of the.
1796		
Jan. 1	N. H.	†Winnepesaukee and Merrimack Canal, Proprietors of the.
Feb.	R. I.	†Providence-Plantations Canal, The Proprietors of the.
Mar. 15	N. J.	Assanpink Creek, The P., M. and Co. for opening the navigation of the.
June 14	Maine	Saco River, The Proprietors of the Sluice-way on.
Dec. 8	N. H.	Water Queche Falls Canal, Ye Proprietors of.
Dec. 12	Va.	The North River Canal Company.
Dec. 30	Md.	the Pocomoke Company. *Session Laws*, c. 33.
?	N. C.	The Roanoke Navigation Company.
?	N. C.	The Roanoke and Pungo Canal Company.
?	N. C.	The Deep and Haw River Company.
?	N. C.	Yadkin Canal Company.
?	N. C.	the Tar river Navigation Company.
1797		
Feb. 10	N. J.	Great Timber Creek, The P., M. and Co. for improving the navigation of the south branch of, in the county of Gloucester.
Mar. 11	Maine	Little Falls, The Proprietors of the Sluice-Ways in the Plantation of.
Mar. 11	Maine	Ten Mile Falls Canal, the Proprietors of.
Nov. 1	Vt.	White River, The company for locking.
Dec. 16	S. C.	The Pine-tree Creek Navigation Company. *Laws* (ed. 1808), ii, 163–167.
1798		
Feb. 27	Pa.	Lehigh Navigation Company, The P., M. and Co. of the.
Apr. 5	N. Y.	†The Niagara Canal Company.
Jan. 29	Va.	†the Shenandoah company.
Dec. 24	N. H.	Blodgett's Canal, Proprietors of.
?	N. C.	Union Canal Company.
1799		
Feb. 14	Ga.	Savannah Navigation Company. *Laws* (Marbury & Crawford ed.), 371–374.

† Companies so marked were clearly not organized under the charter.

Dec. 7	Md.	The Chesapeake and Delaware Canal Company. *Laws* (ed. 1811), ii, 509. (Cf. Pa. charter, Feb. 19, 1801).
Dec. 21	S. C.	Back River to Chapel Bridge, The Company for opening a Canal from.
1800		
Jan. 23	Va.	the Appamattox company [second charter].
Oct.	Conn.	Union Company.
Nov. 17	N. J.	Salem Creek, in the county of Salem and state of New Jersey, The P. M. and Co. to cut a canal to shorten the navigation of.

TOLL-BRIDGE CORPORATIONS

1785		
Mar. 9	Mass.	Charles River Bridge, the Proprietors of.
1787		
Mar. 1	Mass.	*Malden Bridge*, the proprietors of.
Nov. 17	Mass.	*Essex* Bridge [Beverly], the proprietors of.
1791		
Dec. 29	Md.	The George-town Bridge Company. *Session Laws*, c. 81.
1792		
Feb. 1	Mass.	*Middlesex Merrimack River Bridge* [Pawtucket Falls, Chelmsford-Dracut], the Proprietors of the.
Feb. 24	Mass.	*Essex Merrimack Bridge* [Newbury-Salisbury], The Proprietors of.
Mar. 6	Mass.	†[Connecticut River, a company to build a bridge over the, between Montague and Greenfield, no corporate name specified.]
Mar. 9	Mass.	*West-Boston* Bridge, the Proprietors of the.
June	R. I.	*Central Bridge*, leading to and from Providence, *The Proprietors of the.*
June	R. I.	The Providence *South-Bridge Society*, in the Town of *Providence.*
June 16	N. H.	Amoskeag Bridge [Goffstown], Proprietors of the.
June 20	N. H.	White River Falls Bridge, the proprietors of.
June 21	N. H.	Newmarket and Stratham bridge, the proprietors of the.
Nov. 28	N. J.	Rancocus Toll-Bridge, The President, Managers and company of.
1793		
Mar. 9	Maine	†[New Meadows River, a company to build a bridge over; no corporate name clear.]
Mar. 19	Mass.	Andover Bridge, The Proprietors of.
Mar. 22.	Mass.	Haverhill Bridge, The Proprietors of the.
Apr. 11	Pa.	Susquehanna [near Wrights Ferry], The P., M. and Co. for building a bridge over.

† Companies so marked were clearly not organized under the charter.

June 20	N. H.	Piscataqua Bridge, the proprietors of.
June 22	Maine	Sheepscott River Bridge, The Proprietors of.
1794		
Jan. 11	N. H.	Northbury Bridge [Northfield], Proprietors of.
Jan. 29	N. H.	Orford Bridge, Proprietors of.
Feb.	R. I.	The Rhode Island Bridge Company.
Feb. 25	Maine	Portland Bridge, the Proprietors of the.
Feb. 27	Maine	Back-Cove Bridge, the Proprietors of.
May 10	S. C.	The port Republic Bridge Company.
June 14	Mass.	Merrimack Bridge, the Proprietors of.
1795		
Jan.	N. H.	Litchfield Bridge, the Proprietors of.
Jan. 14	N. H.	Haverhill Bridge, proprietors of.
Jan. 14	N. H.	Cornish Bridge, Proprietors of the.
Jan. 16	N. H.	Northumberland Bridge, Company of.
Jan. 16	N. H.	Concord Bridge, Proprietors of.
Feb. 11	Maine	†[Damarascotti River, a company for building a bridge over; exact title not clear.]
Mar. 13	Pa.	*Easton, The P., M. and Co. for erecting a bridge over the river Delaware at the borough of.
Mar. 18	N. J.	Do.
June 18	N. H.	Haverhill Bridge, The Proprietors of. [A second company. Cf. Wells, *Newbury*, Vt., 307–310.]
Oct. 16	Vt.	The West River Bridge company [Brattleborough].
Oct. 21	Vt.	White-River-Falls-Bridge, The Proprietors of.
Dec. 24	Md.	The Eastern Branch Bridge Company [Washington].
Dec. 28	N. H.	Federal Bridge [Concord], Proprietors of.
Dec.	N. H.	Bridgewater and New Hampton Bridge, Proprietors of.
1796		
Feb. 8	Maine	Kennebeck Bridge [Hallowell], The Proprietors of the.
Feb. 26	Maine	Androscoggin Bridge [Brunswick], The Proprietors of.
June 17	Mass.	New-Bedford Bridge, The Proprietors of.
June 18	Mass.	Connecticut River Bridge [Montague], The Proprietors of.
Oct.	Conn.	New Haven to East Haven, The Company for erecting and supporting a Toll Bridge from.
Dec. 30	Md.	Water-street Bridge Company [Baltimore], The P. and D. of the.
1797		
Mar. 7	Maine	Eastern River Bridge, at Calls Ferry in Dresden, The Proprietors of the.
Mar. 7	N. J.	Passaic and Hackensack [near Newark], The Proprietors of the bridges over the rivers.
Mar. 8	Maine	Upper Bridge over Eastern River [Dresden], The Proprietors of the.

* Companies so marked are still in existence, though in some cases under slightly different titles.

† Companies so marked were clearly not organized under the charter.

Mar. 10	Maine	†[Damariscotta Bridge company, Lincoln County; exact title not clear.]
Mar. 28	N. Y.	The Cayuga Bridge Company.
Mar. 28	Pa.	Northampton, The P., M. and Co. for erecting a Bridge over the river Lehigh, near the town of.
June 21	N. H.	Favour's Bridge [New Chester], Proprietors of.
June 22	Mass.	Deerfield Falls Bridge, The Proprietors of.
June 22	Maine	Lewiston Bridge, The Proprietors of.
Oct.	Conn.	Niantic Toll Bridge, The Proprietors of.
Oct. 28	Vt.	The Second West River Bridge Company [Dummerston].
Nov. 10	Vt.	Cornish Bridge, The Proprietors of.
Dec. 12	N. H.	Holderness Bridge, Proprietors of.
Dec. 15	N. H.	Nottingham West Bridge, Proprietors of.
1798		
Jan. 20	Md.	The Anacostia Bridge Company [Washington].
Feb. 16	Mass.	The Wilbraham Bridge Company.
Feb. 17	Maine	York Bridge, the Proprietors of.
Mar. 3	N. J.	Trenton, The P., M. and Co. for erecting a bridge over the river Delaware at.
Mar. 16	Pa.	Philadelphia, The P., M. and Co. for erecting a permanent bridge over the river Schuylkill, at or near the city of.
Apr. 4	Pa.	Trenton, The P., M. and Co. for erecting a bridge over the river Delaware at or near.
Oct.	Conn.	Enfield to Suffield, The Company for erecting and supporting a Toll Bridge with Locks, from.
1799		
June 1	N. J.	New-Brunswick Bridge, The Proprietors of the.
?	Ky.	Frankfort Bridge Company, The P. and D. of the.
Nov. 5	Vt.	Onion River Bridge Company [Waterbury].
1800		
June 14	N. H.	New Castle Bridge, Proprietors of.
Dec. 9	N. H.	Republican Bridge [Salisbury], The Proprietors of the.

Turnpike Corporations

1792		
Apr. 9	Pa.	*Philadelphia and Lancaster Turnpike Road, The P., M., and Co. of the.
1794		
Feb.	R. I.	Cepatchit Bridge, in Gloucester, to Connecticut Line, The Society for establishing and supporting a Turnpike Road from.
Apr. 22	Pa.	Lancaster and Susquehanna turnpike road, The P., M., and Co. of the.

* Companies so marked are still in existence, though in some cases under slightly different titles.

† Companies so marked were clearly not organized under the charter.

Oct.	R. I.	The Providence and Norwich Society, for establishing a Turnpike Road from Providence to County Line, through Johnston, Scituate, Foster and Coventry.
1795		
May	Conn.	New-London and Windham County Society.
May	Conn.	The Oxford Turnpike Company.
Oct.	Conn.	The Hartford, New-London, Windham, and Tolland County Society.
Oct.	Conn.	The Norwalk and Danbury Turnpike Company.
Dec. 17	Va.	Fairfax and Loudoun turnpike road, The P, M., and Co. of the.
Dec. 17	Va.	the Matildaville company.
1796		
Mar. 28	Pa.	Lancaster, Elizabethtown, Middletown, and Harrisburgh Turnpike Road, The P., M. and Co. of the.
Apr. 4	Pa.	Gap, Newport, and Wilmington Turnpike Road, The P., M. and Co. of the.
June 11	Mass.	The First Massachusetts Turnpike Corporation.
June 16	N. H.	New-Hampshire turnpike road, the proprietors of the.
Nov. 3	Vt.	The First Vermont turnpike corporation.
Dec. 31	Md.	Washington Turnpike Road, The P., D. and Co., of the.
1797		
Mar. 8	Mass.	The Second Massachusetts Turnpike Corporation.
Mar. 9	Mass.	the Third Massachusetts Turnpike Corporation.
Mar. 10	Vt.	The Green Mountain Turnpike Corporation.
Apr. 1	N. Y.	Albany and Schenectady turnpikes in the country of Albany and State of New York, The P., D. and Co. of the.
May	Conn.	The Fairfield, Weston, and Reading Turnpike Company.
Oct.	Conn.	The Boston Turnpike Company.
Oct.	Conn.	The New-Milford and Litchfield Turnpike Company.
Oct.	Conn.	The Saquituck Turnpike Company.
Oct.	Conn.	The Strait's Turnpike Company.
Oct.	Conn.	The Stratfield and Weston Turnpike Company.
1798		
Jan. 20	Md.	Elizabeth-town Turnpike Road, The P., D. and Co. of the.
Jan. 20	Md.	Rister's-town turnpike Roads, The P., D. and Co. of the.
Mar. 29	Pa.	Germantown and Reading Turnpike Road, The P., M. and Co. of the.
Apr. 4	N. Y.	†Western Turnpike Road, The P., D. and Co. of the.
Apr. 5	N. Y.	Albany & Columbia Turnpike Road, The P., D. & Co. of the.
May	Conn.	The Derby Turnpike Company.
May	Conn.	The Ousatonic Turnpike Company.
May	Conn.	The Talcott Mountain Turnpike Company.
Oct.	Conn.	The Green Woods Turnpike Company.

† Companies so marked were clearly not organized under the charter.

Oct.	Conn.	The Hartford and New Haven Turnpike Company.
Oct.	Conn.	The Litchfield and Harwinton Turnpike Company.
1799		
Mar. 1	Mass.	The Williamstown Turnpike Corporation.
Mar. 1	Mass.	Fifth Massachusetts Turnpike Corporation.
Mar. 15	N. Y.	Great Western Turnpike Road, The P., D. and First Company of the. [New charter of the Western, 1798.]
Mar. 29	N. Y.	Columbia Turnpike Road, The P., D., and Co. of the.
Apr. 1	N. Y.	Rensselaer and Columbia Turnpike Road, The P., D., and Co. of the.
Apr. 1	N. Y.	Northern Turnpike Road, The P., D., and First Company of the.
Apr. 1	N. Y.	Eastern Turnpike Road, P., D., and Co. of the.
May	Conn.	The Canaan and Litchfield Turnpike Company.
May	Conn.	The Windham Turnpike Company.
June 22	Mass.	Sixth Massachusetts Turnpike Corporation.
Nov. 1	Vt.	The Windham Turnpike Company.
Nov. 2	Vt.	The Green Mountain Turnpike Company.
Nov. 5	Vt.	Windsor and Woodstock Turnpike Company.
Dec. 26	N. H.	Second Turnpike Road in New-Hampshire, Proprietors of the.
Dec. 27	N. H.	Third Turnpike Road in New-Hampshire, Proprietors of the.
1800		
Feb. 24	Mass.	The Eighth Massachusetts Turnpike Corporation.
Feb. 25	Mass.	The Ninth Massachusetts Turnpike Corporation.
Apr. 1	N. Y.	Seneca Road Company, The P. and D. of the.
Apr. 1	N. Y.	Susquehannah turnpike road, the P., D. and Co. of the.
Apr. 4	N. Y.	Orange Turnpike Road, The P., D. and Co. of the.
Apr. 4	N. Y.	Mohawk Turnpike and Bridge Company, The P., D. and Co. of the.
Apr. 7	N. Y.	West-Chester Turnpike Road, The P., D. and Co. of the.
May	Conn.	The Cheshire Turnpike Company.
May	Conn.	The Farmington River Turnpike Company.
May	Conn.	The Windham and Mansfield Society.
June 16	Mass.	Tenth Massachusetts Turnpike Corporation.
Oct.	R. I.	Providence and Boston Turnpike-Road, The Proprietors of the.
Oct.	Conn.	The Granby Turnpike Company.
Oct.	Conn.	The Hartford and New London Turnpike Company.
Nov. 1	Vt.	White River turnpike company.
Nov. 4	Vt.	the centre turnpike company.
Nov. 7	Vt.	the Connecticut river turnpike company.
Nov. 7	Vt.	Royalton and Woodstock turnpike company.
Nov. 25	N. H.	Fourth Turnpike Road in New Hampshire, the proprietors of the.
Dec. 1	Va.	Allegany Turnpike Road, the P., M. and Co. of the.

CORPORATIONS FOR SUPPLYING WATER

1792		
Dec. 23	Md.	The Baltimore Water Company.
1795		
Feb. 25	Mass.	Pittsfield, The Proprietors of the Waterworks in the town of.
Feb. 27	Mass.	The Aqueduct Corporation [Boston].
1796		
Feb. 26	Mass.	Williamstown, The Proprietors of the Waterworks in the Town Street in.
June 15	Mass.	Stockbridge, The Proprietors of the Aqueduct in.
June 17	Mass.	Greenfield, The Proprietors of the Aqueduct in.
Nov. 24	Mass.	Richmond, The Proprietors of the Aqueduct in.
1797		
Feb. 9	Maine	Hallowell, The Proprietors of the Aqueduct in.
Feb. 14	Mass.	Lancaster, The Proprietors of the Aqueduct in.
Feb. 15	Mass.	Plymouth Aqueduct, The Proprietors of the.
Feb. 20	Mass.	Wilbraham, The Proprietors of the Aqueduct in.
Mar. 9	Mass.	Northfield, The Proprietors of the Aqueduct in.
Mar. 9	Mass.	Salem and Danvers Aqueduct, The Proprietors of the.
May 4	Conn.	The Hartford Aqueduct Company.
Dec. 19	N. H.	Portsmouth Aqueduct, Proprietors of the.
1798		
May	Conn.	The Windsor Aqueduct Company.
June 14	Mass.	Springfield Aqueduct, The Proprietors of the.
June 21	Mass.	Wrentham, The First Aqueduct Company in.
June 27	Mass.	Amesbury Ferry Aqueduct, The Proprietors of.
June 27	Mass.	Hopkinton, The Proprietors of the Aqueduct in.
Oct.	Conn.	Durham, Aqueduct Company of the Town of.
1799		
Mar. 25	N. Y.	Whitesborough, The Aqueduct Association in the Village of.
Apr. 2	N. Y.	*Manhattan Company, President and Directors of the.
Nov. 16	N. J.	Morris [town] Aqueduct, The Proprietors of the.
Dec. 21	S. C.	The Charleston Water Company.
1800		
May	Conn.	Chelsea Aqueduct Company.
May	Conn.	New London, The Proprietors of the Aqueduct at.
Nov. 6	Vt.	[Rutland, Proprietors of the aqueduct in the East Precinct of.] (The act gives no title.)
Nov. 17	N. J.	Newark Aqueduct Company.

* Companies so marked are still in existence, though in some cases under slightly different titles.

MANUFACTURING CORPORATIONS

1789		
Jan.	Conn.	Connecticut silk manufacturers [Mansfield], The Director, Inspectors, and Company of the. *Conn. MSS. Archives, Industry*, ii, *Agric., Mfs., Fisheries, 1764–1789*, p. 237.
Feb. 3	Mass.	Beverly Cotton Manufactory, The Proprietors of the.
1790		
Mar. 16	N. Y.	The New-York Manufacturing Society.
1791		
Nov. 22	N. J.	*The Society for establishing useful Manufactures [Paterson].
1794		
Jan. 29	Mass.	Newbury-Port Woollen Manufactory, The Proprietors of the.
1796		
Feb. 25	Mass.	Calico Printing Manufacture [Boston, Newton], The Proprietors of the.
1797		
Mar. 30	N. Y.	The Hamilton Manufacturing Society [near Albany].
1800		
Mar. 4	Mass.	The Salem Iron Factory Company.

MISCELLANEOUS CORPORATIONS

1784		
?	Conn.	Ore bed [in Litchfield], Proprietors of. *Conn. MSS. Archives, Industry*, ii, *Agric., Mfs., Fisheries, 1764–1789*, p. 186.
1793		
Mar. 22	Pa.	cultivation of vines, The P., M. and Co. for promoting the.
1795		
Jan. 8	N. H.	New Hampshire Hotel and Portsmouth Pier.
1796		
Oct.	Conn.	Half Million Acres of Land, lying south of Lake Erie, The Proprietors of the. *Session Laws*, 451.
1798		
Feb. 3	Maine	Kennebunk Pier, The Proprietors of the.
1799		
Nov. 19	N. J.	†Map of the State of New-Jersey, The Company for procuring an accurate.

* Companies so marked are still in existence, though in some cases under slightly different titles.

† Companies so marked were clearly not organized under the charter.

NOTE. The following titles of corporations chartered before 1800 appear in the list given by Judge Baldwin (*Private Corporations*, 296–311), but are omitted from the foregoing lists, for reasons indicated.

NOT CORPORATIONS

1675 N. Y. The New York Fishing Company.
1792 Mass. Proprietors of George's River Canal.

NOT INCORPORATED FOR BUSINESS PURPOSES

Massachusetts

1782 The Marine Society of Salem.
1783 Proprietors of Mattakesset Creeks.
1789 Proprietors of the Androscoggin Boom.
1790 Associated Proprietors of Lumber in Merrimack River.
Massachusetts Society for Promoting Agriculture.
1796 Proprietors of the Roxbury Canal.
Portland Marine Society.
1798 Proprietors of Mills on Charles River.
1799 Marblehead Marine Society.

New York

1770 The Corporation of the Chamber of Commerce in the city of New York.
1792 The Society of Mechanics and Tradesmen of the city of New York.
1793 The Society for the Promotion of Agriculture, Arts, and Manufactures.

Pennsylvania

1785 The Agricultural Society of Philadelphia.
1790 The Carpenters' Company of Philadelphia.

South Carolina

1795 The Agricultural Society of South Carolina.

Kentucky

1799 Directors and Society for promoting the Cultivation of the Vine.
Trustees for the purpose of promoting manufactures.

DUPLICATES

1792 Mass. The Merrimack River Bridge Company.
1795 Vt. The White River Bridge Company.
1796 Mass. The Kennebec River Bridge Company.

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PRELIMINARY NOTE

The accompanying list includes all sources which have been cited in any of the foregoing essays, including court decisions, — classified as (I) Histories of Corporations; (II) Biographies, Letters, Collected Works, etc.; (III) Local Histories; (IV) Public Documents; (V) Miscellaneous Books and Articles; (VI) Law Cases; (VII) Newspapers and Periodicals; (VIII) Manuscripts. Each work is earmarked with a Roman numeral to show for which essay or essays it has been utilized. Especially serviceable sources are starred. Where occasion seemed to require, comments are appended to indicate the special significance of particular works for the subject here treated.

In the study of the history of American corporations Judge Baldwin has been a pioneer, and his essays on "Freedom of Incorporation," "Private Corporations," and "American Business Corporations before 1789" have long been the principal secondary sources in this field.

On the colonial corporations, principal sources have been public documents, such as charters, laws, council minutes, and archives of various states. Fairlie's *Municipal Corporations in the Colonies*, Scott's *Early Cities of New Jersey*, and Davis's *Corporations in The Days of the Colony* [*Massachusetts*], are valuable secondary sources.

For the study of William Duer, the chief sources have easily been the letters and private and public papers, in collections published and unpublished, and newspapers, contemporary with him. Especially valuable have been the Craigie, Duer, Knox, Scioto, and Wolcott papers, among the manuscripts; and the Brissot, Clinton, Cutler, Deane, Hamilton, and St. Clair papers, among the published material of the same nature. Of the periodicals Freneau's *National Gazette*, the *Gazette of the United States*, the *New York Journal*, and the monthly *American Museum* and *Massachusetts Magazine* contributed most. Chief among the secondary sources should be rated the *Knickerbocker Magazine* memoir, and the works on the Scioto company by Belote, Dawes, and Hulbert.

On the New Jersey manufacturing society the principal reliance has been the records of the company itself; Hamilton's papers and the published collections of his works; contemporary newspapers, especially of Philadelphia and New Jersey; and New Jersey public documents. Several important letters also are in the various collections of the Historical Society of Pennsylvania. William Nelson's paper on "The Founding of Paterson" and the account in Trumbull's *Industrial Paterson* are the only valuable secondary sources.

For the last essay the information has been drawn from widely scattered sources. The session laws, collections, digests, and indexes of laws of the several states have been essential. Contemporary newspapers added much. At certain points, pamphlets of ancient vintage have been serviceable. Biographies and collections of works have been very useful. For a number of companies, special accounts are available. Of these, Mrs. Bacon-Foster's *Patomac Route*, Lewis's *Bank of North America*, Domett's *Bank of New York*, Woodward's *Hartford Bank*, and Montgomery's *Insurance Company of North America* are among the best. In the cases of the Massachusetts and Union (Boston) Banks, the writer gained access to the early corporate records. Save Baldwin's essay on "Private Corporations," no secondary works, except the accounts of particular corporations, merit special mention.

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STAPLES, WILLIAM R. *Annals of the Town of Providence, from its First Settlement, to the Organization of the City Government, in June, 1832.* (*R. I. Hist. Soc. Colls.*, V.) Providence, 1843. (IV)

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SWIFT, SAMUEL. *History of the Town of Middlebury, in the County of Addison, Vermont* ... Middlebury, 1859. (IV)

TAYLOR, BENJAMIN COOK. *Annals of the Classis of Bergen ... including, The Civil History of the Ancient Township of Bergen, in New Jersey.* 3d edition. New York, 1857. (I)

TEMPLE, J. H. *History of the Town of Palmer, Massachusetts, ... 1716–1889.* [Springfield] 1889. (IV)

THOMPSON, FRANCIS M. *History of Greenfield Shire Town of Franklin County Massachusetts....* 2 vols. Greenfield, 1904. (IV)

TRUMBULL, J. HAMMOND, editor. *The Memorial History of Hartford County, Connecticut, 1633–1884.* 2 vols. Boston, 1886. (IV)

TRUMBULL, JAMES RUSSELL. *History of Northampton, Massachusetts, from its Settlement in 1654.* 2 vols. Northampton, 1898, 1902. (IV)

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Contains a fairly good discussion of the "S. U. M."

TYLER, LEON GARDINER. *Williamsburg, the Old Colonial Capital.* Richmond [1907]. (I)

WAITE, OTIS F. R. *History of the Town of Claremont, New Hampshire* ... Manchester, 1895. (IV)

WATSON, JOHN F. *Annals of Philadelphia and Pennsylvania, in the Olden Time* ... 2 vols. Philadelphia, 1857. (IV)

WHEELER, G. A., and H. W. *History of Brunswick, Topsham and Harpswell, Maine*.... Boston, 1878. (IV)

WHITEHEAD, WILLIAM A. *Contributions to the Early History of Perth Amboy and Adjoining Country* ... New York, 1836. (I)

WICKES, STEPHEN. *History of the Oranges.* Newark, N. J. (I)

WILLIS, WILLIAM. *The History of Portland, from 1632 to 1864* ... 2d edition, revised and enlarged. Portland, 1860. (IV)

WILSON, JAMES GRANT, editor. *The Memorial History of the City of New York* ... 4 vols. New York, 1892–93. (IV)

WINSOR, JUSTIN, editor. *The Memorial History of Boston, including Suffolk County, Mass., 1630–1880.* 4 vols. Boston, 1885. (I)

IV

PUBLIC DOCUMENTS

NOTE. These are arranged, so far as possible, alphabetically by states, etc.

[BOSTON TOWN RECORDS.] Boston, 1876– (IV)
A series with varying titles, usually, e. g., "First Report of the Record Commissioners of the City of Boston ..." or "A Volume of Records relating to the Early History of Boston. ..."

[CONNECTICUT.] *Annual Report of the Insurance Commissioner* ..., *Forty-ninth.* Part I. Hartford, 1914. (IV)

[CONNECTICUT.] *The Public Records of the Colony of Connecticut* ... Edited by J. Hammond Trumbull (vols. i-vii) and Charles J. Hoadley (vols. vii-xv). 15 vols. Hartford, 1850–90. (I, II)
Cited as *Conn. Col. Recs.*

[CONNECTICUT.] *The Public Records of the State of Connecticut*.... Vols. i, ii. Hartford, 1894, 1895. (II)

*[CONNECTICUT.] *Resolves and Private Laws of the State of Connecticut, from the Year 1789 to the Year 1836.* 2 vols. Hartford, 1837. (IV)
Contain classified by subjects, thereunder alphabetically by names of companies, most of the Connecticut acts of incorporation to 1836.

[DELAWARE.] *Laws of the State of Delaware* ... *1700–1797.* 2 vols. Newcastle, 1797. (IV)

[GEORGIA.] *The Colonial Records of the State of Georgia.* Edited by Allen D. Candler. 21 vols. Atlanta, 1904–10. (I)

[GEORGIA.] *Digest of the Laws of the State of Georgia, ... 1755 ... 1800* ... By Horatio Marbury & William H. Crawford. Savannah, 1802. (IV)

[GREAT BRITAIN.] *The Statutes at Large of the United Kingdom of Great Britain and Ireland.* (I)
Any of the various editions serves equally well for the mere statutes.

HOOD, JOHN. *Index of Colonial and State Laws of New Jersey between the Years 1663 and 1904 Inclusive.* Camden, 1905. (I, III)

[JERSEY CITY.] *The Charters of and Acts relating to Jersey City, and the Ordinances Thereof; together with Some Statistical Information,...* Jersey City, 1844. (I)

[KENTUCKY.] *A Collection of All the Public and Permanent Acts of the General Assembly of Kentucky which Are Now in Force,...* By Harry Toulmin, Secretary of the Commonwealth of Kentucky. Frankfort, 1802. (IV)

[KENTUCKY.] *Laws of Kentucky; Comprehending Those of a General Nature Now in Force.... Together with a Copious Index and a List of Local or Private Acts with the Dates of the Sessions at Which They were Passed ...* [1792–1806]. 2 vols. Lexington, 1799, 1807. (IV)

LEAMING, AARON, and SPICER, JACOB. *The Grants, Concessions, and Original Constitutions of the Province of New Jersey, the Acts passed during the Proprietary Governments, and other Material Transactions ...* [*1664–1702*]. Philadelphia, [1758.] (I)
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[MARYLAND.] *Annual Report of the Insurance Commissioner of the State of Maryland ..., Thirty-ninth.* Baltimore, 1910. (IV)

[MARYLAND.] *Archives of Maryland ...* 32 vols. Baltimore, 1883–1912. (I)

*[MARYLAND.] *The Laws of Maryland.* Revised and collected by William Kilty. 2 vols. Annapolis, 1799. (I, IV)

[MASSACHUSETTS.] *The Acts and Resolves, Public and Private, of the Province of the Massachusetts Bay ... 1692–1780.* Acts: 6 vols. Boston, 1892–96. (I, IV)

[MASSACHUSETTS.] *Annual Report of the Insurance Commissioners, December, 1855, First.* Boston, 1856. (IV)

[MASSACHUSETTS.] *Annual Report of the Insurance Commissioner ..., Seventeenth.* Part I. Boston, 1872. (IV)
Ibid., Eighteenth. Part I. Boston, 1873. (IV)

[MASSACHUSETTS.] *The Laws of the Commonwealth of Massachusetts ..., 1780, to ... 1800 ...* 2 vols. Boston, 1801. (IV)

*[MASSACHUSETTS.] *Private and Special Statutes of the Commonwealth of Massachusetts, ... 1780 ... 1805 ...* 3 vols. Boston, 1805. (IV)
The principal source for acts of incorporation for Massachusetts and Maine.

[MASSACHUSETTS.] *Records of the Governor and Company of the Massachusetts Bay in New England ...* Edited by N. B. Shurtleff. 4 vols. (2 parts of vol. iv). Boston, 1853–54. (I, IV)
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[NEWARK, N. J.] *Records of the Town of Newark, New Jersey ... 1666–1836.* Newark, 1864. (I)

[NEW HAMPSHIRE.] *Acts and Laws of the State of New Hampshire.* Exeter, 1780. (IV)

[NEW HAMPSHIRE.] *Constitution and Laws of the State of New Hampshire ...* Dover, 1805. (IV)

[NEW HAMPSHIRE.] *Documents and Records relating to the Province of New Hampshire, from the Earliest Period of its Settlement.* Edited by Nathaniel Bouton. 7 vols. Concord, Manchester, and Nashua, 1867–73. (I)

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[NEW HAMPSHIRE.] *Documents relating to Towns in New Hampshire ...* Compiled and edited by Nathaniel Bouton (IX) and Isaac W. Hammond (XI–XIII). 3 vols. Concord, 1875, 1882–84. (IV)

Vols. XXIV–XXIX of the same series of Province and State Papers contain Town Charters.

[NEW HAMPSHIRE.] *Early State Papers of New Hampshire ...* Vols. XX–XXII, Albert Stillman Batchellor, editor. Concord, 1891–92. (IV)

*[NEW HAMPSHIRE.] *Index to the Laws of New Hampshire Recorded in the Office of the Secretary of State, 1679–1883.* Manchester, 1886. (IV)

Especially valuable because many of the early statutes, including most acts of incorporation, were not printed even in the *Session Laws.*

[NEW HAMPSHIRE.] *The Laws of the State of New-Hampshire....* Portsmouth, 1797. (IV)

[NEW JERSEY.] *Acts of the General Assembly of the Province of New Jersey, 1702–1776.* Collected by Samuel Allinson. Burlington, 1776. (I)

[NEW JERSEY.] *The Acts of the General Assembly of the Province of New Jersey ... [1701–60].* By Samuel Nevill. 2 vols. ———, 1752, Woodbridge, 1761. (I)

[NEW JERSEY.] *Documents Relating to the Colonial History of the State of New Jersey.* 1st Series. 17 vols. Edited by William A. Whitehead, F. W. Ricord, and William Nelson. Newark, 1880–92. (I)

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[NEW JERSEY.] [ASSEMBLY MINUTES.] *Votes and Proceedings of the — th General Assembly of the State of New Jersey: 1788–1815.* [Titles vary.] Trenton and elsewhere, 1789–1816. (I, III, IV)

[NEW JERSEY.] [COUNCIL JOURNAL.] *Journal of the Proceedings of the Legislative Council of the State of New Jersey ...* Burlington and Trenton, 1789–1800. (III, IV)

[NEW JERSEY.] *The Journall of the Procedure of the Governor and Councill of the Province of East New Jersey from and after the First Day of December Anno Domini, 1682.* Jersey City, 1872. (I)

[NEW JERSEY.] *Laws of the State of New Jersey, Revised and Published under the Authority of the Legislature,* by William Paterson. New Brunswick, 1800. (III)

[NEW JERSEY.] See LEAMING AND SPICER.

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*[NEW YORK.] *Assembly Minutes, 1811.* (IV)
Contain a valuable report on corporations theretofore chartered, showing relations, if any, subsisting between the state and any of these.

[NEW YORK.] ... *Calendar of Council Minutes, 1668–1783* ... Albany, 1902. (I)

[NEW YORK.] *Calendar of Historical Manuscripts in the Office of the Secretary of State, Albany, N. Y.* Edited by E. B. O'Callaghan. Part II: English Manuscripts, 1664–1776. Albany, 1866. (I)
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[NEW YORK.] *The Colonial Laws of New York, from the Year 1664 to the Revolution* ... 5 vols. Albany, 1894, 1896. (I)

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[NORTH CAROLINA.] *The Colonial Records of North Carolina* ... Edited by Wm. L. Saunders. 10 vols. Raleigh, 1886–90. (I)

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[NORTH CAROLINA.] *The Public Acts of the General Assembly of North-Carolina. Containing the Acts from 1715 to 1790.* [Vol. i; Vol. ii: 1791–1804.] Revised and Published ... by the Honorable James Iredell ... Now Revised by François Xavier Martin. Newbern, 1804. (IV)

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[PENNSYLVANIA.] *The Charters and Acts of Assembly of the Province of Pennsylvania.* 2 vols. (bound in one). Philadelphia (Peter Miller), 1742. (I)

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*[PENNSYLVANIA.] *Report on Roads, Bridges and Canals, by the Committee on Roads, Bridges and Inland Navigation, read in the Senate, March 23, 1822.* Mr. [Condy] Raguet, Chairman. (In Hazard, *Register of Pa.*, ii, 291–300, Nov. 22, 1828.) (IV)
Full of important details and statistics.

*[PENNSYLVANIA.] *The Statutes at Large of Pennsylvania from 1682 to 1801.* Compiled ... by James T. Mitchell and Henry Flanders ... 16 vols. 1896–1911. (I, IV)

[PENNSYLVANIA.] *Votes and Proceedings of the House of Representatives of the Province of Pennsylvania.* 2 vols. Philadelphia, 1743. (I)

POORE, BEN: PERLEY. *The Federal and State Constitutions, Colonial Charters, and other Organic Laws of the United States.* 2 vols. 2d edition. Washington, 1877–78. (I)

[RHODE ISLAND.] *Acts and Laws, of His Majesty's Colony of Rhode-Island, and Providence Plantations, in America.* Newport, 1730. (I)

[RHODE ISLAND.] *Annual Report of the Insurance Commissioners of the State of Rhode Island. . . .* Part I. Providence, 1915. (IV)

[RHODE ISLAND.] *The Public Laws of the State of Rhode Island and Providence Plantations, ...* Providence, 1798. (I)

[RHODE ISLAND.] *Third Annual Report of the Bank Commissioner, 1910.* Providence, 1910. (IV)

[RHODE ISLAND.] *Records of the Colony [and State] of Rhode Island and Providence Plantations in New England.* Edited by J. R. Bartlett. 10 vols. Providence, 1856–65. (I, IV)

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[SOUTH CAROLINA.] *Acts of the General Assembly of the State of South Carolina ... 1791 ... 1805.* 2 vols. Columbia, 1808. (IV)

[SOUTH CAROLINA.] *The Statutes at Large of South Carolina.* Edited ... by Thomas Cooper (I–VI) and David J. McCord (VII–X). 10 vols. Columbia (S. C.), 1836–41. (I, IV)

Vol. viii (1837) contains most of the charters of incorporation.

[UNITED STATES.] [*American State Papers.*] *Documents, Legislative and Executive, of the Congress of the United States.* Selected and edited ... by Walter Lowrie ..., Matthew St. Clair Clarke ... [and] Walter S. Franklin. (II)

Class III, *Finance*, vols. i, ii. Washington, 1832.
" V, *Military Affairs.* " "
" VIII, *Public Lands.* " "
" IX, *Claims.* " 1834.

[UNITED STATES.] *Annals of the Congress of the United States: The Debates and Proceedings in the Congress of the United States ...* Compiled ... by Joseph Gales, Senior. Washington, 1834–56. (II, III, IV)

[UNITED STATES.] *Journals of Congress: Containing their Proceedings from Sept. 5, 1774 to Nov. 3, 1788.* 13 vols. [Titles vary.] Yorktown, 1778 (vol. ii), and Philadelphia, 1777–1801. (II, III)

[UNITED STATES.] *Journals of the Continental Congress 1774–1789.* Edited from the Original Records in the Library of Congress by Worthington Chauncey Ford ... 23 vols. (1774–82; series incomplete). Washington, 1904–14. (II, IV)

Much more complete than the earlier printing, and well annotated and indexed.

[UNITED STATES.] *Letter from the Secretary of State Accompanied with a List of the Names of Persons Who have Invented Any New and Useful Art, Machine, Manufacture or Composition of Matter, or Any Improvement thereon, and to Whom Patents have Issued for the Same, from the Office of the Department of State, with the Dates and General Objects of Such Patents....* Washington, 2nd Feb. 1805. (III)

[UNITED STATES.] *Official Opinions of the Attorneys General of the United States.* Compiled by Benjamin F. Hall. Vol. i, Washington, 1852. (IV)

[UNITED STATES.] *Preliminary Report of the Inland Waterways Commission. (60th Cong., 1 Sess., Sen. Doc. 325.)* Washington, 1908. (IV)

Gives tables and other data regarding canals abandoned and those in operation.

[UNITED STATES.] *The Public Statutes at Large of the United States of America, ... 1789 ... 1845 ...* Edited by Richard Peters,... 8 vols. 2d edition. Boston, 1850. (II, III, IV)

[UNITED STATES. Miscellaneous Legislative Documents.] *19th Congress, 1st Session, House Report No. 228* (May 22, 1826). (IV)

Report of Mr. Stewart on the Chesapeake and Ohio Canal, printing considerable material concerning the Potomac Company.

19th Congress, 1st Session, Senate Document No. 86 (1846). (IV)

Relating to the Georgetown Bridge Company.

29th Congress, 1st Session, House Report No. 133 (Jan. 27, 1846). (III)
Final report on the claim of the Duer family in connection with William Duer's army contracts of 1790–91.

48th Congress, 1st Session, Senate Document No. 12 (1884). (III)
The existing tariff and comparative tables of present and past tariffs.

[VERMONT.] *Laws of the State of Vermont; Revised and Passed by the Legislature, in ... 1797 ... With an Appendix: Containing the Several Laws, Which Have Heretofore Been Passed by the Legislature, Regulating Proprietors, or the Granting General Land Taxes, Exclusive Privileges to Companies for Locks, Toll Bridges, Turnpike Roads, etc.* Rutland, 1798. (IV)

[VERMONT.] *Records of the Governor and Council of the State of Vermont.* Edited ... by E. P. Walton. 8 vols. (1779–1836.) Montpelier, 1873–80. (II, IV)
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[VIRGINIA.] *Annual Report of the Commissioner of Insurance of Virginia, Tenth.* Richmond, 1916. (IV)

[VIRGINIA.] *Calendar of Virginia State Papers and Other Manuscripts,...* 11 vols. Edited by Wm. Palmer, Sherwin McRae, and H. W. Flournoy. Richmond, 1875–93. (IV)

[VIRGINIA.] *Journal of the House of Delegates ... [1781–85.]* Richmond, 1828. (IV)

[VIRGINIA.] *The Statutes at Large; Being a Collection of the Laws of Virginia from the First Session of the Legislature in the Year 1619 [to 1792].* Edited by William Waller Hening. 13 vols. New York, Richmond, and Philadelphia, 1819–23. (I, IV)

[VIRGINIA.] *The Statutes at Large of Virginia, from October Session 1792, to December Session 1806, inclusive ...* [Edited] by Samuel Shepherd. 3 vols. Richmond, 1835. (IV)

WHARTON, FRANCIS. *The Revolutionary Diplomatic Correspondence of the United States....* 6 vols. Washington, 1889. (II)

V

MISCELLANEOUS BOOKS AND ARTICLES

ACRELIUS, ISRAEL. *New Sweden, or the Swedish Settlements on the Delaware ...* Trans. by Nicholas Collin. (*N. Y. Hist. Soc. Colls.*, 2d Series, i, 401–448.) New York, 1848. (I)

ADAMS, HERBERT BAXTER. "Maryland's Influence in Founding a National Commonwealth," in *Md. Hist. Soc. Fund Pubs.*, xi, 72–113. Baltimore, 1877. (IV)

ADAMS, HERBERT B. "Washington's Interest in Western Lands," in *Johns Hopkins Univ. Studies in Hist. and Pol. Sci.*, iii, no. 1, pp. 55–77. Baltimore, 1885. (II, IV)

ADAMS, HENRY CARTER. *Taxation in the United States, 1789–1816.* (*Johns Hopkins Univ. Studies in Hist. and Pol. Sci.*, ii, nos. 5, 6.) Baltimore, 1884. (IV)

ALEXANDER, DE ALVA STANWOOD. *A Political History of the State of New York.* 3 vols. New York, 1906. (II, III, IV)

ALLEN, IRA. *The Natural and Political History of the State of Vermont* ... London, 1798. (IV)
Reprinted in *Vt. Hist. Colls.*, i, 319–499 (1870).

ALLEN, WILLIAM. "Bingham Land," in *Maine Hist. Soc. Colls.*, 1st Series, vii, 351–601 (July, 1871). Bath, 1876. (II)

ALLEN, W. O. B., and MCCLURE, EDMUND. *Two Hundred Years: The History of the Society for Promoting Christian Knowledge, 1698–1898.* London, 1898. (I)

AMES, HERMAN V. "A Committee of the Massachusetts Legislature on Additional Amendments to the Federal Constitution, 1790," in *Amer. Hist. Rev.*, ii, 99–105 (Oct., 1896). (IV)

AMES, HERMAN V. *The Proposed Amendments to the Constitution of the United States, during the First Century of its History.* (*Amer. Hist. Assoc. Report*, 1896, II.) Washington, 1897. (IV)

ANDREWS, CHARLES M., and DAVENPORT, FRANCES G. *Guide to the Manuscript Materials for the History of the United States to 1783, in the British Museum, in Minor London Archives, and in the Libraries of Oxford and Cambridge.* Washington, 1908. (I)
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ANON. *A Brief Account of the Establishment of the Colony of Georgia under Gen. James Oglethorpe, Feb. 1, 1733.* (In Force, *Tracts*, i, no. II). Washington, 1835. (I)

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An intemperate attack on administration measures, as favoring the few at the expense of the many.

ANON. "The First Coal Mining Company of the Lehigh Region," in *Pa. Mag. of Hist. and Biog.*, xxxix, 170–175 (1915). (IV)
The Lehigh Coal Mine Company, unincorporated.

*ANON. *The Law of Corporations* ... London, 1702. (I)
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ARMSTRONG, EDWARD, editor. *Memoirs of the Historical Society of Pennsylvania.* 2d edition. Philadelphia, 1864. (I)

*BAGNALL, WILLIAM R. *The Textile Industries of the United States, Including Sketches and Notices of Cotton, Woolen, Silk and Linen Manufactures in the Colonial Period.* Vol. i: 1639–1810. Cambridge [Mass.], 1893. (I, III, IV)
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BAIRD, CHARLES W. "Civil Status of the Presbyterians in the Province of New York," in *Mag. of Amer. Hist.*, iii, 593–628 (1879). (I)
Gives a list of churches existing in 1700.

*BALDWIN, SIMEON EBEN. "American Business Corporations before 1789," in *Amer. Hist. Assoc. Report*, 1902, i, 258–274. (Also in *Amer. Hist. Rev.*, viii, 449–468, April, 1903.) Washington, 1903. (I, IV)
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*BALDWIN, SIMEON EBEN. *Modern Political Institutions*. Chap. 6: "Freedom of Incorporation." Boston, 1898. (I)

*BALDWIN, SIMEON EBEN. "Private Corporations, 1701–1901," in *Two Centuries' Growth of American Law, 1701–1901*, in *Yale Bicentennial Series*. (Reprinted in *Select Essays in Anglo-American Legal History*, 1909, iii, 236–258.) New York and London, 1901. (I, IV)
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BARNUM, H. L. *The Spy Unmasked*. New York, 1828. (II)

BARTON, W. "Observations on the Manufactures and Commerce of the United States," in *Columbian Centinel* (Boston), July 14, 17, 1790. (IV)

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BATCHELDER, SAMUEL. *Introduction and Early Progress of the Cotton Manufacture in the United States*. Boston, 1863. (III, IV)

BEARD, CHARLES A. *An Economic Interpretation of the Constitution of the United States*. New York, 1913. (III)
Mentions several of the "S. U. M." stockholders, with their property holdings.

BEARD, CHARLES A. *Economic Origins of Jeffersonian Democracy*. New York, 1915. (II, IV)
Emphasizes property ownership in its bearing upon governmental acts and policies.

BEER, GEORGE LOUIS. *The Origins of the British Colonial System: 1578–1660*. New York, 1908. (I)

*BELOTE, THEODORE THOMAS. *The Scioto Speculation and the French Settlement at Gallipolis*. (*Univ. of Cincinnati Studies.*) Cincinnati, 1907. (II)
One of the best accounts. It does not stress Duer's part.

The Biographical Encyclopedia of New Jersey of the Nineteenth Century. [Edited by Charles Robson.] Philadelphia, 1877. (III)
Includes data regarding several New Jersey stockholders of the "S. U. M."

BISHOP, AVARD LONGLEY. *The State Works of Pennsylvania*. (*Yale Univ. Pubs.* Reprinted from *Conn. Acad. of Arts and Sciences, Trans.*, xiii, 149–297.) New Haven, 1907. (IV)

BISHOP, J. LEANDER. *A History of American Manufactures, from 1608 to 1860* ... 2 vols. Philadelphia, 1861. (II, III, IV)

BLACKSTONE, WILLIAM. *Commentaries on the Law of England*. 4 vols. 1st edition, Oxford, 1768. (I, III, IV)

BLODGET, SAMUEL, Jr. *Economica: A Statistical Manual for the U. S. of A.* Washington, 1806. (IV)

Presents early statistics of corporations which, however, are untrustworthy.

[BLODGET, WILLIAM.] *Facts and Arguments Respecting the Great Utility of an Extensive Plan of Inland Navigation in America.* By A Friend to National Industry. Philadelphia, 1805. (IV)

BLODGETT, JAMES H. "Free Burghs in the United States," in *Amer. Hist. Assoc. Report*, 1895, pp. 299–317. Washington, 1896. (I)

BOLLES, ALBERT S. *Industrial History of the United States, from the Earliest Settlements to the Present Time: Being a Complete Survey of American Industries* ... Norwich (Conn.), 1889. (IV)

BOLLES, ALBERT S. *The Financial History of the United States, from 1774 to 1789* ... 4th edition. New York, 1896. (II)

BOZMAN, JOHN LEEDS. *The History of Maryland, ... 1633 ... 1660.* 2 vols. Baltimore, 1837. (I)

BRIGGS, CHARLES AUGUSTUS. *American Presbyterianism. Its Origin and Early History.* New York, 1885. (I)

*BRISSOT DE WARVILLE, J. P. *New Travels in the United States of America, Performed in MDCCLXXXVIII....* 2d edition, corrected. 2 vols. London, 1794. (II, III)

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BROWN, ALEXANDER. *The First Republic in America.* Boston and New York, 1898. (I)

BROWN, ALEXANDER. *The Genesis of the United States* ... 2 vols. Boston and New York, 1890. (I)

BRUCE, PHILIP ALEXANDER. *Economic History of Virginia in the Seventeenth Century.* 2 vols. New York, 1907. (I)

BRUCE, PHILIP ALEXANDER. *Institutional History of Virginia in the Seventeenth Century.* 2 vols. New York and London, 1910. (I)

BRYAN, ALFRED COOKMAN. *History of State Banking in Maryland.* Baltimore, 1899. (IV)

BULLOCK, CHARLES J. "The Finances of the United States from 1775 to 1789, with Especial Reference to the Budget," in *Univ. of Wis. Bulletin*, i, no. 2, pp. 117–273. Madison, 1895. (II)

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VI

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Society v. *Haight* (1831), 1 N. J. Eq. 393. (III)
Society v. *Holsman* (1845), 5 N. J. Eq. 126. (III)
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A classic statement of the early law of corporations.
Watkins v. *Pintard* (1795), 1 N. J. Law 375. (II)
Weston v. *Hunt* (1807), 2 Mass. 500. (I)
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VII

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NOTE. Facts regarding issues, titles, editors, etc., of American newspapers in the eighteenth century are to be found in Clarence S. Brigham's *Bibliography of American Newspapers, 1690–1820*, appearing regularly in *Amer. Antiq. Soc. Proc.*, beginning vol. xxiii (1913); and in John Van Ness Ingram's *Check List of American Eighteenth Century Newspapers in the Library of Congress* (Washington, 1912).

AMERICAN ANTIQUARIAN SOCIETY. *Proceedings* ... 1st Series, Worcester, 1843–1880. New Series, Worcester, 1880–. (II, IV)

The American Apollo, Containing the Publications of the Historical Society, Essays, Moral, Political, and Poetical, and the Daily Occurrences in the Natural, Civil, and Commercial World. Boston (weekly, Jan. 5–Sept. 28, 1792). (IV)

**American Daily Advertiser*, Dunlap's (1791–93), Dunlap & Claypoole's (1793–95), Claypoole's (1796–1800). Philadelphia (daily). (III)

American Historical Review. New York (quarterly), 1895–. (III)

American Mercury. Hartford (weekly, 1785–1800). (II, IV)

**The American Museum, or, Repository of Ancient and Modern Fugitive Pieces, &c. Prose and Poetical.* [Edited by Mathew Carey.] 4 vols. Philadelphia (monthly), 1787–88. (IV)

**The American Museum, or, Universal Magazine* ... [Edited by Mathew Carey.] 8 vols. (V–XII: a continuation of *The American Museum, or, Repository, etc.*) Philadelphia (monthly), 1789–92. (III, IV)

The Argus. Boston (semi-weekly, 1791–93). (III)

The Boston Gazette, and the Country Journal. Boston (weekly, 1780–94). (III, IV)

Brunswick Gazette. New Brunswick, N. J. (weekly, 1791–92). (III)

The Burlington Advertiser, or, Agricultural and Political Intelligencer. Burlington, N. J. (weekly). (III)

**Columbian Centinel.* Boston (semi-weekly, 1790–99). (IV)
Continuation of *Massachusetts Centinel*. A capitalist paper, containing numerous advertisements of corporate meetings, dividends, etc.

Columbian Gazetteer. New York (semi-weekly). (III)

The Connecticut Courant, and Weekly Intelligencer. Hartford (weekly, 1778–1800). (III)

The Connecticut Journal. New Haven (weekly, 1775–99). (III)

**The Daily Advertiser* [title varies]. New York (daily, 1785–1800). (II, III, IV)

The Diary; or, Loudon's Register. New York (daily, 1792–95). (III)

ESSEX INSTITUTE. (*Salem, Mass.*) ... *Historical Collections.* Salem, 1859–. (IV)

Essex Journal and New Hampshire Packet. Newburyport, Mass. (weekly, 1786–94). (IV)

The Federal Gazette and the Philadelphia Evening Post. Philadelphia (daily, 1788–93). (III)

The Freeman's Journal; or the North American Intelligencer. Philadelphia (weekly, 1781–92). (III)

**Gazette of the United States.* Philadelphia (semi-weekly, 1790–1800). (II, III)
Established April 15, 1789, at New York, moved to Philadelphia, November, 1790. The administration paper, in Washington's terms.

**General Advertiser* [title varies]. Philadelphia (daily, 1790–94). (III)

The Granite Monthly: A New Hampshire Magazine, devoted to Literature, History, and State Progress. Dover, 1877–78; Concord, 1878–. (IV)

The Guardian; or, New Brunswick Advertiser. New Brunswick, N. J. (weekly, 1793–1800). (III, IV)

*HAZARD, SAMUEL, editor. *The Register of Pennsylvania. Devoted to the Preservation of Facts and Documents ... respecting the State of Pennsylvania.* 16 vols. Philadelphia, 1828–36. (I, III, IV)

The Historical Magazine, and Notes and Queries Concerning the Antiquities, History, and Biography of America. 3 series, 23 vols. Boston, 1857–75. (I)

Independent Chronicle and the Universal Advertiser. Boston (weekly, 1776–93; semi-weekly, 1793–1800). (IV)

The Independent Gazetteer, and Agricultural Repository [title varies]. Philadelphia (weekly, semi-weekly, daily, 1782–96). (III)

The Magazine of American History [title varies]. 30 vols. New York (monthly, 1877–93). (II, III)

Maryland Historical Magazine ... Baltimore, 1906–. (IV)
Organ of the Maryland Historical Society.

**Massachusetts Centinel.* Boston (semi-weekly, 1784–90). (IV)

MASSACHUSETTS HISTORICAL SOCIETY. *Proceedings ...* 3 series. Boston, 1791–. (I, IV)

**The Massachusetts Magazine, or Monthly Museum ...* 8 vols. Boston, 1789–96. (II, IV)
Valuable for security prices, 1789–93.

Massachusetts Spy, Thomas's, or Worcester Gazette. Worcester (weekly, 1782–1800). (IV)

**National Gazette.* Philadelphia (semi-weekly, 1791–93). (III, IV)
Ably edited anti-administration paper; valuable.

National Magazine; or A Political, Historical, Biographical and Literary Repository ... By James Lyon. Richmond (monthly), 1799–1801. (III)

N. C. Booklet. Raleigh, N. C. (quarterly, 1901–). (IV)

**Newark Gazette, Wood's, and New Jersey Advertiser* [title varies]. Newark, N. J. (weekly 1791–1800). (III)

New Brunswick Advertiser. See *The Guardian....*

NEW JERSEY HISTORICAL SOCIETY. *Proceedings* . . . 3 series. Newark (and other cities), 1845–. (I, II, III, IV)

**New Jersey Journal and Political Intelligencer* [title varies]. Elizabeth-Town (weekly, 1787–99). (III)

New-Jersey State Gazette [title varies]. Trenton (weekly, 1792–.) (III, IV)

Newport Mercury, or the Weekly Advertiser. Newport (weekly, 1758–1800). (IV)

The New York Genealogical and Biographical Record, Devoted to the Interests of American Genealogy and Biography. New York (quarterly), 1870–. (III)
Organ of the New York Historical Society.

**The New-York Journal, & Patriotic Register* [title varies]. New York (semi-weekly, 1790–1800). (II, III, IV)

**The New York Magazine; or, Literary Repository.* 7 vols. New York, 1790–96. (II, IV)

NILES, HEZEKIAH, editor. *Weekly Register.* Baltimore, 1811–48. (IV)

Pennsylvania Gazette [title varies]. Philadelphia (weekly, 1728–1800). (III)

The Pennsylvania Journal, or the Weekly Advertiser. Philadelphia (weekly, 1789–97). (III)

**The Pennsylvania Magazine of History and Biography.* Philadelphia (quarterly), 1877–. (I, II, III, IV)
Organ of the Historical Society of Pennsylvania.

Pennsylvania Mercury and Universal Advertiser. Philadelphia (weekly, 1790). (II, III)

Pennsylvania Packet. Philadelphia (daily, 1771–1800). (II)

Providence Gazette and Country Journal [title varies]. Providence (weekly, 1762–99). (III, IV)

South Carolina Historical and Genealogical Magazine. Charleston, 1900–. (IV)
Organ of the South Carolina Historical Society.

SOUTHERN HISTORY ASSOCIATION. *Publications* . . . 11 vols. Washington, D. C., 1897–1907. (IV)

The State Gazette of South Carolina. Charleston (semi-weekly, 1786–95). (III, IV)

Trenton Federalist; or New Jersey Gazette. Trenton (1798–.) (III)

True American. Trenton, N. J. (1800–.) (III, IV)

The Universal Asylum and Columbian Magazine. Philadelphia (monthly), Jan.–June, 1791. (III)

Virginia Gazette and General Advertiser. Richmond (weekly, 1790–99). (IV)

The Virginia Magazine of History and Biography. Richmond, 1894–. (IV)
Organ of the Virginia Historical Society.

VIII

MANUSCRIPTS

Barlow Papers. Harvard College Library. (II)

Chiefly papers of Joel Barlow, the property of Peter Barlow of New York, a descendant.

Boudinot Papers. Historical Society of Pennsylvania. (III)

Chiefly papers of Elias Boudinot, of Elizabethtown, N. J., and Philadelphia.

Connecticut MSS. Archives: (1) *Agriculture, Manufactures, and Fisheries;* (2) *Colleges and Schools;* (3) *Trade and Maritime Affairs.* State Library at Hartford. (I, IV)

**Craigie Papers.* American Antiquarian Society, Worcester. (II, III, IV)

Chiefly letters to and from Andrew Craigie, with his account books; highly valuable.

[DAVIES, SAMUEL.] *The Diary of the Rev^d. Samuel Davies, from July 2 A.D. 1753 to April 28 A.D. 1754.* Carefully transcribed, compared and corrected by Philander Camp ... 1845. Princeton University. (I)

Dreer Collections. Historical Society of Pennsylvania. (1) *Letters of American Statesmen;* (2) *Letters of Architects and Sculptors;* (3) *Letters of Governors of the States;* (4) *Letters of Members of the Federal Convention;* (5) *Letters of Members of the Old [Continental] Congress;* (6) *Letters of Presidents of the United States, Members of their Cabinets, and Ladies of the White House;* (7) *Letters of Soldiers of the American Revolution.* Collected, arranged, and presented to the Historical Society of Pennsylvania by Ferdinand J. Dreer. (II, III)

Include a number of letters significant in the history of the "S. U. M."

**Duer Papers.* New York Historical Society. (II, III)

A collection of the papers of William Duer presented by his son William A. Duer. Chiefly of value for his contract experiences.

Duponceau Letter-book B. Historical Society of Pennsylvania. (II).

One of the letter-books of the Philadelphia lawyer, Peter S. Duponceau.

East Jersey Records. See NEW JERSEY.

Emmet Collection. New York Public Library. (II, III)

Etting Collection. Members of the Old Congress. Historical Society of Pennsylvania. (II, III)

Ford Collection. New York Public Library. (II, IV)

**Hamilton Papers.* Library of Congress. (II, III, IV)

A large and very valuable collection of letters to and from Alexander Hamilton, drafts of reports, speeches, plans, etc., covering chiefly the period of his official life. Much of the material was formerly in the State Department. Most of it has never been printed. It has lately been arranged, so far as possible, in chronological order.

Jefferson Papers. Library of Congress. (III)

Accessible through *Calendar of the Correspondence of Thomas Jefferson:* Part I. *Letters from Jefferson.* Part II. *Letters to Jefferson [and others].* (*Bulletins of the Bureau of Rolls and Library of the Department of State, Nos. 6, 8, July, Nov., 1894.*) Washington, 1894–95.

Jefferson Papers. Massachusetts Historical Society. (III)

Most of these are in print.

Johnson Papers. Connecticut Historical Society, Hartford. (III)

Chiefly papers of Samuel Johnson, described in *Amer. Antiq. Soc. Proc.*, xxiii, 237–246 (October, 1913).

**Knox Papers.* Massachusetts Historical Society. (II)

Chiefly letters to and from, and documents of General Henry Knox. Well arranged. Not yet well utilized by historians.

Madison Papers. Library of Congress. (III)

Accessible through *Calendar of the Correspondence of James Madison.* (*Bulletin of the Bureau of Rolls and Library of the Department of State.* No. 4. March, 1894. Washington, 1894.) Cf. also *Index to the Calendar of the Correspondence of James Madison. Ibid., Supplement* to No. 4. August, 1895. Washington, 1895.

**Massachusetts Bank Records.* First National Bank, Boston. (IV)

Include most of the original records, including *Directors' Minutes, Stockholders' Minutes,* Cash Books, Ledgers, and Dividend Book.

Massachusetts Historical Society Autographs. Statesmen and Orators. (II)

New Hampshire MSS. Laws. State House, Concord, N. H. (IV)

Contain the acts of incorporation, few of which were published. An index is in print (1886).

New Jersey MSS. Archives. East Jersey Records: Commissions, Liber AAA; Deeds, Liber I, III. State Library, Trenton. (I)

OHIO COMPANY. Miscellaneous Documents in the Col. John May Collection of the Western Reserve Historical Society, copies in Harvard College Library. (II)

(1) Minutes of a meeting of Rhode Island shareholders, Sept. 20, 1788; (2) letter of their committee to Col. John May, Sept. 25, 1788; (3) certificates of Col. Richard Platt, Treasurer, Nov. 13, 1788; (4) letters of Rev. Manasseh Cutler to the Agents of the Company, Nov. 19, 1788, and to Col. John May, Dec. 9, 15, 1788.

Pickering Papers. Massachusetts Historical Society. (II, III)

Chiefly papers of Timothy Pickering.

Schuyler Papers. New York Public Library. (II, IV)

Chiefly papers of Gen. Philip Schuyler, containing much unworked material.

Scioto Papers. New York Historical Society. (II)

Documents and letters chiefly relating to the Scioto company. Copies of these are in the *Gallipolis Papers.* Many of these manuscripts relate to other phases of Duer's life.

**Society for Establishing Useful Manufactures, Minutes of the Proceedings of the Directors of the.* (III)

In the possession of the Society, at Paterson, N. J.

**Union Bank Records.* National Union Bank, Boston. (IV)

Comprising the *Stockholders' Minutes* of the *Boston Tontine Association* 1791–92, the *Directors' Minutes* and certain financial books of the early days of the bank. The records are less complete than those of the Massachusetts Bank.

**Wadsworth Papers.* Connecticut Historical Society, Hartford. (II, III, IV)

Papers of Jeremiah Wadsworth, — politician, business man, leading citizen. Ill arranged, but containing a valuable mass of material.

**Wolcott Papers.* Connecticut Historical Society, Hartford. (II, III)

Papers of Oliver Wolcott, Jr., Secretary of the Treasury succeeding Alexander Hamilton. George Gibbs drew on this material for his *Memoirs of the Administrations of Washington and John Adams* . . .

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