"A very convenient instrument": The Manhattan Company, Aaron Burr, and the Election of 1800

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ON the eve of one of the first and most important ballot contests that would ultimately decide the 1800 presidential election, a scion of New York's foremost Republican family reached for a quill as he sought to soothe the anxieties of the faraway Virginian who hoped to be the victor. "A very important change has been effected," Edward Livingston informed Thomas Jefferson, "by the *instrumentality* as Mr. Hamilton would call it of the New Bank." Operated by the Manhattan Company, this new bank had "emancipated hundreds who were held in bondage by the old institutions": the Bank of New York and the New York branch of the Bank of the United States. Voters, Livingston predicted, "all know and understand the principles of their deliverers—Burr is . . . zealous and will be active in his Exertions—on the whole I think every thing promises a favorable issue to our labors." Six years after the election of 1800, Republican pamphleteer James Cheetham pronounced that "Federalism retained its dominion until the establishment of the Manhattan Company: after that event its empire became dissolved."[1] That dissolution began with the shower of paper

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[1] Edward Livingston to Thomas Jefferson, Apr. 11, 1800, in Julian Boyd et al., eds., *The Papers of Thomas Jefferson* (Princeton, N.J., 2004), 31: 494–95 (quotation, 31: 495); Politicus [James Cheetham], *An Impartial Enquiry into Certain Parts of the Conduct of Governor Lewis . . . Particularly in Relation to the Merchants' Bank . . .* (New York, 1806), 9. In this article I refer to Democratic-Republicans, Democrats, and Republicans simply as Republicans. Varieties of Federalists are called Federalists.

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that Republicans rained on New York City: the stocks, notes, and charter. In the minds of men like Cheetham, there would be no revolution of 1800 without the Manhattan Company.

Incorporated by the state as a water company in early 1799, the Manhattan Company was intended to be the curative to yellow fever epidemics that stalked summer's arrival. But as he shepherded the New York City Common Council's petition through the state legislature, Aaron Burr, then an assemblyman from the city, quietly amended the charter. He enlarged its capitalization and board of directors, populating the latter with Republicans, and inserted a clause to permit the company to use surplus capital with broad latitude. Weeks later Burr and his allies on the board of the new Manhattan Company decided to use those funds to open an office of discount and deposit, otherwise known as a bank. The new Bank of the Manhattan Company, the first to open in the city since 1792, began offering credit to merchants and tradesmen; many recipients were Republicans.

Initially, the move was a liability for Burr and his partisans. Federalists retaliated with accusations of legislative fraud and trickery, and the established banks restricted access to credit. Yet within a year, fortunes reversed as the Manhattan Company became the mechanism by which Republicans captured the New York legislature in 1800 and appointed a Republican slate of presidential electors. To Federalists and Republicans alike, Jefferson's election—the revolution of 1800—had been financed by a reservoir of Manhattan Company cash.

This story of the Manhattan Company is better known than understood. Burr's guiding hand in the affair is congruent with contemporaries' and historians' perceptions of him as a self-serving, if clever, political lothario. How else, it has been asked, could he have founded a Republican bank except by swindling Federalists? But narrowly examining Burr's role makes the company captive to the shifting ad hoc alliances that defined his career and makes the bank little more than a raft keeping his finances afloat. Similarly, many banking histories overlook the innovativeness of the Manhattan Company by presuming partisanship among New York bankers throughout the 1790s. One need only consult New York newspapers to reach the same conclusion: when Federalists challenged the legitimacy of a Republican bank, company allies highlighted the near decade of Federalist coercion under the city's two older banks. These exchanges left the impression that banking had always been blatantly partisan and exclusively Federalist, an interpretation that ripples through the historiography.[2]

[2] For insight on the controversial nature and character of Aaron Burr, see Nancy Isenberg's biography, *Fallen Founder: The Life of Aaron Burr* (New York, 2007). See also Joanne Freeman, *Affairs of Honor: National Politics in the New*

Bank credit and electoral politics were undeniably interwoven, and historians can recalibrate their understanding of this relationship by investigating the bank Burr's partisans founded. Like other institutions erected through early American state formation, the Manhattan Company had a formal legal architecture. Its charter rights, legal privileges, ownership, and governance relationships were exploited by its Republican directors and investors to establish long-sought institutional parity with New York Federalists.

By enlisting the corporate form as a tool for party formation, the founders of the Manhattan Company facilitated the expansion of Republicanism and the consolidation of disparate factions within a capitalized financial institution. The board of directors, weighted to create a Republican majority, deliberately distributed representational parity to the leaders of the three major Republican factions in New York: the

Republic (New Haven, Conn., 2001), 192–95, 205–13; Isenberg, "The 'Little Emperor': Aaron Burr, Dandyism, and the Sexual Politics of Treason," in *Beyond the Founders: New Approaches to the Political History of the Early American Republic*, ed. Jeffrey L. Pasley, Andrew W. Robertson, and David Waldstreicher (Chapel Hill, N.C., 2004), 129–58. Dealing specifically with the Manhattan Company are Beatrice G. Reubens, "Burr, Hamilton and the Manhattan Company Part I: Gaining the Charter," *Political Science Quarterly* 72, no. 4 (December 1957): 100–125; Gregory S. Hunter, *The Manhattan Company: Managing a Multi-Unit Corporation in New York, 1799–1842* (New York, 1989). Howard Bodenhorn suggests that legislators claimed that Burr had duped them to give themselves political cover. See Bodenhorn, *State Banking in Early America: A New Economic History* (New York, 2003), 134. Robert E. Wright offers an alternative narrative to the common Burr-as-trickster story by proposing two explanations of the documented events: legislators, rather than being duped, were too pressed for time to read the amended charter in its final form, and Alexander Hamilton in fact supported the Manhattan Company's entry into banking for reasons of ideology and political economy but opposed it publicly to politically injure Burr. See Wright, "Artisans, Banks, Credit, and the Election of 1800," *Pennsylvania Magazine of History and Biography* 122, no. 3 (July 1998): 211–39. Wright's contention of legislative incompetence, however, contradicts Pauline Maier's claim that legislatures took a keen interest in drafting corporate charters. See Maier, "The Revolutionary Origins of the American Corporation," *William and Mary Quarterly*, 3d ser., 50, no. 1 (January 1993): 51–84. Echoing claims of banking partisanship, Bray Hammond (in his seminal history of American banking) writes that the Bank of New York and the New York branch of the Bank of the United States "both were Federalist." See Hammond, *Banks and Politics in America, From the Revolution to the Civil War* (Princeton, N.J., 1957), 149. For more on the Federalism of banking, see Reubens, "Burr, Hamilton and the Manhattan Company Part II: Launching a Bank," *Political Science Quarterly* 73, no. 1 (March 1958): 578–607. See also Matthew L. Davis, *Memoirs of Aaron Burr, With Miscellaneous Selections from His Correspondence* (1836; repr., New York, 1971), 1: 413; Henry W. Domett, *A History of the Bank of New York, 1784–1884 . . .* (New York, 1884), 42; Henry Wysham Lanier, *A Century of Banking in New York, 1822–1922* (New York, 1922), 16; Alfred F. Young, *The Democratic Republicans of New York: The Origins, 1763–1797* (Chapel Hill, N.C., 1967), 229–30; Milton Lomask, *Aaron Burr: The Years from Princeton to Vice President, 1756–1805* (New York, 1979), 221–30; Bodenhorn, *State Banking in Early America*, 133.

backers of George Clinton, Robert R. Livingston, and Burr. Until 1800 they had never cooperated in an election. Incorporated together, however, they had the legal tools and material incentives to resolve conflicts and pursue newfound common interests. Coalitions of investors, dependents, patrons, agents, and clients—all collectively interested in the company—ensured its perpetual existence by bestowing their votes as shareholders and civil electors on the company's Republican directors and their political allies. The corporate form induced the factions to behave like a party because it first made them partners in the same firm.[3]

[3] For an overview of the role directors played in banks in the early Republic, see Naomi R. Lamoreaux, *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England* (Cambridge, 1994). Alfred F. Young's study of New York Republicans proclaims that in 1797 "the Democratic Republicans of New York were in full bloom, the contours of the movement clearly shaped." See Young, *Democratic Republicans of New York*, 566 (quotation), 576. I contend that though Republicans may have been able to identify sympathizers, they were at an institutional disadvantage compared with the Federalists until the founding of the Manhattan Company. The role of private benefit as a catalyst for collective action and group formation is limited, subject to contingent identities and events. The link between banking privileges and Republican Party membership in 1799 and 1800 created incentives for voters to openly support Republicanism. Among a limited set of Federalists and Republicans, the Manhattan Company's partisan project eliminated the need to mute partisan leanings for fear of compromising financial viability. Republicans could identify one another through subsidiary credit networks that centered around Republican Manhattan Company directors. A summary of cross-disciplinary literature on the role of private interests in group formation can be found in Frank R. Baumgartner and Beth L. Leech, *Basic Interests: The Importance of Groups in Politics and Political Science* (Princeton, N.J., 1998), chap. 2. For more on the Federalist view of interests in the early Republic's political economy, see Cathy D. Matson and Peter S. Onuf, *A Union of Interests: Political and Economic Thought in Revolutionary America* (Lawrence, Kans., 1990). Competition among interests within comparative dynamic political circumstances is explored by Alan Tully, *Forming American Politics: Ideals, Interests, and Institutions in Colonial New York and Pennsylvania* (Baltimore, 1994). See chap. 10 for a discussion of party politics. My thinking on this subject has been particularly influenced by Joyce Appleby, "Commercial Farming and the 'Agrarian Myth' in the Early Republic," *Journal of American History* 68, no. 4 (March 1982): 833–49; Appleby, *Capitalism and a New Social Order: The Republican Vision of the 1790s* (New York, 1984). See also Isaac Kramnick, "Republican Revisionism Revisited," *American Historical Review* 87, no. 3 (June 1982): 629–64. For a view of postrevolutionary New York politics based on competition among interest groups, see Edward Countryman, *A People in Revolution: The American Revolution and Political Society in New York, 1760–1790* (Baltimore, 1981), 221–79. The work of Richard R. John and the new institutionalism within twentieth-century state formation historiography has been of prime importance in developing this article. By considering the corporation as an extension of the state and reincorporating the state into political culture, I hope to illuminate that the relevancy of institutions in political party formation parallels the developments within the state itself. For an introduction to this institutionally focused approach to political history, see John, "Governmental Institutions as Agents of Change: Rethinking American Political

Before parties commanded state patronage networks or were autonomously funded, corporations such as the Manhattan Company were poles of profit and opportunity that maintained and even motivated partisanship. By offering patrons and clients access to valuable bank credit and becoming a stakeholder in Republicans' enterprises, the company attached a material benefit to party membership that Republican societies could not replicate. Bank directors, instantly ushered into the city's so-called moneyed elite, each headed subsidiary networks of credit that eventually reached middling merchants and tradesmen. Through these relationships they could compel political conformity just as legislators could demand the same from recipients of bank charters.[4]

As a third bank in the city that expanded credit during a period of scarcity, the Manhattan Company's Republican character confronted Federalist claims to best represent the city's commercial interests. It shattered ties among Federalism, banking, and commerce personified by Alexander Hamilton and perpetuated in the Federalist press as well as the connections linking the directors of the Bank of New York and the New York branch of the Bank of the United States to Federalist officeholders. Departing from the Federalists' restrictive, and therefore increasingly elite, vision of banking, Republicans answered the monetary needs of merchants and tradesmen by broadening access to credit. This alignment of political and economic interests complicates the assertion that the Jeffersonians of 1800 rose to power by exploiting suspicions of banking and credit.[5]

Development in the Early Republic, 1787–1835," *Studies in American Political Development* 11, no. 2 (Fall 1997): 347–80. See also Karen Orren and Stephen Skowronek, "Beyond the Iconography of Order: Notes for a 'New Institutionalism,'" in *The Dynamics of American Politics: Approaches and Interpretations*, ed. Lawrence C. Dodd and Calvin Jillson (Boulder, Colo., 1994), 311–30.

[4] For more on banks' influence, see Robert E. Wright, "The First Phase of the Empire State's 'Triple Transition': Banks' Influence on the Market, Democracy, and Federalism in New York, 1776–1838," *Social Science History* 21, no. 4 (Winter 1997): 521–58. Long after other states adopted more liberal banking charter practices, the New York legislature continued to withhold banking privileges from all but the most politically favored and loyal partisans. See Ronald E. Seavoy, *The Origins of the American Business Corporation, 1784–1855* (Westport, Conn., 1982), 90.

[5] For a specific example of this Federalist commercial rhetoric, see Z, "Mr. Editor," [New York] *Commercial Advertiser*, Mar. 19, 1799, [3]. An overview of New York's growth is E. Wilder Spaulding, *New York in the Critical Period, 1783–1789* (New York, 1932), 27–29. For a discussion of the ways in which debt was feminized, see Bruce H. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence* (Cambridge, Mass., 2002), 120–21, 162–64. For a discussion of the Republicans' vision of a classless society, see Appleby, *Capitalism and a New Social Order*, 74; Doron Ben-Atar and Barbara B. Oberg, "Introduction: The Paradoxical Legacy of the Federalists,"

In addition to offering financial services, the Manhattan Company's role as a water supplier offered its directors, clients, and shareholders a stake in the city's civic life. The company aggregated political and financial activities under the aegis of a civic project; shareholders and interest-paying debtors channeled money toward infrastructure building.[6] As the company dug wells and laid pipes, observers witnessed how banking enhanced the directors' original charge. Involvement with such a public project conferred a civic, if partisan, identity.

Because the Manhattan Company was profitable and useful, its partisanship failed to provoke a unified Federalist response. Some Federalist leaders sought to have its charter revoked, and one proposed to replace its directors by buying up its stock. Yet there were Federalists who embraced the company by remaining on its board, purchasing its shares, conducting business with its bank, drinking its water, and inviting it into the ceremonial life of the city.[7] Recognizing what they stood to lose if their duopoly was broken, the two Federalist-controlled banks in the city aggressively deployed the kind of attack that only partisan banks could launch: they began programmatically denying credit to Republican merchants shortly before the 1799 state election. This move, however, strengthened the Manhattan Company by driving spurned clients into the welcoming arms of the new bank they would call their own. By challenging the Manhattan Company in this way, the banks

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in *Federalists Reconsidered*, ed. Ben-Atar and Oberg (Charlottesville, Va., 1998), 1–16, esp. 12; Rosemarie Zagarri, "Gender and the First Party System," ibid., 118–34, esp. 131–32. For anecdotal evidence of Federalists' demand for deference from artisans and mechanics, see Howard B. Rock, *Artisans of the New Republic: The Tradesmen of New York City in the Age of Jefferson* (New York, 1979), 5–7. For a brief account of how opposition to the Bank of the United States unified Thomas Jefferson and Robert R. Livingston, see Stanley Elkins and Eric McKitrick, *The Age of Federalism* (New York, 1993), 242–44. For a summary of Jefferson's objections to the Bank of the United States, see Herbert Sloan, *Principle and Interest: Thomas Jefferson and the Problem of Debt* (New York, 1995), 171–73, 179–80, 192. Livingston voiced concerns about the speculative aspects of banking in Livingston to Jefferson, Feb. 20, 1791, in Boyd et al., *Papers of Thomas Jefferson*, 19: 295–97, esp. 19: 296.

[6] In light of the more controversial aspects of the Manhattan Company and the city's eventual assumption of its water utility responsibilities, the company's civic nature has been particularly neglected by historians. Yet at the time of the election of 1800 the company was constructing the city's first water system, having departed from an unworkably ambitious agenda to divert water from the Bronx River in favor of an achievable and sustainable plan to use wells and a reservoir. See Nelson Manfred Blake, *Water for the Cities: A History of the Urban Water Supply Problem in the United States* (Syracuse, N.Y., 1956).

[7] For the importance of civic ceremony and the public sphere in partisan politics, see David Waldstreicher, *In the Midst of Perpetual Fetes: The Making of American Nationalism, 1776–1820* (Chapel Hill, N.C., 1997), 216–45.

affirmed fears that finance had become exclusively Federalist; they justified the need for a bank that would serve Republicans, too.

In contrast to the banks that developed in the mid-nineteenth century and are familiar to twenty-first-century readers, banks in the early Republic served the interests of commercial firms rather than individuals by furnishing financiers, businessmen, and merchants with credit and capital. Without distant branches banks typically conducted business locally, using discounted notes, or IOUs, in exchange for an equal amount of the bank's own printed currency, minus interest, with cash payments due within several months. Banks discounted commercial paper, short-term discounting notes used in lieu of cash, and longer-term, renewable accommodation notes. Guarantors known to the bank's directors had to endorse both types of loans, making borrowers and endorsers jointly responsible for debts. Thus banking privileges depended on reputation.[8]

Bank notes circulated as currency throughout the city, where specie was scarce. Unlike later nineteenth-century banks, these early institutions relied on deposits and stock sales as the basis of their solvency and capital. Deposits alone carried risks because large withdrawals or cash shortages could trigger panics. Many banks were therefore loath to accept deposits and some refused them altogether. While acknowledging that bank transactions were essential to their businesses, merchants and financiers nevertheless feared banks' capacity to cause instability; outsiders, meanwhile, derided the exclusivity that made banks secure. The Bank of New York, founded in 1784 by a coalition of merchants guided by Alexander Hamilton, lacked a charter until 1791 because of a dispute about whether the state should sanction a money or land bank, privileging mercantile or agrarian needs, respectively. This division persisted until Hamilton's 1790 national finance plan brought a branch of the Bank of the United States to Manhattan.[9] Amid predictions of inflation

[8] Lamoreaux, *Insider Lending*, 2–5. See also J. Van Fenstermaker, *The Development of American Commercial Banking, 1782–1837* (Kent, Ohio, 1965); Richard Sylla, "Forgotten Men of Money: Private Bankers in Early U.S. History," *Journal of Economic History* 36, no. 1 (March 1976): 173–88; Fenstermaker and John E. Filer, "Impact of the First and Second Banks of the United States and the Suffolk System on New England Bank Money, 1791–1837," *Journal of Money, Credit, and Banking* 18, no. 1 (February 1986): 28–40; Benjamin J. Klebaner, *American Commercial Banking: A History* (Boston, 1990); Edwin J. Perkins, *American Public Finance and Financial Services, 1700–1815* (Columbus, Ohio, 1994); Howard Bodenhorn, *A History of Banking in Antebellum America: Financial Markets and Economic Development in an Era of Nation-Building* (New York, 2000); Robert E. Wright, *The Origins of Commercial Banking in America, 1750–1800* (Lanham, Md., 2001).

[9] Lamoreaux, *Insider Lending*, 68–69. The differences between land and money banks fueled bank conflicts during the 1780s. See Bodenhorn, *State Banking in Early*

and domination by federal bankers, New York political leaders embraced the Bank of New York as their state bank after advocates argued that only a chartered institution could avert calamity.

Competition between two chartered institutions was a frightening prospect even to bank enthusiasts such as Hamilton. Rufus King, a soon-to-be director of the New York branch of the Bank of the United States and one of New York's U.S. senators, warned his agent, Nicholas Low, a Bank of New York director and city merchant, "this appearance of Jealousy on the part of the [B]ank of [N]ew [Y]ork, strengthens my apprehensions of a division in the city arising from a competition." Admitting that his "regards for the union" compelled him to support the New York branch bank, King hoped that the banks' interests would "if possible, be made to harmonize." Though both men counted themselves as Federalists and associates of Hamilton who supported bank cooperation, their loyalties were to the institutions to which they were formally attached; King called the New York branch bank "our Bank."[10]

Party identity, if it animated directors' actions at all, was overwhelmed by other institutional and personal imperatives. Hamilton personally mediated between the two institutions by tugging at the threads joining their directors, since the bond of Federalism proved insufficient to compel coordination. Bifactional cooperation between Federalists and anti-Federalists interested in state protectionism permitted the chartering of the state bank, and Hamilton's personal interventions led to intra-Federalist cooperation between the institutions.[11] Existing business

America, 126–33. For more on the divisions within New York politics, see Spaulding, *New York in the Critical Period*, 101–2. Though E. Wilder Spaulding's treatment is antiquated, it is more sympathetic to the anti-Federalist bank opponents in the New York legislature than Jackson Turner Main's assessment in Main, *The Antifederalists: Critics of the Constitution, 1781–1788* (Chapel Hill, N.C., 1961). For a brief account of Alexander Hamilton's plan and congressional opposition, see Elkins and McKitrick, *Age of Federalism*, 226–36. For Hamilton's bank plan, see Harold C. Syrett et al., eds., *The Papers of Alexander Hamilton* (New York, 1963), 7: 305–42. For more on concerns about the effects a national bank would have on smaller banks, see Steven Kirk Bane, "'A Group of Foreign Liars': Republican Propagandists and the Campaign against the Federalists, 1789–1801" (Ph.D. diss., Texas Christian University, 1993), chap. 7.

[10] Rufus King to Nicholas Low, Dec. 18, 1791, in Nicholas Low Papers Supplement, box 1, folder 1790–1792, New-York Historical Society, New York ("this appearance"); King to Low, Mar. 26, 1792, ibid. ("our Bank"). Concerns about collisions among chartered, competing banks are referenced in Alexander Hamilton to Low, Dec. 21, 1791, in Syrett et al., *Papers of Alexander Hamilton*, 10: 398–400, esp. 10: 398–99. This "divisive particularism" was feared by Hamiltonians and Federalists, who saw state banks as impermanent devices created by states to undermine the effectiveness and efficiency of the national bank. See Stuart Bruchey, "Alexander Hamilton and the State Banks, 1789 to 1795," *WMQ* 27, no. 3 (July 1970): 347–78 (quotation, 347).

[11] See Bruchey, *WMQ* 27: 349; Bodenhorn, *State Banking in Early America*, 128–33.

relationships, personal financial interests, and fidelity to Hamilton mitigated the ideological preferences for federal or state institutions that had initially trumped the directors' shared party identity.

Likewise the ties between the New York banks and the Bank of North America in Philadelphia, the nation's first chartered bank, were indicative of the regional bonds among elites. Those ties demonstrated how institutional affiliations compelled pledges of cooperation within the framework of an honor-based culture. Though the Bank of New York was a local version of the Bank of North America, and later a response to the New York branch bank, the three institutions' directors voluntarily sought pledges of goodwill throughout the early 1790s. Hoping to "restore the public confidence and prevent the further [and] ruinous depression of the stocks," the banks appointed committees of correspondence to foster communication and coordination.[12] Unless they cooperatively facilitated a stable economic environment, their charters could be revoked.

The corporate form became a marker of reliability and restraint following the 1792 financial panic partly sparked by competition for New York bank charters. A slew of joint-stock associations opened banks, sold stocks, and peppered the state legislature with petitions for incorporation, feeding a speculation frenzy so exuberant that one bank attracted $10 million in pledged subscriptions within just two hours, earning it the name "the Million Bank." Three upstart banks collected a combined phantom capitalization exceeding $13 million, far outweighing the $1 million limit prescribed by the legislature in the Bank of New York's charter. The episode fixed in the public imagination a disreputable impression of unchartered banking and a lasting fear of bank competition.[13]

Hamilton called the debacle "bancomania" and concluded that the public's financial interest was best served by having only two chartered financial institutions in the city. He wrote one prominent banker, "it is impossible but that great banks in one City must raise such a mass of artificial Credit as must endanger every one of them . . . 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 tumour in your political and commercial economy." Hamilton's two-bank decree became an article of faith among the city's bankers and chilled outsiders' aspirations; after bancomania, no association launched a vigorous effort to charter a bank in New York City until the Manhattan Company opened its discount office in 1799. Though their capitalizations combined were limited to about $1.5 million, the two banks' influence grew as the

[12] Rufus King to Nicholas Low, Mar. 21, 1792, in Nicholas Low Papers Supplement, box 1, folder 1790–1792 (quotation); Freeman, *Affairs of Honor*, xv.

[13] David J. Cowen, "The First Bank of the United States and the Securities Market Crash of 1792," *Journal of Economic History* 60, no. 4 (December 2000): 1041–60 (quotation, 1049 n. 31); Hammond, *Banks and Politics in America*, 69–70, 149.

city expanded, increasingly concentrating economic power in elite hands while reshaping the financial geography of the city. Yet Hamilton had readied a hostile reception for any new bank of which he did not approve and limited New Yorkers' ability to legitimately demand expansions of commercial credit.[14]

For nearly a decade, New York City operated under this dual-bank regime, an intensely personal financial environment where connections and reputation often trumped actual wealth in regulating access to credit and capital. Governed by shareholder-elected boards of directors who often personally voted on whether to grant credit to specific borrowers, banks usually employed only a manager-cashier and several clerks. This structure vested bank directors with significant private financial influence through their positions of public institutional authority. Operating out of just a few rooms, banks demonstrated their elite nature through the space they occupied. Without counters or teller windows, a bank needed only a single room for its manager-cashier and directors to meet; often there was not even a partition between them.[15]

Membership in an extra-institutional credit network was essential to participate in New York banking, creating a web of discretionary dependency that could easily enforce a rough social and political conformity among its members. As bank directors' letters show, signing or renewing notes was secretive and personal, depending on the availability of funds and the fitness of borrowers. With an unknown and unknowable set of variables governing private bank transactions and patronage being essential, it would be surprising if political alliances and rivalries were not considered. Jabez D. Hammond, in his mid-nineteenth-century political history of New York, explained the Federalism of the Bank of New York: "the stock and direction of the Bank . . . was in the hands of federalists. It had, no doubt, fallen into their hands, not in consequence of any political maneuvering, but by the natural course of trade and traffic among the citizens."[16]

[14] Jabez D. Hammond, *The History of Political Parties in the State of New-York . . .*, 3d ed. (Cooperstown, N.Y., 1845), 1: 324 ("bancomania"); Alexander Hamilton to William Seton, Jan. 18, 1791, in RG 1, box 1, Chase Manhattan Bank Archives, New York ("it is impossible"). From a review of the journals of the New York Assembly and the New York Senate, 1792–99, neither house debated the chartering of a third bank for the city, and I have found no evidence that the legislature received an application for a bank charter following the Panic of 1792 until 1799. As a revolutionary hero and financial expert, Hamilton was in a powerful position to determine whether a new financial institution in the city would be welcome. See Appleby, "Thomas Jefferson and the Psychology of Democracy," in *The Revolution of 1800: Democracy, Race, and the New Republic*, ed. James Horn, Jan Ellen Lewis, and Peter S. Onuf (Charlottesville, Va., 2002), 155–172, esp. 159.

[15] Lamoreaux, *Insider Lending*, 2–5.

[16] Hammond, *History of Political Parties*, 1: 325. Credit availability depended on the willingness and capacity of secondary and tertiary cosigners who might have lit-

Thus partisan ownership was the result not necessarily of concerted efforts but of the gradual consolidation of subsidiary networks of credit headed by the directors of a publicly owned corporation.

Anybody could buy a share, but tapping bank credit required connections. Discounts and accommodations were primarily granted to those whom contemporaries called the moneyed interest: the merchants, professionals, and landed gentry whose public reputations and personal worth distinguished them from the hoi polloi of mechanics, carters, and tradesmen. Yet even among this elite, credit was extended only to those who could recruit fellow elites or patrons to cosign their notes.

The moneyed interest was close knit, yet its relationships were opaque; information was asymmetrically and hierarchically distributed. Politics offers a convenient framework to examine its extent but not without crudely reducing it to a monolith. To claim that New York bankers made routine credit decisions on the basis of party membership would mean that party identity was privileged over other competing and contingent identities, that parties' nonelectoral roles pierced banking and business, and that party identity trumped the self-interested profit motive that binds a financial coterie. It also presupposes that such identifications could be definitively and accurately made. The political elite, however, routinely ignored rivals' allegiances in matters of business and law. Though they were fierce electoral opponents, for example, Hamilton and Aaron Burr usually disregarded political differences to work in concert on financial and civic matters, including the creation of the Manhattan Company. Therefore the asymmetrical power relationships of banking could seem at times to be motivated by politics, yet the moneyed interest was sustained by too many interdependent alliances to be dominated by partisanship. Bankers lacked a motive to consistently reward or punish partisan allegiances that outweighed the retribution they would surely invite. Given the dignity accorded corporate directorships, bank directors might also have nursed reservations about the development of adversarial political parties. Directors' principal role was to sort out borrowers and determine who was a credit risk. Banking was not exclusively Federalist in the 1790s, and being a Federalist did not guarantee banking privileges.[17]

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tle firsthand knowledge of the actual borrower. As examples see Pied. Frelinghuysen to Nicholas Low, June 17, 1790, in Nicholas Low Papers; John Kean to Low, Dec. 15, 1792, ibid.

[17] As Joanne B. Freeman writes, "the political elite remained profoundly uncomfortable with . . . political methods" during the 1790s. See Freeman, "Corruption and Compromise in the Election of 1800: The Process of Politics on the National Stage," in Horn, Lewis, and Onuf, *Revolution of 1800*, 87–120 (quotation, 89). It was unwise for a prominent person to advertise a denial of credit for any reason. From Philadelphia Rufus King wrote to Nicholas Low that William Duer,

There is little evidence that Federalists coerced political support through financial discrimination until 1799. As institutions banks were not necessarily partisan, yet they harbored partisans. In a city where voice votes were not replaced by written ballots until 1804 and where employers were permitted to stand by at the polls to suggest votes to dependents, it was certainly possible for Federalists to have the motive and opportunity to cultivate votes.[18] Yet the fluid rosters of parties' rank-and-file members and leaders in the 1790s made it difficult to determine who was a Federalist or a Republican without explicitly asking; the culprits in any electioneering coercion prior to 1799 were likely party leaders rather than bankers. The silence of bank directors and the opacity of official records make it difficult to assess how credit decisions were made or which individuals were involved. In this vacuum the directors' Federalism was a handy way for spurned clients to save face in explaining denials of credit. Snubbed borrowers could allege partisan bias in situations where past irresponsibility or unacceptable risk remained a secret, lest a bank director impugn a credit requestor's honor.

signer of the Articles of Confederation and patriarch of one of New York's most prominent families, had fallen on hard times. "Poor Duer! [Philadelphia] is in an uproar with a report that he has failed in making his payments at the NYork Bank." See King to Low, Mar. 11, 1792, in Rufus King Papers, in Nicholas Low Papers Supplement. King appreciated that financial failures could damage a reputation and outlast financial considerations. As he wrote of Brockholst Livingston, "we are confounded with the conduct of Brockholst. His sentiments however, I hope are too extravagant, for the extravagance of the Times" (King to Low, Mar. 21, 1792, ibid.). The opaque, asymmetrical power relationships governing bank credit led some in this period to suspect that the banks were partisan. One writer, for example, described the Bank of New York as "violently Federalist," making decisions "always with a view to contributing to Federalist success. The directors loaned money to their personal and party friends with gross partiality and for questionable purposes. If a merchant dared help the opposite party or offended the directors he was taught to repent his independence by rejection of his paper when he most needed cash." See Gustavus Myers, *The History of Tammany Hall*, 2d ed. (1917; repr., New York, 1968), 13–14 (quotation). This account seems to stem from the 1799 experience, however, since I cannot find complaints in print or letters from the earlier 1790s.

[18] Merchant and former general John Lamb, a creditor to Aaron Burr, indicated that since the Bank of New York "had always exercised an important influence upon the elections, its power upon the approaching struggle [in 1792], was not weakened by the stability which it had acquired by its charter." See Isaac Q. Leake, *Memoir of the Life and Times of General John Lamb* . . . (1850; repr., New York, 1971), 338–39 (quotation, 339). For more on voting procedures, see Sidney I. Pomerantz, *New York, An American City, 1783–1803: A Study of Urban Life* (New York, 1938), 131. See also Peter Jay to John Jay, May 3, 1799, in Jay Papers, Butler Library Rare Book and Manuscript Division, Columbia University, New York, http://www.columbia.edu/cu/lweb/digital/jay/search.html (Jay ID no. 6083); Edmund Philip Willis, "Social Origins of Political Leadership in New York City from the Revolution to 1815" (Ph.D. diss., University of California, Berkeley, 1967), 55.

Into this context in 1799 stepped Burr, a state assemblyman and former U.S. senator who headed a faction of Republicans as did New York Chancellor Robert R. Livingston and former New York Governor George Clinton. Each had a network of political dependents, yet, as Livingston recognized in a 1795 letter to James Madison, a lack of unanimity within the Republican ranks prevented them from channeling public disaffection into constructive electoral coalitions. Finances were foremost on the minds of New York voters in 1799 as rising demands for credit and currency grew so dire that the city itself intervened to act as a petty lender, circulating its own "small change notes" and repeatedly quashing panic-stirring rumors that it would stop this practice.[19]

Caused in part by the institutional stasis of New York banking, this shortage garnered Burr's attention. He drew fire from city merchants for sponsoring a bankruptcy reform bill they considered a bid to curry favor with debtors. Acting as partisan rallying points between election seasons, the city's presses entered the fray. A Federalist paper denounced the bill as "an act for the benefit of Insolvent debtors." Federalists repeatedly linked financial success with their electoral success, claiming that the administrations of George Washington and John Adams were responsible for New York's prosperity. A March 1799 letter from "Z" read, "I remember that last year the merchants in the city of New-York—many of the mechanics—some of the cartmen—and indeed the good Federalists lamented the success of the Democratic Ticket." A Republican writer charged merchants with "ascrib[ing] all the evils our Country experiences, to the Democrats."[20]

[19] Rob. Benson, "Small Change Notes," *Commercial Advertiser*, Jan. 24, 1799, [3] (quotation); Robert Livingston to James Madison, Nov. 6, 1795, in James Madison Papers, ser. 2: Additional Correspondence, Library of Congress, http://hdl.loc.gov/loc.mss/mjm.25_0371_0374.

[20] "Communication," *Commercial Advertiser*, Jan. 17, 1799, [3] ("act for the benefit"); Z, "Mr. Editor," *Commercial Advertiser*, Mar. 19, 1799, [3] ("I remember"); *Commercial Advertiser*, Jan. 21, 1799 ("ascrib[ing]"). For more on the role of the press in advancing partisanship in the early Republic, see Jeffrey L. Pasley, *"The Tyranny of Printers": Newspaper Politics in the Early American Republic* (Charlottesville, Va., 2001), chap. 1. "Howard-Merchant" wrote that a Federalist merchant told him to sign a petition to "the *stupid Legislature*" protesting Aaron Burr's bankruptcy bill ("Communication," *Commercial Advertiser*, Jan. 22, 1799, [2–3]). He demurred: "being in the habit of confiding in our constitutional authorities, and attending to my *own* business, I did not *walk up stairs*" at the Tontine Coffee-House (ibid.). Though Federalists portrayed merchants as a monolithic group, such were the divisions within their ranks. See also a letter to Mr. Hopkins asking, "What are we to understand by 'the Democrats being on the right side for once, all of them except ten having voted against [the Bankruptcy bill]' . . . are we to infer from this that all the prisoners confined for debt . . . differ from [the aristocracy] on political subjects, and therefore [should be] revenged?" See "Sixth Ward," *Commercial Advertiser*, Jan. 19, 1799, [2].

Juxtaposing Federalist mercantile success with insolvent Republican debtors, it was essential for Republicans to conspicuously become financial patrons in the city, forging political alliances through credit networks to overcome Federalists' claims. Few Republicans had the personal capital or capacity to lend so broadly: DeWitt Clinton drained away his wife's inherited fortune by routinely endorsing the notes of "republican young men."[21] To create a subsidiary network of credit vast enough to build electoral support, a bank was not only an ideal and novel institutional solution for Republicans but also a necessary one to supply the amount of capital required.

If Republicans sought to use financial patronage to aid their party's development, New York presented a particularly inhospitable environment. They could not openly petition for a bank or corporation of their own; with obligations to serve the public good and to overcome anti-Federalist suspicions of corporations, such institutions had to be at least nominally nonpartisan. Additionally, with Hamilton as the de facto leader of the Federalists and the architect of the nation's banking system, it was unlikely that the two-bank regime would expand beyond its bancomania limit.

Though this combination of ideology and realpolitik made the chartering of a bank—partisan or otherwise—nearly impossible, the legislature regularly received and considered petitions for public works. Those that answered an urgent cause and carried broad political support were most likely to meet approval. In 1799 New York City faced an urgent need: clean water. Yellow fever epidemics had paralyzed the city during previous summers in the 1790s; physicians blamed stagnant water, narrow streets, crowded residences, and an unsanitary water supply. During the summer months, the city's reservoir, called the Collect, warmed to brew the mosquito-borne pathogen. When the New York City Common Council solicited proposals for a new drinking-water source, it was receptive to a proposal to tap the Bronx River by creating a water company. But even with dire disease at its doorstep and the legal authority to take action, the council could not address the problem without authorization from the state legislature, per the 1731 Montgomerie Charter, under which New York City was incorporated. The council insulated itself against charges of being monarchical or antithetical to republicanism by frequently subordinating itself to the popularly elected state legislature.[22]

[21] Hammond, *History of Political Parties*, 1: 199.

[22] James Smith, broadside, Sept. 10, 1798, in Broadside Collection, SY 1798–25, New-York Historical Society. For more detail on the water supply needs for the city, see Blake, *Water for the Cities*, 5–8, 44–45. The report calling for the creation of a water company is *Proceedings of the Corporation of New-York, on Supplying the City with Pure and Wholesome Water: With a Memoir of Joseph Browne, M.D. on the Same Subject* (New York, 1799). The council was the board of directors for the Corporation

Fascinated by constitution making, legislators in the early Republic devoted much attention to corporate chartering. This assertion of legislative prerogative alleviated concerns that corporations would become unaccountable and unwieldy entities. Representing the city in the state assembly, Burr offered to guide the enterprise through the legislature. He recruited six citizens, three Federalists and three Republicans, to recommend that the council petition the legislature for an incorporated water company rather than a public entity directly run by the city. Hamilton, who had written the Bank of New York's constitution, sketched the details. Called the Manhattan Company, it would have seven directors and one-third of its stock would be owned and controlled by the city. Hamilton recommended that the city recorder be an ex officio director, ensuring that the council could monitor the company.[23]

Soon after the legislature received the city's petition, Burr began drafting a corporate charter, amending Hamilton's proposal in several important ways. Mirroring the state's two canal companies, he doubled the company's proposed capitalization limit to $2 million and granted it the powers of eminent domain and perpetual life and the freedom to set rates without outside approval. He also exempted the company from supplying water for firefighting. In return for these privileges, the company was required to "furnish and continue a supply of pure and wholesome water, sufficient for the use of all such citizens dwelling in the said City," within ten years.[24]

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of the City of New York and as such was incapable of chartering a company itself. To alleviate concerns that it was usurping state sovereignty or becoming an inappropriate relic of monarchy, the city corporation attempted to become compatible with republican government by deferring to the state legislature. For further explanation of this strategy, see Hendrik Hartog, *Public Property and Private Power: The Corporation of the City of New York in American Law, 1730–1870* (Chapel Hill, N.C., 1983).

[23] Pauline Maier explores the question of why states chartered corporations in great numbers after the Revolution given Old Regime anxieties concerning corporations' aristocratic origins and the alternatives available to state legislatures for managing internal improvements. Maier concludes that though the anticharter doctrine deployed against corporations in the 1780s and 1790s created a ready source of opposition, it was based on antiquated models of corporations that were no longer valid. The corporate form changed to embrace the heritage of the Revolution. Maier identifies the corporate form as the contested ground in incorporation debates, reflecting a fascination with constitution making that allowed charters to become more efficient without threatening the public good. See Maier, *WMQ* 50. The council appointed a committee to petition the legislature on its behalf, composed of Alexander Hamilton and Federalists John Murray, president of the Chamber of Commerce, and Gulian Verplanck, president of the Bank of New York, as well as Republicans Aaron Burr, merchant John Broome, and Peter Wendover, president of the Mechanic Society. See [Arthur Everett Peterson, ed.], *Minutes of the Common Council of the City of New York, 1784–1831* (New York, 1917), 2: 514–21, esp. 2: 514–15, 520.

[24] See *An Act of Incorporation of the Manhattan Company* (New York, 1799), 7. If the company did not meet that requirement within ten years, it would forfeit its

The most significant and unprecedented change Burr made was to insert a surplus capital clause: "It shall and may be lawful for the said company, to employ all such surplus capital as may belong or accrue to the said company in the purchase of public or other stock, or in any other monied transactions or operations, not inconsistent with the constitution and laws of this State or the United-States, for the sole benefit of the said company." As one of Burr's protégés later wrote, the clause "intended [that] the directors should use the surplus capital in any way they thought expedient and proper . . . a bank, an East India Company, or any thing else that they deemed profitable." Burr, who during the 1796 election had begun investigating the language employed in bank charters, realized that he could smash the barrier distinguishing a waterworks from a bank with a sentence.[25]

Despite the unique powers granted to the Manhattan Company, its incorporation was approved within a day and without incident. This ease was partly due to Burr's enlarging the board of directors from seven to twelve members, including enough prominent and influential men to ensure the charter's passage.[26] More importantly, this expansion allowed Burr to weight the board in Republicans' favor. Three Federalist directors would be outgunned by nine Republicans: supporters of Burr, Clinton, and Livingston would each have three seats.

In the Federalist-majority assembly, ten upstate Federalists supported the charter; one later claimed to have been ignorant of the surplus capital clause until after the vote. In the state senate, Burr could have asked another member of the city's delegation, fellow Republican DeWitt Clinton, to manage the vote. Instead he relied on two Federalists and a Federalist-turned-Republican senator; the latter subscribed for one hundred shares of Manhattan Company stock, which was either a reflection of his support or the price he exacted for it. Burr

charter. For comparisons with other charters for water companies, see Blake, *Water for the Cities*.

[25] *Act of Incorporation*, 11 ("It shall"); Davis, *Memoirs of Aaron Burr*, 1: 414 ("intended [that]"). At the end of 1796, Aaron Burr asked William Eustis for a copy of the charter of the Union Bank, Boston. See Burr to Eustis, Dec. 16, 1796, in Mary-Jo Kline et al., eds., *Political Correspondence and Public Papers of Aaron Burr* (Princeton, N.J., 1983), 1: 279–80, esp. 1: 279. Early the next year, he wrote to Thomas Morris that he had formulated a plan for a bank but was hesitant to submit it for review even to friends. See Burr to Morris, Feb. 1, 1797, ibid., 286–87, esp. 287.

[26] Alexander Hamilton proposed seven directors for the Manhattan Company. The Bank of New York charter he wrote in 1784 called for that institution to have thirteen directors. Why the difference? He likely wanted the council to retain control over the Manhattan Company, hence his suggestion to make the city recorder a director and give the city the option to purchase one-third of the company's shares. See "An Act to Incorporate . . . the Bank of New-York . . . ," in *Laws of the State of New-York, Fourteenth Session* (New-York, 1791), 25–27.

attracted two other prominent Federalists: Samuel Jones, the state comptroller and so-called father of the New York bar, and Thomas Morris, who assuaged Jones's concerns about surplus capital by warning that the Manhattan Company's expensive task would need a profitable ancillary enterprise to generate stock subscriptions.[27]

The promise of profit lured many Federalist investors to the Manhattan Company's subscription book, and a few were allowed to buy shares before the public offering. Low, a director of the Bank of New York and a fellow assemblyman, wrote that he was allowed one hundred shares "on Condition of my approving the Charter." But just as the board of directors was weighted to favor Republicans, so too were stock allocations. Though many Federalist merchants subscribed for shares, the three largest blocs were apportioned to the three Republican factions.[28]

In previous elections New York voters had sent Republicans to the legislature; Federalists had always faced opposition from anti-Federalists such as former governor George Clinton, who ran under the Democratic-Republican banner. Yet the membership, ideology, and even the party's name were fluid: Republicans were called Clintonians, Democrats, and Democratic-Republicans. The factions that composed the Republican party, such as it was, had neither cooperatively leveraged their varying strengths and geographic support nor consolidated their leadership.[29] By deliberately engineering Republican majorities among

[27] For more on the adoption of the charter, see Hammond, *History of Political Parties*, 1: 125. Thomas Storm pled ignorance after being accused of aiding Aaron Burr's Republican cause. See "For the Commercial Advertiser. The American. To the Electors of the City and County of N. York," *Commercial Advertiser*, May 1, 1799, [2]. For stock allocations, see Stock Dividend Book, Manhattan Company, in RG 1, Chase Manhattan Bank Archives. For more on Morris and the debate, see Davis, *Memoirs of Aaron Burr*, 1: 415–16.

[28] Nicholas Low to Rufus King, Apr. 17, 1799, in Rufus King Papers, vol. 37 (quotation). Federalist shareholders included city recorder Richard Harrison, who was also an ex officio director of the Manhattan Company. He bought one thousand shares for himself and pushed the city to exercise its buying option. See Peterson, *Minutes of the Common Council*, 2: 535–37, esp. 2: 535–36. Some of the Federalists buying shares were A. L. Bleecker, Charles Cammann (a director of the Bank of New York), Isaac Governeur (a director of the New York branch of the Bank of the United States), and James Roosevelt. Federalist New York City Mayor Richard Varick and Lieutenant-Governor Stephen van Rensselaer, Alexander Hamilton's brother-in-law, also became stockholders. Among the Republicans, DeWitt Clinton bought one thousand shares; Burr's associate and fellow assemblyman John Swartwout and Chancellor Robert R. Livingston each purchased two thousand shares, making them the largest shareholders. See Stock Dividend Book, Manhattan Company, in RG 1, Chase Manhattan Bank Archives.

[29] John P. Kaminski, *George Clinton: Yeoman Politician of the New Republic* (Madison, Wis., 1993). As an example of the potential confusion concerning the

Manhattan Company directors and shareholders and then equitably weighting each faction, Burr turned the company's board into an executive committee of the state's Republican party, institutionally mending the disunity Livingston lamented in 1795. Corporate board membership would compel a modicum of restraint among these party leaders, lessening the degree to which factions could compete for dominance and redirecting their energies toward a shared goal. Burr turned the factions into a party by first uniting them as partners in the same firm. Enabling them to invest in anything profitable, the company's charter offered material incentives to encourage their subsequent cooperation.

By incorporating the Manhattan Company, the state created an interest. By lending the corporate form to party formation, political capital would mobilize on the heels of financial capital formation. The Manhattan Company's bank would empower Republicans to find support among credit-seeking merchants who had only known a Federalist banking regime. By reaching beyond the issue-specific appeals of Republican clubs, which first formed in response to local objections to the 1794 Jay Treaty, the corporation linked a broader array of people: shareholders, lenders, debtors, and directors.[30] It permitted Republicans to appeal to voters' material concerns the same way Federalists had throughout the 1790s, building coalitions not tethered to particular policies or ideological commitments.

Federalists did not initially recognize the implications of the Manhattan Company's charter because the concept was as unprecedented as it was innovative, since a water company had never been used to organize a party. They did not immediately realize it would be the only company in New York not governed by them because party identity and loyalty were contingent; many legislators suffered from a failure of imagination. The company was, after all, approved by a Federalist-controlled legislature acting at the behest of a Federalist-controlled council on the advice of Federalist chieftain Hamilton. Though it was

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name of the party, see "At a meeting of the Democratic Society of the City of New-York . . . ," May 28, 1794, Library of Congress American Memory Project, http://hdl.loc.gov/loc.rbc/rbpe.1120120a. Competition among rival leaders and their cohorts, though it mitigated against broad cohesion, was not wholly debilitating. Alfred F. Young writes, "Republican factionalism, so scorned by historians, actually was a symptom of a competition for power healthy to a new party" (Young, *Democratic Republicans of New York*, 578). Factionalism, however, was despised by some Republicans for the divisions it caused within the party, and Young's admission weakens his claim that the party had a coherent credo and leadership structure by 1797. Burr recognized that more than "love" was lost among the three factions, as evidenced by the composition of the Manhattan Company's board of directors (ibid., 577).

[30] Hammond, *History of Political Parties*, 1: 108.

possible to identify Republicans, a lack of past cohesion made it difficult to determine the extent of the coalition's first- and second-tier leadership. Because most were unelected, they had never been on partisan electoral tickets. Additionally, the directors were elite men with sterling connections; some were directors of other corporations in the city, including its banks. Even some Republicans failed to recognize the company's partisan value. The only legislative opposition to Burr and his charter came from Judge John Lansing, a Republican member of the state's Council of Revision. Invested with veto power, the council was composed of the governor, chancellor, and Supreme Court judges. Lansing disapproved of the "speculative and uncertain" powers granted by the surplus capital clause but was outvoted by a Federalist judge and Chancellor Livingston, who stood to become the Manhattan Company's largest shareholder.[31] The council's approval cleared the way for Federalist Governor John Jay to sign the charter of incorporation.

For a time the Manhattan Company's partisanship went undetected. The directors appropriated the same spaces used by the city's mercantile elite, which befitted the wealthiest and newest corporation in the city. Occupying the Tontine Coffee-House for their first meeting in April 1799, the directors discussed plans to supply water and appointed a three-member committee to design a corporate seal. To arrange the public offering of shares, the board named a committee of one Federalist and two Republicans, including Burr. They recommended that 26 shares be available for anybody who was not an original subscriber or petitioner. In theory 40,000 shares were available at $50.00 per share, with a down payment subscription price of $2.50 each. But more than half—22,999—were already allocated to subscribers and the City of New York;

[31] Davis, *Memoirs of Aaron Burr*, 1: 416 (quotation); A. B. Street, *The Council of Revision of the State of New York* (Albany, N.Y., 1859), 423. Several historians have explored the labyrinthine details of the Manhattan Company charter's passage. See Reubens, *Political Science Quarterly* 72; Hunter, *Manhattan Company*. The Federalist directors were John B. Church, Alexander Hamilton's brother-in-law and, for a time, the second-largest stockholder in the Bank of North America (Hamilton acted as his attorney and agent in New York, even while secretary of the Treasury); John Watts, a former state assembly speaker, former city recorder, and a director of the New York branch bank; and John B. Coles, a flour merchant and recent member of the council. The Republican members were of equal stature. Six of the nine were founders of the Tontine Coffee-House, the nexus of the city's commerce. The nine were Aaron Burr; Daniel Ludlow, a former Tory and the wealthiest merchant in the city; William Edgar; William Laight, a director of the New York branch bank; Paschal N. Smith; Samuel Osgood, the nation's first postmaster general and DeWitt Clinton's stepfather-in-law; John Broome, a backer of George Clinton with extensive New York political ties; Brockholst Livingston, an attorney and cousin of Chancellor Robert R. Livingston; and John Stevens, an engineering and transportation entrepreneur and relative of Robert R. Livingston. See Reubens, *Political Science Quarterly* 73: 100.

these fifty-two subscribers bought 10,665 shares and the city purchased 2,000. Meanwhile directors were each entitled to 1,000 shares, totaling 12,000. Therefore, of 40,000 original shares, only 17,001 were available to the public.[32] Burr's committee did not direct shares to specific people; newspaper advertisements announced that subscriptions could be made in person at a specified location. The shares sold within a week.

Despite Burr's efforts to veil the partisanship of the Manhattan Company and the array of prominent figures who were his accomplices, it was his involvement that drew initial scrutiny. Even before the public stock sale, his hand in composing and running the Manhattan Company was the talk of the town. "[Burr] governs everything by a decided majority among the directors . . . he is acquiring much influence," wrote a prominent Federalist in mid-April. John B. Coles, one of the company's Federalist directors, became suspicious when two Republican colleagues, including Livingston, discussed abandoning the company's original plan to divert water from the Bronx River in favor of a less ambitious and costly alternative: constructing a reservoir near the Collect, which would prevent "any immediate demand for money, which might of course be applied to other speculations." Such a strategy risked raising public ire, since it was "incumbent on [us] to convince our fellow Citizens that we are truly earnest in the business . . . should we do nothing we shall raise a violent clamor ag[ainst] us."[33]

[32] William Laight and John Watts were the other two committee members besides Aaron Burr. A sliding scale was devised to distribute shares to the public: those seeking fifty or more shares were allowed to purchase twenty-six; those seeking forty to forty-nine were limited to twenty-four; thirty-four to forty were limited to twenty-two; twenty-eight to thirty-four could claim twenty-one; twenty to twenty-seven were allowed twenty. The company fully met the requests of those seeking twenty or fewer shares. See Manhattan Company advertisement, *Commercial Advertiser*, Apr. 27, 1799, [3]. As Pauline Maier noted, a significant early Republic anticharter argument concerned the limited availability of shares to the public, which denied many a chance to partake of the profits generated by a corporation. Such a situation cast doubt on the corporation's ability to serve the public good. See Maier, *WMQ* 50. See also Andrew Jackson's veto message for the Bank of the United States in Lee Benson, *The Concept of Jacksonian Democracy: New York as a Test Case* (Princeton, N.J., 1961), chap. 5. Naomi R. Lamoreaux observed that because bank directors tended to lend only to themselves or their close associates, shareholding was the typical vehicle used by the public to partake of a bank's prosperity. Owning shares in a bank that was run by public and well-known directors allowed shareholders to indirectly invest in the directors' entrepreneurial activities. See Lamoreaux, *Insider Lending*, 82.

[33] Robert Troup to Rufus King, Apr. 19, 1799, in Rufus King Papers, vol. 47 ("[Burr] governs"); John Stevens to Robert R. Livingston, Apr. 12, 1799, in Robert R. Livingston microfilm papers, New-York Historical Society, reel 6 ("any immediate"). The company did not require its subscribers to fully pay for their shares up front; thus, it only had $400,000 by the summer of 1799 and did not reach $1 million until the close of its first year of business. Spending $200,000 on supplying

Already aware of the flexibility offered by the Manhattan Company's charter, Federalist directors soon discovered the provenance of the surplus capital clause. Nicholas Fish wrote to an acquaintance that Burr "was the author of it and ~~there after it made a great noise~~ managed it thru the Legislature." He called the charter "a text ~~of the most liberal~~ investing that corporation with the most unqualified and unheard of authority as to all monies concerns & operations whatsoever." Even with this knowledge, Burr's most vehement detractors sought shares. One wrote that he "believe[d] the company will make its way into full business as a bank & that in time its stock will be the best amongst us."[34] Owning stock in a well-capitalized company that could make diverse investments made financial sense, whatever its politics.

Federalist insiders, distracted by Burr, failed to grasp what the Manhattan Company meant for Republicans as a party. But with legislative elections only weeks away in late April and early May, Federalist editors and newspaper contributors were the first to characterize his involvement as a scandal and to call the company Republican. By seeking reelection Burr had made himself a political target, and the odd charter clause, Republican majorities, and bank whispers all added up to something important. The Federalist campaign in 1799, wrote John Jay's son, was driven by "a full Knowledge of the Manhattan Scheme & by some well written Publications which appeared in the Papers."[35] The press only magnified what was already becoming apparent.

On paper the Manhattan Company had bipartisan origins. Its management and shareholders made it the most politically integrated institution in the city. Yet it was undeniably governed and owned by Republicans. Throughout the 1790s Federalist-leaning newspapers routinely exhorted merchants and other commercially involved citizens to support Federalist candidates. "Commerce," one paper editorialized in early April 1799, "is the *primum mobile* which gives action to every part, and forces the vital

water from the Collect, though imperfect, was preferable to the far more costly project of diverting water from the Bronx River, which the company did not have the capital to complete at this time. The company initiated a well near the Collect in May 1799 and constructed a reservoir in 1800 on Chambers Street, near the present-day Manhattan-side anchor of the Brooklyn Bridge, that held approximately 130,000 gallons of water, considerably less than the 1 million gallons they hoped to store. See Blake, *Water for the Cities*, 46–47, 56–58.

[34] Nicholas Fish to Arthur Noble, Feb. 13, 1800, in RG 1, box 1, Chase Manhattan Bank Archives ("was the author"); Troup to King, Apr. 19, 1799, in Rufus King Papers, vol. 47 ("believe[d] the company"). Robert Troup, a longtime associate and friend of Hamilton who was active in New York commerce and politics, subscribed for Manhattan Company shares on Apr. 22, 1799.

[35] Peter Jay to John Jay, May 3, 1799, in Jay Papers, http://www.columbia.edu/cu/lweb/digital/jay/search.html (Jay ID no. 6083).

current thru' every artery . . . every portion of the globe becomes our tributary and is made to contribute to our prosperity." Couching political pleas in the rational, scientific language of a treatise imbued writers with authority, enabling them to launch partisan attacks by discussing trade and political economy. Burr's role and reputation were rhetorically useful in this context; his personal financial problems allowed writers to accuse him of bending fellow partisans to advance malfeasance. One writer warned merchants that Burr, "a bankrupt politician," was "repairing his fortunes by 'monied transactions,'" inducing others in the city to "sport" with money. Another reported that "Burr is out of credit, tho' his water or bank scrip has turned reputation into the ready."[36]

This interpretation allowed Federalists to collapse Burr and the Manhattan Company into a single sordid storyline. Accusations of deception ricocheted among the elite; one Federalist leader accused Burr of "lull[ing] [the legislature] into a profound sleep by his arts and misrepresentations." Other Federalist partisans charged legislators with negligence. One lamented that "the late house enjoyed, till near its decease, the reputation of being Federal . . . and in the hands of such a man as Mr. Burr, dupes are more dangerous instruments than knaves." In a later issue, the same apparent author wrote, "The Bronx is made a pretext for selling you the putrid waters of the Collect . . . The Collect is made the foundation of a Bank—the Bank is to overflow you with a deluge of notes—to depreciate and discredit paper currency—to raise while it exists an anti-federal monied interest—then to break, and make the fortune of Mr. Burr . . . Mr. Burr would disorganize this state in a single winter." Though the legislature created the Manhattan Company, if Burr manipulated the chartering process to ensure that the company members had a Republican "complexion in their politics," he would usurp the legislature and the people's will. Corporations, slivers of sovereignty temporarily granted by the legislature, could not be hijacked for partisan gain by "a junto of Directors of whom three quarters are antifederalists."[37]

[36] An Elector, "To the Editor of the Daily Advertiser," [New York] *Daily Advertiser*, Apr. 4, 1799, [2] ("Commerce"); C, "For the Commercial Advertiser, The American," *Commercial Advertiser*, Apr. 26, 1799, [2] ("bankrupt politician"); Fisher Ames to Rufus King, June 12, 1799, in Rufus King Papers, vol. 41 ("Burr is out of credit").

[37] Robert Troup to Rufus King, June 5, 1799, in Rufus King Papers, vol. 47 ("lull[ing]"); "The Anti-Revolutionist II," *Commercial Advertiser*, Apr. 27, 1799, [2] ("late house", "junto"); "The Anti-Revolutionist IV," *Commercial Advertiser*, Apr. 29, 1799, [2] ("Bronx is made a pretext"); "For the Commercial Advertiser. The American," *Commercial Advertiser*, May 1, 1799 ("complexion"). The question of whether Federalists realized what they were creating in the Manhattan Company has turned on the authenticity of their denials. Sidney I. Pomerantz writes, "responsibility for the passage of the Manhattan Company charter must be placed squarely on the

For Federalists the most effective electoral strategy was to shun the company altogether; some even claimed that Federalist legislators were absent from Albany when the charter was approved. "A Merchant" professed, "I am willing to believe that the legislature was not aware that a bank could or would be created under that charter." For the common good, the "vast wealth, the great numbers, the respectability, and the important commercial interests" of New York were asked to vote in opposition to "any person from the slough of the Democratic Society." The objective was to break Burr and the Republicans' "*Politico-Commercial-Financial-Bronx-Operation.*"[38]

Having projected apocalyptic outcomes arising from the Manhattan Company's partisanship, New York Federalists in the final days of the 1799 campaign went ahead and did what they accused Republicans of contemplating: they made New York banking partisan, and exclusively so. Crowding out financial considerations, ignoring decades of commercial practices, and confirming the most cynical whispers of outsiders, the Bank of New York and the New York branch of the Bank of the United States began systematically refusing to discount Republicans' "unexceptionable commercial paper."[39] This unprecedented tactic, intended to hurt the elite, demonstrated a newfound willingness to enforce party discipline and compel loyalty in response to suspicions that Republicans intended to do the same. Yet in so doing, Federalists made it undeniable

Federalists," contending that the controversy they raised in the election of 1799 was "artful political maneuvering that had made Burr the arch-conspirator in the Manhattan Company affair . . . so skillfully executed that historians to this day have uncritically accepted the accusations heaped upon him in the bitterness of an election campaign." See Pomerantz, *New York, An American City*, 187–91. Hendrik Hartog sees a far greater sin in the legislature's actions. "Federalist legislators were either duped, bribed, or convinced to vote for a project that its sponsors intended to use for ends entirely distinct from the purposes stated in the charter: a direct and manifest violation of standard republican principles and an important event in the evolution of the business corporation form." See Hartog, *Public Property and Private Power*, 149. Neither explains, however, why Federalists did not respond to the objections of John Lansing in the Council of Revision.

38 A Merchant, "For the Commercial Advertiser, To the Merchants of New-York," *Commercial Advertiser*, June 8, 1799, [2] ("I am willing"); "The Anti-Revolutionist II," *Commercial Advertiser*, Apr. 27, 1799, [2] ("vast wealth"). For a more elaborate accusation of Aaron Burr's alleged trickery, see "For the Commercial Advertiser, The Anti-Revolutionist IV," *Commercial Advertiser*, Apr. 29, 1799. One of Burr's earliest biographers suggested that the project's ambition made legislators generous in granting Burr wide latitude in his proposal, particularly because state funds were not being employed for the enterprise. See Davis, *Memoirs of Aaron Burr*, 1: 416. Bray Hammond, arguing the opposite, suggests that legislators were too attentive to charters to have made such a mistake; Burr, therefore, had tricked them. See Hammond, "Long and Short Term Credit in Early American Banking," *Quarterly Journal of Economics* 49, no. 1 (November 1934): 85.

39 *Greenleaf's New York Journal and Patriotic Register*, May 1, 1799, [2].

that the Bank of New York and the New York branch bank—the city's only operating banks—were for the moment exclusively Federalist institutions. By forcing patrons to declare or recognize previously ambiguous party affiliations, the banks injected themselves into a developing culture of partisanship. This act, more than any printed jeremiad, firmly established the Federalist character of banking that Republicans subsequently used to construct a retroactively Federalist history of the city's banks and to justify the founding of the Manhattan Company in the election of 1800.

Republicans met a landslide defeat at the polls in 1799, losing by a five-to-one margin in swing wards and three to two in what had been a Sixth Ward Republican stronghold. A week later the Manhattan Company took its first definitive step toward opening a bank on May 8, 1799, when the directors voted to "discount debentures at lawful interest." The board began publishing the minutes of their meetings in the city's Federalist- and Republican-leaning newspapers. Yet the political climate made the company more Republican. Though he participated in discussions and the vote on the company's move toward banking, Federalist director William Laight resigned from the board. At the time he was also a director of the New York branch of the Bank of the United States; neither board asked him to choose between the two, but Laight opted to remain loyal to the New York branch bank. He was replaced by a Republican.[40]

Federalist attacks, meanwhile, shifted from Burr to the Manhattan Company itself. The *Commercial Advertiser* recapitulated Hamiltonian warnings about speculation, wondering whether "a rival should be encour-

[40] The Manhattan Company's board published its minutes in the *Commercial Advertiser* (May 24, 1799, [3]), stressing its dedication to supplying water to the city while also investigating uses for surplus capital. The advertisement for the Manhattan Company's banking services ran in the same column as a federal court notice and similar announcements from the Bank of New York and the New York branch of the Bank of the United States (*Commercial Advertiser*, Sept. 26, 1799, [3]). Clearly, there was rarely occasion to hold board memberships at competing institutions given the small number of incorporated banks. William Laight believed it was "improper to hold an office of similar import in any other institution whose object is pointed to the same end and whose mode of producing the same effect may possibly contravene each other." See *Minutes of the Board of Directors*, May 16, 1799, in RG 1, vol. 1, Chase Manhattan Bank Archives. James O. Wettereau has written that in 1793, Thomas Fitzsimons, a director for the Bank of North America, was elected to the board of the New York branch bank but declined to serve. Interlocking directorships between banks, like interlocking stock ownerships, were frowned on earlier in the decade. Laight's move, therefore, was not without precedent. See Wettereau, "The Branches of the First Bank of the United States," *Journal of Economic History* 2 (December 1942): 66–100, esp. 75. For more on the Manhattan Company's board in relation to the commercial culture of New York, see J. Scoville, *The Old Merchants of New York* (New York, 1885), 2: 190–94.

aged by the state . . . against the bank of New-York . . . The danger of giving too much power to one set of directors may be an argument for having two banks . . . but the same reasoning by no means applies in favor of a third." Another writer objected to corporations in general, suggesting that they were "unwieldy machines, with difficulty made amenable to the laws." Generalized hostility toward corporations festered throughout the summer, catching even Federalist leaders by surprise. After publishing an article on canals and turnpike roads that lauded corporations' efficiency and compared charters to constitutions, the *Commercial Advertiser*'s Federalist editor was compelled to issue an apology: "I am at a loss to account for the insertion of this extract, at the present time, unless it was for the purpose of turning aside the stream of public odium which is every day accumulating in force, and promises to overturn the late incorporation of the Manhattan Company . . . let us have no sideway attempt to give it popularity." That the Manhattan Company provoked a Federalist critique of incorporation testifies to the alarm created by the circumstances of its creation and the unexplored frontiers of its charter. One writer went so far as to call the company "the State of Manhattan," a comment that was not all hyperbole given that the company was indeed better funded than the state itself.[41]

Even after relaxing their preelection restrictions, Federalist bankers continued to plot against the Manhattan Company. They harbored fears of revenge and imagined that Republicans would meet credit demands

[41] A Merchant, "For the Commercial Advertiser, To the Merchants of New-York," *Commercial Advertiser*, June 8, 1799, [2] ("rival should"); Socrates, "State of Manhattan," *Commercial Advertiser*, May 22, 1799, [2–3] ("unwieldy machines," [2], "State of Manhattan," [3]); The American, "Communication," *Commercial Advertiser*, May 13, 1799, [2] ("I am at a loss"). The suspicion that Republicans were hostile to incorporation and that Federalists were thus procorporate is a common trope in historiography of this period. Beatrice G. Reubens writes, "Appealing to the deeply rooted anti-bank, anti-corporation views of Republican voters, the Federalist arguments [in the campaign of 1799] made them uneasy about Burr's Republicanism, as they occasionally had been in the past." See Reubens, *Political Science Quarterly* 73: 112. Yet as the evidence shows, views of corporations were far more complex and fluid. The Republicans' role in the creation of the Manhattan Company and its transformation into a bank is prima facie evidence of the acceptability of chartered financial institutions among Republican leaders in the city. As demonstrated by the Federalist apology for running an article on internal improvement corporations, Federalists' views were just as conflicted. Not all corporations were created equal. For the procorporation article, see *Commercial Advertiser*, May 11, 1799, [3]. Soon after its incorporation, there was a suggestion that the Manhattan Company start an "East India Company." Such an idea may have conjured recollections of the British East India Company, a virtual "nation" independent of Parliament by virtue of its royal charter, hence the "State of Manhattan" reference. See *Minutes of the Board of Directors*, Apr. 29, 1799, in Chase Manhattan Bank Archives, RG 1, bk. 1.

that Federalists could not answer. Low supported the Manhattan Company's charter in the legislature but later plotted a hostile takeover. He wrote, "some of our Friends support it not because it is right in itself but because it has been granted & then say that if the Legislature have given birth to a monster it is their Duty to strangle it." Having called the company "a greater Pestilence than the Yellow Fever," he was party to a suggestion by "some of our wise ones" who wanted "federal men [to] subscribe & endeavor to get the management into their Hands."[42] If enough of the Manhattan Company's shares were in Federalist hands, they could capture the board of directors; yet only a few seats rotated each year and Republicans held a concentration of shares.

A takeover being all but impossible, other Federalists severed ties to the company by abandoning their stock subscriptions, as Low later did. Like Laight, who resigned from the company's board, they may have considered an association with more than one bank improper or sought to declare their loyalty to a particular institution. Shunning the Manhattan Company was a way of expressing a Federalist identity by rejecting the misdeeds of Burr and the company's board or simply avoiding being mistaken for a Republican.[43]

Several proposals to amend the Manhattan Company's charter arose in the new Federalist legislature. "Our friend [Nicholas] Low," wrote one partisan, "would annihilate the charter in an instant if he could and the temper he possesses is common." Seeking to restrain the Manhattan Company from opening a branch in the capital, the Bank of Albany's directors petitioned the legislature to curtail the "extent of the rights

[42] Low to King, June 14, 1799, in Rufus King Papers, vol. 37 ("some of our Friends"); Low to King, Apr. 15, 1799, ibid. ("greater Pestilence"). For more on the view that the Manhattan Company should be annihilated, see Julius, "For the Commercial Advertiser," [New York] *Spectator*, May 29, 1799, [4].

[43] Among the prominent Federalists who declined to purchase Manhattan Company shares was Nicholas Gouverneur, president of the Bank of New York and an original petitioner. The full list of the original subscribers and petitioners can be found in the *Minutes of the Board of Directors*, Apr. 15, 22, 1799, in RG 1, bk. 1, Chase Manhattan Bank Archives. By comparing the purchasers against the list of original subscribers, it is possible to determine who withdrew. See Stock Dividend Book, Manhattan Company, July 1800, in RG 1, Chase Manhattan Bank Archives. Beatrice G. Reubens and Gregory S. Hunter have examined this material well and I have relied on their work as a guide. Reubens determined the partisan associations of many of the shareholders in her examination of the origins of the Manhattan Company. See Reubens, *Political Science Quarterly* 73: 108–10. Her evidence led her to conclude, "Undoubtedly, in numbers and wealth, the Federalists who rejected the Manhattan Company greatly exceeded the Federalists who did buy stock" (ibid., 110). Though this statement is true, the limited availability of stock must also be considered as a contributing factor in addition to the self-selection of shareholders, as should the discretion Aaron Burr had in determining who was eligible to be an original subscriber or petitioner, a shareholder class distinct from the public.

vested in" the company "to prevent any injury to incorporations of a similar nature, or to the public." Rather than force a confrontation, the Manhattan Company's board dispatched Burr to ask the legislature to clarify its powers as a water utility and bank. His proposals were approved by the assembly but left dormant in the state senate. Taking a different approach, the Bank of New York's directors asked the legislature for some of the same competitive advantages enjoyed by their new rival; unlike the Manhattan Company, the Bank of New York was required to retire several directors each year and capitalized at only $1 million. William Woolsey, the Federalist chairman of the assembly committee hearing the bank's petition, rejected these changes. He could not "advise the House to correct a great existing evil by creating a new one" but eventually supported the bank's request to retain directors indefinitely, permitting continuity on its board. Woolsey, it should be noted, owned 150 shares of Manhattan Company stock.[44]

Despite their public fulminations and private communiqués, Federalists only once managed to put forth a coherent institutional response to the Manhattan Company's founding: they conspired to deny credit to Republicans before the 1799 election. Like Woolsey, some Federalists disregarded the hullabaloo over the Manhattan Company. Fish, for example, wished that less of his money was tied up in "lands and other inactive funds," since he believed that though "the Charter has made a great noise . . . the Manhattan Stock . . . promises to be a profitable fund." So many Federalists, in fact, were lured by visions of dividends and liquidity that "Julius" wondered why "respectful men and even the corporation of the city itself have been drawn in under an inconsiderate and utterly mistaken policy to subscribe their names for Bank shares." This question was rhetorical, since the company was a solid investment. Its last two Federalist directors remained on its board despite that one, Coles, was elected to the assembly on the ticket that had campaigned against the company's legitimacy.[45] The presence of

[44] Troup to King, Apr. 19, 1799, in Rufus King Papers, vol. 47 ("Our friend"); *Journal of the Assembly of New-York: At Their Twenty-Fourth Session, Began and Held at the City of Albany, the Fourth Day of November, 1800* (Albany, N.Y., [1801]), 238 ("extent of the rights"). For the changes effected to the Bank of New York charter, ibid., 238–40 ("advise the House"). My analysis is garnered from a side-by-side comparison of the two companies' charters. For the Bank of New York charter, see "Act to Incorporate," in *Laws of New-York, Fourteenth Session*, 25–27. For the Manhattan Company charter, see "An Act for supplying the City of New-York with pure and wholesome Water," in *Laws of the State of New-York, Passed at the Twenty-Second Session* . . . (Albany, N.Y., 1799), 810–17. For more on the Bank of New York charter, see Domett, *History of Bank of New York*, 57.

[45] Fish to Noble, Feb. 13, 1800, in RG 1, box 1, Chase Manhattan Bank Archives ("lands and other"); Julius, "For the Commercial Advertiser," *Spectator*, May 29,

Federalist directors allowed the company to pursue an agenda that was favorable to but not exclusively for Republicans and offered Federalists insider information about the company. If it strayed too far from its chartered purpose or became overextended, these directors would sound an alarm to the directors of the city's other banks or the public.

Accepted within the mercantile community, the company took visible steps to fulfill its civic obligations. Joseph Browne, architect of the Manhattan Company's water plan, told Burr that he "expect[ed] and hope[d] that enough w[ould] be done to satisfy the Public and particularly the Legislature that the Institution is not a speculating Job, but an undertaking [of] . . . incalculable advantage to the City of New York." A Federalist partisan observed that "the stock of the company is on the rise. The company does a great deal of discounting business and is gaining ground in public esteem." By year's end the Manhattan Company's status rivaled that of other New York corporations. On the last day of 1799, the company's board led a column of directors from the city's other corporations in a procession mourning Washington's death.[46]

As Burr and Livingston recognized, infrastructure building, banking, and party building were symbiotic activities. The company's more liberal banking terms met demands that a static two-bank duopoly had neither anticipated nor answered. It was especially responsive to Republicans; the bank's first loan was to the Cayuga Bridge Company, of which Burr's lieutenant, John Swartwout, was president. Perhaps for the sake of long-term viability and to protect themselves against a backlash, the directors entangled themselves in the finances of other institutions. The largest loan made by the bank in its first year was to the City of New York. As a Republican pamphleteer recalled years later, after the creation of the Manhattan Company, "the merchants of each denomination could entertain a reasonable hope of obtaining discounts." He went on to comment, "[The bank] had the power of conferring favors, and was an object to be courted by all those whose situation or business required pecuniary aid." As an institution that could materially reward defections, the Manhattan Company encouraged the creation of Republican identities among merchants and a cadre of debtors and investors who previously did not have the freedom or an incentive to do

1799, [4] ("respectful men"). Coles was criticized for "len[ding] support to such an institution" (ibid.).

[46] Joseph Browne to Aaron Burr, July 7, 1799, in Mary-Jo Kline, ed., *The Papers of Aaron Burr, 1756–1836* (Glen Rock, N.J., 1978), reel 4 ("expect[ed] and hope[d]"); Troup to King, Dec. 12, 1799, in Rufus King Papers, vol. 47 ("stock of the company"). For more on the mourning of George Washington, see [New York] *Weekly Museum*, Jan. 4, 1800, [3].

so. During the weeks leading to the April 1800 state election, the Manhattan Company dramatically increased its discounting activities. In the seven months prior to March 31, 1800, the bank collected $42,755.90 in interest on its bills; during the three months from March 31 until June 30 that year, the company collected even more: $45,720.86. Therefore the company was discounting three times the amount of bills it had during the year before (about $762,000), so much that they printed more notes to keep up with business.[47]

The capacity to offer bank credit to supporters radically broadened Republicans' potential base of support. James Cheetham spared no effort to distinguish the company from the city's other banks, contrasting coercion with opportunity. Prior to the polling, a merchant reminded voters that "at the last election, each of you were threatened with ruin, if you did not vote for the federal ticket." Another writer addressing "the Cartmen" cast the Manhattan Company's founding as a liberation narrative. The bank, he wrote, "rendered the merchants independent . . . no longer afraid that the avowal of republican principles, can deprive them of discounts." He continued, "This happy circumstance has strengthened the republican interest . . . no impudent combination to deprive any of you of employment can now be formed with the least prospect of success. The law places it in your power to punish the man who shall dare to influence your vote, by the threat of depriving you of *bread*."[48]

[47] Cheetham, *Impartial Enquiry*, 9–11 (quotations). For the Cayuga Bridge Company loan, see *Minutes of the Board of Directors*, Sept. 19, 1799, in Chase Manhattan Bank Archives, RG 1, bk. 1. For the Manhattan Company's loans and investments, see John Stevens to Robert R. Livingston, Aug. 28, 1799, in Livingston Papers; *Minutes of the Board of Directors*, Dec. 23, 1799, in Chase Manhattan Bank Archives, RG 1. Federalists worried that the Manhattan Company would attempt to undermine existing partnerships and merchants by accumulating stakes in other businesses. The company instead held significant amounts of real estate in Manhattan and traded in government securities and public stocks. An 1815 report concluded that the Manhattan Company behaved more responsibly and cautiously than many of its peers. See [C. Sigourney], *An Appeal to the Public in the Conduct of Banks in the City of New York* (New York, 1815), 6. For more on issues of control in banks and commercial firms' relationships, see Joseph G. Haubrich and João A. C. Santos, "Alternative Forms of Mixing Banking with Commerce: Evidence from American History," *Financial Markets, Institutions and Instruments* 12, no. 2 (May 2003): 121–64. My calculations are based on ledger entries for Mar. 30, June 30, 1800, Manhattan Company Ledger, in Chase Manhattan Bank Archives, RG 1, bk. 1. Thanks also to Robert E. Wright for his assistance. See Wright, "Banking and Politics in New York, 1784–1829" (Ph.D. diss., State University of New York, Buffalo, 1996), 239–64.

[48] An Independent Cartman, "To the Cartmen of New-York," *American Citizen and General Advertiser*, Apr. 29, 1800, [2] ("at the last election"); Philander, "For the American Citizen. To the Cartmen of New-York," *American Citizen and General Advertiser*, Apr. 29, 1800, [3] ("rendered the merchants").

The Federalist electioneering tactics deployed in 1799, unanticipated by Burr and his allies, had validated Republicans' long-held suspicions about the elitism and exclusivity of Federalist banks. In response Republicans created a less-elite banking regime that served the needs of merchants, tradesmen, and even carters, which in turn eroded Federalists' rhetorical depictions of Republicans as poorer laborers. Partisan leaders such as Burr, George Clinton, and Robert R. Livingston were atypically elite. The city's renters, clustered in poorer wards, tended to form the bulk of Republican support, whereas merchants tended to vote Federalist. According to one calculation, the average resident of a Federalist-voting ward was worth three times the average renter in a Republican ward.[49] By offering credit to merchants and tradesmen alike, the Manhattan Company bridged this wealth gap. Because voting eligibility was based on property requirements, the company elevated people to the franchise by extending credit to middling debtors. In effect they manufactured voters.

The legislature New Yorkers elected in 1800 would choose the electors casting ballots for president and vice president, and New York was the keystone to a national Republican victory. As Thomas Jefferson wrote James Monroe on March 4, 1800,

> in New-York all depends on the success of the city election, which is of twelve members, and of course makes a difference of

[49] In city elections freeholders were allowed to vote in each ward where they owned property worth at least $100; renters, however, were ineligible to vote. The requirements for state elections were more relaxed, with a £20 property or a $5 annual rent qualification. Thus the city government was firmly in the hands of property owners but state and federal elections were more competitive, with twice as many renters as property owners. Throughout the 1790s anti-Federalist and Republican votes were concentrated among these laborer and immigrant renters, who lived in a poverty belt north of the city's commercial areas. Republicans carried the heavily rented Sixth and Seventh wards by up to 90 percent; Federalists produced similar margins in the wealthier First, Second, and Third wards. For wealth distribution calculations, see Willis, "Social Origins of Political Leadership," 58 (fig. II–4), 60 (table II–5). For more on laborers' affinity for Republicans, see Rock, *Artisans of the New Republic*; Howard B. Rock, "The Artisan and the State in the 1790s: A Comparison of New York and London," in *New York in the Age of the Constitution, 1775–1800*, ed. Paul A. Gilje and William Pencak (Rutherford, N.J., 1992), 74–97. My comparison is of the average freeholders in the centrally located Third Ward with those in the Fifth Ward. The former had three times the assets of the latter; ratios of property-owning residents to renters in general varied widely. In 1795 there were 1.5 renters for every property holder in the Third Ward but 5.8 renters to every owner in the Sixth Ward, the area that became the electoral stronghold for the Republicans. See Willis, "Social Origins of Political Leadership," 60 (table II–5).

> twenty-four, which is sufficient to make the two houses, joined together, republican in their vote . . . In any event, we may say, that if the city election of New-York is in favour of the republican ticket, the issue will be republican; if the federal ticket for the city of New-York prevails, the probabilities will be in favour of a federal issue, because it would then require a republican vote both from New-Jersey and Pennsylvania to preponderate against New-York, on which we could not count with any confidence.

Thus the Republicans' national success was riding on the legislative elections in New York City. Anticipating a Republican victory, the Federalist *Commercial Advertiser* urged a large turnout: "Let nothing prevent you from attending the election, and voting for the Federal Ticket . . . the Jacobin party will, *every man of them, be present and vote.*"[50]

Knowing that his association with the company was a liability, Burr opted not to campaign for the assembly from Manhattan. Instead he engineered his nomination in nearby Orange County and handpicked a New York City ticket that, like the Manhattan Company board of directors, embraced the state's three dominant Republican factions. At a late-night meeting at Burr's home, thirteen men—including George Clinton, Brockholst Livingston, and Swartwout—were convinced to stand for election. Four were Manhattan Company directors; the rest had direct company ties. In 1800 Republicans carried New York with 52.7 percent of the vote, only a year after Federalists had garnered 59.4 percent. Federalists attributed the Republicans' strength to the Manhattan Company. Assessing their defeat, "Portius" wrote to the "friends of the present Government and particularly to the Merchants" that the Republicans

> do not confine themselves to three days exertion and an ill-digested, ill-concerted arrangement of two or three evenings; they devote weeks, months, even the year itself to secure their purposes. Two days had scarcely elapsed after the determination of the last year's election when measures were begun . . . They discriminated throughout this city between their partisans, and those opposed to them, and they soon knew to a man the name of every doubtful character . . . all the influence of the Manhattan Bank has been enlisted in their service; and it is here that we are to look for the

[50] Thomas Jefferson to James Monroe, Mar. 4, 1800, in Davis, *Memoirs of Aaron Burr*, 2: 55 ("in New-York"); Marcellus, "To the People of the city and State of Ny," *Commercial Advertiser*, Apr. 25, 1800, [2] ("Let nothing").

> great loss of votes which we met (with in the second ward) . . . In all their transactions in private life they have acted with an eye to the same object; was a cartman to be employed or a mechanic to be hired, the first enquiry made was—What are his politicks?[51]

Logistical innovations implemented by the Republicans, including Aaron Burr's creation of round-the-clock campaign headquarters, complete with cots and coffee, and a sophisticated native-language door-to-door get-out-the-vote effort, have been detailed by other historians. Burr did not campaign to voters directly but instead relied on the mediation "of a league of energetic young lieutenants." In the same vein, the Manhattan Company was a vehicle for patronage and electioneering, allowing Burr and others to create dependent political relationships outside the context of the campaign itself. This distance preserved the directors' propriety yet nonetheless personalized the 1800 election, empowering individual Republicans to create networks of credit that could become channels of communication and votes. Alexander Hamilton reflected that Burr, "by a trick established a *Bank,* a perfect monster in its principles; but a very convenient instrument of *profit* & *influence.*" The Manhattan Company encouraged Republican leaders to cooperate first with each other and then furnished them with an institutional basis to create expansive, durable, and partisan networks of patronage that were based on material, rather than ideological, interests, what one Federalist in 1791 called a "Coalition of Interests from different principles."[52]

The establishment of the Manhattan Company, according to James Cheetham, sounded the Federalists' death knell. That sentiment was shared by Republican chieftain DeWitt Clinton, who in 1808 told Manhattan Company cashier Henry Remsen, "the cause of republicanism . . . is intimately connected with the prosperity of our institution." In the wake of the Jeffersonian revolution of 1800, Republicans created political histories retroactively labeling the Bank of New York and the New York branch of the Bank of the United States as exclusively

[51] Portius, "For the Commercial Advertiser," *Commercial Advertiser*, May 5, 1800, [2]. The author also reflects, "of two persons equally industrious and skillful, if I give the preference to the man who thinks as I do and lends his support to that course of public measures which in my estimation will promote the happiness of the community, I assuredly violate no law of justice and do nothing which can offend the most rigid moralist" (ibid.). For more on the political leaders of New York and their occupations, see Willis, "Social Origins of Political Leadership," 72 (table II–11).

[52] Freeman, "Corruption and Compromise," 99 ("of a league"); Alexander Hamilton to James A. Bayard, Jan. 16, 1801, in Syrett et al., *Papers of Alexander Hamilton*, 25: 319–24 ("by a trick," 25: 321n); James Tillary to Hamilton, [January 1791], ibid., 7: 614–16 ("Coalition of Interests," 7: 615).

Federalist monopolies. Cheetham called them "weapons of faction" in an article that stated that they were "notoriously as much subject to the influence of party, as the purse of an individual . . . it was necessary to be of the same political color as themselves." Another Republican wrote of the pre–Manhattan Company days, "You had to contend with powerful and insidious foes . . . Federal, State and Corporation Officers, took the field against you." The company ended years of "coerc[ing] the mechanics and cartman to prostitute their most important and inalienable right, the elective franchise."[53]

Though it is compelling to imagine "bullying menaces" of bankers harassing "weak and dependent" merchants, this narrative obscures the reasons behind the Republicans' success in 1800 and the Federalists' motives in 1799.[54] The Manhattan Company consolidated the Republican leadership as it enabled it to garner new support, linking a small group of directors to a larger pool of shareholders and debtors. The corporate form offered a structure to organize interfactional cooperation among the core leaders of the Republican Party; the Manhattan Company was a manifestation of the party as a permanent institution. The 1799 Federalist overreaction to the company's founding was based on the mistaken assumption that Republicans wished only to serve a defined group. The old banks' temporarily exclusive Federalism made the Manhattan Company an even more essential rallying point for Republicans. Republicans were not interested in carving out Federalists' discounting business. In answering larger market demands by expanding commercial credit, they showed themselves to be capable of managing institutions and recognizing the needs of an urban mercantile cohort. The Federalists' monopoly on banking carried rhetorical and practical advantages; though one did not have to be a Federalist to get credit in New York City, nearly all bankers were Federalists.

No longer captive to the antibanking echoes of anti-Federalism or Federalists' attempts to associate them with financial failure, Republicans redefined the institutional and political paradigms of banking in New York. They offered a dynamic and responsive model of political economy that was elastic and looked toward the future. Adopting for themselves the efficiencies and advantages conferred by their corporate

[53] DeWitt Clinton to Henry Remsen, Mar. 16, 1808, in Reubens, *Political Science Quarterly* 72: 122 ("cause of republicanism"); "Banking," *American Citizen and General Advertiser*, Jan. 21, 1801, [2] ("weapons of faction"); "Communication," *American Citizen and General Advertiser*, May 5, 1800, [3] ("You had to"); Philander, "Communication," ibid. ("coerc[ing] the mechanics").

[54] Mentor, "For the American Citizen. To Alexander Hamilton," *American Citizen and General Advertiser*, May 8, 1801, [3].

charter and taking on the form of a firm, three Republican factions became a party capable of offering voters a material interest in their electoral success. The founding of the Manhattan Company wove banking into the developing fabric of partisanship in the early Republic, forming political coalitions through networks of commercial credit.