

The Development of Bankers: Career Patterns and Corporate Form at the Manhattan Company, 1799-1842

Gregory S. Hunter
New York University

Studies of early American banking have tended to concentrate on one of two areas. Some have looked at the *career patterns* of individual bankers or bankers as a group [9, 14, 16]. Others have focused on the *form and structure* of banks and banking: chartered vs. private; with branches or without; concerned only with banking or involved in other enterprises [8, 10, 17, 18]. Seldom have scholars attempted to integrate these two factors.

One way to begin this integration is by looking in depth at a particular institution. The Manhattan Company, the subject of this paper, was one of the major financial institutions of its time and a Republican power in state and local politics. Moreover, the Manhattan Company is interesting because its charter and structure were not typical for the first half of the nineteenth century. In an era of restrictive charters and public distrust of corporations, the Manhattan Company was given freedom in the use of its capital and the structuring of its operations. And at a time when banks in the Mid-Atlantic region usually did not long stray

BUSINESS AND ECONOMIC HISTORY, Second Series, Volume Fourteen, 1985.
Copyright (c) 1985 by the Board of Trustees of the University of Illinois. Library of Congress Catalog No. 85-072859.

far from the financial field, a major division of the Manhattan Company supplied New York City with water for almost fifty years. In terms of corporate development as outlined by Alfred D. Chandler [4], the Manhattan Company was a half-century ahead of its time.

Elsewhere I have looked at how the Manhattan Company managed its diverse enterprises [11]. In this paper I will explore the relationship between corporate form and career patterns. Among the questions I will seek to answer are: How did individuals advance through the ranks at the Manhattan Company? Did the water works have any effect upon the careers of bankers? And what part did the Manhattan Company's upstate branches play in professional development?

BACKGROUND ON THE MANHATTAN COMPANY

The Manhattan Company was unique from the very beginning. In the aftermath of a yellow fever epidemic, Aaron Burr and Alexander Hamilton, those perennial antagonists, worked together to supply New York with a source of "pure and wholesome water." Rather than having the municipality undertake such a costly project, they induced the state legislature to incorporate a private company for that purpose. The fruit of their labors, the Manhattan Company, was chartered in April 1799.¹

The charter, however, contained a trap about which Hamilton and his fellow Federalists were either unaware or unconcerned. Late in the legislative process, Burr inserted a clause permitting the company to use its "surplus capital" in any way "not inconsistent with the constitution and laws of this State or of the United States" [1]. Though Judge John Lansing of the Council of Revision was wary of this clause, the charter easily passed over his objections [6, 2 April 1799]. Undoubtedly the majority of the legislators and judges who voted in favor of the charter expected

¹For additional information, see [15; 3, pp. 49-54].

the Manhattan Company only to invest funds not immediately needed for the water works.

Burr and his Republican associates, however, quickly saw other possibilities for the company and its \$2 million capitalization. In effect, the "surplus capital" clause became the Trojan Horse for ending the Federalist monopoly over banking in New York City. Within months the Manhattan Company was to become a banking power. Bray Hammond concluded that Burr's "ruse ... [was] more than just a trick. It was a minor revolution, economic and political." [10, p. 156. See also 17, pp. 59-60.]

Despite frequent challenges to its charter and attacks upon its operations, the company survived and prospered. From 1799-1842 the Manhattan Company had three distinct divisions: the water works, bank branches in Utica and Poughkeepsie, and a main bank in New York City. With the advent of the municipal Croton Water System, the Manhattan Company stopped supplying New York City with water in the mid-1840s.² The experiment in branch banking was even shorter, only ten years (1809-1819). However, the Manhattan Company's legacy as a New York City banking power continues today in the Chase Manhattan Bank, its successor by merger in 1955. I now will look at each of these divisions to see how their existence affected career development at the Manhattan Company.

WATER WORKS

In managing its water works, the Manhattan Company followed a consistent policy: it tried to furnish "pure and wholesome water" at the least expense possible. In this way the

²An interesting sidelight, however, is the fact that out of fear of jeopardizing its charter, the Manhattan Company continued to pump water daily until 1923.

company could fulfill the obligations of its charter and still have a large supply of "surplus" capital for banking.

By and large, the officers and directors of the Manhattan Company did not wish to devote much time, energy, or money to the water works. As a result of this policy, the water works was almost totally independent. Under normal circumstances, the Superintendent (or Contractor) seldom consulted with the officers of the bank. It took a major crisis, like the 1821 discovery of fraud and mismanagement on the part of the recently deceased Contractor, before controls were tightened [12, 12 April 1821].

This had profound implications for career patterns at the water works. There were only three positions of any importance in the division: Clerk, Collector of the Water Revenue, and Superintendent (called Contractor from 1811-1821). The directors of the Manhattan Company tended to hire engineers for the top position at the water works. The other positions usually were filled by friends of the directors. Once the directors voted to fill a position, they virtually forgot that it existed until it again became vacant. While there was a "Water Committee" of the board, it did little except in time of crisis. Day in and day out the water works was out of sight and out of mind.

Indicative of this is the fact that from 1799-1842 only three people moved between the bank and the water works, all in low-level positions. James D. Bissett, who was made Collector of the Water Revenue in 1807, spent the previous seven years as Porter (the equivalent of a modern-day messenger) in the bank. Anthony L. Bleeker, both Clerk and Collector in the 1820s, served for a brief time as a clerk in the bank. And Thomas M. Shapter moved from Clerk of the water works in 1824 to the bank, where he served over the next two years as Assistant Clerk and Check Clerk (Table 1). Clearly, the water works was not the fast track for advancement in the Manhattan Company.

But was there room for advancement *within* the water works? This certainly was possible. Caleb Leach moved from the position of "Agent" (an amorphous classification somewhere between Clerk

TABLE 1

CAREER PATTERNS AT THE WATER WORKS

CLERK	COLLECTOR OF WATER REVENUE	SUPERINTENDANT
Samuel Hoyt 1800-1801		Joseph Browne 1799-1803
Caleb Leach ("Agent") 1800-1803		Caleb Leach 1803-1806
	Edward McLaughlin 1805-1807	John Fellows 1806-1811
	James D. Bissett 1807 (Porter in Bank, 1800-1807)	
		F. Huguet "Contractor" 1811-1821
	Peter Aymar 1822	
John L. Gardiner 1821-1822	John L. Gardiner 1822-1824	John Lozier 1821-1842
Anthony L. Bleecker 1822-1824; ?-1833 (Check Clerk in Bank, 1824)	Anthony L. Bleecker 1824	
Thomas M. Shapter 1824 (Asst. Clerk & Check Clerk in Bank, 1824-5)		
Rainetaux (?) 1824-1833		
	James Lozur(?) 1836-?	Jacob Lozier 1842

Notes: From 1800-1805 the Clerk also served as Collector
From 1811-1821 a "Contractor" ran the Water Works

and Collector) to become the second Superintendent of the Water Works. In the 1820s John L. Gardiner spent two years as Clerk and then two years as Collector before his death in 1824, and Bleecker filled in for a short time as Collector.

What, then, can we conclude about career patterns at the water works? Three things seem reasonable. First, the water works and its employees were isolated from the mainstream of the Manhattan Company's activities. While they had a great deal of freedom, they also were seldom considered for promotions at the bank. Second, in filling the top position at the water works the directors tended to hire experienced engineers from outside the company. There is only one instance of someone from the inside being promoted to superintendent. And third, it was possible to advance from Clerk to Collector. Since the water works was a separate operation with separate books, most of its detailed records are lost. But even with the scattered information I have, there are two instances of such advancement taking place. Perhaps the missing records would provide even more examples.

THE UPSTATE BRANCHES

For ten years, from 1809-1819, the Manhattan Company engaged in an experiment in branch banking by establishing offices in two important upstate villages, Utica and Poughkeepsie. The evidence is very thin about why the Manhattan Company established branches at all. It appears that the directors hoped to take advantage of the lack of banks in the interior of the state. Branches could be profitable, therefore, both by attracting deposits and by further circulating the notes of the parent company. [12: 15 January 1810, 1 December 1817.]

The branches could also be "profitable," moreover, for individual Manhattan Company staff members. The existence of these branches was a powerful career accelerator for many at the parent bank. Even those who did not transfer to Utica or Poughkeepsie benefited from the state of flux.

Tables 2 and 3 summarize the career patterns of the seven people who served as cashier at either Utica or Poughkeepsie. A number of conclusions are obvious. First, while local people were hired as clerks in branches, all of the cashiers were promoted from the New York City office. Second, those people who became cashiers in the branches were not the highest level clerks at the parent bank. While three had risen as high as Second Teller, three others were no higher than First Bookkeeper and one was only Second Discount Clerk. Service in the branches, therefore, was a way for mid-level clerks to break the promotional logjam in New York City. And third, it was possible to parlay experience in a branch into a much better position at the main bank in New York City.

One way of illustrating these conclusions is by looking at three individuals. Samuel Flewwelling's career is the best place to start. He was hired in 1801 as bookkeeper in New York City. In 1804, Flewwelling was promoted to Assistant Teller. He then spent four years (1805-1809) as First Bookkeeper. At this point Flewwelling's career in New York City would have been stalled behind Andrew Seaman, who served as Second Teller from 1808-1809 and First Teller from 1809-1817. The branches, however, offered Flewwelling another option. He became the initial Cashier at the Poughkeepsie branch, serving from 1809-1810. The experience gained at Poughkeepsie in turn helped him in New York City. When the Cashier position in the main bank became vacant in 1810, Flewwelling received the appointment and served for seven years. It is interesting that Flewwelling was appointed over Seaman, who still was First Teller at the main bank and who normally would have advanced to Cashier. Seaman eventually did become Cashier, but only after Flewwelling left the Manhattan Company in 1817. Clearly in this case, branch experience changed the normal course of promotion in New York City.

The second case, that of James Kissam, is less dramatic. Kissam was hired in 1807 as Assistant Clerk in New York City. In the next three years he received four promotions: Second Discount Clerk, First Discount Clerk, Third Teller, and Second Teller. He then spent two years as Second Teller, stalled (as well

TABLE 2

CASHIERS AT THE POUGHKEEPSIE BRANCH

NAME	PREVIOUS POSITIONS	SUBSEQUENT CAREER
Samuel Flewwelling 1809-1810	Bookkeeper 1801-1804 Book. & Runner 1804 Book. & Asst. Teller 1804-1805 First Bookkeeper 1805-1809	Cashier, NYC 1810-1816
John S. Hunn 1810	First Bookkeeper 1799 Second Teller 1799-1805 (NYC Street Commissioner, 1805-?)	Resigned due to financial difficulties, 1810
Daniel Coolidge 1810-1815	Second Discount Clerk 1806-1808 Bookkeeper 1806-1808 Fourth Bookkeeper 1808-1809 Third Bookkeeper 1809-1810 First Bookkeeper 1810	Unknown
James Nazro 1815-1816	Assistant Clerk 1809 Second Discount Clerk 1809 Disc. Clerk & 4th Book. 1809 First Discount Clerk 1809-1810 First Bookkeeper 1810-1815	Unknown
William W. Nexsen 1816-?	Second Discount Clerk 1808-1809	Unknown

TABLE 3

CASHIERS AT THE UTICA BRANCH

NAME	PREVIOUS POSITIONS	SUBSEQUENT CAREER
Montgomery Hunt 1809-1812	Asst. Discount Clerk 1800 Fourth Bookkeeper 1800-1801 First Bookkeeper 1801-1805 Second Teller 1805	Died in St. Croix, 1837
James Kissam 1812-1815	Assistant Clerk 1807-1808 Second Discount Clerk 1808 First Discount Clerk 1808-1809 Disc. Clerk & 3rd Teller 1809 Third Teller 1809-1810 Second Teller 1810-1812	Unknown

as Flewwelling) behind First Teller Andrew Seaman. In 1812, Kissam was appointed Cashier at the Utica Branch, an office he held for the next three years. Unlike Flewwelling, Kissam did not return to the main bank in New York City.³ Though I have no information on Kissam's subsequent career, one can speculate that he moved to a more responsible position with another bank.

The final person I will look at is James Nazro. Like Kissam, he experienced rapid promotion. From 1809-1810 he served in the following five positions: Assistant Clerk, Second Discount Clerk, Discount Clerk & Fourth Bookkeeper, First Discount Clerk, and First Bookkeeper. During that time his salary jumped from \$600 to \$900 per year, a 50 percent increase. Nazro then served as Poughkeepsie Cashier from 1815-1816; his subsequent career is unknown.

Nazro is important, however, because he illustrates the chain-reaction effect of the branches upon mid-level clerks. When Nazro was appointed First Bookkeeper in 1810, he was the fourth person in a year to hold the position. Two of his predecessors (Flewwelling and Daniel Coolidge) moved to the branches, as did Nazro himself. It was this type of person -- a solid professional in mid-career -- who went to the branches. The lower level clerks, in turn, benefited by more rapid advancement through the ranks in New York City.

Career patterns at the branches differed significantly from those at the water works. While the water works and its personnel were isolated from the mainstream of the Manhattan Company's operations, the branches were an integral part of the the company's central banking function. The existence of the branches led to a "percolator effect" among low- and mid-level clerks at the New York City bank: serving in a branch not only advanced one's career, but it opened up possibilities for those lower on the ladder. However, the path between the main office

³He was blocked by Seaman as First Teller and Flewwelling as Cashier.

and the branches was largely one-way, with only Flewwelling returning to the New York City bank. I suspect this is because people who had served as Cashier at one of the branches, and had experienced the freedom and power this position entailed, did not wish to return to New York City in a secondary role. Service in the branches had enabled them to jump from mid-level clerks to senior management. Only one position at the New York bank -- that of Cashier -- could now entice them. Probably the proliferation of banks across the state at this time offered better prospects outside of the Manhattan Company.

THE MAIN BANK IN NEW YORK CITY

To really appreciate the importance of the branches as career accelerators, it is necessary to look at what happened at the main bank after the closing of the branches. Logically, one would expect a slowing down of the rapid turnover and promotions. This, indeed, was the case.

Table 4 is a listing of all individuals who held one of four key positions between 1799 and 1842: First Bookkeeper, Second Teller, First Teller, and Cashier. As the previous section indicated, First Bookkeeper and Second Teller were the primary spawning grounds for branch cashiers. I have included First Teller and Cashier because they were the top positions in New York City and the ultimate promotional goals. I have excluded President, however, because of the political nature of the position at this time.

At first glance, it appears as though after the branches there was a slowing of advancement, at least in two of the four positions: Anthony Rainetaux served seventeen years at First Bookkeeper and Robert White served twenty-one years as Cashier. In an effort to be more precise, I have developed Table 5. In this table I have broken my time period into four roughly equal sections: pre-branches (1799-1808), branches (1809-1819), and two

TABLE 4

**CAREER PATTERNS AT THE NEW YORK CITY BANK
FOUR KEY POSITIONS**

YEAR	1ST BOOKKEEPER	2ND TELLER	1ST TELLER	CASHIER
1799	John S. Hunn John Rathbone	Ralph Thurman John S. Hunn	Whitehead Fish	Henry Remsen
1800	"	"	"	"
1801	"	"	"	"
	Montgomery Hunt			
1802	"	"	"	"
1803	"	"	"	"
1804	"	"	"	"
1805	"	"	"	"
	Sam. Flewelling	Montgomery Hunt T. Stoutenburgh	"	"
1806	"	"	"	"
1807	"	"	"	"
1808	"	"	"	"
		Andrew Seaman	T. Stoutenburgh	Whitehead Fish
1809	"	"	"	"
	Gabriel Theriott	James Bleecker	Andrew Seaman	
1810	"	"	"	"
	Daniel Coolidge James Nazro	James Kissam		Samuel Flewelling
1811	"	"	"	"
1812	"	"	"	"
		James Gelston		
1813	"	"	"	"
1814	"	"	"	"
1815	"	"	"	"
	A. Rainetaux			
1816	"	"	"	"
1817	"	"	"	"
		Brown King	James Gelston	Andrew Seaman
1818	"	"	"	"
1819	"	"	"	"
		James A. Funk		Robert White
1820	"	"	"	"

Note: Bold names were involved with the upstate branches

TABLE 4 (CONTINUED)

YEAR	1ST BOOKKEEPER	2ND TELLER	1ST TELLER	CASHIER
1821	A. Rainetaux	James A. Funk Wm. Shepherd	James Gelston James A. Funk	Robert White
1822	"	"	"	"
1823	"	"	"	"
1824	"	"	"	"
1825	"	"	"	"
1826	"	"	"	"
1827	"	"	"	"
1828	"	"	"	"
1829	"	"	"	"
1830	"	Rich. Sterling	Wm. Shepherd	"
1831	"	"	"	"
1832	"	"	"	"
1833	Andrew Garr	"	Edward Tailer	"
1834	"	"	"	"
1835	"	"	"	"
	Adam Tiebout	Stephen Richard Colin Newcomb	Rich. Sterling Stephen Richard	"
1836	?	"	"	"
		Robert Roberts	Colin Newcomb	"
1837	?	"	"	"
1838	?	"	"	"
1839	?	"	"	"
1840	?	"	"	"
1841	?	?	James Morrison	William Vermilye
1842	?	Alex. Allaire	" John G. O'Brien Adam Tiebout	James Morrison

Note: Bold names were involved with the upstate branches

groupings for post-branches (1820-1830 and 1831-1842). Within each section I have computed the average number of years a person served in each position. I am using this as my measure of turnover.

The results in Table 5 are dramatic. There was more rapid turnover in each position while the Manhattan Company had branches than in the decade immediately preceding the branches' establishment. Also, from 1820-1830 there was a sharp reversal of this trend in three of the four positions (the fourth position kept the same rate). The average length of service for First Bookkeepers jumped from 2.2 to 11.0 years; for Second Tellers from 1.8 to 3.7 years; and for Cashiers from 2.8 to 11.0 years. Without the branches as a release valve, people tended to stay in their positions for a longer period of time.

The twelve years from 1831-1842 saw an easing of this trend toward longevity. But in only one position, that of First Teller, was there more rapid turnover than during the decade of the branches. In assessing turnover during this time period, however, it is important to keep two related factors in mind. The first was the Panic of 1837 and its resulting economic and social dislocations. The second was the fact that after 1835 the Manhattan Company faced the most serious challenge to its greatest financial crisis. During an 1840 investigation of the bank, both the First Teller disappeared and \$49,000 was missing. At the conclusion of the investigation, the President and Cashier resigned, and the Board requested the resignations of the Second and Third Tellers. In order to begin afresh, the company wrote off losses totaling \$278,987.56, over one-tenth of the company's capitalization. As a result, for the first time in the Manhattan Company's history, the directors found it "inexpedient to declare a dividend" [12, 13 January 1840-7 January 1841]. Under these circumstances, it is surprising that there was not even greater turnover after 1830.

Using even a rough measure such as "average length of service," it is clear that promotion and advancement at the Manhattan Company's main bank in New York City were affected by the existence of the upstate branches. Even the years

TABLE 5

**NEW YORK CITY BANK
TURNOVER IN POSITIONS
BEFORE, DURING, AND AFTER BRANCHES**

Years	1st Book.		2nd Teller		1st Teller		Cashier	
	# of Indiv.	Years/ Ind.	# of Indiv.	Years/ Ind.	# of Indiv.	Years/ Ind.	# of Indiv.	Years/ Ind.
Pre-branches 1799-1808 (10 years)	4	2.5	5	2.0	2	5.0	2	5.0
Branches 1809-1819 (11 years)	5	2.2	6	1.8	3	3.7	4	2.8
Post-Branches 1820-1830 (11 years)	1	11.0	3	3.7	3	3.7	1	11.0
Post-Branches 1831-1842 (12 years)	3	4.0	5	2.4	8	1.5	3	4.0

Note: Due to overlapping terms, the same person may be counted in more than one bracket

after 1835 did not witness the same rapid turnover in key positions as the company experienced from 1809 to 1819.

CONCLUSIONS

This paper has been a first attempt at assessing how corporate structure affected turnover and advancement at the Manhattan Company. Much remains to be done, especially locating information about the careers of former Manhattan Company employees who moved to other institutions. But even with the preliminary treatment presented here, a number of conclusions appear valid.

The first is that the two major divisions of the company, supplying water and engaging in banking, were virtually independent of one another: in terms of daily operations, they were two separate companies. This is clear at the management level. The President and Cashier seldom concerned themselves with the water works. For example, in 1821 the Water Committee of the Board recommended that the President and Cashier "frequently visit the works, and ... so manage their business in the Bank, as to allow of this without detriment to said business" [12, 12 April 1821]. This separation also is apparent from the career patterns of Manhattan Company employees: there was no significant movement between the two divisions. While there are instances of advancement within the water works, Manhattan Company officials seldom looked to the water works when filling positions in the bank.

The second conclusion is that the Manhattan Company's brief experiment with branches had a profound impact upon the entire banking operation. In ten short years, seven low- and mid-level clerks in New York City moved to the responsible position of Cashier in a branch. This set off a chain reaction of rapid advancement for clerks even lower on the promotional ladder. Similarly, the President and Cashier were actively involved with the branches. The Manhattan Company's Minutes and President Henry Remsen's correspondence are full of references to the

branches. For example, there was a constant give-and-take about the proper amount of capital to commit to each branch and a frequent concern for the effect of politics on the branches. The active involvement of the President and Cashier in the management of the branches reinforces the centrality of these offices to the Manhattan Company's operations. Clearly, the parent bank did not treat the branches like orphans; rather, they were highly favored children.

My final conclusion relates to corporate form and career patterns in the first half of the nineteenth century. The Manhattan Company had a form uncommon for its time: a multi-unit corporation flowing from a distinctly modern charter. It also had career development uncommon for its time, due to the presence of two separate divisions and two upstate bank branches. These two aspects -- corporate form and career patterns -- were intimately connected at the Manhattan Company and probably at other institutions as well. To look at only one aspect would be to see only one side of the coin. Future studies must consider both sides, in order to achieve a more balanced view of corporate and professional development in nineteenth-century America.

REFERENCES

1. Act Incorporating the Manhattan Company, in *Evan's American Bibliography*.
2. Simeon E. Baldwin, "American Business Corporations Before 1789," *American Historical Review*, Vol. 8 (April 1903), pp. 449-65.
3. Nelson M. Blake, *Water for the Cities: A History of the Urban Water Supply Problem in the United States* (Syracuse, NY: Syracuse University Press, 1956).

4. Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Belknap Press of Harvard University Press, 1977).
5. Thomas C. Cochran, "The Business Revolution," *American Historical Review*, Vol. 79 (1974), pp. 1449-66.
6. Council of Revision (New York State), *Minutes*.
7. Joseph S. Davis, *Essays in the Earlier History of American Corporations* (New York: Russell and Russell, 1965). Originally published in 1917 by Harvard University Press.
8. J. Van Fenstermaker, *The Development of American Commercial Banking, 1782-1837* (Kent, OH: Bureau of Economic and Business Research, Kent State University, 1965).
9. J. S. Gibbons, *The Banks of New York, Their Dealers, the Clearing House, and the Panic of 1857* (New York: Greenwood Press, 1968). Originally published by D. Appleton and Co., 1859.
10. Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, NJ: Princeton University Press, 1957).
11. Gregory S. Hunter, "The Manhattan Company: Managing a Multi-unit Corporation in New York City, 1799-1842," paper delivered at the conference on "New York and the Rise of American Capitalism" at the New York Historical Society, 1984.
12. *Manhattan Company Minutes*, Chase Manhattan Archives, Record Group Number 1.
13. George David Rappaport, "The Sources and Early Development of the Hostility to Banks in Early American Thought," Ph.D. dissertation, New York University, 1970.

14. Fritz Redlich, *The Molding of American Banking: Men and Ideas*, (New York: Johnson Reprint Co., 1968). Originally published in 1947 and 1951.
15. Beatrice G. Reubens, "Burr, Hamilton and the Manhattan Company," *Political Science Quarterly*, Vol. 72, No. 4 (December 1957) and Vol. 73, No. 1 (March 1958).
16. Larry Schweikart, "Ante-Bellum Southern Bankers: Origins and Mobility," pp. 79-103, *this volume*.
17. Ronald E. Seavoy, "The Origins of the American Business Corporation, 1784-1855: New York, the National Model," Ph.D. dissertation, University of Michigan, 1969.
18. Richard Sylla, "Early American Banking: The Significance of the Corporate Form," pp. 105-23, *this volume*.

