ON February 9, 1782, Isaac Wharton, partner with his brother Thomas in a noted Philadelphia mercantile house, wrote a letter to Nathaniel Shaw, Jr., of New London, Connecticut. The subject of this letter, though not specifically mentioned, was the newly established Bank of North America. By means of this correspondence Wharton hoped to inspire confidence in this novel financial venture. His concern for the return of stable economic conditions had been gained through painful experience during most trying times. Then, as now, government had contributed to an inflated currency, and the American Revolution had disrupted commercial relations between and throughout all the states.

Financing the military operations required by the War of American Independence had presented grave problems to both the Continental Congress and the state governments. The adoption of the Articles of Confederation early in 1781 had not eased the delegates’ dilemma. The power of taxation still eluded them. Previously they had resorted to printing paper money and to conducting lotteries to meet financial obligations. Both failed, and the former contributed to a rampant inflation which damaged confidence not only in the Continental money but in the Congress as an institution as well. The establishment of some sort of centralized banking association could have eased the way to building a sound foundation for the nation’s financial affairs. This, however, was beyond the expertise and experiences of most Americans.

By December 1781 the Congressional delegates finally overcame their reluctance to place such strong economic power in the hands of a few men; they resolved to incorporate the Subscribers to the Bank of

James D. Anderson
North America. The pressure to do so surely came from many Americans both in and out of the government who realized that something had to be done. By then, however, the delegates had before them the successful, if limited, example of the Pennsylvania Bank.

In mid-1780 a group of Pennsylvanians had concluded that a solution had to be found to resolve the army’s desperate plight respecting manning, pay, clothing, and equipment. The fall of Charleston, South Carolina, to British troops on May 12 emphasized the seriousness of the situation. Early in June a representation of prominent men, including, among others, Thomas Willing, James Wilson, and Robert Morris, met in Philadelphia with the aim of raising subscriptions to subsidize recruits for the Continental forces. They had already found subscribers to pledge £400 in specie and £101,360 in Continental currency for that purpose when the news of Benjamin Lincoln’s surrender inspired them to move in a new direction while expanding their goals.

On June 17 a meeting of the original subscribers approved the raising of £300,000 (Pennsylvania) in specie to capitalize “a new bank to be established for furnishing a supply of provisions for the armies of the United States.” In a remarkably short time, ninety-two men subscribed the required amount, immediately paying ten per cent of their pledges and promising the remainder on demand. The Pennsylvania Bank thus formed could borrow money, issue bank notes at the customary six per cent interest, and accept deposits. The investors anticipated that all funds expended to purchase supplies for the army would eventually be repaid by Congress. The bank accomplished its goals most efficiently, so much so that the bank demanded the last subscription payments on November 15, 1780, and formally closed its books in December 1784. One analyst has commented that the “supplies could not have been obtained but for the assistance of the bank,” and that it performed a “most essential service to the country.”

The achievements of the Pennsylvania Bank demonstrated to the Congressional delegates the possible benefits which could be accrued by a financial structure built upon a broad base. The problems faced by the Congress increased rather than diminished throughout 1781. A turning point occurred in February with the selection of Robert Morris to be Superintendent of Finance. At last the nation’s financial affairs rested in the hands of a competent individual instead of a quarrelsone and divisive committee. Partially acting in response to advice from Alexander Hamilton and partially to fulfill his own ambitions, on May 17 he proposed that Congress approve and establish a national bank for the United States.
His proposition was less ambitious than that of Hamilton; instead of the latter's concept of three million dollars, he suggested a capitalization of $400,000 to be raised by the selling of stock. The share holders would elect the directors who in turn would determine the bank's "manner of doing business." It could accept deposits, issue notes, and make loans. Two recommended measures would insure the national character of the institution. First, the bank notes would be accepted as legal tender for the payment of taxes by "every State in the Union, and from the Respective States, by the Treasury of the United States, as specie." Second, the Superintendent of the Finances of America had the right of access to the bank's "Books and Papers" and could investigate the bank's conduct of business "at all times." Its formal title would be "The President, Directors, and Company of the Bank of North America."  

The committee formed to investigate the matter immediately recommended the approval of Morris' plan. On May 26 Congress as a whole complied despite stiff opposition by James Madison who contended that Congress would be exceeding its powers, an argument which would haunt the bank's directors for some time. Meanwhile, anticipating final sanction for the bank, Morris, Willing, Wilson, and other members of the Pennsylvania Bank began to solicit contributions. By November sufficient shares had been sold so that the board of directors could be elected on November 1. On Monday, December 31, Congress, realizing that "the finances of the United States must suffer considerably without the aid of the Bank," ordained and incorporated the Bank of North America to "the amount of ten millions of Spanish silver milled dollars." In general, the law followed Morris' plan, the main exception being that the bank could not "exercise any powers in any of the United States, repugnant to the laws or constitution of such state." The directors and officers already elected and the rules currently accepted by the share holders were approved by Congress. Further, that body recommended that each state accept the bank and its operations within its boundaries. The bank was now definitely in business, at least in Pennsylvania.  

On January 7, 1782, the bank opened its Philadelphia offices on Chestnut Street west of Third. The expansion of its services to the other states remained of prime importance. The next day Morris wrote to the governor of each state enumerating the advantages presented by the bank, including, most importantly, an uniform currency to facilitate trade and the payment of taxes and other debts. The influx of some Continental funds had provided the bank with sufficient capital to begin operations. Despite some initial difficulties, the bank notes were accepted by some states.
Within the financial circles of Philadelphia the future of the bank appeared to be auspicious. To insure its success and the resultant solvency of the United States, that optimism had to be echoed in the other commercial centers along the Atlantic seaboard, the most influential being the ports of New England since New York remained in British hands. Thus some Philadelphia merchants mounted a drive to convince their counterparts to rally to the support of the new bank, for, as James Wilson later wrote, "The credit of a bank, as well as all other credit, depends on opinion." Among them was Isaac Wharton who wrote this letter to Nathaniel Shaw, Jr.

Wharton had been born on September 15, 1745, into a family which had combined the wealth and social position of two dynasties which influence Philadelphia affairs to this day. His father, Joseph Wharton (1707–1776), a staunch Quaker, had risen by his own rewarding and diversified efforts from "cooper" to gentleman of leisure. The elder Wharton's prosperity as well as his mannerisms and personality had earned him the informal title of "Duke" or even the "Grand Duke" by his contemporaries. A close associate of Benjamin Franklin, in 1730 he married Hannah Carpenter, the granddaughter of Samuel Carpenter, a friend of William Penn who had emigrated to Philadelphia from Barbados. Carpenter rapidly became the wealthiest of the first generation Quaker settlers, second in means only to the proprietor himself.

Eleven children were born of this union, three of whom, Thomas, Sr. (1731–1784), Samuel (1732–1800), and Joseph, Jr. (1734–1816), as prosperous merchants, figured prominently in Philadelphia financial activities. All shared similar interests as exporters-importers. Their reputations as honest and fair but strict businessmen extended to all the colonies and to Canada, the West Indies, and across the Atlantic as well. In addition, speculation in western and frontier lands fascinated them. In conjunction with their father, Benjamin and William Franklin, Sir William Johnson, George Croghan, and others, they became important members of the Illinois, Indiana, and Vandalia (or Grand Ohio) land companies. Thomas and Samuel also participated in provincial politics and supported Franklin and Joseph Galloway in the Assembly party's efforts to convert Pennsylvania into a royal colony.

Although the brothers formed a closeknit family, Isaac throughout his lifetime remained closest to Thomas, for in October 1766 the latter accepted him as an apprentice. Following the customs of the day, and even though the arrangement remained exclusively within the family, their father paid Thomas the usual apprentice fee of forty pounds. Moreover, Isaac lived with his brother and his family during the
training period in their home at Second and Spruce Streets, staying there at least until 1775 and possibly until his marriage. Under his older brother's efficient tutelage, he studied all aspects of the merchant's craft, for Thomas dealt in virtually every commercial and financial operation which could earn a profit. These included the export of local agricultural and finished products, importation of manufactured goods, selling at the retail as well as the wholesale level, settling debts for other parties, and acting as a broker for marine insurance. He learned his lessons well; in the spring of 1770 Thomas admitted him into full partnership and established the firm of Thomas and Isaac Wharton. At that time Thomas proudly announced to Sir William Johnson that their "Utmost abilities shall be Exerted to Compleat thy Orders to Satisfaction," adding that they could fill any requirement "Equal to any House here" and "at the lowest price."

Supplementing the business acumen, Isaac shared other characteristics with Thomas, including chronically suffering from gout. He participated to a limited extent in philanthropic activities, most importantly, following Thomas' example, as a manager of the Pennsylvania Hospital for three terms from 1781 to 1784. He also involved himself in land speculation, both local and on the frontier, although he apparently did not share in the administration of the major land companies. He did, however, act for some time as one of the three trustees controlling the entire stock of the Indiana company. He claimed approximately 50,000 acres in the Wyoming valley in northeastern Pennsylvania, but, after prolonged legal conflict with the squatters, he lost the battle. He also interested himself in the New York land gained by Croghan as part of the settlement with the Indians at Fort Stanwix (now Rome, New York) in 1768. In cooperation with brothers Thomas, Samuel, and Charles (1744–1838), he obtained various plots in the Delaware tract near Lake Otsego totalling almost six thousand acres. Uncertain and inexact recording of deeds on this land also resulted in little or no profit.

Isaac's life with Thomas could not have been routine. Philadelphia as well as all the colonies was undergoing a period of change and unrest. The elder brother only hesitantly supported the non-intercourse agreements perpetrated to counter the Stamp Act. Later, in November 1768, he helped his fellow merchants draft a petition against implementation of the Townshend Duties, but then refused to concur with the economic sanctions which followed. He believed that in the long run the new levies would help rather than hinder commercial and industrial development in America. At this point the brothers followed dividing paths; Isaac
agreed with brother Joseph and cousins James and Thomas, Jr., and signed the non-importation pact. Because of the close fraternal ties, however, it is probable that he did so with at least tacit approval by Thomas.

Any disagreement between the two was, though, resolved by the time the next intra-imperial quarrel, the Tea Crisis of 1773, appeared. Acting upon the advice of Samuel Wharton and Thomas’ allies in Britain such as Thomas Walpole, the East India Company chose their firm and three other mercantile houses to sell its tea in Philadelphia. Rumors of their appointment upset their neighbors, and they became the target of heated opposition. The Whartons, however, cooled the ardor of their opponents by cooperating with the local committees. Further, when the tea ship arrived in December, they encouraged the captain to depart without attempting to land the disputed cargo. They even advanced the funds so that the Polly could be reprovisioned for her return voyage. That they had not earned enduring hostility from their fellow citizens is indicated by Thomas’ later election to the Committee of Forty-three which coordinated the city’s efforts to protest the Coercive Acts against Boston.19

The pace of the events leading to the Declaration of Independence was much too fast for many Philadelphians. The apparent conflict between temporal and spiritual goals confused and distracted many Quakers including the Wharton family. Thomas, for example, attempted to exert a moderating influence into political affairs, but the rise of a new group of radicals, a band he habitually termed “our warm partisans,” and the declining role of the conservative merchants in determining the province’s fate angered him. He only reluctantly accepted independence, and he and his brothers declined to sign the oath of allegiance to the state, a decision which seriously affected them financially. He and Isaac witnessed the almost complete disappearance of their business, a considerable amount of which could be attributed to their political views. Hostility toward them climaxed in September 1777 with the arrest and resulting exile to Virginia of Thomas and nineteen other Friends and other men whose attitudes had earned the dislike, even hatred, of some patriots. It was a period of trial for the exiles’ families. Isaac helped by watching over Rachel Wharton, the daughters, and the business. Fortunately the banishment lasted only nine months, but the political environment had changed considerably by the time American forces reentered Philadelphia in June 1778.20

The attitude of the patriots and the Pennsylvania government toward dissidents had hardened during their involuntary stay at Lancaster.
Whereas before they had implemented the oath requirement of the various Test Acts with marked discretion, now they pursued the matter with great vigor. In addition to attacking those who had remained in Philadelphia during the British occupation, they moved against those who attempted to remain "neutral" in the controversy. The state Supreme Court issued bills of attainder and the President of the Supreme Executive Council proclaimed against many in that uncertain category including Isaac and Carpenter (1747-1780) Wharton. Isaac was ordered on June 15, 1778, to surrender himself to the court by August 1 to face charges of high treason. After debating with his conscience, Isaac joined with Charles and Carpenter to sign the required oath. His and Carpenter's efforts, however were, for unknown reasons, not accepted; both were bound over for court action. This setback lasted only a short time; the court discharged Isaac in September and Carpenter on December 5. The proceedings against Carpenter in particular are questionable because he served early in the revolution as a commissary for both Pennsylvania and Continental troops.

This political harassment did not deter Isaac from his primary concern, the business. Never really a well man, Thomas had returned from Virginia suffering severely from his gout. Within the next thirteen months he experienced what evidently were two strokes. These so completely disabled him that only at intervals could he attend to his personal and commercial interests. During this period his wife Rachel managed the rental property while Isaac supervised the office and other real estate. By September 1781 matters had reached such a stage that Isaac evidently assumed complete control over the partnership, for he was asking old customers of the firm to continue their business with him.

Thomas died on December 1, 1784. Soon thereafter Isaac formed a new alliance with David Lewis, specializing as insurance brokers from their office on South Front Street. This did not, however, preclude his taking advantage of every financial opportunity which came his way. In 1784, for instance, demonstrating his confidence in the future, he joined with his nephew Samuel Lewis Wharton to buy four shares, each valued at $500, in the Bank of North America. Later the same combination purchased four addition shares. It should be emphasized, though, that in 1782 he had no direct interest in the bank. In later years Wharton maintained his involvement in banking; in the 1790s he became one of the directors of the First Bank of the United States.

In many respects Wharton's life reflected the exciting times in which
he lived. The Philadelphia Meeting disowned him in February 1773 for "disunity," a general charge which could describe any breach of his church's discipline from excessive consumption of alcohol to the bearing of arms. The Meeting later forgave his transgression and readmitted him to good grace on June 17, 1783. Following his marriage to Margaret Rawle in 1786, he lived in a mansion on North Front Street. The couple had five children. He died in his native city on March 31, 1808.24

Nathaniel Shaw, Jr. (1735–1782), the recipient of Wharton's letter, was one of the foremost citizens of New London. He entered the world of commerce as a partner in his father's mercantile house. His business prospered, and his trade encompassed customers and suppliers in the West Indies, various Mediterranean ports, and other American cities. A successful shipowner, he additionally dealt extensively in local real estate and foreign exchange.25 In all these respects, his activities closely duplicated the commercial practices observed by the Whartons in Philadelphia.

In politics, however, he differed markedly from the Philadelphians. He early opposed the economic measures adopted by Parliament affecting the colonies after 1763. One of the "Sons of Freedom," he became a leader of the resistance movement in Connecticut, serving on many local and provincial committees including the one to protest the Intolerable Acts against Boston. At the time when Thomas Wharton was retiring from public life, Shaw served both the Continental government and his own colony (later state) as Naval Agent in his city. In carrying out his duties, he procured supplies, outfitted privateers as well as naval vessels, and disposed of the cargoes of captured prize ships. In addition, he handled Continental accounts in New London and performed such other tasks as directed by the Marine Committee of Congress or the Board of Admiralty. It was not entirely a peaceful life, for he suffered at the hands of the enemy when his home and his office were seriously damaged during the British attack on New London on September 6, 1781.26

Apparently the commercial connections between Shaw and the Whartons began in 1767. Shaw had noted an advertisement in The Pennsylvania Chronicle and Universal Advertiser listing a second hand fire engine for sale.27 Shaw surely did not know that Thomas Wharton and Galloway were secret partners with William Goddard as publishers of that newspaper when he asked the Philadelphian to act as his agent to purchase the engine. He probably contacted Wharton because of his
reputation as a reliable and honest merchant. Regardless, this transac-
tion marked the beginning of a profitable relationship between the two
mercantile houses which extended beyond the deaths of both men.

Shaw’s first order with Wharton established the precedents for the
exchanges which followed. Shaw sent to Philadelphia “Fifty One Casks
of Molasses,” part of which he allocated to pay for the engine, the
remainder to be sold “to the best advantage for my Interest.” In turn, he
ordered “Fifty barrels of Flower, One Ton of hemp and Twenty barrels
of Ship Bread.” Shiploads of these products passed from New London
to Philadelphia and the reverse course for several years. At times Shaw
ordered other merchandise, including cloth in various grades of Irish
linen and checks, processed iron bars, and wood boards. Cheese, leather,
and other Pennsylvania agricultural products were also popular with
him.

On different occasions he ordered “Coarse Salt” in quantities to serve
two purposes: for sale at New London and to be used as ship’s ballast for
the return voyage. However, the relationship did not always proceed
smoothly. The prices received for his molasses or sugar or rum at times
disappointed Shaw, and he frequently complained about the cost of flour
at Philadelphia when compared to the prices prevailing in New York.
Additionally, he often deplored the commission charged by Philadelphia
merchants as being too high. Still, he relied upon the good judgement of
the Whartons, especially when he submitted unusual requests such as
that for a good saddle horse and another for some servants of both sexes
and preferably German.

The differences in their political stances did not harm their commer-
cial bonds even after the revolution began in earnest. As “neutrals” the
Whartons lost the greater proportion of their local trade, and the war
destroyed their import business. Shaw continued to order flour from
them even though this required the granting of export licenses by the
Pennsylvania Committee of Safety. Mutual trust persisted between
them. When Thomas’ close friend Sir William Franklin was forcibly
removed from New Jersey to exile in Connecticut, he asked Shaw to
advance funds to pay all the governor’s expenses. The support of such
a notorious Loyalist surely did not please their Philadelphia and New
London neighbors.

The state of trust which permeated the connection between them set
the stage for Shaw’s acceptance of Isaac Wharton’s advice on the Bank
of North America. The timing of the message, however, could not have
been more ill-chosen since Shaw did not live long enough to influence
other Connecticut merchants. On April 12, 1782, he was fatally injured
by the accidental discharge of a shotgun while he was returning from a
hunting trip.\textsuperscript{34} After word of Shaw's death, Wharton could only hope
that his preliminary efforts had persuaded other New London mer-
chants, including Shaw's brother Thomas, to accept the Bank of North
America, its notes, and its promise for a future stable economy.

\textbf{ISAAC WHARTON TO NATHANIEL SHAW, JUNIOR}
\textbf{FEBRUARY 9, 1782}

Phila. Feb. 9, 1782

Dear Sir

Capt. Bulkely not departing until tomorrow Morning—and as I omitted to
mention to you in my Letter of the 4th—Ins\textsuperscript{3}—any thing concerning the Bank,
established in this City, under the Aspices of Congress—and as some of its Notes
may be offered to you—I conclude it will be acceptable to you to know its present
State.

Such is the Stability and Credit of the Bank, that, its Notes as receivd without
any hesitation in all payments—whether public or private—A number of
Gentlemen of the most distinquishd Characters & Fortunes having associated
together for its management and Support—exclusive of its being under the
guarantee of Congress—as you must have observd by the publication of the Plan
&c. Beside the Aids recd from publick Monies deposited in it—most of our
wealthy Merchants send Cash there as to be a Place of the greatest Security—
drawing it out when necessary—The Drafts, and Notes are paid with the most
Scrupulous Punctuality—not an Hour's delay is witnessed, during the appointed
times in the day of doing Business—Consequently by their freely circulating
through the United States, Trade will be greatly facilitated—not encumbered by
the heavy carriage of Silver—The Directors being calm, judicious Men, well
experienced in Business, who have Staked their Reputations & \[illegible\] for its
Safety—they will not Suffer more Notes to be issued than what they can at any
time answer—Hence if that encouragement be given to it, by the Sister States,
which its promising usefulness calls for—it must be attended with extensive
Good. As an Individual—fond of the Shortest, Safest & most easy mode of
conducting mercantile Affairs, I wish to see its Interests promoted and flourishing—
convinced, America has long wantd a national Bank, to give vigour to her
monied Concerns and lessen the Risk & Expence of transporting specie from one
Place to another. In the Hour of Emergency and Distress, the Bank of England
hath done Wonders for that Nation—by Loans of large Sums on permanent
Funds—Why may not the American Bank in time be productive of as valuable
Services to these States—We are a young People, full of Ardour & Enterprise—
our Resources are great—Let them be properly managed by wise Men and we
shall not want—Money for all Exigences—

Flattering myself, this short and plain State[ment] of the present Situation of
our Bank, will be Satisfactory to you—or if you desire more full Information
respecting it—promising to furnish the same—

I remain with great Esteem & Regard
your obligd Friend

\textsuperscript{-/- /s/} Isaac Wharton

Nath.\textsuperscript{1} Shaw Esq.
1. Courtesy Shaw Collection, New London County (Conn.) Historical Society.
5. Ibid., pp. 18-23, quotations from pp. 18-19, 22-23. The list of subscribers (pp. 19n-20n) includes one Wharton, Isaac's cousin John, the brother of Thomas Wharton, Jr., first president of Pennsylvania's Supreme Executive Council. See also Belden L. Daniels, *Pennsylvania: Birthplace of Banking in America* (Harrisburg, 1976), pp. 9-12.
18. Robert L. Hooper to T. Wharton, 7 March 1771, Correspondence, Wharton Papers; deed, T. Wharton to Charles and Isaac Wharton, 28 May 1773, Society Collection, HSP.
20. Ibid. See also James D. Anderson “Thomas Wharton: Exile in Virginia, 1777-


29. See, for example, Shaw to T. and I. Wharton, 8 June 1768, 20 July 1770, *ibid.*, pp. 201, 213.

30. For example, Shaw to T. and I. Wharton, 3 June 1768, *ibid.*, pp. 199–200.


