The Retirement Income
of Mathew Carey

On January 1, 1822, Mathew Carey retired from business, leaving his publishing firm to Henry C. Carey and Isaac Lea, his son and son-in-law. The financial arrangements under which Henry and Isaac took over and operated the firm may well be among the most complex in the history of legitimate business. Mathew and Henry, two of the period's leading economists, put their heads together and evolved a contract that was not only to trouble the principals for more than a decade, but was also to puzzle a good Philadelphia lawyer before it was finally interpreted to the satisfaction of all. The William L. Clements Library at the University of Michigan contains a series of about one hundred thirty letters from Henry to Mathew which reveal considerable information concerning the elder Carey's finances during his period of retirement.¹ This paper will attempt to piece together the sequence of circumstances and transactions which those letters concern.

The original sale of the firm to Henry and Isaac began simply enough. In 1821 the book and sheet stock was valued at $117,750. Mathew gave Henry and Isaac $50,000 worth of stock, and they bought the balance with their note for $67,750, thus beginning the new firm of H. C. Carey & I. Lea. All debts owed to the firm were retained by Mathew, and out of their collection he was to pay any debts owed by the firm.² This was the original contract, and could it have been adhered to, it would have been a simple transaction. Its purpose was to give Mathew sufficient capital so that the interest, together with the income from certain other properties owned by him, would give him a retirement income of $6,000 per year.

It became apparent quite early, however, that the original contract was not going to be wholly satisfactory. Many of the debts

¹ The author is indebted to Howard H. Peckham, Director of the Clements Library, for permission to quote from these letters, which will be cited by date only.
² June 4, no year.
owed to the firm proved to be bad, and many of those owed by the firm were larger than original calculations had indicated. In 1822 Mathew was required to pay $4,000 interest on bad debts alone. Furthermore, Mathew's personal expenses were rising rapidly. Two insatiable monsters ate ravenously into any income he might receive. The first was his many philanthropies, both private and public, and the second was the cost of privately printing the unending stream of pamphlets, brochures, open letters, and other writings that flowed steadily from his pen. In 1822 Mathew, far from living within his $6,000 income, spent $8,000, which, added to the interest on debts, diminished his working capital by $6,000 in one year.3

Henry realized that it would be disastrous for his father to spend more of his capital. He appealed to him to live within his income. Mathew promised to try, but in 1823 he spent even more than he had in the preceding year. By September, 1823, Henry asked his father to return his note for $67,750, more than half of which the new firm had already paid off. Henry and Isaac would then give Mathew a new note for $90,000, hoping that this larger capital would produce enough income so that Mathew would not have to spend the principal. The firm also volunteered to take over the obligation of collecting and paying off the debts. Mathew, of course, happily accepted this new gift of around $60,000.4

Henry and Isaac felt they could afford to do this because the firm had apparently prospered considerably during its twenty-one-month existence. By giving Mathew an additional $60,000, roughly the amount they felt the firm had earned during the period, they were in fact back where they had been in 1822, neither richer nor poorer—just twenty-one months older.

The new arrangement seems to have worked fairly satisfactorily for some time. Five years later, however, Henry was baffled by the firm's fiscal condition. He wrote to his father5:

In the year 1828 we did the largest business we ever had done, except in 1827 when we published Napoleon,6 & I flattered myself that it was an exceedingly profitable one. You may, then judge my astonishment when on making

3 Feb. 17, 1831.
4 Feb. 3, no year.
5 Dec. 30, 1829.
up our accounts at the close of the year I could not find that we had made more than barely enough to pay our family expenses, & those of the business, & leave a small sum to meet any debts, of w'h we made some. I immediately investigated the whole business of the year—the receipts and expenditures—book purchases, printed & sold—every thing in short, & I satisfied myself that the business had been fully as productive as I had supposed it—But what had become of the property?

Henry then went on to answer his own question. In brief, the stock had been greatly overvalued in 1821. The publishing of new titles by the firm had, indeed, been profitable, but all the profits were still going to pay for the stock purchased from the old firm. He pointed out that the stock of law books purchased by H. C. Carey & I. Lea from M. Carey & Sons for $59,000 had produced only $37,000, a loss of $22,000. Furthermore, he wrote his father, the new firm had paid Mathew $1,200 per year “for the use of Bible &c, by which we did not in 6 years make $1200.” The new firm had also lost considerable money on copies of the expensive Lavoisne atlas purchased from the old firm at a high valuation.

As a result of these mathematical gymnastics, Henry became convinced that he had paid too much for the firm; Mathew, who would listen at times and not listen at others, never completely understood what his son’s trouble was. To Mathew the answer was simple. If Henry was in debt he should stop publishing for a time and sell off some of the firm’s enormous stock.

In 1830 the finances of the firm became even more interwoven with those of the family. Mathew had completely lost his grasp of fiscal reality and had again been overspending his income on printing and charity, thus further reducing his capital. Realizing the danger of uncurbed spending, he finally decided it would be better to have Henry take care of his finances for him. Henry later wrote:

I told you I w'd take charge of all your affairs & pay you $2000 for pocket money, out of w'h you should only pay your coachman. You said it would be abundance—afterwards you thought it should be $2400, but we agreed upon $2250—that sum I have ever since paid you & out of it you pay only two accounts & your coachman leaving about $1900 for all other matters—Not one dollar of which is a necessary expenditure.

7 Feb. 17, 1831. In the original contract Mathew was to retain possession of the stereotype plates for his quarto Bible and editions of Virgil and Horace.

8 Jan. 29, 1833.
It should be noted that Henry was at this time also paying the household and living expenses of his mother and a maiden sister, as well as contributing to the livelihood of a brother-in-law who had come into straitened circumstances.

Mathew managed to live on his annual $2,250 only until he found that he could, when he had no cash, have his pamphlets printed on his I. O. U.'s; the printers in the vicinity knew that Henry would honor them. Mathew also found out very soon that he could ask Henry for an advance without danger of refusal. In February, 1831, for example, Mathew felt a need for $1,000. Henry responded:

You want it to give away—not for yourself. Such being the case, ought you not to limit your gifts, unless we are in a situation to part with it! I have never been able to indulge in much liberality. . . .

(P. S.) I enclose two checks for $250 each, but should be glad you w'd retain one of them as long as you can, for we have no money.

By 1833, H. C. Carey & I. Lea had reduced their original $90,000 debt to Mathew to $17,000. In light of their enormous losses on the purchase from the old firm, they asked Mathew to cancel $13,000 of the balance. Henry's argument was as follows: Mathew was not using the $13,000 except as capital; it would eventually go to Henry upon Mathew's death; why not tear up the note and let Henry supplement Mathew's diminished income with the amount of the loss. Mathew cancelled $10,000 of the balance due, but later felt that perhaps his sympathies had been unduly played upon.

These two sets of circumstances, Henry's efforts to get Mathew to reduce the firm's debt and his managing of Mathew's personal finances, aroused in the elder Carey some strange feelings toward his son. At times he was understanding; at times he was irate. He often admitted some legitimacy to Henry's claims that he had been overcharged for the stock. He not only saw the need for someone to handle personal finances for him, but was deeply appreciative of Henry's keen interest and assistance. At other moments, however, he felt that Henry must indeed be an ungenerous ingrate whose sole

9 Feb. 1, 1831.
10 Nov. 8, no year.
11 He vowed time and again that he would retire from active public life and curtail his expenses. Between 1825 and 1835 Mathew wrote, printed, and circulated at least four open letters announcing his retirement from public affairs.
motivation was to preserve the family fortune intact for his own purposes. Both Henry and Mathew were headstrong, domineering men, and tempers sometimes became quite warm. Finally, in 1835, Henry suggested that they submit their differences to an impartial arbiter, accept his decision, and never mention the situation again. Mathew agreed.

They settled upon Horace Binney, the well-known Philadelphia attorney. Mathew had known Binney for many years and respected his integrity highly. Henry had several times retained Binney to represent the firm in legal transactions. Each was certain Binney would determine the case in his favor. They submitted the details to him in September, 1835, and sat back to wait for his decision.

A few days later, Henry was horrified to learn that Mathew had not submitted to Binney a manuscript statement of his views, but rather had given him a printed letter, copies of which had also been distributed to Mathew's close friends. This printed letter, according to Henry, contained an error which, if allowed to stand, would indicate to whoever had sufficient leisure or interest to study it out that Henry had in fact swindled his father out of $37,000. Not only had Mathew given copies of the letter to certain people, but, Henry pointed out, several journeyman printers had had access to the letter while it was being printed. Who could say that they had not pulled an extra five hundred or five thousand impressions for unauthorized distribution among the firm's enemies in the book trade. He felt that such action on Mathew's part, especially since the case had not yet been adjudged, was an indiscretion and a breach of good taste. Mathew was duly repentant and gave into Henry's hands all the undistributed copies of the letter. He apparently did a good job of suppressing the letter, because no copies are known to exist today.

Finally, early in November, Binney handed down his decision. It was sufficiently equivocal to satisfy both parties. Essentially, it gave Henry control over more of the family capital while giving Mathew a larger annual income. Under the arrangement Mathew was to receive the income from seven houses in Walnut Street, or about $2,850 a year, out of which were to come no necessary expenses. Henry was to pay the household and living expenses of his mother and sister, the

12 Sept. 22, 1835.
13 Ibid.
cost of maintaining his father's horse and carriage, and any upkeep required by Mathew's seven houses.\(^{14}\)

Henry tried hard to refrain from mentioning the case to Mathew again after it had been settled, and Mathew, too, probably tried hard not to talk about it. Before two months had passed, however, Henry had to write to his father\(^ {15}\):

> The agreement with Mr. Binney was that when the matter was decided it would be considered settled, & that there should be no further reference to it. *Four times* have your notes contained such statements as, if I had not been fully determined to keep the peace, would have produced unpleasantness between us.

Despite occasional lapses, the matter seems to have been finally settled by Mr. Binney's decision. Mathew mentioned the case at least once after the above-quoted letter was written, but both men were tired; they each claimed victory and quit bickering. It had been an unusual original contract with unusual revisions, designed and effected by unusual men. All parties appear to have profited from the firm's purchase by Henry and Isaac. Mathew lived very comfortably throughout the whole period, and Henry profited sufficiently to allow his own retirement only two and a half years after the case was settled. And Isaac, whose welfare was inextricably tied to Henry's, appears to have lasted out the difference without taking the slightest stand on either side.

\(^{14}\) Jan. 18, [1836].
\(^{15}\) Jan. 12, [1836].