Artisans, Banks, Credit, and the Election of 1800

Many scholars consider the year 1801 a watershed in American history because in that year Thomas Jefferson, leader of the Republican party, gained control of the presidency by defeating incumbent John Adams, a Federalist. Many historians contend that Jefferson’s victory moved the young nation away from the highly commercial economy Federalists such as Alexander Hamilton envisioned. It therefore behooves historians to ascertain the causes of Jefferson’s election. At root is the issue of the extent to which Americans believed in Jefferson’s vision of a yeoman republic based primarily on an agricultural economy. In their quest to understand the reasons underlying Jefferson’s victory, historians have overlooked an important aspect of early American politics—access to institutional credit. Decreasing access to such credit helps to explain why an important constituency, urban artisans, shifted from Federalism to Republicanism in the last years of the eighteenth century. By 1800, artisans who had once obtained loans from Federalist-controlled banks could no longer do so. Astute politician Aaron Burr therefore established a Republican-controlled bank that lent freely to artisans and thereby won them over to the Republican ticket. Jefferson, in other words, owed his first election to the presidency more to the development of commercial Republicanism than to any sort of agrarian or democratic “revolution.” Many artisans, after all, were businessmen and nascent industrialists, and not mere mechanics or workers. Businessmen, even artisans, needed credit, a need not lost on their contemporaries.

“A Tradesman,… having a number of Apprentices employed,” noted Philadelphia lawyer and businessman Miers Fisher in the early 1790s, “may have a considerable quantity of his manufacture upon his hands for which he cannot find an immediate Market.” The effects could be disastrous, Fisher argued. “His stock worked up,—without money to purchase more,—demands upon him for Rent, market-money, Fuel &c., his workmen

THE PENNSYLVANIA MAGAZINE OF HISTORY AND BIOGRAPHY
Vol. CXXII, No. 3 (July 1998)
must stand idle; unless, by sacrificing his goods at a public sale, for less than half their value, he procures a sufficiency to supply his necessities." Even a tradesman who owned property and ran a successful business lay at the mercy of usurers and creditors if he lacked liquidity and institutional credit. Without loans to help him through difficult times, he could lose everything. To protect such tradesmen, Fisher suggested the Corporation of Philadelphia establish a fund to loan tradesmen between two and fifty dollars for up to thirteen weeks on the security of merchandise, gold or silver utensils, linen, wool, copper, tin, books, "&c all kinds of Household Goods." Although Fisher's plan was sound in principle, the Corporation did not act on it, possibly because he wanted to charge a rather exorbitant rate of interest. Fisher undoubtedly borrowed the idea of the loan fund from the Bank of North America, of which he was a major customer. Like the bank, Fisher's fund would have granted "discounts," loans with the interest deducted up front. Also like the bank, tradesmen would have been able to receive loan renewals or "accommodations." Unlike the bank, however, loans would have been secured by the actual deposit of goods, not a mere written promise to pay. Additionally, Fisher's fund would not have emitted its own notes but merely paid out existing forms of money, including bank notes.

The rejection of Fisher's plan did not mean that Philadelphia's tradesmen had no institutional means of obtaining credit, however. By the late 1780s the Bank of North America readily lent to Philadelphia's artisans and retailers at 6 percent interest on the security of promissory notes, inland drafts, or bills of exchange, i.e. various types of negotiable, commercial contracts. In addition to providing insight into the nation's "transition" to

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1 "A Plan for the Support of the Poor, and for the relief of the necessitous," Miers Fisher Papers, Historical Society of Pennsylvania (hereafter, HSP). The manuscript is undated but has been identified as having been written in 1790 or 1791. John K. Alexander, Render Them Submissive: Responses to Poverty in Philadelphia, 1760-1800 (Amherst, Mass., 1980), 188.

2 Fisher appended a chart showing the amount to be charged for various sums for one through thirteen weeks. According to the chart, tradesmen seeking to borrow $50 for thirteen weeks would have $3.25 deducted as interest. This works out to about 25% interest per year.

3 Bank notes were promissory notes (promises to pay) payable on demand to the bearer. Such notes constituted a large part of the money supply of early national America, especially in the North.
capitalism, a subject too complex to discuss in detail here, a study of the artisans’ access to credit, or lack thereof, is revealing for the profound political implications that historians, uninformed about banking in general and artisanal banking in particular, have hitherto ignored. Some excellent historians have limited their analyses of the early American experience because they have not exploited the voluminous banking records that exist from the period.

In the late 1780s, artisans wholeheartedly supported the federal constitution. Their support for federalism continued in the early 1790s. By 1800, however, most artisans in New York and Philadelphia had shifted their loyalties from the Federalist Party to the Republican Party, a trend that constituted the single most direct cause of Jefferson’s victory in 1800. Why did artisans shift their allegiance? Historians have often pondered this question, but no one has yet offered an entirely satisfactory explanation. Without detailed voting records, the debate must remain somewhat conjectural. Clearly, many factors were at play. However, as our


5 The exclusion of banking from discussions of artisans’ political activity is somewhat understandable. No “smoking gun” documents, such as artisans’ letters declaring a change in politics due to restriction of bank access, appear to exist. Historians are generally wary of arguments that cannot be supported by such documentation. This does not mean such arguments are wrong or should be ignored, however. For example, though no letters describing female participation in banking have been found, the account ledgers of the Bank of North America reveal that many women had bank accounts. The reluctance of historians to see credit access as an issue is made more curious given that the tariff, another economic issue, has long been seen as a major political factor in the Northern port cities in the 1790s. This article assumes that artisans followed their perceived material interests, notwithstanding that they occasionally and knowingly acted against their own interest. Only when people move against their self-interest are self-expressions of their motivations necessary.

understanding of the Federal period becomes more detailed and complex, a clearer picture emerges.\(^7\)

The ideology of the French Revolution and the influx of immigrants were factors, but clearly they were not decisive causes. Some thought the Federalists' Quasi War, New Army, and anticivil rights legislation led to the change. Tantalizingly little evidence supports this latter view, however, as most opposition to the Alien and Sedition laws came from the South and West. Also, the Sedition Act was actually much more liberal than most historians concede because, unlike the common law doctrine it replaced, the new law allowed truth as a defense.\(^8\) Finally, artisans in New York and Philadelphia supported the Quasi War because it helped their businesses.\(^9\) The Fifth Congress spent some $10,500,000 on defense, $6,000,000 of it between November 1798 and March 1799, mostly in the major seaport cities.\(^10\)

Others have pointed to Federalist foreign policy as the main grounds for the artisans' shift. According to this view, Federalists were anglophiles bent on maximizing their international trading profits at the expense of indigenous manufacturers. Contrary to recent theories, however, Alexander

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\(^8\) Under common law, persons could be convicted of sedition even if they could prove the veracity of their claims. However, some Federalist courts interpreted the new clause very strictly, to the detriment of defendants. James Morton Smith, *Freedom's Fetters: The Alien and Sedition Laws and American Civil Liberties* (Ithaca, 1956), 421–22. Smith does not prove, however, that strict court interpretations played a significant role in the artisanal shift.


Hamilton and most Federalists were strong supporters of domestic manufactures, and artisans recognized them as such. Proponents of a third view contend that artisans’ disillusionment with Hamilton’s financial system led to their migration to the party of Jefferson. Though once a highly esteemed interpretation, this approach now appears almost wholly unfounded. The banking system ran smoothly in the 1790s, save for one panic that Hamilton and normal market forces quickly squelched. This minor dislocation, William Duer’s infamous Panic of 1792, occurred years before most of the artisans left the party, which disqualifies it from causal significance unless more direct evidence can be shown.

A subtler and more specific version of this view, ably presented by Roland Baumann, blames Hamiltonian taxation for artisanal unrest. Philadelphia artisans, at least those involved in foreign markets, sought protection from foreign competition and disdained internal taxation. Tremendous demographic and economic forces caused their ferocious reaction to the Revenue Act of 1794. Assuaged for a time by extended access to credit and improving business conditions, some artisans who were unprotected from foreign competition left Federalism under the impression that the party no longer supported indigenous manufacturing. Though the excise was an important issue, the big and lasting split came over access to credit. The loss of credit explains why all types of artisans, those in protected local markets

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12 Young, Democratic Republicans, 571. For a description of the Panic of 1792, and the attempts to form new banks in New York that spring, see Wright, “Banking,” chap 4.
as well as those subject to foreign competition, and even retailers, fled Federalism in 1800.  

Ironically, then, the main reason for the shift was not artisans’ fear of banks but their desire for more banks. Contrary to legend, the early commercial banks of New York and Philadelphia did not deny discounts to artisans. Although never a majority in terms of numbers of customers or total dollars borrowed, from 1784 until the mid- to late 1790s many artisans found accommodation “at bank.” These businessmen found banking very useful for maintaining their liquidity, making remittances, diversifying their investments, extending their capital, and safely investing their profits. For complex political reasons, the number of banks and amount of banking capital grew slowly during the 1780s and 1790s in Philadelphia and New York. During these years, however, the urban population literally exploded and trade increased almost threefold. The number of discount applicants soared. Under free market conditions, bankers would have responded to this increased demand by raising the cost of borrowing (i.e., increasing the rate of interest), or by increasing the amount of loanable funds by increasing their banks’ capital (i.e., getting more investors), or by adjusting their banks’ loan-to-asset ratios (i.e., lending more bank notes on less reserve specie.) With interest rates, capital, and asset ratios mandated by law or prevalent banking theory, however, bankers responded in the only way they could, by raising their standards of security. Artisans, mechanics, retailers, and even minor merchants found themselves less able to get discounts as large merchants with substantial collateral took up an increasing percentage of loanable funds. Doubting that entrenched Federalist banking interests would incorporate rivals, artisans in Philadelphia and New York switched not to Jefferson but to the moderate wing of the Republican party. Much more commercially minded than their agrarian brethren, moderate Republicans reflected the middle of America’s political spectrum. This broad middle

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14 Significant numbers of businesswomen also received accommodation at bank. See Wright, “Banking,” chap 13 Women accounted for 9% of the Bank of North America’s active customers in 1800, but only 0.54% of its total resources; Bank of North America (hereafter, BNA) individual ledgers, 1800, HSP For details of how individual businessmen benefited from banks, see Wright, “Banking,” chap 14.
would soon incorporate banks designed specifically for lesser merchants and retailers, and—a little later—artisans. These banks, combined with the War of 1812 and the loosening of bank entry in the 1810s, sealed the fate of Federalism.15

In 1781 Robert Morris founded the nation's first commercial bank, the Bank of North America, to help disentangle Congress's finances and to help his circle of friends make money. Because of a shaky start and the cautiousness of its president, merchant Thomas Willing, the early bank accommodated few customers. The bank soon proved so profitable, however, that by 1784 its directors yielded to pressure and enlarged its capital by selling a new issue of its stock at par ($400). In the year after this enlargement about 10 percent of the bank's 832 account holders were artisans. At least three of the artisans were among the bank's most active discounters. A radical Pennsylvania Assembly then revoked the bank's charter. Although it continued in business, the next few years were difficult ones. Matters improved significantly after the bank received a new, though more restrictive, charter in 1786. By 1790-91, 20 percent of the bank's 1,350 discount customers were artisans. Though no artisans were among the most active discounters, there was little room for complaint. At least 10 percent, and perhaps as many as 20 percent, of Philadelphia's artisans received bank discounts from the Bank of North America in 1790.16 As Thomas Doerflinger argues, the Delaware Valley was not flooded with banknotes, but it was flooded with bank money of account, a significant segment of which artisans controlled and disbursed with checks.17

15 Wright, "Banking," chap 6

16 At first glance these seem like rather inconsequential numbers, but these figures represent between 50% and 75% of the city's master artisans With from one to a score of apprentices and journeymen under his control, each master artisan was an established businessman with considerable influence over his trainees and employees

17 George Rappaport, "The Sources and Early Development of the Hostility to Banks in Early American Thought," Ph D diss , New York University, 1970, 20, 55, Thomas M Doerflinger, A Vigorous Spirit of Enterprise Merchants and Economic Development in Revolutionary Philadelphia (Chapel Hill, N C , 1986), 303-5 It is a myth that modern checks, much like those used today, were not used very much until the antebellum period See David Gilchrist, ed , The Growth of the Seaport Cities,
Because of the paucity, or inaccessibility, of New York’s early bank ledgers, analogous figures for that city cannot be determined. Qualitative evidence shows, however, that the early Bank of New York (established 1784, chartered 1791) was a much more inclusive institution than usually assumed. Its founders, including Alexander Hamilton, formed the bank to combine the city’s businessmen, including “radical” artisans, into a coalition to thwart the spread of the violent, democratic, leveling forces unleashed by almost a decade of war, revolution, and occupation. Artisans did not control the Bank of New York, but as long as they were accommodated, they did not have to.\footnote{Wright, “Banking,” chaps. 2 and 3.}

Demographic changes, especially the rapidly growing population of the two cities, combined with political factors to slowly decrease artisanal participation in banking during the 1790s. Fearful of competition for theoretical and political reasons, Federalist bankers disapproved of new banks. This was the case in Philadelphia in the 1780s and New York in 1792. Stripped of discounts once received, bereft of accommodations assumed to be rightfully theirs, and disgusted with the stubborn entrenched Federalist banking interests, artisans joined moderate Republicans in the quest for more banks.\footnote{Ann Schwartz, “The Beginning of Competitive Banking in Philadelphia,” \textit{Journal of Political Economy} 55 (1947), 417–31.}

Like other types of businessmen, many artisans needed banking facilities in order to stay profitable or at least solvent. Whatever their station or degree of wealth, businessmen generally used banks to extend their capital while maintaining their personal liquidity, to make remittances, to diversify their investments, and to safely reinvest their profits.

Businessmen without bank access had to keep enough cash on hand to meet their bills payable. Besides incurring risk of loss, this practice decreased the speed of the circulation of money, and hence the real supply of money, thereby decreasing the volume of business. Businessmen with access to bank
loans, on the other hand, could discount their bills receivable, or even their own promissory notes if necessary, in order to make payments. 20 Liquidity allowed them to conduct more business on less capital or to carry on the same volume of business more safely, as they saw fit. Some, like tanner Jonathan Meredith, used their bank accommodations to hire additional laborers, even slaves. 21 Those who merely used the bank to store their money also gained. Although the accounts paid no interest, there were no fees either, and accounts were safer than leaving cash about the home or office. Most importantly, banks made collections and processed checks gratis. Banks gained from the increased cash flow. The market gained because of the increased punctuality of payments. Philemon Dickinson, for example, safely and quickly paid stable keeper and Bank of North America customer John Bidwell with a check for the $37.33 he owed for seventeen days' use of a wagon to take his family to the Maryland shore. 22 Both parties gained by not having to handle cash. When their bills came due debtors sent checks by post instead of waiting about their shops all day for the collector as they did in the colonial era and later in nonbank areas. These were by no means issues of minor importance. In 1789–90, Sampson Harvey received only three discounts, totaling $795.60. Over the same period, the ship carpenter disbursed some $12,900 with seventy-two checks. Tanners Arthur Howell and Matthias Pinyard wrote 272 and 123 checks respectively during those two years. 23

When artisans had to tender specific types of coins (Spanish milled dollars, for instance) to meet certain obligations, like some ground rents, 24

20 For examples, see promissory notes, Society Miscellaneous Collection, HSP.

21 Pennsylvania Gazette, June 5, 1782.


23 Artisanal bank-use figures in this section are from the individual ledgers, BNA, 1789–90, HSP.

24 For more on ground rents, see Robert E. Wright, “Ground Rents Against Populist Historiography: Mid-Atlantic Land Tenure, 1750–1820,” Journal of Interdisciplinary History 29 (1998), 23–42.
the bank made exchanges at the market rate. For example, Moses Johnson, a "negro," kept an account at the bank in the early 1790s simply to facilitate the payment of his rent, which was payable in specific coins.\textsuperscript{25} Artisans often deposited coin in the bank simply to withdraw bank notes. Combmaker Samuel Scotten used the bank for this purpose in the early 1790s.\textsuperscript{26} The notes were both lighter, easier to conceal, and more understandable than the many varieties of coin, most foreign, that floated into early national Pennsylvania.

Once a businessman accumulated a sum of money that he could no longer profitably invest in trade, banks provided an important opportunity for investment. Bank stocks, even though they offered some risk of capital loss, were an essential part of diversified portfolios because they tended to yield more than government securities or personal bonds. If business improved and stockholders wished to reenter trade, banks gladly lent on the security of such stock, allowing businessmen to reinvest flexibly in their enterprises, often with a small net yield. In all these ways banks increased businessmen's return on investment.\textsuperscript{27}

The exact ways banks helped specific occupational groups, aside from merchants, is an aspect of early banking that has been too little investigated.

\textsuperscript{25} For Johnson's rent, see the Pemberton Papers, 50:60, HSP.

\textsuperscript{26} Scotten received no discounts and deposited no checks. He made all cash deposits, some of which he disbursed with his own checks. Much of it he withdrew in banknotes when needed.

Generally, banks hastened the transition from traditional to modern business forms. Much qualitative evidence suggests that bank directors were more likely to discount the notes of a man of action, probity, and vision, regardless of his occupation, than a man of limited goals. Early banks, in a sense, created entrepreneurs by lending to those most likely to return a healthy profit. Success brought more accommodation and the likelihood of further gains. Under these conditions some could become wealthy very quickly. Thomas Passmore, for decades a middling tin master, blossomed into a large-scale capitalist with the help of the Bank of North America in the last few years of the 1790s. Despite major setbacks, Passmore extended his trade network far into the hinterland, began to engage in foreign trade, and became a moneylender. It does not seem that Passmore merely usurped the money other Philadelphia tin makers would have otherwise made. Passmore literally grew the economy by exploiting and even, in a sense, creating untapped markets in the South, West, and overseas. Nor was Passmore the only person who gained by this growth. His business with the bank left him extremely liquid as the punctual cash payments he made to his journeymen indicate. His liquidity allowed Passmore to extend six-month credits to his customers without decreasing his production.

Although banks did not lend on the security of mortgages, they did help artisans and other businessmen to purchase land. By lending money on other security, or for other ostensible purposes, banks freed up funds for purchasers to buy real estate or other physical capital. The discounts the bank made to brewer William Dawson, for example, increased and thereby enabled Dawson to make several land purchases in the 1790s. Brewer Reuben

28 The classic source for this notion is James Gibbons, The Banks of New-York, Their Dealers, the Clearing House, and the Panic of 1857, with a Financial Chart (New York, 1858). Though written late in the antebellum period, there is much earlier evidence to support Gibbons' views of the bank directors' decision making.

29 Thomas Passmore's letterbook, ledger, journal, bills, and day books for the 1790s survive at HSP. When analyzed in conjunction with the Bank of North America's individual ledgers, a researcher with a knowledge of early accounting can follow the smallest details of Passmore's business and the crucial role played by the bank.

Haines was such a large operator at both the bank and in real estate speculation that only a modern cash-flow statement could describe fully and accurately the bank's role in his various land ventures.\textsuperscript{31} Timely bank discounts also helped artisans to make rent or ground rent payments when business was a little slow.

Banks, then, were important components in the business strategies of some artisans. Although many artisans managed to survive without recourse to the institutional loan market, once they had experienced the benefits of bank accounts, they did not like losing access to banking facilities. This was particularly true if they relied too heavily on the bank for discounts. For example, woolen draper Augustus Fricke, "although engaged in an active and profitable . . . business for many years," had to call "his Creditors together and make an assignment" of his property after the bank closed his account.\textsuperscript{32} While most artisans did not go bankrupt when they lost their accounts, they did encounter other difficulties. Brewer Thomas Morris, for instance, had to enter the more expensive private loan market to meet his liquidity needs.\textsuperscript{33} Jesse Sharpless, a saddler, had to treat his debtors harshly, imprisoning William Harrison for a time in 1798.\textsuperscript{34} Coachmaker Conrad Hanse had to resort to barter at times.\textsuperscript{35} Without the bank's support, Hanse also had to

\begin{footnotesize}
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\item Peter A Grotjan's Memoirs, 1774–1850, 2 252, HSP
\item Thomas Morris, May 9, 1795, Dreer Collection, Alphabetical Series, HSP
\item William Harrison to Jesse Sharpless, Sept 14, 17, 1798, Coxe Papers—Tench Coxe, William Harrison Papers, Box 77, HSP
\item Conrad Hanse to Levi Hollingsworth and Sons, Oct 20, 1797, Levi Hollingsworth Papers, Society Collection, HSP
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purchase a plot in *fee farm*, with a covenant to build, rather than in *fee simple*. Business relationships were also lost.

Without access to credit, many artisans and retailers suffered pecuniary loss. Ship carpenters, for instance, complained they were “often put off for a long Time before they can procure Payment for their Bills to their great Damage” because the law did not allow them to seize the “Body, Tackle, Furniture” and other appurtenances of ships. Innkeeper James Kitchen and others so desired to enjoy banking facilities again that they appended an unincorporated bank to a bridge company late in the first decade of the nineteenth century. Though the bank operated for a time, the project proved a costly one when the legislature made such ventures illegal. To further exacerbate artisans’ anger, some of those artisans the bank had dropped, like brewers Jacob Morgan and Edward Pennington, were already peeved at Federalists because of the excise taxes of 1794.

Historians love to reiterate vituperative Republican James Cheetham’s story about how the Manhattan Company broke the Federalist “banking monopoly” in New York, extended credit to a wider class of people, and lowered interest rates. Historian Beatrice Reubens argues that banking was then so exclusive “that even the bulk of Federalist voters would not have qualified for bank services.” These views are correct, but only for the latter half of the 1790s. Before then, as we have seen, there was no need for a “Republican” or artisanal bank because most who desired and deserved accommodation could get it.

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36 *Fee farm* is a less complete and less costly form of land ownership than *fee simple*. Christopher Martin to Conrad Hanse, July 1, 1796, Stratton Collection, HSP.

37 Philadelphia Ship Builders Petition, Society Miscellaneous Collection, box 4a, folder 5, HSP.

38 Society Miscellaneous Collection, box 4b, petitions—bridges, Nov. 29, 1810, HSP.


Federalists had a "banking monopoly," but only in a very limited sense. According to Reubens, Federalists thought more than one bank in a city would breed "unbridled competition and insufficient specie holdings." However true this might have been in 1791 and 1792, by 1799 New York City's two chartered banks, the Bank of New York and the branch of the Bank of the United States (BUS-NY, established 1792), showed that competition did not mean disaster. In fact, the potential market was much larger than the capital and conservative asset ratios of the banks could accommodate. As early as 1792 marginal groups in New York felt a need for more bank capital, as the bank petitions that flooded New York's legislature in the months before the establishment of the branch show. By creating more bank capital in New York City, the BUS-NY merely staved off the impending demographic crisis for a few years.  

Most of the directors of the Bank of New York and BUS-NY were Federalists. Both banks had Republican customers, stockholders, and even directors, but only wealthy ones. The capital of the two institutions remained more or less fixed. Their capacity to extend discounts was limited by their capital, their charters, and their leaders' understanding of banking theory. As the population and commerce of Manhattan grew, the banks were forced to turn increasing numbers of discount applicants away. The most economically rational course for the bankers to have taken in a market of increasing demand and finite supply would have been to raise interest rates, but their charters and the usury law capped them at 6 percent. The next best course was to invest in sounder and safer paper—the notes and bills of the richest and most reliable—but such a course gave them the appearance of political exclusivity. Republican Jabez D. Hammond later admitted that this exclusivity was "not in consequence of any political manoeuvring, but . . . the natural course of trade and traffic among the citizens." As Reubens points out, even many Federalists felt the squeeze, too. On the other hand, "the Bank of New York faithfully discounted" the notes of rich Republicans, such as Robert R. Livingston. Despite the bankers' good intentions, the less wealthy of both parties found themselves bereft of banking.  

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Aaron Burr devised the Manhattan Company scheme to help him out of his personal financial trouble and to help strengthen his personal political faction. Desirous of keeping control of the institution out of both Federalist and Republican hands, Burr devised a scheme of embedding his bank in the charter of a water company. New York desperately needed a decent water supply as its citizens became increasingly disgusted with the city's putrid water. Hopes of an easy solution waxed when Philadelphia completed its municipal water system for a mere $220,000. In July 1798 Burr's brother-in-law, a physician and engineer named Joseph Bowne, submitted a report on Manhattan's water situation to the Common Council of the City of New York. Though skeptical of the viability of the scheme, the council eventually accepted Bowne's plan for furnishing the city with Bronx River water and sent it to the legislature. Burr gained the upper hand when the New York Assembly asked him to head the committee to which the council's prayer was referred.43

Extremely organized and very persuasive, Burr put together a committee of representative citizens to approach the Common Council in favor of a private company, thereby placing the Manhattan Company along Republican but not obviously partisan lines. He also arranged for numerous bipartisan petitions to be sent to the assembly. The Manhattan Company's supporters included Alexander Hamilton, Hamilton's brother-in-law John Church, Bank of New York president Gulian Verplanck, and president of the Chamber of Commerce John Murra.

How Burr won these men over to his cause is a matter of some speculation. Reubens suggests that Hamilton and Burr were not yet mortal

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enemies. She also points out that Burr was very Federalist in his family connections and habits. He was, for example, a member of the Order of the Cincinnati. The inclusion of Church as a director in the Manhattan Company may have been a concession for Hamilton’s support. Also, Hamilton was preoccupied with the Quasi War with France. He may not have wanted the state or city to divert funds from defense in order to pay for a water supply. The state’s treasury was severely strained that spring; as a result, the state levied a one mill real estate tax. Hamilton probably knew of the banking clause and may have wanted to get more Republicans involved in banking so they would grow accustomed to the banks and not oppose them so heartily. Whatever his motivation, Hamilton’s support was crucial because he neutralized the Federalist-controlled Common Council. Its active opposition to Burr’s plan could have killed the water company in the legislature.\textsuperscript{44}

In late January 1799, Philip Schuyler wrote Hamilton to inform him that the Corporation of New York requested Mr. Weston, “an English engineer who from 1795 to 1799 was supervisor of construction for the Western and Northern Inland Lock Navigation companies,” to look into the “Subject of supplying the city with water.” Hamilton soon came to believe New York’s tax on auction sales would not be sufficient to build and maintain a water works, so he instructed Federalist New York Mayor Richard Varick, to “let a Company be incorporated.” We must call “in the aid of private Capital,” Hamilton asserted, suggesting the corporation be capitalized at $1,000,000 in shares of $50. He thought the city should buy up to a third of the shares, and be represented on the board by the recorder. Varick may have been willing to follow Hamilton’s lead in order to avoid the severe criticism he

had come under because of his unwillingness to search for healthful solutions during the yellow fever epidemic of 1796.\textsuperscript{45}

How Burr won Republicans to his plan is also a matter of speculation. Hiding the banking powers within the charter helped to ease the measure past antibank Republicans. The venture was presented as being so unprofitable that it almost took on the aspect of a philanthropic venture. Unlike the existing banks, with shares costing hundreds of dollars, Manhattan Company shares were offered at a mere $50 each. This potentially allowed a very large segment of the population to take part in the venture, which eased fears of concentrating wealth, a pervasive concern for Republicans of all stripes. Other Republicans supported the plan because it was a private corporation that would not swell the size or power of government. Republican scholars could take solace in the fact that Adam Smith thought a joint stock company was the best way to create a municipal water system. Upstaters of both parties appreciated the fact that Burr’s plan would not divert the state’s general tax revenues to a water supply of only local value.\textsuperscript{46}

The directorship of the Manhattan Company was composed of Federalists, Clintonians, Livingstonians, and Burrites. This diversity gave the company a nonpartisan look. Burr shrewdly collected information for his quest and drew the charter bill with care. The banking clause read: “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.” Burr waited until the last few days of the


\textsuperscript{46} Bray Hammond, \textit{Banks and Politics in America From the Revolution to the Civil War} (Princeton, 1957). Like Bray Hammond, Jabez D. Hammond believed that the bank must have been a trick. The Federalists, the highly partisan former legislator asserted, would not vote for a Republican bank and Republicans were against banks on principle. "It is certain that an immense majority of the legislature did not entertain the least suspicion that this charter contained a grant of banking powers." Some Federalists may have been bribed, he claimed Hammond, \textit{History of Political Parties}, 1:325–27.
session to unveil the charter in order to take advantage of the traditional rush and confusion of legislators eager to return home. On March 28 the assembly passed the charter without division. There was no opposition of any sort. The banking clause slipped past the potential opposition for several reasons: it was late in the session, the project was seen as visionary, and it would not require state funds. Finally, Burr got it approved in less than twenty-four hours. Like all bills, it had to be read three times before it could be brought to a vote, but it is clear that no one had time to peruse the bill in print. The banking clause sounds much less ominous than it reads. Burr’s bill likewise had little trouble in the Senate. Samuel Jones, the Federalist “Father of the New York Bar,” Federalist but soon-to-be Republican Ambrose Spencer, and Western District Federalist Thomas Morris helped the bill pass with their strong committee report. On March 30 the Senate passed the Manhattan Company’s charter without division or amendment. The measure also met the approbation of New York’s Council of Revision, meeting criticism only from staunch Republican Judge John Lansing who feared the perpetual charter, the large total capital, and the open-ended “surplus capital” clause. Robert R. Livingston and Federalist Egbert Benson overruled him, however.47

Many Federalists may have known about and yet still supported the banking aspect of Burr’s charter for economic or political reasons. Economically, existing banks had more business than they could handle; even many Federalists could not obtain discounts. Politically, some Federalists may have sought to gain political leverage by portraying Republicans as duplicitous hypocrites. That charge, in fact, was effective, but only in the short term.48 Before the Manhattan Company charter,


48 Bray Hammond believes the Federalists were duped. Hammond, Banks and Politics in America, 155. Hammond does not cite Reubens as their works appeared about the same time. He used many of the same sources, however. He also used Pomerantz, the originator of the idea that the Federalists may have known about the banking aspect of the provision. Hammond did not discuss why he rejected Pomerantz’s view. Alexander Hamilton called the Manhattan Company “a trick” and “a perfect monster in its
Republican Sylvanus Miller of New York thought the “representation will be divided in this City.” Voters were at first so outraged over Burr’s apparent perfidy that Federalists, despite Miller’s prediction, swept the 1799 elections. Although the Federalists dominated the legislature, nothing was done to weaken the Manhattan Company. Only after the legislature closed up shop in the fateful spring of 1800 did it become clear that Burr had gained the upper hand.  

Some historians, following Federalist accusations and Republican boasting, argued that the Manhattan Company used its financial muscle to

principles, but a very convenient instrument of profit & influence “ Alexander Hamilton to James A. Bayard, New York, Jan 16, 1801, PAH 25 321 But Hamilton wrote to Bayard to convince him to vote against Burr for president in the House election If Hamilton was mad at Burr for the Manhattan Company “trick,” he had a funny way of showing it “Ably defended by Brockholst Livingston, Aaron Burr, and Alexander Hamilton, [Levi] Weeks [an accused murderer] won acquittal before a session of the Court of Oyer and Terminer in the spring of 1800”, emphasis added Sidney Pomerantz, New York. An American City, 1783-1803, A Study of Urban Life (2d ed, Port Washington, N Y, 1968), 300-301 New York Morning Chronicle, Apr 6 , 1805 According to Pomerantz, Burr told Samuel Jones that the “excessive capital” clause could be used to create a bank. Pomerantz believed Federalists constructed the “trick” to gain political leverage Pomerantz, New York, 189-90

Silvanus [Sylvanus] Miller to Ebenezer Foote, New York, Mar 25, 1799, Foote Papers There was much indignation at the trick so “at the next election Burr and his party were defeated ” John Jay Knox, A History of Banking in the United States (New York, 1903), 396 According to Pomerantz, Republicans accused the Federalists of packing election boards, denying discounts to Republicans, and the outright bribing of voters in order to win that spring The financial proscription was a strange accusation given the fact that Republicans complained they had long been deprived of discounts Pomerantz, New York, 124-25 Edmund Willis argued that Federalists pressured cartmen to vote for Federalists that spring, especially where voting was still done by voice Edmund Willis, “Social Origins of Political Leadership in New York City from the Revolution to 1815,” Ph D diss University of California, Berkeley, 1967, 12 It is clear that Republicans were also responsible for some of the raucousness that spring Consider the following from the Albany Centinel, May 3, 1799 “A New York paper gives an account of a meeting of the friends of Government in the 6th Ward of that city, to deliberate on proper measures for supporting the federal ticket for members of Assembly—and adds, that the Jacobins rallied at an early hour, took possession of the place designed for meeting, and by their riotous and disorderly behaviour, rendered an adjournment necessary,—This looks somewhat as tho’ the French faction were in dread of a downfall, and that they feared to permit the friends of Government peaceably to deliberate on measures interesting in a high degree to the public ” One thing is certain, one of the Manhattan Company’s first directors, William Laight, a political neutral and director of the BUS-NY, knew nothing of a bank because he resigned as soon as the company’s plans for a bank were announced. See Beatrice Reubens, “Launching a Bank,” Political Science Quarterly 71 (1958), 103, n 10 Jabez D Hammond claimed that the Federalist victory was not nearly as large as Federalist pundits had anticipated, however; Hammond, History of Political Parties, 1 129
help Aaron Burr defeat the Federalist assembly candidates in New York's spring 1800 elections. These representatives gave the Republicans a majority in New York's Twenty-third Assembly, the body responsible for choosing the state's presidential electors. Since New York's electoral votes decided the contest that fall, Thomas Jefferson ironically may have owed his presidency to the efforts of those who erected the Manhattan Company's bank. Though sometimes crassly, and wrongly, considered a form of bribery, it is clear the Manhattan Company's liberal banking policies won many over to the Jefferson-Burr ticket that fateful spring. The Manhattan Company's influence was more subtle, and in some ways more powerful, than outright bribery.50

The bank of the Manhattan Company opened on September 24, 1799. The company put most of its energy and money into this bank, though it also dabbled in insurance and other financial operations. Only a few drops of the company's capital flowed into its water system. The company decided to take a cheap, low-technology approach, relying on animal-driven pumps and wooden pipes. To dampen the memory of Burr's "trick," however, it made every effort to appear strongly interested in the water business. One director explicitly argued that the company should seek means of putting "the Citizens in good humour with us." The rest of the directorate agreed. To gain public favor, for example, the Manhattan Company published the minutes of some of its meetings, highlighting the directors' water efforts and barely mentioning their banking plans.51


51 Advertisement in Supplement to Evans Early American Bibliography, 48786; John Stevens to Robert R. Livingston, New York, Apr. 12, 1799, Robert R. Livingston Papers, NYPL. For an example of the publication of the minutes of a Manhattan Company meeting, see the Albany Centinel, June 4, 1799.
The easiest way for the Manhattan Company to regain support, however, was the one most within its means—to make discounts. Although records of individuals who received Manhattan Company discounts in the early nineteenth century have been lost, it is clear the bank loaned to a wide variety of occupational groups. Because of the low price of its shares, the company’s stockholders were a diverse group. Besides the usual merchants and lawyers, retailers, grocers, shoemakers, hatters, potters, hairdressers, bakers, carpenters, tailors, and even cartmen owned Manhattan stock and hence had a fairly well established right to receive discounts appropriate to their financial situation. It is clear from the general ledger that the Manhattan Bank significantly stepped up operations in April 1800. A March 30, 1800, ledger entry labeled “Discount Received Dr. to Profit and Loss for amount of Discount received from September 3, 1799 to March 29th, 1800 inclusive” shows that the bank made $42,755.90 in interest charges during that seven-month period.\(^5\) A June 30, 1800, entry called “Discount Received Dr. to Profit and Loss for Amount of Discount received from March 31st to June 30th, 1800 inclusive” shows the Bank made $45,720.86 in interest in just three months.\(^6\) The volume of the bank’s business grew as stockholders paid for their shares in installments. However, the big jump in activity in the second quarter of 1800 is not explainable solely in terms of an influx of capital. The Manhattan Bank apparently hoped to gain votes by proving it was a less restrictive institution than the two Federalist banks. Federalism was now ironically tainted by its own “trick” as the party opposed to the extension of banking. Already widely condemned as “aristocrats,” Federalists now seemed directly and unequivocally opposed to the economic interests of artisans.\(^7\)

\(^5\) General ledger, Manhattan Bank, Chase Manhattan Bank Archives, New York, N.Y. This equals a yearly profit of $73,337.74. This would be approximately 6% of the total discounted, or a yearly circulation rate of $1,222,295.60.

\(^6\) This equals a yearly profit of $182,883.20. This would be approximately 6% of the total discounted, or a yearly circulation rate of $3,048,053.30. That would mean the Manhattan Company discounted approximately $762,013.32 in Apr., May, and June of 1800. This conclusion is further supported by the printing orders for bank notes that the Manhattan Bank made in that period.

\(^7\) “The stock had been floated in such small denominations that ownership of the bank was spread beyond the business community.” Elisha Douglass, *The Coming of Age of American Business: Three Centuries of Enterprise* (Chapel Hill, N.C., 1971), 52. See Table 6-2 in Wright, “Banking”; Beatrice Reubens, “Launching a Bank,” 102.
New York's Tammany Society explicitly argued about the efficacy of the current banking system as the crucial spring assembly elections grew near. The outrage over Burr's infamous "trick," the chartering of the Manhattan Company as a water company with hidden banking privileges, had long since subsided. The Federalists' "trick," pretending they knew nothing of Burr's plans, now backfired. Convinced Federalism was now the antibank party, and welcomed with open arms into ownership and membership of the Manhattan Company, New York's artisans voted for Burr's, and hence Jefferson's, assembly candidates. The Manhattan Bank was in an especially advantageous position to use its financial influence to win votes because the spring of 1800 witnessed a little-known financial dislocation that bordered on a full-fledged panic in places. At a time when the older banks had to call in loans, the Manhattan Company was able to increase its discounts, as previously mentioned. Though other causes contributed to the Republican victory that spring, including the "irresistable [sic] Fury" of the "Demon of Democracy" and the "withered and nerveless . . . Federal Arm," the Manhattan Company's timely assistance to the common artisan and lowly retailer was the single most important factor.  

The results of the election in Philadelphia, and the next decade of banking politics in both ports, strongly support this conclusion while simultaneously casting doubt on the interpretation set forth by Stanley Elkins and Eric McKitrick in their magisterial Age of Federalism. An outstanding piece of intellectual history, the work somewhat ironically...
focuses on elite politics. Chapter titles like "The Mentality of Federalism in 1800," and a dearth of primary socioeconomic source citations demonstrate the abstract level of the authors' analysis. However much the ideological movement from "civic humanism" led elites to abandon Federalism, it seems highly unlikely that such complex ideas swayed the masses of the late eighteenth century any more than they influence the bulk of voters today. As Elkins and McKitrick argue, the concept of Federalism may have died in 1800, but the Federalist party could have made a resurgence. With artisans now for the most part in the Republican camp, Federalists had to find a way to win them back. The party's chance came at the end of the decade when Republican trade warfare combined with continued demographic pressures to create yet another credit crunch. Now aware that seeming to support privilege did not win elections, Federalists in New York and Philadelphia attempted to create more banks. Republicans, also sensible of the importance of credit access, incorporated banks first, however, and thereby maintained many artisans' votes through the vicissitudes of the embargo and the war.

In 1800 Philadelphia had no Aaron Burr, no Republican bank, and less revulsion to the existing financial order to influence its assembly elections. The result was a very narrow Federalist victory in the city proper and a split electoral college vote—eight for Jefferson and seven for Adams. Demographic pressures forced Pennsylvania's Federalist bankers to push artisans away, but, unlike New York, there was not yet a Republican bank to pull them into the Jeffersonian camp. Doerflinger estimates that the Bank of North America supported 1350 discounters in 1790. By his count, 20 percent were artisans. In 1800, however, the bank had a mere 1215 active customers, not all of whom received discounts. Artisans composed 20 percent of the bank's active customers, but many were mere depositors using the bank to store their funds and make remittances. Retailers lost yet more. Accounting for almost 32 percent of the most active discounters in 1790, retailers had dropped to a mere 17 percent of the bank's customers by 1800.


57 According to Thomas P. Cope, the Federalists won the city by only 25 votes. "Last year [1799] the Federalists had a majority in the City of about two for one. So fleeting is the public mind." Eliza Cope Harrison, ed., Philadelphia Merchant The Diary of Thomas P Cope, 1800–1851 (South Bend, 1978), 29–30.
and accounted for only 7 percent of the bank’s throughput, down from 13 percent in 1790. This is significant because the economic and social division between retailers and artisans was very porous and difficult to establish. Many artisans, especially bakers, jewelers, shoemakers, and smiths, combined manual labor and retail trade to such an extent that classification is difficult. Also, it seems many lesser retailers joined artisans in the move to Jefferson.58

Philadelphia’s population grew almost 40 percent over the decade. The artisanal population grew by about 35 percent. So, while in 1790 approximately one artisan in ten received discounts at the Bank of North America, by 1800 only one in fifteen were customers of any sort. This represented an absolute loss of about thirty artisans as customers of any sort and an even larger loss of absolute artisanal discount customers.59

Of course, Philadelphia boasted two more banks in 1800 than it did in 1790, the Bank of the United States and the Bank of Pennsylvania. Unfortunately, the detailed records of neither bank survive, so exact analyses of their customer bases are impossible. However, as their names suggest, the main objective of both banks was to aid the fiscal needs of the national and state governments, respectively. Led by the Bank of North America’s cautious former president, Thomas Willing, and dominated by Federalist merchants, the Bank of the United States rarely lent to nonmerchants. The Bank of Pennsylvania, “which was virtually an agency of the Commonwealth,” also served a limited and elite clientele, including Robert Morris, Tench Coxe, the City of Philadelphia, and associates of Thomas Jefferson. Some surviving lists of protested notes list almost entirely merchants, professionals, or government officials. A few men controlled so much of the bank’s loanable funds by 1795–96 that the stockholder meeting

58 Active accounts are those of more than $1 and at least one deposit or withdrawal during the year. Throughput is defined as total credits, be they lodged deposits, deposits created by discount, or intrabank account transfers. Data compiled by the author from the Individual Ledgers of the Bank of North America, 1800, at HSP.

minutes record complaints that certain favorites had greatly overdrawn their accounts for extended periods. The bank directors took strong action, however, vastly improving the institution's balance sheet by 1797. Stockholder letters granting powers of attorney to collect dividends and conduct other bank business indicate that the bank's clientele remained exclusive and extralocal, however. Philadelphia stockholders granting powers of attorney were either merchants or the wives of merchants. Non-Philadelphia stockholders were not identified, but their wide geographic distribution shows that the Bank of Pennsylvania truly had interests across the state, and, indeed, across the nation.60 Though more of a book merchant than an artisanal printer, even Mathew Carey experienced difficulties obtaining discounts from the Bank of Pennsylvania.61

The continued double-digit dividend rate of the Bank of North America proves that the institution was not losing customers in the competitive struggle with the other two banks. The bank remained profitable by lending more to wealthy merchants, grown fat on the tripling of exports over the decade. In 1800 the average account throughput was $22,894.48 compared to just $15,147.28 in 1789 and 1790. Furthermore, the average size of the top 10 percent of accounts jumped from $107,268.28 in 1789-90 to $145,823.06 in 1800. As in New York, then, capital growth was insufficient to handle the credit needs of the increasing population. If contemporary statistician Samuel Blodget was right, the national per capita money supply, in both coin and bank notes, shrank about one-sixth during the 1790s. The


61 Mathew Carey to Samuel McFen, Nov 17, 1798, Mathew Carey to Alexander Henry, Nov 19, 1798, Mathew Carey Letterbook (letterpress), 1798–99, Lea and Febiger Collection, HSP
lesser retailers and artisans, then, received a smaller slice of a smaller pie and revolted, not in favor of agrarianism, but in favor of equal economic opportunity. 62

Meanwhile, back in New York, the Empire State's Twenty-fourth Assembly, the one voted into office to ensure the election of Jefferson and Burr, showed itself to be a commercially oriented group of men. The Republican-controlled legislature strengthened the Federalist Bank of New York, chartered the Farmers' Bank of Lansingburgh, and passed three important pieces of financial/business legislation. These commercially oriented Republican legislators did not seem to fear the wrath of their constituents, although the election of 1801 was an important gubernatorial contest, a further indication that the results of 1800 in New York were more a mandate for commercial Republicanism than Jeffersonianism. Two years later, Republican politicians teamed up with Albany businessmen to form the New York State Bank (chartered 1803). 63

With Republicans gaining increasing support from businessmen, New York's Federalist party was forced to confront its own hypocrisy. As a progrowth party it should not have allowed itself to be seen as an obstacle to new bank opportunities. Led by Hamilton, Federalists decided to endorse controlled bank proliferation. The result was the Merchants' Bank of New York (established 1803, chartered 1805), a nominally Federalist institution with a broad base of stockholders and customers. When Republicans tried to block the charter of this bank, New York's political field turned into a bloody mess for four years. The ultimate defeat of the Republicans showed that New York voters disdained outright partisan manipulation of economic matters. Governor Daniel D. Tompkins rediscovered this when his attempt

62 For the tremendous growth of exports, see Adams, "Wage Rates in Philadelphia, 1790–1830," 192. Lawrence Lewis Jr., A History of the Bank of North America, the First Bank Chartered in the United States (Philadelphia, 1882). According to Edwin J. Perkins, American Public Finance and Financial Services, 1700–1815 (Columbus, Ohio, 1994), 247, $18 million in coin and $11.5 million in bank notes were in circulation in 1792, ($6.50 per capita), and $17.5 million in cash and $10 million in bank notes were in circulation in 1800 ($5.40 per capita).

63 For details, see Wright, "Banking," chap. 7.
to prevent the incorporation of the Bank of America by proroguing the legislature in 1812 backfired.  

What emerged in New York was a broad probank, progrowth political consensus that transcended party lines. Although nearly all the state’s staunch antibank legislators between 1785 and 1819 were Republican, one-third of the state’s forty-three strongest bank advocates were also of the party of Jefferson. Of a sample of 11,655 votes on banking issues from 1784 until 1819, 605 Republicans cast 7,170 votes, 50.08 percent of which were in favor of banks. Over the same period, 367 Federalists cast 4,166 votes, 69.90 percent of which were in favor of banks. Though Federalists, following Hamilton’s lead, began wholeheartedly to support banks based on real business needs, artisans did not immediately swing back to Federalism.

As the first decade of the 1800s drew to a close, the debate over the embargoes intensified, Manhattan’s population growth remained unchecked, and another credit crunch loomed. Republicans shrewdly offered the Mechanics’ Bank of New York to fill the void. Though a Republican-led institution with a “republican” charter, Federalists dared not oppose it. “The petition for this bank was supported by the whole mechanic interest of this city,” claimed future Mechanics’ Bank president and sailmaker Stephen Allen, “and appeared so reasonable, to the Legislature, that the charter was granted with little or no opposition.” “A distinguished federalist” told DeWitt Clinton “that neither party dare oppose the incorporation of the Mechanic Bank,” which caused Clinton to correctly “presume that the federalists governed by fear not by affection, will give their support.” The slight opposition to the bank was almost entirely Republican. Like the Manhattan Company a decade before, the Mechanics’ Bank tied artisans to

64 The contest literally grew “bloody ” Republican John Tayler physically accosted Senator Ebenezer Purdy “while yet in the senate chamber” because of the Merchants’ Bank dispute Charles A Foote to Ebenezer Foote, Union College, April 1805, Foote Papers “The Fracas,” New York Morning Chronicle, Apr 16, 1805, Wright “Banking,” chaps 7, 8, 10 and table 8-1

65 See the table “Extreme Anti- and Pro-Bank Legislators with More Than 14 Recorded Votes” in Wright, “Banking ” Every effort was made to include all votes on banking issues, but the author is not so bold as to assert that he discovered every roll call in the poorly indexed journals of the assembly and senate, however Also, a small number of votes were deliberately excluded because it was not clear whether a “yea” was for or against banking The divisions on these omitted votes also indicated that the legislators themselves were not clear on the matter The party of some legislators was not identified Journal of the Assembly, 22d session, 1799
the Republican party at a critical demographic and political juncture. Though Federalists remained strongly progrowth after the war—the Hartford Convention did not entirely kill the party—the six banks chartered in New York City during the 1810s, combined with a slower rate of population growth, did not create any more crisis opportunities for Federalists to win back artisans and mechanics. Federalists were too weak by 1819 to take advantage of the commercial disruptions of the next few years. The mood of the state had changed anyway, as various bank failures and scandals elicited increasing Jacksonian criticism of commercial banking.66

A similar scenario occurred in Pennsylvania. Following the lead of Hamilton's Merchants' Bank, a broad segment of Philadelphians, from Federalist George Clymer to Republican mayor Matthew Lawler, formed the Philadelphia Bank in 1803 to meet dire business needs. The proposed bank hit a political snag in the assembly, but the intense need for institutional credit prevailed. The Bank of Pennsylvania's profits were so large at this time that Philemon Dickinson suggested that the directors "be extremely cautious in declaring the next dividend." "A reduced one," the former Continental Congressman contended, "would be attended with many obvious advantages to the Institution." High dividends of course meant ample business and suggested the need for a new bank. Growing Philadelphia needed more credit, however, and the assembly relented in 1804. Over the next few years, still more people, physical capital (goods, infrastructure, and physical property as opposed to monied capital), and energy poured into the port. When continued population growth and dissatisfaction with the embargoes created another crisis at the end of the decade, Republicans took credit for establishing the Farmers' and Mechanics' Bank (chartered 1809). Like the Mechanics' Bank of New York, the institution kept artisans in the Republican ranks. The four banks chartered in Philadelphia in 1815, like the New York institutions of the 1810s, staved

66 The population increased from 60,515 to 100,775, far surpassing Philadelphia in both absolute numbers and rate of growth. Memoirs of Stephen Allen, 1767–1852, typescript, NYPL, 55; De Witt Clinton to Henry Remsen, Albany, Mar. 20, 1810, De Witt Clinton Papers, New York Public Library; Wright, "Banking," chaps. 9, 16, 17, and 18.
off any further demographically related credit crunches until after the disappearance of Federalism in the Quaker State.\textsuperscript{67}

Federalism died for many reasons, but its failure to retain artisans, mechanics, and small retailers in its ranks was the main reason for its demise. Unable to convince artisans—the constituency most closely tied to the interests of merchants—that it was the best party for the small businessman, Federalism had little chance of maintaining the allegiance of farmers. Though both parties could convincingly claim to be proponents of economic growth, the anticompetition tactics of entrenched Federalist banking interests and the Federalist “trick” of 1799 enhanced the perception that Federalism stood for “aristocracy.” Once artisans entered Republican ranks they tended to stay there. When Jeffersonian trade warfare and demographic pressures threatened artisanal loyalty, Republicans chartered “mechanics” banks in both New York and Philadelphia to maintain artisans’ allegiance. Unfortunately, it is impossible to test whether early nineteenth-century politics would have turned out differently if New York Federalists had been as eager to charter new banks before 1800 as they were after that pivotal election. Only by placing intellectual and cultural evidence in the vise of demographics and economics can historians sense the root (i.e. socioeconomic) causes of the sea change of 1800. Regardless, it remains unclear, and at root indeterminable, whether Federalism simply would have found another way to destroy itself.

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\textsuperscript{67} Wainwright, \textit{History of the Philadelphia National Bank}, 2–13, Philemon Dickinson to Jonathan Smith, cashier of the Bank of Pennsylvania, Dec 27, 1803, Gratz Papers, HSP. Theoretically, by decreasing trade, the embargoes should have decreased demand for credit. During stagnations, however, merchants feared to make person-to-person loans, driving people to banks. Also, rather than lie idle, many merchants increased investments in domestic concerns during commercial downturns.