

**A Merchant's Republic:
The National Board of Trade and Commercial Capitalism in the U.S., 1840-1912**

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DISSERTATION

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Summary

This dissertation is a study of American capitalist development from the early 19th century through the early 20th century as understood through the actions of business organizations (local and national boards of trade and chambers of commerce) in attempting to influence and change public policy and cultural perceptions of business and its role in American society. The primary actors in this narrative are the merchant capitalists who, beginning in the 1830s and 1840s, began creating local commercial organizations in order to control local trade and expand the economic possibilities of their particular urban center and region. These organizations laid the groundwork for cooperation and competition between groups of merchants as they sought to shape the regional and national dynamics of economic growth. Composed of the leading merchants, small manufacturers, and financiers of the major commercial centers of the country, these groups quickly became the most important representatives of the “business community” in their respective cities.

The sectional crisis gave the nationalist impetus for merchants to form the National Board of Trade (NBOT), a national associations of these local groups created in 1868, and the organization that is the foundation of this study. Over the course of the late 19th century the merchants of the NBOT debated, lobbied, and ultimately shaped the conversation over a number of the primary problems of political economy in the U.S., including regulation of transportation and communication, trade policy, and monetary reform. This work parses out the ways in which these organized merchants tried to shape economic change in terms of a republican political economy based on the ideal of an economic commonwealth that was in many ways crumbling, often due to economic changes brought about by merchants themselves. The actions of the NBOT exemplified how organized business interests attempted to maintain their control over

economic life, based on antebellum economic ideals, in the context of the creation of a modern industrial nation. This study reframes the expansion of the political and economic institutions of 19th century capitalism through a more focused understanding of how organized businessmen structured questions of political economy and legitimized their role as social and political stewards of a national economy.

Introduction

“Gentlemen, we recognize in you the representative men of a class which, in numbers, intelligence, enterprise, and material wealth, holds no mean position in the social compact of the country, -- a class which standing high in the regard of its fellow-citizens, has never hitherto combined its movements or concentrated its power so as to assert its individuality, or exert its legitimate influence.”¹

The words above were spoken by John Welsh, president of the Philadelphia Board of Trade, in 1868 at the first organizational meeting of what would become the National Board of Trade (NBOT), and they illustrate an acknowledgement of businessmen as a class that seems out of step with a conventional understanding of American business during the nineteenth-century. Indeed, taken out of context it would be understandable for a casual reader to conclude that the passage was taken from the organizational literature of a farmer or labor group from the period and not from a meeting of merchants. This disconnect is a prime example of a misunderstanding of the dynamics of American capitalist development from the mid nineteenth-century through the early twentieth century by historians of business, labor, and politics. Specifically, this misunderstanding is rooted in the failure to fully appreciate the importance of the long-term development of an organized business interest, beginning with local merchant groups but evolving into national associations, and the impact of such groups upon the rhetoric and institutions of political economy that shaped modern American capitalism.

¹ National Board of Trade, *Proceedings of the First Meeting of the National Board of Trade* (Boston: J. H. Eastburn's Press, 1868), 4.

By focusing on merchant organizations and the structures of political economy, this dissertation contributes to a move away from a paradigm in business history based on the work of Alfred D. Chandler that is still quite influential, if not in its specific techniques and subject matter then certainly in its focus on industrialized corporate capitalism as the central feature of late nineteenth-century business history. The primary issue with Chandler's view remains its limited scope (which Chandler admitted to) and its tendency to "crowd out" important developments that do not fit within his narrative. As the most perceptive analyst of Chandler's work, Richard John, has noted, *The Visible Hand* has been quite "influential in shaping the business and economic historians' intellectual agenda" to the point where it "pushed to the margins of inquiry a host of other topics."² As such, the history of the types of businessmen and organizations that are the focal point of this dissertation have not, until very recently, thrived as objects of study.

A number of important revisions of Chandler's work from the mid-1990s on have given rise to a body of work that has expanded the horizons of business history. Studies such as Philip Scranton's analysis of specialty production in opposition to mass production and Gerald Berk's evaluation of the impact of regulatory agencies upon the shape of railroad development have both criticized Chandler's narrow focus on the internally-focused and manager-driven rise of mass production as a logical endpoint of American capitalist development.³ Expanding the horizons of business history was the subject of an extremely influential article by Naomi Lamoreaux, Daniel Raff, and Peter Temin which set out a case for moving "beyond" the

² Richard R. John, "Elaborations, Revisions, Dissents: Alfred D. Chandler, Jr.'s, 'The Visible Hand' after Twenty Years," *The Business History Review* 71, no. 2 (July 1, 1997): 169.

³ Philip Scranton, *Endless Novelty: Specialty Production and American Industrialization, 1865-1925* (Princeton, N.J.: Princeton University Press, 1997); Gerald Berk, *Alternative Tracks: The Constitution of American Industrial Order, 1865-1917* (Baltimore: The Johns Hopkins University Press, 1994).

Chandlerian dichotomy of markets and hierarchies to examine the multitude of ways in which business interests have attempted to organize in order to affect and react to economic change.⁴ In many ways driven by the perception that newer industries with different strategies of organization had superseded those focused on by Chandler, and at least somewhat influenced by the relative decline of American industrial dominance, these studies have collectively established a rough outline for a brand of business history that recognizes Chandler's contributions while moving beyond them.

This dissertation is in dialogue with and contributes to three specific areas of historical inquiry related to the post-Chandlerian direction in the study of business and political economy. The first of these is a revitalization of work addressing the organizational aspects of non-corporate businessmen in the nineteenth and twentieth centuries. Older works by historians such as Richard Hofstadter and Louis Galambos addressed the creation of business organizations around the turn of the twentieth century largely in terms of businessmen responding to the imperatives of an "organization revolution" and "modernization."⁵ The most involved study of nineteenth and twentieth century business organizations was for many years Robert Wiebe's *Businessmen and Reform*, but Wiebe unfortunately disregarded most associative activities prior to the creation of the National Association of Manufacturers and, despite correctly identifying the many divisions within the business community, gave little credit to groups that predated the progressive reform era while claiming that the National Board of Trade was "disdained by most

⁴ Naomi R. Lamoreaux, Daniel Raff, and Peter Temin, "Beyond Markets and Hierarchies: Toward a New Synthesis of American Business History," *The American Historical Review* 108, no. 2 (April 1, 2003): 404–33.

⁵ Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York: Vintage Books, 1955); Louis Galambos, *Competition & Cooperation: The Emergence of a National Trade Association* (Baltimore: The Johns Hopkins University Press, 1966).

other organizations.”⁶ The primary issue with many of these studies is that they judged business organizations by modern standards of bureaucratization and lobbying that were developed during the early twentieth century. By those standards, nineteenth-century groups that do not fit that profile, such as the NBOT, come across as inconsequential to the longer narrative of the formation of powerful business lobbies. This is an incorrect characterization, however, and an examination of business groups such as the members of the NBOT within their particular nineteenth-century context reveals their importance both politically and economically during the period under question.

More recently a number of historians have revitalized the study of business organizations by placing them within the political and social history of a particular period and identifying how those groups attempted to affect political and economic change. One of the pioneering works in this regard is Sven Beckert’s *The Monied Metropolis* which places merchant associations at the center of the development of an organized bourgeoisie in New York City over the course of the nineteenth-century. While Beckert at times overemphasizes the power of New York-centered businessmen, his articulation of the development of a capitalist class paved the way for the reexamination of how a capitalist consciousness developed in the midst of economic change.⁷ Similar work by Jeffrey Haydu connects such groups to the development of a conception of “business citizenship” that set capitalists apart from laborers and justified their control of the local political economy.⁸ Many of the more important recent works on business organizations, however, have typically focused on business organizations in terms of their connections to

⁶ Robert H. Wiebe, *Businessmen and Reform: A Study of the Progressive Movement* (Cambridge, Mass.: Harvard University Press, 1962), 16–23, 33.

⁷ Sven Beckert, *The Monied Metropolis : New York City and the Consolidation of the American Bourgeoisie, 1850-1896* (Cambridge: Cambridge University Press, 2001).

⁸ Jeffrey Haydu, *Citizen Employers: Business Communities and Labor in Cincinnati and San Francisco, 1870-1916* (Ithaca: ILR Press, 2008).

conservative economic policies and the political lobbying efforts connected to such policies in the post-New Deal era. Elizabeth Shermer's chronicling of the conservative engineering of a favorable "business climate" in Phoenix and Benjamin Waterhouse's analysis of the attempts to form a cohesive national business lobby as part of a revitalization of free-market ideas in post-1960s America both illustrate the historical dividends of a deeper understanding of the connection between organized business groups and political economy at a specific historical moment.⁹ This study furthers this historiographical line of questioning by examining the nineteenth-century origins of such organizations and tracing their development as important shapers of political economy.

The second major historiographical influence is a number of studies in the fields of political science and history which place a heavy emphasis on the importance of political economy. Much of this work has been built on the foundations of the scholarship of the academics associated with the American Political Development movement, such as Theda Skocpol, Stephen Skowronek, and Richard Bensen, within the field of political science.¹⁰ The primary contribution of these scholars was to not only bring a historical-institutional approach to politics and policy-making, but to also inspire historians to integrate state-centered approaches to their work that served to reemphasize the importance of the regulatory structures of government over social and economic life. Richard John's work on the political economy of American telecommunications and Mark R. Wilson's study of the organizational and regulatory issues of

⁹ Elizabeth Tandy Shermer, *Sunbelt Capitalism: Phoenix and the Transformation of American Politics* (Philadelphia: University of Pennsylvania Press, 2013); Benjamin C. Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton, N. J.: Princeton University Press, 2014).

¹⁰ For representative examples see Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1992); Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (Cambridge: Cambridge University Press, 1982); Richard Franklin Bensen, *Yankee Leviathan: The Origins of Central State Authority in America, 1859-1877* (Cambridge: Cambridge University Press, 1990).

Civil War mobilizing are both illustrative of a resurgence of focus on the give-and-take relationship between the state itself and those who attempted to shape state power to their own ends.¹¹ This focus on political economy has been especially important for historians who argue for the primacy of regulatory structures, privately and publically constituted, that gave shape to the economic developments of the nineteenth-century United States to the extent that, as Richard John argues, the history of nineteenth-century political economy is “best characterized not as a market economy but as a regulatory regime.”¹² By focusing on the regulatory aspects of business organizations and government this dissertation further illuminates how debates over political economy amongst merchants and politicians shaped the course of American capitalist development.

The third and final area of inquiry that this study addresses is the relatively recent phenomenon of scholarship in a number of fields of history known collectively as the “history of capitalism.” As a recent article by Jeffrey Sklansky and a chapter by Sven Beckert in the recently published *American History Now* point out, these recent histories of capitalism are united by the common goal of interrogating the creation of the structures and institutions of capitalism as a historical process invested with significant political, social, cultural, and intellectual consequences.¹³ One of the defining features of this recent wave of scholarship, and its most significant weakness according to some critics, is its particular emphasis on the structures of

¹¹ For an important article articulating this approach see Richard R. John, “Governmental Institutions as Agents of Change: Rethinking American Political Development in the Early Republic, 1787–1835,” *Studies in American Political Development* 11, no. 2 (1997): 347–80; Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2010); Mark Wilson, *The Business of Civil War: Military Mobilization and the State, 1861–1865* (Baltimore: The Johns Hopkins University Press, 2006).

¹² Richard R. John, ed., *Ruling Passions: Political Economy in Nineteenth-Century America* (University Park, Pa.: Pennsylvania State University Press, 2006), 2.

¹³ Jeffrey Sklansky, “Labor, Money, and the Financial Turn in the History of Capitalism,” *Labor Studies in Working-Class History of the Americas* 11, no. 1 (March 1, 2014): 23–46; Eric Foner and Lisa McGirr, eds., *American History Now* (Philadelphia: Temple University Press, 2011).

capital as opposed to *capitalism*, evident in the proliferation of numerous studies of the emergence and influence of financial institutions on capitalist development.¹⁴ Characterizing this more recent focus on capitalism and finance in particular as a by-product of the worldwide financial crisis of 2008 and the subsequent economic downturns connected to it would be incorrect and reductionist though, as the subject matter and influences behind these studies are much more wide-ranging. At its best, these newer histories of capitalism blend qualitative and quantitative approaches from a number of different fields in order to bring new perspectives to the study of modern capitalism. By focusing on the organizational and ideological aspects of attempting to shape a capitalist consensus on various matters of political economy, this study contributes directly to this revitalization of inquiry into the history of capitalist development.

Business Associations and Political Economy in Nineteenth-Century America

This dissertation analyzes the role played by organized merchant associations in shaping the ideas and policies related to the development of a regime of political economy conducive to the extension of competitive capitalism within a structured and regulated framework from the mid-nineteenth century to the early twentieth century. Prior to the early nineteenth-century there were few examples of prominent and sustained business associations devoted to advocating for a “business perspective” in the public sphere and within political institutions. Beginning in the mid-nineteenth century, however, local groups of merchant capitalists organized as self-appointed “stewards” of the public in developing and defending particular local and regional competitive advantages. These organizations were never simply localist in outlook, however, and as transportation and communication networks expanded such groups began to pursue

¹⁴ This influence is quite evident in Michael Zakim and Gary J. Kornblith, eds., *Capitalism Takes Command: The Social Transformation of Nineteenth-Century America* (Chicago: The University of Chicago Press, 2012).

opportunities for cooperation with their brethren in other cities, built on a shared adherence to certain basic tenets of a republican political economy which modified classical republicanism by reinterpreting the pursuit of commerce and enterprise as evidence of vitality and virtue instead of decay.¹⁵ Spurred on by an increasing economic nationalism during the Civil War years, these local groups formed a national association of merchant groups, the National Board of Trade (NBOT), with the intention of forming a consensus position on economic policies representative of the interests of the commercial community, and by extension the public-at-large. For forty years the NBOT, and its constituent groups, attempted to shape the construction of organizations and institutions conducive to economic growth, competitive balance, and structural solidity in the face of industrial and corporate change.

Economic changes connected to the transportation and communication revolution in the antebellum era contributed to the emergence of business associations of merchant capitalists in the major commercial centers of the United States. Merchants originally formed these organizations for the purpose of controlling and regulating commercial activity in their respective locality and region, and the businessmen who formed these organizations justified these activities by presenting themselves as “stewards” of economic activity and drawing upon republican notions of the public good in doing so and helping to propagate a form of commercial republicanism that celebrated commercial activity. Scholars such as Drew McCoy and William Novak have demonstrated the widespread influence of notions of the “public good” on all manner of regulatory and policy-related activities during the early nineteenth-century, and commercial actors were no less influenced by such cultural and social values.¹⁶ Boards of trade

¹⁵ For an in-depth discussion of the origins of these ideas see Drew R. McCoy, “Benjamin Franklin’s Vision of a Republican Political Economy for America,” *The William and Mary Quarterly* 35, no. 4 (October 1, 1978): 605–28.

¹⁶ Drew R. McCoy, *The Elusive Republic: Political Economy in Jeffersonian America* (Chapel Hill: Published for the Institute of Early American History and Culture, Williamsburg, Va. by the University of North Carolina Press,

and chambers of commerce differed to some degree in their everyday functions, but they all shared the common goal of organizing local businessmen and spreading the “gospel” of commerce. Such associations thus served an important organizational and ideological role in promoting and proliferating the virtues of a republican political economy consisting of a well-regulated system of competitive capitalism.

Local merchants began forming similar business organizations during the late antebellum era, organizations which acted as central focal points for a burgeoning commercial culture throughout the country. Chapter One traces this development by analyzing these organizations alongside the institutions and ideology of commerce that they helped to promote and propagate. Merchants across the country created organizations which were focused on rationalizing local economic activity by establishing friendly associations among businessmen as well as, in some cases, creating the regulations used to govern local trade. While exhibiting variations in form across the country, these organizations were quite similar in structure to one another, and for good reason, for such groups grew as the commercial network of the country did. The merchants who formed these organizations also adhered, broadly speaking, to a number of ideas connected to both Hamiltonian and Madisonian conceptions of the relationship between commerce and the republic and Whig ideas of creating a systematic national economy. These ideas informed their actions, as well as a commitment to a form of antimonopoly that was critical of excessive aggregations of economic power. Taken together these positions on the relationship between government and the economy and the proper limits of economic power constituted a merchant worldview that justified their growing attempts to wrest control on questions of political

1980); William J. Novak, *The People's Welfare: Law and Regulation in Nineteenth-Century America* (Chapel Hill: University of North Carolina Press, 1996).

economy from competing claimants such as producer groups and, increasingly, the leaders of the emerging corporations.

These local organizations joined with fellow citizens concerned with commercial competition in the 1840s and 1850s to press for the public and private pursuit of economic growth through a variety of different avenues. This pursuit of economic development manifested in a number of different way; commercial conventions that advocated for transportation improvements were only the most prominent examples of this impulse, but business associations also spent a great deal of time on their own isolated attempts to change local and state laws to encourage trade in their direction during this period. Economic sectionalism was an important shaper of these pursuits as merchants in the south, the north, and the northwest all pursued forms of development most conducive to the strengthening of their commercial position.¹⁷ Such merchant organizations increasingly viewed the building of transportation and communication networks as part-and-parcel of the creation of a national commercial system that would feature their particular city as the center. As expected, merchants in cities like Chicago favored improvements to commerce through the Great Lakes in an attempt to position the city as the true “gateway” to the West, whereas St. Louis merchants favored improvements to the lower portions of the Mississippi River to facilitate commerce through New Orleans.

The relations between commercial associations continued to improve throughout this period despite the intense competition between them, and when the sectional crisis emerged a number of these groups, primarily those located in the states of the Union, embraced the economic nationalism of the Lincoln administration and began to look to cooperation to achieve

¹⁷ For a recent study that focuses on the importance of economic sectionalism see Marc Egnal, *Clash of Extremes: The Economic Origins of the Civil War* (New York: Farrar, Straus & Giroux, 2010).

their aims. Chapter Two traces this development towards cooperation by focusing on the various issues of political economy that drove merchants to organize and push for government legislation during the period. The Chicago River and Harbor Convention of 1847 was just the most prominent early example of the “improvement” impulse of the period, especially amongst westerners, that sought governmental sanction for projects that would encourage a systematic improvement of the commercial system of the nation. These early efforts, however, were often stymied by interregional and intraregional competition between merchants in commercial centers. This competitive element had dissipated somewhat by the time of the Chicago National Ship-Canal Convention of 1863 due to the growing evidence of the greater possibilities that commercial groups could achieve through cooperation, but by the end of 1863 merchants lacked an organization to facilitate such cooperation. This would not remain a problem for long.

The Civil War years were the crucible for forging a national association of merchant capitalists due to a number of factors including increasing merchant cooperation, experiments in political economy put forth by the Union government, and the growing importance of nationally-oriented economic policies for commercial groups. The competition between commercial organizations that was characteristic of the late antebellum period continued during the war, but the attempts at cooperation exemplified by the Chicago convention of 1863 was evidence of an emerging consensus among merchants on the necessity of coordinating their efforts to shape national economic policies. Shaping this growing consensus were the numerous economic interventions attempted by the Lincoln administration, including the complete restructuring of the national banking system and the passage of authorization and funding for a transcontinental railroad, which illustrated a much greater willingness to use federal authority to shape the economy than had existed for many years. Organized merchants concerned with the economic

direction of the country, and mindful of their self-appointed status as leaders of their communities, recognized that any permanent influence on government policy needed to come through an association which would combine the efforts of the national commercial community to bring about change that would, in theory, advance the interests of the commonwealth.

The organization that merchants created, the National Board of Trade, had roots both in the proximate circumstances of the mid-1860s as well as the long-term interests of local commercial groups. Chapter Three examines the roots of the National Board in the aspirations of a number of enterprising merchants and the commercial gatherings of the mid-1860s. Of particular importance was the Detroit International Commercial Convention of 1865, the first major convention that brought together only representatives of the commercial class in an effort to remove partisan influence as the guiding force framing economic legislation. In the process, the merchants gathered in Detroit discovered that the best way to increase their influence was to devote their time and effort into the creation of a national association of commercial organizations. This effort came to fruition in Boston at the National Commercial Convention of 1868, the convention that laid the foundations for the National of Trade. Arguing that it was necessary for organized merchants to have a central role in the shaping of policy which would determine the economic future of the country the merchants gathered in Boston established the NBOT as a “Business Congress,” a reference they hoped would convey the ambitious plans they possessed for their organization. By establishing the National Board the organized merchants of the country had not only created the first national business association in U.S. history, but they had also set a precedent for the development of a closer relationship between commercial interests and the federal government.

Beginning in 1868 and continuing for more than forty years, the members of the NBOT worked to craft a consensus position on a number of issues that they could present to the public and Congress, a position that would represent the opinion of the commercial community at large. The methods used by the Board reflected the organization's belief in the power of argumentative persuasion and appeals to commercial authority as the body relied upon extensive press coverage of its debates and Congressional memorials to transmit its message. As these debates reveal, however, developing a consensus was not an easy process due to the continuing cleavages within the commercial community based on sectional divides, dependence on different trade commodities, and ideological disagreements over questions of political economy. Though the National Board discussed a plethora of economic issues during its existence, there were three areas of interest that dominated its debates, three areas which were of central importance for the commercial community and for the functioning of the American economy as a whole. These three topics were as follows; the structure and administration of domestic transportation for commercial use, the shape of the financial system and the monetary standard of the country, and the relationship between America's foreign and domestic trade.

Transportation was one of the central issues of the NBOT, as it had been for local commercial groups since the 1840s, and the delegates of the National Board focused on how best to create a national transportation system while also remedying the problems of favoritism and monopoly that merchants claimed were undermining equitable competition. Chapter Four examines the efforts of various groups of merchants within the NBOT to tackle these various transportation issues. Beginning in the 1870s merchants from the river and lake centers of the Middle West, along with some northeastern groups, looked to gain federal support for the liberal subsidization of river and canal improvements throughout the country which would create cheap

outlets for foreign trade and to the domestic markets of the Atlantic coast. At the same time, NBOT delegates representing a number of commercial centers began attacking the problem of transportation monopolies with a specific focus on the alleged collusion and rate manipulation of railroad corporations. These two areas overlapped in the minds of many NBOT merchants who saw increased facilities as one of the only ways, barring regulation, to provide for what they saw as equitable and fair competition. Merchant attacks on railroads came to a head in the 1880s as NBOT members played a key role in the establishment of the Interstate Commerce Commission (ICC), an institution that embodied the NBOT's commercial republican vision of a "well-ordered" and regulated economic system. Though the National Board would later soften its stance on railroad regulation as factions within the Board split on the workings of the ICC, the group continued to push for the expansion of transportation facilities well into the first decade of the next century and remained steadfast in its position that cheap transportation was the key to American commerce.

The workings of the American financial system, with a focus on banking and monetary standards, was just as important an issue for merchants who were intimately involved with the financial side of trade on a daily basis, and the merchants of the NBOT focused on maximizing the stability of the system during this important period of growth for the economy. Chapter Five picks up the debate in the 1870s as splits emerged amongst NBOT delegates over the proper monetary basis of the national currency and the resumption of specie payments. Many westerners and merchants from smaller centers defended paper currency and the oft-ridiculed "greenback" as a more than adequate standard for money while others from larger, more established areas staunchly adhered to the necessity of a single standard based on gold. A relative consensus emerged based upon an abhorrence for financial speculation, a hoped for but never achieved

international bimetallic agreement premised on cooperation with Europe, and a slow and steady return to specie resumption. Support for bimetallism remained the rule during the 1880s but federal silver legislation such as the Bland Act of 1878 and the McKinley Act of 1890 led to a growing uneasiness amongst NBOT members as to the feasibility of a bimetallic system. By the early years of the depression of the 1890s, fears of silver “agitation” from farmer and labor groups led to a wholesale abandonment of bimetallism and the establishment of a “sound money” movement spearheaded by merchant groups, a movement which prioritized the supposed stability of the gold standard over the perceived “anarchy” of free silver. The NBOT also prioritized stability in its support for a new centralized banking system in the first decade of the twentieth century, support that culminated in the creation of the Federal Reserve System. The values of commercial republicanism that were so central to the transportation debate were evident more sporadically in the finance debate, but for a good reason; if the key theme of the transportation question was equity, then the key theme for the finance question was stability.

The key theme of the final major issue focused on by the Board was expansion, or more specifically the expansion of the U.S. as a commercial power and what this growth meant for the domestic trade, the foreign trade, and for the country as a whole. Chapter Six analyzes how the merchants of the NBOT attempted to shape the commercial relations of the U.S. with the rest of the world by influencing a number of different federal policies and institutions and by making an ideological connection between commerce and American values more generally. One of the major focuses of the Board from the 1870s through the early 1900s was the condition of American shipping, at one time a key element of American trade which had stagnated and become a matter of embarrassment for American merchants. What developed out of the debates over how to fix the problems of American shipping was a deep division between supporters of

ship subsidies, led by merchants from shipbuilding centers and aligned with economic protectionists, and merchants who advocated “free ships,” a position put forth largely by merchants in the foreign trade and those who agreed with the free trade movement. This division was a direct representation of the disagreements within the merchant community over the relative importance of domestic vs. foreign trade as well as the proper role of the federal government in supporting certain economic activities over others. The growing issues of overproduction and fears of falling behind European competitors gradually led to the victory of the protectionists, and by the early 1900s the NBOT was a key defender of government-backed commercial expansion abroad. Merchants were able to establish an easier consensus on government intervention on the issues of reciprocal trade agreements and reforming the consular service, two areas where the NBOT came down firmly on the necessity of using federal authority to protect and expand America’s commercial interests abroad. By the first decade of the twentieth-century the NBOT had succeeded in helping to make commercial expansion one of the fundamental expressions of the United States as an emerging world power.

Taken as a whole, the actions of the NBOT and the merchant capitalist community over the seventy years examined by this dissertation are essential to an understanding of the role played by organized business in shaping American capitalism and the relations between economic policymaking and the functioning of the commercial economy. Though rarely recognized, the merchant organizations examined here were the pioneers of organized business in the United States, and groups like the U.S. Chamber of Commerce as well as thousands of other smaller groups are a testament to their influence. The merchants chronicled in this study were in also in many ways living in the midst of a massive and important economic shift that they themselves were struggling to come to grips with. The institutions and ideas of corporate

capitalism both intrigued and repelled merchant capitalists, often in equal measure, and the actions of local commercial groups and the NBOT illustrate how the self-appointed “stewards” of the commercial economy attempted to navigate the rough waters that the “creative destruction” of capitalism so often churns up. Illuminating the history of the interplay between the thoughts and actions of the merchants who sought to shape these changes demystifies the myths and abstractions of “free markets” and “economic change” and allows for a clearer understanding of the dynamics of capitalism in the American setting.

Chapter One

Communities of Commerce: Commercial Organizations and the Political Economy of Merchant Capitalism in Nineteenth-Century America

“What is the Board of Trade, and what is it going to do?” was the question the citizens of Boston were asking in 1855 according to Freeman Hunt’s *Merchants’ Magazine*, pondering what plans the collection of merchants who had incorporated in 1854 had for their new organization.¹ Attempting to answer this question was Isaac C. Bates, a prominent merchant in the silk trade and the secretary of the newly-organized Boston Board of Trade. In an article printed in Hunt’s *Merchants’ Magazine*, Bates explained that the Boston Board was organized to “promote trade and commerce” by determining those questions in which Boston had a “deep interest,” and that the city’s “true interest . . . ought to be thoroughly searched out and made known” by its merchants and businessmen.² After citing numerous situations where the expertise of Boston’s merchants could be of service to the city, Bates ended his missive by arguing that “the more the board is identified with the commercial classes, the greater will be the moral power which it will exercise for the promotion of their interests, and thus sustained, it will exert a moral influence which it is not boasting to say will be felt through the length and breadth of the land.”³

This question of the relationship between organizations of merchants and an often amorphous “commercial interest” emerged in a number of the growing commercial centers during the quarter-century that separated Jackson and Lincoln. The economic diversification of

¹ “Art. V. Work for Boards of Trade and Chambers of Commerce,” *The Merchants’ Magazine and Commercial Review* 32, no. 6 (June 1, 1855): 709.

² *Ibid.*, 710.

³ *Ibid.*, 711.

the northern economy, the growth of the agricultural west, and the expansion of the cotton-growing south ensured that debates regarding commercial activity were at the center of public life during this period. Among the various groups attempting to shape these debates were the wholesalers, commission merchants, shipping merchants, and small manufacturers who constituted the core of an urban, cosmopolitan commercial interest group that possessed the knowledge, experience, and desire to affect public policy toward their ends. These businessmen were not lacking in vision or in purpose, but they were hampered by disunity and a lack of organization.

In order to remedy these circumstances urban merchants in the 1830s and 1840s began a movement that led to the establishment of numerous local boards of trade, chambers of commerce, and commodity exchanges between 1830 and 1870. These local commercial groups gave official distinction to merchants as local and regional authorities on commercial activity, and these groups quickly set about attempting to identify issues of importance for their particular city, region, and ultimately for the nation as a whole. In combination with an emerging commercial press, local commercial organizations became over time the leading advocates for a “business” perspective in the public sphere. This business perspective was not monolithic – considerable disagreement existed between various business groups as to what constituted an appropriate response to economic questions. Indeed, much as E.P. Thompson observed of the English working-class of the eighteenth and nineteenth-centuries, the American business “class” in the early nineteenth-century was “present at its own making” – the creation of what became known as the “commercial interest” was a continuous process, not a cohesive whole or assumed set of positions to be taken for granted.⁴ Capitalist organizing was a key aspect of what many

⁴ E. P. Thompson, *The Making of the English Working Class* (New York: Vintage Books, 1963), 1.

scholars have labelled a “business revolution” that occurred during the middle decades of the nineteenth-century.

This revolution in business touched almost every facet of life in the expanding United States. Neither profit-seeking or market exchange were new phenomena in the nineteenth-century, but it was during this period when a wide variety of Americans began creating the specific institutions and behaviors that would bring modern capitalism into being in the United States. This was a messy, disjointed, and combative process, for as Max Weber argued more than a century ago, the “spirit of capitalism, in the sense in which we are using the term, had to fight its way to supremacy against a whole world of hostile forces.”⁵ This is not to say that Americans prior to the early nineteenth-century adhered completely to a pre-capitalist “moral economy” such as that articulated in the work of E.P. Thompson or Charles Sellers.⁶ Rather, it was only in the nineteenth-century when a number of factors, namely the confluence of new modes of production, systems of exchange, methods of finance, and institutions of legitimation made the operations of capitalist activity a central and pressing concern for every American.

At the center of this business revolution was the merchant class, the traders, wholesalers, and retailers whose ways of life and methods of interpreting the world were the primary elements of the “business revolution”.⁷ The term “merchant class,” though a helpful descriptor, does not necessarily reflect their actions as a collective group nor is it meant to imply that there existed a cohesive and monolithic merchant class in the nineteenth-century United States. As Bernard

⁵ Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (London: Routledge, 2001), 20–21.

⁶ Thompson, *The Making of the English Working Class*, 63–68; Charles Grier Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (New York: Oxford University Press, 1991).

⁷ The roots of the concept of a “business revolution” are articulated most clearly in the introduction by Michael Zakim and Gary Kornblith in Zakim, *Capitalism Takes Command*, and in Michael Zakim, “The Business Clerk as Social Revolutionary; or, a Labor History of the Nonproducing Classes,” *Journal of the Early Republic* 26, no. 4 (December 1, 2006): 563–603.

Bailyn wisely observed regarding the merchants of New England in an earlier period, merchants “despite their common interests, formed not a singular social entity, but a spectrum” and that they were “divided deeply by the very needs they held in common.”⁸ Broadly speaking, merchants were committed to the extension of capitalist relations and values throughout society, but the common ties that this commitment created were undercut by the very same values that merchants sought to propagate. The very fact that, for example, merchants extolled the virtues of market competition yet at the same time formed commercial organizations and lobbied for market regulations is evidence of the contradictions that exemplified the uneven process of historical change that was occurring. The notion of a consolidated bourgeoisie overseeing what Karl Polanyi called the “demolition of society” by the extension of capitalist relations is a construct of remarkable historical endurance considering its simplicity and lack of congruence with the historical record.⁹ The “merchant class” as it actually existed was far less cohesive and consistent.

The creation of local commercial organizations was an attempt by the merchant community to coordinate and harmonize the various business interests of a particular region in order to more successfully compete with other urban centers. Boards of trade and chambers of commerce, a result of the associative impulse prominent in antebellum republican society, brought together like-minded businessmen into a self-governing commercial body with a set of rules and values designed to impose order upon the tumult of economic activity in emerging commercial centers. Some groups such as the Chicago Board of Trade focused on specific trade activities, while others like the Boston Board of Trade were more eclectic. Alongside these

⁸ Bernard Bailyn, *The New England Merchants in the Seventeenth Century* (New York: Harper & Row, 1955), 190.

⁹ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, 2nd Beacon Paperback ed. (Boston, MA: Beacon Press, 2001), 76.

groups merchants also helped to create and patronize new institutions of learning and culture, such as commercial colleges and mercantile libraries, that would help to bolster their public profiles. What united these groups in purpose was the goal of embedding the commercial values of the commercial community into the social and political geography of nineteenth-century urban America.

Alongside organization-building merchants also utilized the commercial press, pamphlet writing, academic texts, and their internal debates as grounds for the articulation of an ideology of commercial republicanism. This ideology was not a programmatic outline of positions on economic issues, but was more of a mixture of a number of interrelated moral, political, and intellectual outlooks that combined to offer a set of answers to the core questions of competition, economic power, trade regulations, and the beneficent aspects of commercial behavior for the merchant community. The moral and intellectual aspects of this worldview were rooted in debates over the role of commerce and economic behavior in a republican polity in the mid to late nineteenth-century. The “commercial republic” that existed prior to the Civil War heavily influenced the positions of merchants on the role of government in the economy and the role of commerce in creating wealth and prosperity. The growth of corporations and the development of domestic and foreign commerce, two changes abetted by merchants, also threatened the harmonious and balanced economy of steadily increasing growth that the commercial community understood as their primary objective in organizing and cooperating to influence policy. Merchant groups saw immense challenges facing the nation, challenges that would test the ability of commercial organizations to safely guide the economic ship of state through rough waters. By analyzing the organizational efforts of merchants as well as the writings of

commercial observers, commentators, and merchants themselves it is possible to piece together the building blocks of the merchant worldview.

Communities of Commerce: “To socialize, to liberalize, to harmonize.”

Merchant capitalists were the glue that held the U.S. economy together in the late eighteenth and early nineteenth centuries, supplying the necessary skills and resources that allowed goods to flow through commercial centers and between markets in the U.S. and Europe. Based on networks of kinship ties, merchants were typically brought up in the family business and served as clerks before becoming partners and proprietors in merchant houses. Well-educated and cosmopolitan, young merchants of the early nineteenth-century were involved in exciting and sometimes revolutionary economic projects, activities that belied the stereotype of merchants as a reactive or conservative class of men. Though Elizabeth Fox-Genovese and Eugene Genovese have famously labelled merchant capitalists as “parasitic” impediments to modern capitalism it would be imprecise to characterize merchants only by their conservative qualities.¹⁰ Caution must be taken in labeling all merchants as subscribing to a particular ideology, but in general most merchants prized a few things above all in business affairs: steady, stable, and above all predictable growth. However, merchants were risk-takers in a still unstable economic and non-integrated economic system, so mitigation of risk was a primary concern of the merchant class regardless of political affiliation. Honesty and integrity were not just qualities that merchants valued intrinsically; they were also crucial to business success in an era where business relationships were highly personal. As such, merchants liked to characterize their role in

¹⁰ See Elizabeth Fox-Genovese and Genovese, Eugene D., *Fruits of Merchant Capital: Slavery and Bourgeois Property in the Rise and Expansion of Capitalism* (New York: Oxford University Press, 1983), especially Chapter One.

the republican context as protectors of virtue in commerce and as stewards of the community, active in public life and associative activities.¹¹

An inherent sociability, combined with recognition of the benefits of association, led merchants in the Jacksonian period to begin organizing local commercial groups to promote their interests. Though the first such group, the New York Chamber of Commerce, was founded in 1768, major organizations in other commercial centers did not truly emerge until the 1830s, with the number of organizations increasing with each successive decade. By 1858 there were thirty major local commercial organizations, and by 1860 every city with a population of over 50,000 possessed at least one such group.¹² Different names were often used to distinguish such groups in different regions of the country. For example, in the northeast chambers of commerce, groups that combined business and political activities with socializing, were often separate from commercial exchanges which dealt primarily with the buying and selling of commodities. In the west these functions were typically combined in a single body; for example, whereas New York possessed a chamber of commerce and a produce exchange, Chicago simply had a board of trade that served both of these functions for merchants.

Local commercial groups emerged in this period due to the recognition by merchants of their responsibilities to their communities and the concomitant rise of associationalism in the

¹¹ Considering their importance to the political and economic life of the pre-Civil War United States, merchants have not drawn nearly the attention that their later industrial brethren have. The most important works that focus on merchant life are Bailyn, *The New England Merchants*; Thomas Doerflinger, *A Vigorous Spirit of Enterprise: Merchants and Economic Development in Revolutionary Philadelphia* (Chapel Hill: The University of North Carolina Press, 1986); Cathy D. Matson, *Merchants & Empire: Trading in Colonial New York* (Baltimore: The Johns Hopkins University Press, 1998); Beckert, *The Monied Metropolis*; Robert F. Dalzell, *Enterprising Elite: The Boston Associates and the World They Made* (Cambridge, Mass.: Harvard University Press, 1987); Glenn Porter and Harold Livesay, *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing* (Baltimore: The Johns Hopkins University Press, 1971).

¹² Boston Board of Trade, *Fifth Annual Report of the Government Presented to the Board at the Annual Meeting* (Boston: Press of T.R. Marvin & Son, 1859), 20.

public sphere. Contemporary scholars such as Donald Pisani have echoed Tocqueville in noting the effect that republican government had on promoting voluntary associations that often possessed quasi-governmental functions, with merchant groups being a particularly prominent example.¹³ Forming associations was another method of enhancing the merchant networks that, as Naomi Lamoreaux and a number of other scholars have noted, were so important to business relationships during this period.¹⁴ Merchants understood the advantages of organizing well, and despite the persistent characterization of merchants as prototypical individualistic entrepreneurs by commentators then and now, they were enthusiastic proponents of collective action. As one prominent merchant later reflected, a commercial organization “softens the asperities of competition, it reconciles apparently conflicting interests, and it demonstrates that the common welfare is the best basis for individual prosperity.”¹⁵ Furthermore, commercial associations could act as a “bond of union in a community” as their effects were “to socialize, to liberalize, to harmonize” the various interests within society.¹⁶

While attempting to mitigate merchant competition within a commercial center merchant organizations could help those same merchants compete with other major trade centers by bringing together businessmen in different business sectors. As Glenn Porter and others have noted, the most common type of merchant in the antebellum period was the commission merchant. Commission merchants acted as agents, buying agricultural and manufactured goods from producers to sell, from which they were paid a commission – the classic “middlemen” of

¹³ See Donald J. Pisani, “Promotion and Regulation: Constitutionalism and the American Economy,” *The Journal of American History* 74, no. 3 (December 1, 1987): 740–68.

¹⁴ See Naomi R. Lamoreaux, *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England* (Cambridge: Cambridge University Press, 1994).

¹⁵ Hamilton Andrews Hill, *Commercial Associations; Their Uses and Opportunities* (Boston: J.H. Eastburn’s Press, 1869), 6.

¹⁶ *Ibid.*

the nineteenth-century U.S. economy.¹⁷ By the 1840s and 1850s, however, many commission merchants had begun to specialize in purchasing and trading more narrowly, and that was reflected in their designations on board of trade membership lists. The Chicago Board of Trade in 1858, for example, was composed mainly of men listed as “Produce Commission Merchants”, not unremarkable considering the business of the Board and Chicago’s place in agricultural trade.¹⁸ The Boston Board of Trade, on the other hand, by 1860 possessed a much more diverse list of members, with commission merchants, dry goods merchants and jobbers, and clothing dealers as the leading designations. By bringing together merchants from different backgrounds commercial groups could claim to legitimately speak for a generalized “business” interest, an interest that according to merchants coincided with the public interest.

Commercial groups emerged in increasing numbers during the antebellum period as a direct response to the opportunities afforded by cooperation in order to compete for access to markets as the nation expanded both geographically and productively. In the east, commercial bodies were focused on harnessing the influence of their members primarily for transportation improvements and regulations permitting safer and more reliable trade. The Boston Board of Trade, formed in 1854, noted that Boston’s merchants specifically formed the body to deal with questions of western trade and implied that the Philadelphia Board of Trade has been founded for the same purposes.¹⁹ Both the Boston and Philadelphia boards spent their first years of existence pursuing strategies designed to lessen the dominance of New York merchants in the western trade, and these strategies were also followed by a number of the southern organizations that would help compose the Southern Commercial Convention in the 1850s. Western organizations

¹⁷ Porter, *Merchants and Manufacturers*, 15-60.

¹⁸ Chicago Board of Trade, *First Annual Statement*, 46-55.

¹⁹ Boston Board of Trade, *Fifth Annual Report*, 23.

were primary contributors to the “booster” impulse so central to western urbanization in the period.²⁰ The Chicago Board of Trade, for example spent its early years pursuing transportation projects and commercial regulations that would help Chicago to become the primary grain market of the west, with Milwaukee and St. Louis as prominent rivals. The forces of economic expansion thus contributed to organizing in each section of the country under slightly different circumstances but broadly in pursuit of similar developmental agendas.

This similarity in agendas was matched by a similarity in organizational by-laws and general mandates. Though most commercial groups formed without official recognition from the state, the vast majority pursued incorporation where state laws provided the option. Corporate charters gave the seal of legitimacy to commercial bodies, and also gave them the force of law behind their attempts to regulate local trade. Boards and chambers used the corporate form in their organizational structure as well, establishing boards of directors and standing committees to deal with various day-to-day matters. These day-to-day matters were quite circumscribed by their charters; the 1863 charter of the Philadelphia Corn Exchange expressly forbid “banking or manufacturing privileges,” while the charter of the Chicago Board of Trade forbid it the “power or authority to do or carry on any business, excepting such as is usual in the managements of boards of trade, or chambers of commerce.”²¹ Most charters gave boards of trade that dealt in commodity exchange the power to appoint officers with the power to regulate the articles

²⁰ For more on the role played by boosterism in the west see William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton, 1991); Timothy R. Mahoney, *River Towns in the Great West: The Structure of Provincial Urbanization in the American Midwest, 1820-1870* (Cambridge: Cambridge University Press, 1990); Jeffrey S. Adler, *Yankee Merchants and the Making of the Urban West: The Rise and Fall of Antebellum St. Louis* (Cambridge: Cambridge University Press, 1991); Carl Abbott, *Boosters and Businessmen: Popular Economic Thought and Urban Growth in the Antebellum Middle West* (Westport, Conn.: Greenwood Press, 1981).

²¹ Commercial Exchange of Philadelphia, *Thirty-First Annual Report of the Commercial Exchange of Philadelphia* (Philadelphia: Commercial List Printing Office, 1885), 99; Board of Trade of the City of Chicago, *Eleventh Annual Statement of the Trade and Commerce of Chicago* (Chicago: Horton & Leonard, 1869), 155.

merchants traded. The Chicago Board of Trade system was typical in this regard, with rule 5, section 10 of the Board's by-laws stating that the Board of Directors could "establish a standard of grades for . . . article[s] of produce or traffic commonly dealt in by the members of this Association" which were then measured and authenticated by inspectors, weighers, and graders appointed by the Board.²² Governmental recognition of merchant-appointed commercial officials placed these groups in privileged positions in their local economy and strengthened their relationship to the state at the same time.

Merchant organizations provided another service both to their members and to the commercial community as a whole through their collection and dissemination of commercial information. Keeping accurate statistics regarding the commerce of the country fell mainly to the Treasury Department, yet the department's focus was primarily in the realm of finance and not trade, a problem that merchants continued to complain of for the rest of the nineteenth century. Such a situation existed in the antebellum period, a St. Louis-based economic journal argued in 1851, that "there is, perhaps, no other nation where full and correct information respecting the production and consumption of every part of the country is so necessary as here," and because of the lack of such information even "intelligent men generally entertain such crude and vague ideas respecting their own commerce."²³ Meticulous records regarding commodity production, pricing, currency values, and transportation rates that pertained to local and regional trade were kept by commercial bodies and published annually. These reports were valuable references for the emerging commercial press, investors, and legislators considering the generally spotty nature of economic information by government during the period.

²² Board of Trade of Chicago, *Eleventh Annual Report*, 159.

²³ "Article VI. Regulation of Internal Commerce," *The Western Journal of Agriculture, Manufactures, Mechanic Arts, Internal Improvement, Commerce, and General Literature*, Vol. 6, Issue 2 (May 1851), 114.

Commercial bodies also acted as quasi-legal institutions through their control over the arbitration of commercial disputes, and they used this power in an attempt to establish the guidelines for fair business practices. Their charters gave commercial organizations broad powers for disciplining members, and every organization possessed standing committees of arbitration that dealt specifically with “determining such mercantile disputes as may be submitted to it.”²⁴ Such committees were meant to supply the business community with a non-partisan method of determining fault in mercantile disputes, and as such were vital in upholding the ideal of commercial integrity that was so important to merchant relationships. Some organizations, like the Cincinnati Chamber of Commerce and Merchants’ Exchange, even made a point of requiring prospective members to be of “good character” for the Board of Directors to consider them.²⁵ Members who violated the rules of the organization or were found at fault by the arbitration committee faced fines or expulsion.

The associational culture of such bodies was based entirely upon the formal characteristics of the specific board, chamber, or exchange. Bodies that did not house daily business transactions like the New York Chamber of Commerce focused their activities around the monthly meetings of the organization. While committees and the boards of directors of each organization would hold separate meetings, the monthly member meeting was the primary occasion for settling the business of the body. Exchanges such as the Chicago Board of Trade and the New York Produce Exchange held the same meetings but also maintained active commodity exchanges on a daily basis. Over time, commercial bodies became an integral part of the ebb and flow of economic activity of the major trade centers of the country. By mid-century,

²⁴ Boston Board of Trade, *Fifth Annual Report*, 219.

²⁵ Cincinnati Chamber of Commerce and Merchant’s Exchange, *Thirty-Sixth Annual Report of the Cincinnati Chamber of Commerce and Merchants’ Exchange* (Cincinnati: Wiltach, Baldwin & Co., 1885), 23.

these organizations also began to construct massive structures to house their activities. When the Chicago Board of Trade rebuilt its headquarters in 1885 following the original's destruction during the fire of 1871, the building was the tallest structure in the city. Similar buildings were constructed by commercial bodies in Cincinnati, Detroit, Boston, and Milwaukee. These buildings became symbols of the role that commerce played in the daily lives of nineteenth-century Americans and also served as projections of merchant power and influence.

The men who controlled these organizations shared a number of characteristics, specifically an educated upbringing, direct experience in government, and an appetite for publicly-minded associational activities within the community that made them recognized leaders within republican society. The very model of the republican merchant was Frederick Fraley, a member of the Philadelphia Board of Trade that a late nineteenth-century history of Philadelphia claimed had been "so intimately associated with the prominent institutions and public affairs" of Philadelphia as to require an extended biography.²⁶ Educated as a lawyer but entering the hardware trade as a young man, Fraley first entered public affairs as a member of the city council in 1834 and helped develop a plan to help save municipal finances following the panic of 1837. Developing a reputation as a well-known figure in the Whig Party, Fraley entered the Pennsylvania Senate in the late 1830s. Fraley was also extremely active in organizations outside of politics and business; he was a co-founder of the Franklin Institute in 1824, and later in life he was a trustee of the University of Pennsylvania.²⁷ Though Fraley is perhaps an extraordinary example of the civic republicanism that animated prominent businessmen in this

²⁶ John Thomas Scharf and Thompson Westcott, *History of Philadelphia, 1609-1884*, vol. 3 (Philadelphia: L. H. Everts & Co., 1884), 2343.

²⁷ *Ibid.*

period, he had many counterparts throughout the country. Commercial organizations served as organs through which men like Fraley could combine their self-interest and civic-mindedness.

The sheer number and geographical spread of newly organized local commercial bodies in the quarter century before the Civil War constitutes an era of capitalist organization heretofore largely neglected by historians of the nineteenth-century. While the antebellum era is often remembered as the fertile soil for the organization of the American labor movement, described by scholars such as Sean Wilentz, Alan Dawley, merchant groups are mostly absent in the scholarship on political and economic development during the period.²⁸ This is a staggering oversight considering the public regard for and status of the businessmen who organized these bodies and the alacrity with which they attempted to tackle the matters of commercial policy. Commercial organizations used the language of collective action in their attempts to define a position as advocates of the merchant class; as the first lines of the articles of association of the Philadelphia Board of Trade asserted, the Board was formed because “a want of unity of actions on subjects relating to trade and commerce, has been heretofore found to be a serious detriment to the interests of the community.”²⁹ While perhaps not *class* organizations, commercial groups were certainly organizations of a *class*.

Defining the commercial interests of a community, and by extension a particular region, was the initial organizing motivation for local board and chambers. The agenda of the Philadelphia Board of Trade from the mid-1830s through the 1840s is a prime example of such

²⁸ See Sean Wilentz, *Chants Democratic: New York City and the Rise of the American Working Class, 1788-1850* (New York: Oxford University Press, 1984); Alan Dawley, *Class and Community: The Industrial Revolution in Lynn* (Cambridge, Mass.: Harvard University Press, 1976).

²⁹ Philadelphia Board of Trade, “Twenty-First Annual Report of the Directors of the Philadelphia Board of Trade” (Philadelphia, 1854), 23, Philadelphia Board of Trade Annual Reports, Historical Society of Pennsylvania (hereafter HSP).

attempts at commercial self-definition. Eager to overtake New York City as a commercial center, the merchants of the Philadelphia BOT quite understandably supported legislative action on the federal level that would maintain shipping, such as their support between 1835 and 1837 for appropriations for lighthouses and coastal surveys. In terms of maintaining trade advantages the Board also approached the state legislature for drawbacks (a refund of duties charged on goods transported) to encourage western traders to use Philadelphia as a center for exports.³⁰ Beginning in 1844 the Board began outlining the competitive advantages accruing to the city based on the rich iron and coal deposits of western Pennsylvania and forecasted that Philadelphia “enjoys advantages for manufacturing operations . . . which no other city in the Union can hope to possess.”³¹ Though each organization faced unique and particular challenges, they addressed these challenges in a similar manner and with similar goals in mind.

The commercial men of the antebellum era were unified not by a loyalty to a particular political party or economic creed, but rather by a commitment to a generalized enthusiasm for development and “progress” broadly defined. Daniel Walker Howe has argued forcibly that the culture of the Whig Party of the 1830s and 1840s identified economic progress as the basis for other forms of social improvement and that the primary difference between the Whigs and Democrats on developmental issues was over qualitative vs. quantitative development.³² Merchants were also split along this divide based on their local and regional self-interest. Political parties mattered, but reflected economic orientations of merchants for the most part

³⁰ Philadelphia Board of Trade, “Second Annual Report of the Directors of the Philadelphia Board of Trade” (Philadelphia, 1836), Philadelphia Board of Trade Annual Reports, Annual Reports 1835-1864, HSP; Philadelphia Board of Trade, “Fourth Annual Report of the Directors of the Philadelphia Board of Trade” (Philadelphia, 1838), Philadelphia Board of Trade Annual Reports, Annual Reports 1835-1864, HSP.

³¹ Philadelphia Board of Trade, “Tenth Annual Report of the Directors of the Philadelphia Board of Trade” (Philadelphia, 1844), 1, Philadelphia Board of Trade Annual Reports, Annual Reports 1835-1864, HSP.

³² Daniel Walker Howe, *The Political Culture of the American Whigs* (Chicago: University of Chicago Press, 1979), 101.

rather than determining them. This advocacy for economic growth translated into support for the extension of various aspects of the market and market behavior throughout the country.

Commercial bodies translated the support of merchants for abstract positions on tariff policy, internal improvements, and commercial regulations into policy prescriptions. The fact that merchant organizations emerged in such numbers during the late antebellum era is thus no coincidence, but rather exemplified a conscious decision on the part of merchants to better concentrate their efforts towards controlling and extending trade.

Outside of the political parties of the era, formal civic organizations and associations were the most direct method chosen by various actors to assert their interests, and the most effective. Merchants were hardly the only group that sought to associate in this period, for as Alexis de Tocqueville famously pointed out the quarter-century prior to the Civil War was a time when associations of all types abounded throughout the United States. The historian Mary Ryan has argued that these benevolent societies, religious societies, and fraternal organizations were engaged in a contest over the meaning and control of a democratic public sphere in this period.³³ The economic organizations of artisans, laborers, and of course merchants were heavily involved in this civic contestation, and groups such as the Philadelphia BOT were quite serious when they claimed to speak for the “interests of the community.”³⁴ The question of whether such organizations had the best interests of the entire community at heart was much more of an open question however, and merchants had to face competition from other groups that often had very different visions of what economic “progress” meant for the nation at large.

³³ Mary P. Ryan, *Civic Wars: Democracy and Public Life in the American City during the Nineteenth Century* (Berkeley: University of California Press, 1997), 72–78.

³⁴ Philadelphia Board of Trade, “Twenty-First Annual Report of the Directors of the Philadelphia Board of Trade,” 33.

In order to compete with these other visions merchants took advantage of their wealth to form organizations that would help spread their particular worldview that posited the values of business as beneficial to collective progress. One of the most prominent examples of this were the mercantile library associations that merchants built in major commercial centers, beginning with the Mercantile Library Association of Boston incorporated in 1820. Such associations were subsequently organized in New York, Philadelphia, Baltimore, Cincinnati, St. Louis, and a number of other cities between 1820 and the early 1850s. The purposes of such organizations were outlined in the articles of incorporation of the Boston library, namely “for the purpose of diffusing and promoting knowledge among young men now engaged in, or destined for the mercantile profession.”³⁵ Over time these organizations became massive storehouses of knowledge of both commercial and non-commercial origin. An article in *Hunt’s Merchants’ Magazine* from 1853 estimated that the New York Mercantile Library, organized by the New York COC, held just under thirty-eight thousand volumes of material, enough to make it the fifth largest library in the country.³⁶ Other mercantile libraries were not as large, but were still substantial enough to warrant the impressive buildings erected to house them.

Mercantile libraries focused on improving all of the faculties of mind that merchants felt were appropriate for young clerks learning their trade. Naturally these collections included texts on the day-to-day operations of the mercantile profession, but they also included works on almost every subject imaginable including law, history, religion, physics, chemistry, as well as fiction and poetry. Most of the libraries also supplemented their collections with public lectures from prominent figures of the day. Such a broad intellectual ambit was calculated, for as *Hunt’s*

³⁵ Mercantile Library Association of Boston, *A Catalogue of Books of the Mercantile Library Association of Boston* (Boston: Damrell & Moore, 1850), 7.

³⁶ “Art. III - Mercantile Library Associations,” *Hunt’s Merchants’ Magazine* 29, no. 4 (October 1, 1853): 442.

argued in 1853 these associations could produce not only “capable and intelligent *merchants*” but were also “excellent schools for the formation of general character.”³⁷ Such conflations of the ideal characteristics of a mercantile background with those of a “general character” were a testament to the broad social role that such organizations took as their mandate.

Nearly every writer on the merchant life from the antebellum period on stressed the necessity of a commercially-oriented education to complement a well-rounded study in the arts and sciences. Warren P. Spencer, a teacher at a mercantile college in Buffalo, NY argued in an address before the college in 1857 that “transactions of the business man . . . must be regulated by a rigid and exact knowledge of the science of accounts” if he wished to continue to be successful.³⁸ The learning and teaching of new business practices was more than a practical necessity though, as the widespread use of such methods signaled a larger cultural and social shift as well. Michael Zakim has argued that the use of modern methods of bookkeeping, for example, “captured the popular imagination” in the antebellum period and set new standards for how people from all walks of life distinguished between reliable and unreliable information.³⁹ Scholars such as Patricia Cline Cohen have also noted the enthusiasm for statistics and quantitative-based thinking that exploded in the 1830s and 1840s.⁴⁰ The spread of numeracy and a general culture of measuring and thinking in terms of numbers was part-and-parcel of a growing interest in commercial education.

³⁷ Ibid., 437.

³⁸ “Art. VI. Essay on Mercantile Education,” *Hunt’s Merchants’ Magazine* 37, no. 6 (December 1, 1857): 701.

³⁹ Zakim, “The Business Clerk as Social Revolutionary; Or, a Labor History of the Nonproducing Classes,” 594–595.

⁴⁰ Patricia Cline Cohen, *A Calculating People: The Spread of Numeracy in Early America* (Chicago: University of Chicago Press, 1982).

Merchants took a hands-on approach to promoting a commercial education through the establishment of a number of mercantile colleges beginning in the 1850s. The most important and prominent schools were the Bryant and Stratton mercantile colleges begun by the Bryant brothers and Henry Dwight Stratton, three businessmen from Cleveland, OH. A circular catalogue sent out by the Bryant and Stratton Company in 1859 listed colleges in New York, Cleveland, Buffalo, Philadelphia, Detroit, Albany, and Chicago. The circular attempted to persuade prospective students to spend the \$40 per course fee by arguing that a “thorough reform in the *method* of instruction” was necessary in commercial education, and lauded the Bryant and Stratton schools for taking steps toward establishing a “*national* system of commercial education.”⁴¹ The fact that the spread of commercial colleges mimicked the spread of boards of trade and chambers of commerce was not coincidental either, but part of a conscious plan; as the circular argued regarding the growth of commercial campuses, “we cannot but think that in the very fact of a continuous chain, linking the two great emporiums of the East and the West with the intermediate commercial points, lies a great element of our prosperity.”⁴²

Mercantile colleges sought to impart a comprehensive commercial education and drew upon the practical experience of working merchants to provide instruction. Several of the institutions possessed direct connections with local commercial organizations through their lecturers; in Buffalo, for example, George S. Hazard and S.S. Guthrie of the Buffalo BOT were on the Visiting Committee of the college, and in Chicago J.C. Dore and George Rumsey of the Chicago BOT also served on the Visiting Committee. The subjects taught at Bryant and Stratton’s colleges included bookkeeping, commercial computation, penmanship, commercial

⁴¹ H.B. Bryant, *Circular and Catalogue of Bryant and Stratton’s Mercantile Colleges* (New York: Office of the American Merchant, 1859), 11, 13.

⁴² *Ibid.*, 15.

law, political economy, and commercial ethics.⁴³ Under the rules and regulations for behavior, Bryant and Stratton also made a point of noting that every “male member” of the college was “admitted as a *gentleman*, and is expected to preserve his dignity as such.”⁴⁴ Such rules were very similar to those established by local commercial groups to protect the integrity of the associations, and are a further example of the focus on character expected from merchants within the commercial community.

Through their actions in advocacy of commercial enterprise, the merchants who composed local boards of trade, chambers of commerce, and commodity exchanges also became the foremost proselytizers for commerce itself. Modern-day assumptions regarding economic exchange and market behavior were not shared by nineteenth-century Americans of the antebellum era, by and large. This is not to argue as some have that a “moral economy” dominated during this period, but is merely recognition of how intellectually and socially revolutionary the workings of capitalism were in the early nineteenth-century.⁴⁵ Recent work by Michael Zakim on clerks in nineteenth-century merchant houses argues that they were central to a “business revolution” that helped to form what Thomas Cochran calls a “new politico-business system.”⁴⁶ As economic actors working through trade networks and as political actors lobbying for various matters of policy, merchants of the assorted commercial organizations of the country were on the front lines of this “business revolution”; that their tools were ledgers, merchant

⁴³ Ibid., 24–36.

⁴⁴ Ibid., 46.

⁴⁵ Indeed, the idea of capitalism as an “American revolutionary tradition” is the primary theme of the introduction to Zakim, *Capitalism Takes Command*, a collection that exhibits the direction that many in the field are currently taking.

⁴⁶ Michael Zakim, “Producing Capitalism: The Clerk at Work,” in Zakim, *Capitalism Takes Command*, 226.

ships, and legislative memorials does not make their actions any less revolutionary than those wielding muskets or sabers.

“Complicated and Manifold Interests”: The Relationship of Business and Politics in Merchant Thought

The idea of a commercial republic was based primarily on a number of ideas concerning American political economy that businessmen, intellectuals, and common citizens debated over the course of the nineteenth-century, some old and some new, which contributed to the general positions taken by the local commercial organizations that fed into the NBOT. There was not one single monolithic position or ideology that can be said to have controlled the actions of organized merchants as there was far too much disagreement on even basic principles of action; the landscape of political and economic thought during this period was a chaotic, but exciting, one. From the 1830s through the 1890s, Americans of all stripes engaged in an intense and often agonizing intellectual, rhetorical, and sometimes martial contest over how best to shape political and economic institutions in order to enlarge and maintain a prosperous and harmonious republic. The array of possibilities open to the country would never again be equaled; though many of the ideas of the period could be faulted as naïve by modern observers, the sheer range of experimentation that characterized these years is impressive, as is the sense that options were not yet foreclosed by the rigidities of accepted practice. Though merchants could hardly be understood as radicals when compared to Fourierites, they were also open to a range of possibilities when it came to political economy, and often at the forefront of articulating such possibilities. An analysis of some of the most prominent merchant thinkers of various local groups and of the NBOT clearly illustrates the broad spectrum of thought available in the

business community while at the same time highlighting a number of areas of broad agreement that allowed for associations such as the NBOT to come together.

Scholars have not always given full recognition to the variety of thought and debate at play in the nineteenth-century business community, primarily due to the ease of caricature and often due to simple contempt for the attitudes of men of capital. Historians and social scientists have often assumed that businessmen, such as the merchants who organized local commercial groups, were far less interested in political or so-called ethno-cultural concerns than in their economic self-interests.⁴⁷ When business thought is interrogated it is typically viewed through the lens of Spencerian social theory or Smithian economics, a method that often portrays businessmen as representatives of a kind of laissez-faire popular front. The result of this is that American historians have an extremely complex and multi-faceted picture of the intellectual background and ideology of nineteenth-century artisans, laborers, women, African-Americans, and other “subaltern” groups, but a far simpler understanding of American businessmen. While scholars such as Sven Beckert, Jeffrey Haydu, Michael Zakim, along with a number of others have begun to slowly remedy this discrepancy, it is still an area that requires serious and sustained analysis.⁴⁸ Merchant political and economic thought did not, despite certain

⁴⁷ The touchstone work for this school of thought can be traced back to progressive historians and especially works such as Charles A. Beard, *An Economic Interpretation of the Constitution of the United States* (1986, repr., New York: Free Press, 1935). The moral indignation of much of this work was amplified by Matthew Josephson, *The Robber Barons: The Great American Capitalists, 1861-1901* (New York: Harcourt, Brace and Company, 1934).

⁴⁸ Beckert, *The Monied Metropolis*; Haydu, *Citizen Employers*; Zakim, “The Business Clerk as Social Revolutionary; Or, a Labor History of the Nonproducing Classes.” Also see Cathy D. Matson and Peter Onuf, *A Union of Interests: Political and Economic Thought in Revolutionary America* (Lawrence, Kan.: University Press of Kansas, 1990); Cathy D. Matson, “Capitalizing Hope: Economic Thought and the Early National Economy,” *Journal of the Early Republic* 16, no. 2 (July 1, 1996): 273–291; Brian P. Luskey, ““What Is My Prospects?”: The Contours of Mercantile Apprenticeship, Ambition, and Advancement in the Early American Economy,” *The Business History Review* 78, no. 4 (December 1, 2004): 665–702; Brian P. Luskey, *On The Make: Clerks and the Quest for Capital in Nineteenth-Century America* (New York: New York University Press, 2010); Robert D. Johnston, *The Radical Middle Class: Populist Democracy and the Question of Capitalism in Progressive Era Portland, Oregon* (Princeton, N.J.: Princeton University Press, 2003); Richard R. John, “Robber Barons Redux: Antimonopoly Reconsidered,” *Enterprise and Society* 13, no. 1 (March 1, 2012): 1–38.

fundamental areas of agreement, present a united front to the world. The ideas and positions that predominated at any given time were subject to constant revision and scrutiny due to a simple truth: merchants struggled to make sense of and master their world just as much as other social actors.

Merchant political economy in the antebellum period owed a much greater debt to the political theories and moral philosophy of intellectuals and statesmen of the eighteenth and early nineteenth-centuries than to pure economists for a number of reasons. One major reason for this was that, as Joseph Dorfman's methodically comprehensive overview of early American economic thought makes exhaustively clear, very few of the major thinkers on economic issues prior to the mid-nineteenth-century considered themselves economists, primarily because the field as we conceive of it did not exist.⁴⁹ The men (and aside from the Carolinian free-trader Louisa A. McCord, who often wrote anonymously, and a few others they were nearly all men) who took positions as lecturers, or who wrote for journals or newspapers, often possessed training in such fields as mathematics yet were not considered scientists so much as moral philosophers. Aspiring experts in what was more commonly called "political economy" read not just from the standard economic works of the day by authors such as Adam Smith, David Ricardo, and John Stuart Mill, but from a wide array of political and legal philosophy as well. This was not just the purview of "experts" either, for businessmen sought to educate themselves in the same broad manner, as the catalogues of the many mercantile libraries of the period show.

The overlapping of political philosophy and commercial concerns was far from a new development. Concerns over commerce informed the earliest debates of Congress in the 1790s,

⁴⁹ Joseph Dorfman, *The Economic Mind in American Civilization*, vol. II, Reprints of Economic Classics (New York: A. M. Kelley, 1966).

and as Thomas Doerflinger and Cathy Matson have both shown, merchants in the late eighteenth-century were powerfully influential figures socially and politically.⁵⁰ Numerous scholars have argued as well that the key conflict emerging between Federalists and Anti-Federalists in the early national period came down to political economy, with commercially and financially-driven Hamiltonians arrayed to one side and Jeffersonian and Madisonian supporters of an agricultural republic to the other.⁵¹ These interpretations have mostly settled on distinguishing between these two groups by their approach towards economic development, not on their support or resistance for economic growth; while one side favored “intensive” development that included a mix of manufacturing and agriculture, the other favored “extensive” development predicated on opening western lands to agriculture. It was this basic argument over the *path* and *methods* of development rather than the *necessity* of development that distinguished the opposing sides, and would continue to be the case well into the nineteenth-century.

Hamilton and Madison were both concerned with the consequences of economic development in a republican polity. Hamilton remained optimistic that the “genius of the American merchants and navigators,” if supported by an extensive financial system and manufactures, would serve to grow the national wealth.⁵² Madison was much more suspicious of commercial activity, but the extension of commercial activity throughout the country also provided a possible solution to what he considered one of the biggest threats to a republic, that of faction. The connection between economics and politics is present in Madison’s famous

⁵⁰ Doerflinger, *A Vigorous Spirit of Enterprise*; Matson, *Merchants & Empire*.

⁵¹ Joyce Oldham Appleby, *Capitalism and a New Social Order: The Republican Vision of the 1790s* (New York: New York University Press, 1984); McCoy, *The Elusive Republic*. For perspectives that question this dichotomy see Lawrence A. Peskin, “How the Republicans Learned to Love Manufacturing: The First Parties and the ‘New Economy’,” *Journal of the Early Republic* 22, no. 2 (July 1, 2002): 235–262; Andrew Shankman, “‘A New Thing on Earth’: Alexander Hamilton, Pro-Manufacturing Republicans, and the Democratization of American Political Economy,” *Journal of the Early Republic* 23, no. 3 (October 1, 2003): 323–352.

⁵² Clinton Rossiter, ed., *The Federalist Papers* (New York: New American Library, 1999), 56.

discussion of faction in *Federalist No. 10* in which he argues that an extended republic can limit the effects of faction because it can “take in a greater variety of parties and interests.”⁵³

Madison’s understanding of “interests” was conceived specifically in terms of class as his discussion of property in *Federalist No. 10* makes clear. When taken to its logical conclusion, the idea of a “commercial republic” became something close to what the political scientist Stephen L. Elkins identifies in his dissection of Madisonian thought, namely that a “private-enterprise, market-based economy” can “lend support to republican government, not least because of the prosperity it is supposed to bring increases attachment to republican principles.”⁵⁴ Commerce, far from threatening a republic, could actually provide its foundation.

The economic growth and development of the United States during the first half of the nineteenth-century was, in general, the blossoming of the Madisonian idea of the extended republic based on diverse material interests. This connection of the political and economic was clearly articulated at a banquet celebrating the first meeting of the NBOT in 1868 when Pennsylvania Gov. John W. Geary, alluding to the job of reconstruction that lay ahead, argued that “By establishing the unity of trade throughout the length and breadth of the country and by the reconciliation of all material interests, you will do more for political restoration than can be accomplished by all the Legislatures and by all the powers of the Judiciary.”⁵⁵ The sectional disharmony that had brought about civil war had in the minds of many merchants been quelled by the destruction of slavery as an economic system, and the formation of the NBOT would, in theory, resolve such disputes in the future. John Bell Bigger, speaking for the Richmond COC

⁵³ Ibid., 51.

⁵⁴ Stephen L. Elkin, *Reconstructing the Commercial Republic: Constitutional Design After Madison* (Chicago: University of Chicago Press, 2006), 6.

⁵⁵ National Board of Trade, *Proceedings of the First Meeting*, 169.

and for his southern brethren as a whole before the 1869 meeting of the NBOT, proclaimed hopefully that “commerce and intercourse are the pioneers of peace and plenty,” and that they could count on such forces to “break down the natural and artificial barriers now dividing these States into sections.”⁵⁶ The emergence of commercial organizations and the formation of the NBOT were both an effect and a cause of this process, as merchants inspired by the possibilities of unified action acted as a spearhead for a closer relationship between organized business interests and government.

Merchants organized to develop, influence, and help implement economic policies, and in order to do so they actively engaged with government at the local, state, and federal levels. The laissez-faire ideology that was present in Social Darwinist thought did not represent the most common positions taken by organized merchants in the nineteenth-century, but merchants were not defenders of an overly interventionist state either. The economic role of government in the commercial republic, as articulated by a number of prominent NBOT members, was to adequately represent the diversity of economic interests within the nation so that widespread and steadily increasing prosperity redounded upon each interest. Merchants took for granted that government could and should play a role in shaping the economy though they often disagreed as to the nature and extent of such a role. This was not simply an early form of corporate liberalism either, even though the NBOT supported certain attempts to “rationalize” the economic system, for the NBOT was openly critical of and hostile to corporate power.⁵⁷ The approach taken towards government by organized merchants was less ideological and more pragmatic, and

⁵⁶ National Board of Trade, *Proceedings of the Second Annual Meeting of the National Board of Trade* (Boston: Baker, Cotter & Co., Printers, 1870), 3.

⁵⁷ See Gabriel Kolko, *The Triumph of Conservatism: A Re-Interpretation of American History, 1900-1916* (New York: Free Press of Glencoe, 1963); James Weinstein, *The Corporate Ideal in the Liberal State, 1900-1918* (Boston: Beacon Press, 1968); Martin J. Sklar, *The Corporate Reconstruction of American Capitalism, 1890-1916: The Market, the Law, and Politics* (Cambridge: Cambridge University Press, 1988).

represented a continuation of the ideas of republicanism and protection of the “common welfare” that continued to remain vital throughout the nineteenth-century.

The approach of the NBOT to public policy was rooted in the understanding that merchants possessed of their relationship to the various classes of republican society. As the newly elected president of the NBOT Frederick Fraley argued at the Board’s first meeting in 1868, there were “complicated and manifold interests” throughout the nation and it was “for this National Board of Trade to look carefully after all these important and complicated interests.”⁵⁸ The function of the Board was laid out by Henry T. Blow, member of the St. Louis BOT and former Republican Congressman, at the same meeting when he argued that the “great purpose to be accomplished by the National Board is to lead every portion of this country to feel that we are so entirely one that no one part can be benefited without the participation of the others in its prosperity.”⁵⁹ This was the classic understanding of the “harmony of interests” model of political economy given theoretical shape by the free trader turned protectionist Henry Carey. The boldness of taking such a leadership position at times reeked of arrogant entitlement but was completely consistent with the merchant-as-steward self-conception. Richard Lathers, the well-known South Carolina unionist merchant and delegate from the Charleston BOT, stated this position plainly in 1870 when in supporting specie resumption he declared that “We are merchants, and we are the proper representatives of the people, because we are their servants, just as much as is the Legislature in making laws.”⁶⁰

⁵⁸ National Board of Trade, *Proceedings of the First Meeting*, 110.

⁵⁹ *Ibid.*, 172.

⁶⁰ National Board of Trade, *Proceedings of the Third Annual Meeting of the National Board of Trade* (Boston: J. H. Eastburn’s Press, 1871), 199.

Merchants had participated in politics from the earliest days of the Confederation, but despite this fact political and cultural commentators often argued during the 1840s and 1850s that commercial men did not participate enough in public affairs. An article in *Harper's Weekly* from 1857, reprinted in *Hunt's*, addressed the issue directly when comparing the impressive political record of English merchants with their American counterparts, lamenting that "Our merchants are too exclusively merchants with us, and give up to trade what was meant for mankind."⁶¹ Merchants, the author speculated, "with the practical experience picked up in the counting-house, would make more capable legislators, and certainly more honest ones, than nine-tenths of them whose only business is politics."⁶² American history, even at that early date, was littered with examples of the public service of merchants including Samuel Adams and John Hancock, figures celebrated by texts such as an 1844 volume entitled *Lives of American Merchants* by John Frost. Frost, targeting a similarly youthful audience as he would with his later work *The Young Merchant*, argued in his preface to the collection of mercantile biographies that he "would commend to the notice of those who are engaged in other pursuits, the example of those who have shown that the successful pursuit of commerce is not incompatible with great usefulness and high distinction in public life."⁶³ The compatibility of politics and the merchant life was not doubted, but the desire of merchants to fully engage with the political system was questionable.

There were a number of factors that observers pointed to that militated against merchant involvement in the public arena, not the least of which was the strain that politics placed on the

⁶¹ "Mercantile Miscellanies: Why Have We Not More Merchant Statesmen?" *Hunt's Merchants' Magazine* 37, no. 2 (August 1, 1857): 260.

⁶² Ibid.

⁶³ John Frost, *Lives of American Merchants, Eminent for Integrity, Enterprise and Public Spirit*, 2nd ed. (New York: Saxton and Miles, 1844), 6.

merchant's livelihood. One reader who wrote into *Hunt's* to answer the question from *Harper's* argued that American merchants had comparatively less to gain from politics than English merchants, asking what "inducement is there for him to leave the comparative peaceful supervision of his business, (perhaps sufficiently profitable,) and enter the turbulent arena of politics?"⁶⁴ The threat of a more competitive marketplace in the United States dissuaded merchants from trading the counting-house for the legislative chamber especially since, as the letter-writer continued, "the merchant of this country has nothing to gain in social position" from a career in politics.⁶⁵ The dynamic nature of the American economy made merchant involvement in political matters dangerous as there were always competitors looking to take advantage if a businessman lost sight of or was drawn away from his private affairs. The supposed rewards of public service were dubious as well, and it was an open question whether merchants who participated in organizations supposedly designed for the public benefit, such as the NBOT, would continue to devote their attention to public service.

Merchants possessed partisan identifications just like any other group in American society, but the relationship between their partisanship and their membership in commercial organizations was a strained and, at times, directly antagonistic one. Commercial organizations were explicitly non-partisan organizations and took great pains to avoid the discussion of issues that members considered to be "party" questions. It was generally understood by members of the National Board, for example, that so-called "political questions" were not welcome, a position that was justified by the reasoning that their debates should focus on practical business questions. Henry Lippitt of the Providence BOT articulated this position best when he argued in 1870 that

⁶⁴ R.S., "Art. V. "Why Have We Not More Merchant Statesmen?," *Hunt's Merchants' Magazine* 37, no. 4 (October 1, 1857): 436.

⁶⁵ *Ibid.*

the issue of tariff reform was a “political question, and if we entertain it here and discuss it, we shall certainly run into politics, which is the last thing which should be introduced into this Board.”⁶⁶ This reasoning may seem nonsensical as almost every issue the Board dealt with had political implications, but the rhetorical position assumed by merchants fit the particular perspective that merchants had towards partisanship, namely that excessive partisanship sullied questions of economic policy that should be dealt with in purely practical terms. This essentially negative view of the nature of party politics exemplified the ambivalent position taken by the merchants of the NBOT towards participation in politics. To shape policy commercial organizations needed the support of members of both parties, but the sense among businessmen that economic policy was not driven by a business mindset was a constant source of frustration.

The solution to the problem of politics interfering with policymaking was to increase the influence of merchants on policymaking through a variety of methods. The most concise dissection of the relationship between businessmen and politics came from the NBOT’s long-serving Bostonian secretary Hamilton Hill. In 1870 Hill presented a paper to the general meeting of the American Social Science Association entitled “The Relations of the Business Men of the United States to the National Legislation” that attempted to analyze the problems of the influence of business on matters of public policy. Hill argued, in a very republican manner, that there were four classes or “interests” in the country, namely “the professional, the agricultural, the mechanical, and the commercial.”⁶⁷ When the nation achieved independence it was the intention of the founders, Hill continued, that these interests would control the politics of the country together. What occurred, however, and what “could hardly have been foreseen” was that “a

⁶⁶ National Board of Trade, *Proceedings of the Third Annual Meeting*, 162.

⁶⁷ Hamilton Andrews Hill, “The Relations of the Business Men of the United States to the National Legislation,” *Journal of Social Science, Containing the Proceedings of the American Association*, no. 3 (1871): 148.

single one of the learned professions, would attain so large a preponderance in numbers and influence over all others” – the profession of law.⁶⁸ Lawyers, however qualified they might have been to judge ordinary matters, lacked the “practical knowledge of affairs, which is essential to the right and opportune application of principles, and to the working out of details in commercial legislation.”⁶⁹ It was down to the domination of the legislatures of the country by the professional class, according to Hill, that led to the gridlock and confusion surrounding the making of commercial policies.

The supposed incoherence of policy, and the lack of consensus on what economic course the country should take due to the incompetence or corruption of the professional class, created an opportunity for merchants to take up their republican responsibilities by rectifying this lack of leadership. In a revealing passage on the composition and actions of the Congress, Hill outlined the problems that a lack of commercial knowledge had brought about and pointed to the solution that was the National Board:

Few of its members, comparatively, possessing any practical knowledge of business, the majority have been compelled, in various ways, to solicit expressions of opinion promiscuously from individuals or corporations in their constituencies, and these expressions have been so various and so contradictory, given from so many differing view-points, and prompted by such conflicting motives, that Congress, having no convictions of its own, well-defined and matured, intelligently formed and confidently held, has been unable to unite upon a commercial or financial policy calculated to meet the approval of the country, or to relieve the embarrassments under which various interests are now suffering.⁷⁰

⁶⁸ Ibid., 153.

⁶⁹ Ibid., 155.

⁷⁰ Ibid.

As no experts on commercial affairs, the lawyer-led majority of Congress was swayed by “promiscuous opinion” towards policies that met favor with neither the business community nor the country at large. “Intelligently informed” views were necessary, and of course merchants considered themselves to be the most intelligently informed on matters of commerce. The main problem that remained was how the commercial community might increase their influence over legislation.

One solution put forward by Hill was to focus on redressing the balance of commercial talent in Congress directly by encouraging merchants to stand for office. In this regard commercial organizations could play a role, for Hill argued that “local Boards of Trade and Chambers of Commerce are educating business men for legislative service, and they are beginning to create a public sentiment which will sustain them in this service.”⁷¹ These organizations brought businessmen together and by doing so they “prepared the way for further concert of action . . . [and] they are in a situation to form in every large business community a nucleus for a movement in favor of representative reform, which, with proper effort, will rapidly grow and finally prevail.”⁷² Hill noted that finding such representatives from the merchant community would be difficult as most businessmen were not readily inured to the “drudgery of party work,” but he held tightly to the conviction that there “is such a thing as disinterestedness in the world, and there is a proper ambition in the heart of many a high-toned man which will prompt him to serve his country when called to do so.”⁷³ Convincing merchants to leave the counting-house would remain a difficult task though, and Hill as well as his compatriots in the

⁷¹ Ibid., 163.

⁷² Ibid., 163–164.

⁷³ Ibid., 165, 164.

National Board understood that it was likely that commercial men would continue to be underrepresented in legislatures.

The second solution to increasing merchant influence in government was to create an official department of commerce as part of the executive branch and charged with acting as an ally of the commercial interests of the country. The idea of a department of commerce was an old one, and brought up again as a foundational issue in the first years of the NBOT's existence and debated substantively on numerous occasions thereafter. The justification for such a department was put most plainly and effectively by Josiah Dixon Hayes, a merchant and railroad manager from the Detroit BOT who served as a Special Commissioner on transportation for Congress during the mid-1870s.⁷⁴ Hayes argued that "commerce should have a living head and heart," by which he meant a department of commerce, "from which the public can obtain information, that is official and reliable in regard to the general business of the country, and have a fair representation at the seat of government."⁷⁵ Looking to the history of the nation, Hayes noted that the commerce and trade of the country had initially been small and did not necessitate any more than what the Treasury Department could provide in oversight, but this was no longer the case. Because of this, Hayes continued, the various interests of the country were "groping their way in the dark" in attempting to come to grips with the economic issues facing the country.⁷⁶

Once established, a department of commerce would work closely with the commercial interests of the country and come to represent them, in effect taking on in an official capacity what commercial groups attempted to do unofficially, and bringing order to the commercial

⁷⁴ F.A. Barnard, *American Biographical History of Eminent and Self-Made Men, Michigan Volume* (Cincinnati: Western Biographical Publishing Company, 1878), 70.

⁷⁵ National Board of Trade, *Proceedings of the Eighth Annual Meeting of the National Board of Trade* (Chicago: Knight & Leonard, Printers, 1876), 45–46.

⁷⁶ *Ibid.*, 48.

affairs of the nation. Fraley argued as much at the 1870 meeting of the Board, asserting that such a department would “anatomize, so to speak, every branch of the national trade and industry; to watch over them all, and to strive to develop them all by the introduction of proper measures into Congress.”⁷⁷ The lack of such a department created a situation, as Fraley remarked at the 1876 annual meeting, such that “all acts of Congress are very imperfectly framed, [and] they become complicated and conflicted to such an extent that they are necessarily referred to a class of subordinate officers” who were so ignorant of the ends desired that their action “sets the whole business of the country in confusion.”⁷⁸ Fraley added to his argument four years later by drawing on the example of the English, the country regarded by many merchants to be the model of commercial perspicuity. He noted that the Associated Chambers of Commerce of Great Britain worked closely with Parliament and that it would be to the “public advantage in every respect” if the businessmen of the United States had “their appropriate place and responsibility in Congress and in the Executive administration of the government” as their British counterparts possessed.⁷⁹ Unfortunately for Fraley, he would not live to see the establishment of the Department of Commerce as the efforts of the NBOT would not bear fruit until 1903, two years after his death.

The commercial “confusion” spoken of by Fraley testified to the generally low opinion of politicians held by NBOT members and merchants more generally regarding the efforts of politicians to make economic policy, and the pride they felt in distinguishing themselves from the legislative class. M.R. Cullen of the St. Louis BOT voiced a palpable disdain for the entire Congress in 1869 when, in response to a motion to let Congress settle the issue of the currency,

⁷⁷ National Board of Trade, *Proceedings of the Third Annual Meeting*, 18.

⁷⁸ National Board of Trade, *Proceedings of the Eighth Annual Meeting*, 60.

⁷⁹ National Board of Trade, *Proceedings of the Tenth Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1880), 26.

expressed amazement that “practical gentlemen . . . should be willing to intrust the finances of the nation in the hands of mere politicians.”⁸⁰ Theodophus C. Hersey, a corn merchant and delegate from the Portland (ME) BOT expressed a similar opinion in 1876 when, in response to a newspaper that “intimated . . . that we have no influence, because we are not politicians,” he remarked that “I glory in the fact that we are not politicians, and I think it is one of the best compliments that could be paid to this National Board of Trade.”⁸¹ This contrast between ineffectual and meddling politicians and commercial men came through in high relief in an address by Hamilton Hill before the 1885 annual meeting in Chicago. Hill, in a reflective mood, remarked that NBOT members had always been “men ‘whose business was their politics, not politics their business’,” and that they “never allowed partisan considerations to color their debates or control their actions.”⁸² Such self-serving rhetoric masked the fact that commercial men had their own self-interest to consider when making policy, but they felt satisfied that their positions as practical representatives of the commercial community made them superior to a political class that was either too ignorant of or distant from the true desires of the producers and consumers of the country to legislate on their behalf.

Organized merchants, in general, viewed politics with a cynical eye, interpreting the machinations of partisanship and log-rolling as a perversion of the purer principles of statesmanship they professed to represent. In doing so they invoked a republican interpretation of politics that celebrated disinterestedness, hierarchy, and called for a deferential relationship toward community leaders. Numerous historians have written of how dissatisfied elites,

⁸⁰ National Board of Trade, *Proceedings of the Second Annual Meeting*, 202.

⁸¹ National Board of Trade, *Proceedings of the Eighth Annual Meeting*, 63.

⁸² Hamilton Andrews Hill, *Commercial Conventions and the National Board of Trade* (Boston: Tolman & White, Printers, 1885), 10.

condescendingly known as Mugwumps, came together in the 1870s and 1880s to fight against corruption and democratic excess under the banner of a rapidly fading rurally-centered Protestant polity.⁸³ It is true that the many merchants were highly skeptical of democracy, as Sven Beckert illustrated in his dissection of the attempts to limit suffrage in the early 1870s in New York by the Committee of Seventy, a group that included several NBOT members.⁸⁴ But labeling commercial representatives as defenders of a traditional America that was rapidly changing is too narrow, and relies on a simplistic psychologism that disregards how much of a central role merchants had in bringing about those changes. By positioning themselves as the guardians of the commercial republic merchants, and their organizations, claimed authority over and legitimacy for a vision of political economy that would eschew partisanship and work to build a broadly prosperous economic commonwealth moving forward.

“Cancers destroying the life of the great industrial body:” Competition, Monopoly, and Merchant Political Economy

The central focus of the organizations that formed the NBOT, and the reason for its organization, was to present, debate, and hopefully achieve a consensus on pursuing policies related to the economy of the United States. This was a broad mandate, and the merchants of the National Board did not concern themselves with every single economic issue. Instead, they chose to focus on a number of policy areas relating to the most pressing and pertinent issues of the day, each of which will be covered in greater detail in subsequent chapters. It is necessary, however, to first understand more broadly the full spectrum of economic thought that the members of the merchant community drew upon to combat these problems. Delegates came from many different

⁸³ The classic elaboration of these themes is Hofstadter, *The Age of Reform*.

⁸⁴ Beckert, *The Monied Metropolis*, 184–191.

regions and, though united by their membership in commercial organizations and social backgrounds, they did not always share perspectives on critical issues such as the proper role of competition or the most efficient method for developing domestic industries. As the Executive Council of the Board stated in its annual report to the organization in 1872, the purpose of the Board “although eminently practical, has to do largely with ideas; its province is to suggest, to awaken attention, and to cause discussion, -- to set men to thinking.”⁸⁵ The writings and debates of merchants involved in organized commercial organizations from the middle of the nineteenth-century century to its close are as close of an approximation of the “mind” of the commercial community as is possible, and the broad sweep of the ideas at play reveal the hopes, insecurities, and designs of this community.

The NBOT, as well as the local groups of which it was composed, embodied the dominant strains of American economic thought as they stood at mid-century. The organizations of the NBOT developed particular viewpoints on economic issues that reflected the composition of their membership and the particular commercial interests of their region. NBOT meetings thus gathered together New England free-traders and Philadelphia protectionists alongside “hard” money advocates and supporters of paper currency, all of whom were well-versed in the legacy of economic debates from the 1830s onward. A number of the members of the NBOT were themselves political economists of some note; George Opdyke of the New York Chamber of Commerce wrote *A Treatise on Political Economy*, published in 1851, a work cited by Karl Marx in the first volume of *Das Kapital*, and Edward Atkinson of the Boston BOT was a well-known writer on cotton manufacturing and currency. Simon Sterne and Francis Thurber, both

⁸⁵ National Board of Trade, *Proceedings of the Fifth Annual Meeting of the National Board of Trade* (Boston: J. H. Eastburn’s Press, 1872), 32.

New Yorkers, were two of the most highly regarded authorities in the country on railroads and the telegraph in the 1870s and 1880s.⁸⁶ These men, and the other members of the Board who wrote on these and other subjects, were more than just theoreticians, and they brought practical experience from their everyday affairs to bear on their analyses.

The descriptions of commerce used by organized merchants reveal an understanding of the roots of economic activity in natural laws, a position that demonstrated the influence of Adam Smith and his nineteenth-century acolytes on a great many members of the commercial community. In its 1862 annual report the Boston BOT expressed a faith in such laws when, in criticizing the Grand Trunk Railway for terminating in Portland, ME instead of Boston, concluded that it was “in direct contravention of the laws of trade, and as sure, therefore, to find an end in the natural course of things.”⁸⁷ On numerous occasions NBOT delegates spoke of commerce as possessing a will of its own, especially in reference to ocean, river, and lake commerce, as such trade was considered a “natural” product of God’s will in creating such avenues of trade. At the second annual meeting in 1869, Cincinnati commission merchant S. Lester Taylor argued that railroads could never compete for heavy freight “with these natural lines of transportation,” and that attempting to contravene the supposedly natural laws that drew trade through such avenues was folly.⁸⁸ The connection between such laws and a higher power was often left unsaid, but at times merchants made the connection explicit; in a debate over shipping subsidies in 1872 cotton merchant and soon to be governor of Rhode Island Henry Lippitt urged caution upon his fellow delegates “to trust to Providence, or to that great unseen

⁸⁶ For an in-depth discussion of Thurber during the period see Lee Benson, *Merchants, Farmers & Railroads: Railroad Regulation and New York Politics, 1850-1887* (Cambridge, Mass.: Harvard University Press, 1955), 150–170; for a more recent estimation of Thurber and Sterne see John, *Network Nation*, 173–174, 260–263.

⁸⁷ Boston Board of Trade, *Eighth Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Alfred Mudge & Son, 1862), 11.

⁸⁸ National Board of Trade, *Proceedings of the Second Annual Meeting*, 121.

power . . . which I think is the natural result of the laws of trade.”⁸⁹ Nature, according to some, needed to be let alone to determine the true course of commercial activity.

The argument that commerce followed natural laws led, naturally, to arguments from some merchants for the restriction of government interference in economic activity. Representatives of this perspective made strong objections to some of the designs of the NBOT, especially in the organization’s early years. Plans for improvements also raised the old specter of centralized power that dated back to John Quincy Adams’s National Republican idea for a “system” of projects controlled and funded by the federal government; Thomas H. Price from the Mobile BOT objected to just such an idea in 1877 when he argued that the “General Government” had no power to build a “general system” of improvements, and that he believed that “we are a confederacy of States, and not a centralized nation.”⁹⁰ Fears of a centralizing government were not exactly rampant amongst the merchants of the NBOT, but a vocal minority raised forceful objections to what they perceived as an excess of liberality from their colleagues in calling for government support for various economic sectors. This skeptical view of state power, rooted in both legal arguments and cultural and political paranoia regarding government, would remain a consistent undercurrent in the economic debates of the NBOT.

Though some merchants used the argument of natural economic laws to call for less interference from government in the functions of the economy, many others saw such economic laws as pliable and open to the designs of man. The central economic argument that led to the creation of commercial organizations in the first place was that commerce could be improved and channeled. This idea formed the basis for the many commercial conventions held prior to the

⁸⁹ National Board of Trade, *Proceedings of the Fifth Annual Meeting*, 175.

⁹⁰ National Board of Trade, *Proceedings of the Seventh Annual Meeting of the National Board of Trade* (Boston: J. H. Eastburn’s Press, 1875), 62–63.

formation of the NBOT, as shown in a passage from the 1848 Chicago River and Harbor Convention memorial that asked for the “power of finishing what the God of nature began when he established the mighty rivers and the still more mighty lakes.”⁹¹ In this more moderate version of the assertion, government was merely used to complete what nature had intended to be completed. This was essentially the view put forth by the educator and merchant John C. Dore of the Chicago BOT in 1869 when he argued that “In my humble opinion, it is the duty of the General Government to remove every obstruction to our natural channels of commerce.”⁹² Government power in this form was simply supplemental, and meant to aid in returning the economy to a state of “natural” equilibrium. Such a position found widespread favor amongst merchants in a number of policy areas under discussion before the NBOT.

A number of merchants went further than the moderate stance and argued for even greater control and authority of the federal government over commercial activity. Joseph S. Ropes, a commission merchant from Boston, stated such a position plainly in a debate over Erie Canal improvements in 1870 in arguing that “I think we must all agree that if the National Government does anything for the benefit of any highway, or any other great national object, it must have the control of that which it takes hold of.”⁹³ The strongest examples of this position were the numerous attempts, led by Francis Thurber of the New York Board of Trade and Transportation, to sway the NBOT towards passing a resolution calling for government control of the telegraph, a business that, like the mail, he argued was “peculiarly a function of Government,” a position he would not be dissuaded from by the “well-worn cry of

⁹¹ Executive Committee of the Chicago Convention, *Memorial to the Congress of the United States, of the Executive Committee of the Convention Held at Chicago, July 5, 1847* (Albany, NY: C. Van Benthuysen, Printer, 1848), 7.

⁹² National Board of Trade, *Proceedings of the Second Annual Meeting*, 253.

⁹³ National Board of Trade, *Proceedings of the Third Annual Meeting*, 264.

‘corruption’.”⁹⁴ This more radical position was in many ways as anomalous as the position taken by those decrying any government involvement in the economy, but it is evidence of the extent to which more radical arguments of political economy were up for debate amongst men who considered themselves innately conservative.

This broad spectrum of viewpoints elaborated by merchants highlights how inaccurate historian’s generalizations of the business community of the nineteenth-century have been. Older conceptions of businessmen of this period, such as Sidney Fine’s work on the role of laissez-faire in business thought, conclude fairly reliably that although businessmen “did not ordinarily object to the use of state power to promote business enterprise,” they objected when the state threatened their interests, and that they generally accepted the tenets of laissez-faire.⁹⁵ Though recent work from such scholars as Jeffrey Haydu and Richard John has gone some way towards rectifying such a view, even a recent overview of the period concludes that the “economic realm” as viewed by businessmen was “self-regulating and self-correcting.”⁹⁶ The truth is a bit more complicated. As the political scientist David Vogel has noted in a study of corporate executives there is “certainly an element of hypocrisy in businessmen’s denunciations of government intervention in the economy; their hostility to government appears to vanish whenever their profits are at stake.”⁹⁷ This was no less the case in the nineteenth-century than in the twentieth, as even the most vehement anti-government business voices often tacked away from ideology when it suited them. Some merchants, however, were resolutely pro-government; Henry Winsor,

⁹⁴ National Board of Trade, *Proceedings of the Seventh Annual Meeting*, 169.

⁹⁵ Sidney Fine, *Laissez Faire and the General-Welfare State: A Study of Conflict in American Thought 1865-1901* (Ann Arbor: University of Michigan Press, 1956), 97–98.

⁹⁶ Haydu, *Citizen Employers*, 83–89; John, “Robber Barons Redux”; David Nasaw, “Gilded Age Gospels,” in Steve Fraser and Gary Gerstle, eds., *Ruling America: A History of Wealth and Power in a Democracy* (Cambridge, Mass: Harvard University Press, 2005), 148.

⁹⁷ David Vogel, *Kindred Strangers: The Uneasy Relationship between Politics and Business in America* (Princeton, N.J.: Princeton University Press, 1996), 35.

steamship company president and Philadelphia BOT delegate recognized the reality of the situation clearly when he argued in 1879 that “the whole business community of this country has been working for the last ten or fifteen years to strengthen the powers of the General Government as a matter of necessity in their business.”⁹⁸ It is undoubtedly true that the spread of classical liberal understandings of the separation of the state and market were widespread and that advocates of this viewpoint included merchants, but commercial organizations were created by merchants who also embraced a republican understanding of political economy that accepted the reality and necessity of government involvement in the economy.

Ideology played a role in shaping merchant attitudes on the proper ordering of economic activity, but pragmatism mattered even more. Gerard B. Allen, iron foundry owner and president of the St. Louis Merchants’ Exchange, proclaimed as much in his greeting to the NBOT’s 1871 gathering in St. Louis when he stated that it was out of the “daily recurring experiences of business men . . . that the nation can best learn what, in a practical way, should now be done – not to indulge in useless day dreams as to an Utopian future to be won without toil.”⁹⁹ The years of experience brought to bear by merchant organizations spent studying economic issues mattered greatly considering the wartime interventions into finance and other commercially-related areas by the federal government during the 1860s, and the lack of any accompanying creation of a permanent institution to oversee such interventions made such experience absolutely necessary. It was this vacuum of practical knowledge that commercial groups sought to fill following the war. These interventions, and an economy that continued to evolve under the pressures of international trade, western expansion, and the advance of industrialization, forced

⁹⁸ National Board of Trade, *Proceedings of the Tenth Annual Meeting*, 109.

⁹⁹ National Board of Trade, *Proceedings of the Fourth Annual Meeting of the National Board of Trade* (J. H. Eastburn’s Press, 1872), 2.

the hand of organized businessmen. The merchants of the NBOT recognized the heady economic times in which they lived, for as A. Foster Higgins of the New York COC noted in 1882, the “conditions of this country change very rapidly, and we are trying remarkable experiments in political economy, “ but he was “willing to see any experiment tried that is based on common sense.”¹⁰⁰ It makes little sense then to attempt to broadly generalize on the relative liberalism or conservatism of merchants, for depending on the specific time period and issue under discussion members of commercial groups could present a wide variety of arguments.

One of the most prominent examples of the influence of republicanism on the political economy of the commercial community was the commercial antimonopolist movement, a movement guided and propagated by merchants affiliated with the NBOT, and dedicated to tackling problems of corporate enterprise and economic power that were central issues from the 1870s through the beginning of the twentieth century.¹⁰¹ Commercial antimonopolism was a set of values and positions that transcended the economic and touched on issues of power and control that were also present in political, social, and cultural realms. At the root of the antimonopoly movement was a deeply internalized suspicion and questioning of concentrated power and, as Richard John has put it, “the time-honored presumption that the citizenry had an obligation to hold the powerful accountable for their conduct and performance.”¹⁰² The commercial version of antimonopoly was distinct from and predated the producerist articulation

¹⁰⁰ National Board of Trade, *Proceedings of the Twelfth Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1882), 102.

¹⁰¹ For the earliest substantive discussion of merchant antimonopoly activities see Benson, *Merchants, Farmers & Railroads: Railroad Regulation and New York Politics, 1850-1887*; for more recent dissections of antimonopolism as a broader trend in American politics and society see Gretchen Ritter, *Goldbugs and Greenbacks: The Antimonopoly Tradition and the Politics of Finance in America* (Cambridge: Cambridge University Press, 1997); John, *Network Nation*; Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton & Co., 2011).

¹⁰² John, “Robber Barons Redux,” 6.

that would characterize criticisms emanating from farmer and labor groups, though it did share with those groups an uneasiness with elements of corporate capitalism that were emerging in the period. B.R. Bonner of the St. Louis Board of Trade sounded this warning in 1871, when he reminded his fellow NBOT delegates that “the love of rule is an attribute of human nature, and the sway of power is, perhaps, man’s highest ambition, and when that power is the ‘almighty dollar,’ and the medium of its exercise a ‘soulless corporation,’ we may well apprehend the rigor of its rule.”¹⁰³

Antimonopoly was a particularly potent vehicle for merchant reform efforts because it was such a thoroughly republican way of viewing political economy in that it recognized that excessive economic power, in terms of both sheer wealth accumulation and the supposed perversion of supposedly “natural” economic laws, as a central issue in post-bellum America. The idealized merchant virtues of fair competition and morally-guided commercial activity fell away before corporations that, as A. Foster Higgins argued in 1882, had “gradually swollen until they have become so immense and all-controlling that the remedy for relief no longer lies in the usual channel.”¹⁰⁴ Corporations were creatures of government, and in the minds of most merchants the older conception of corporations as creations meant to serve a public purpose still held some sway. This is not to say that merchants did not support more liberal general incorporation laws, as they did pursue more liberal incorporation such as in the case of the Philadelphia BOT sending a list of changes to incorporation laws to the Pennsylvania legislature in 1847 to compete with the “liberal policy of Massachusetts” in manufacturing.¹⁰⁵ But against

¹⁰³ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 78.

¹⁰⁴ National Board of Trade, *Proceedings of the Twelfth Annual Meeting*, 102.

¹⁰⁵ Philadelphia Board of Trade, “Fourteenth Annual Report of the Directors of the Philadelphia Board of Trade” (Philadelphia, 1847), 8, Philadelphia Board of Trade Annual Reports, Annual Reports 1835-1864, HSP.

these consolidations of power it was necessary that, as George L. Buzby of the Philadelphia Commercial Exchange averred in 1871, the “Government of the United States must exercise a consolidated and concentrated power, “ for only the government could be trusted to ‘hold the reins and guard the interests of the entire Republic with sacred fidelity.’”¹⁰⁶ Antimonopoly thought was wary of any concentrations of power, but in the particular circumstances of the post-Civil War period the growing fear of corporate power and the newly energized nationalism created by the war trumped the longstanding terror of a tyrannical government.

Commercial antimonopoly also provided a critique of the capitalist behaviors that threatened the stability of the overall economic system. Merchants understood better than most economic actors how production, distribution, and finance constituted an interrelated set of economic mechanisms that were necessary for, ideally, a harmoniously functioning economy – to paraphrase Leo Marx, the American garden was in a way also a machine. The idea of the economy as a set of systems dominated the debates of the NBOT, and at the center of many of these debates were numerous attempts to identify the key dysfunctions that undermined the functioning of such systems. Speculative activities were just one prominent example, as the perceived lack of stability in the financial system led to conditions where, as Joseph Ropes of the Boston BOT argued in 1871, “any idler can appear in Wall Street, and in an hour, by good luck, secure as much as a thousand men must toil a long time to scrape together. Is that right?”¹⁰⁷ Such actions were threatening to those who wished to “promote republican institutions,” the goal of the NBOT as asserted by George L. Buzby in 1871.¹⁰⁸ The unprincipled pursuit of gain as represented by speculation and the growing size and influence of corporations undermined the

¹⁰⁶ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 87.

¹⁰⁷ National Board of Trade, *Proceedings of the Third Annual Meeting*, 219.

¹⁰⁸ *Ibid.*, 123.

“harmony of interests” ideal that was a foundational principle of the NBOT and a key tenet of republican political economy.

The strategies put forth by merchants to extend and, when needed, reform the national commercial economy drew upon republican principles and their own previous experiences in attempting to shape policy in the public interest. Lacking a permanent department of government to represent their interests and any direct legislative authority, the primary method utilized by commercial organizations was the regulatory commission. Regulatory commissions were a product of the recognition of a need for corporate reform in the guise of non-partisan experts.¹⁰⁹ The groups that composed the NBOT were accustomed to the use of commissions as remedies for policy predicaments having originally suggested a commission to negotiate a new reciprocity treaty in the mid-1860s. As New York Board of Trade and Transportation delegate Simon Sterne argued in reference to interstate commerce regulation in 1879, “publicity and investigation are thoroughly American methods of dealing with subjects,” and as such a commission was necessary to affect those ends.¹¹⁰ Commissions were meant as a republican solution to the problems of economic ignorance and political corruption, in theory; if men of adequate character and knowledge were chosen to represent the public, then they could not fail to find a way to systematically reform commercial problems to the benefit of the nation. Such hopes come off as quite naïve in hindsight, but for the merchants of the NBOT regulatory commissions were the most pragmatic, if not entirely democratic, method of reforming the worst excesses of capitalist behavior.

¹⁰⁹ Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1984), 1–57.

¹¹⁰ National Board of Trade, *Proceedings of the Tenth Annual Meeting*, 60.

The recognition that certain capitalist behaviors were harmful to society, rooted in republican political economy, also came through in the discussions of the divide between labor and capital during the 1870s and 1880s. Despite a prohibition against “political” issues, on several occasions delegates raised the “labor vs. capital” question for extended debate, with revealing results. Though the conservatism and antimonopolism of merchants led to a strong distrust of unions amongst the constituent bodies of the NBOT, many delegates voiced strong support for the rights of labor generally, and against the perniciousness of capital. At the 1887 annual meeting Swedish-born commission merchant Robert Lindblom from the Chicago BOT called out this “fictitious capital,” labelling the financial machinations of companies like Western Union “accumulated fraud, and entitled to no recognition as capital.”¹¹¹ The political, economic, and moral implications of such behavior were summed up stridently by Lindblom:

Look where you may, and on every side, in every department of industry you find these fictitious representatives of capital permeating the whole industrial fabric, and like cancers destroying the life of the great industrial body. The system is not only mischievous in its effects upon the economic welfare of the body politic, but it is mischievous in its influence upon the morals of society.¹¹²

Clearly, organized labor was not completely at fault in undermining the possibility of a harmonious commercial republic as organized capital had numerous sins to account for itself.

The solution offered for the labor and capital question was another example of merchants offering republican solutions to economic problems. Labor, Fraley argued in his introductory address in 1877, was “the creator of all wealth” and should be “protected by wise and sound

¹¹¹ National Board of Trade, *Proceedings of the Seventh Annual Meeting*, 215, 219, 221.

¹¹² National Board of Trade, *Proceedings of the Seventeenth Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1887), 222.

laws.”¹¹³ Fraley continued by arguing that in order to reach a solution “the best intelligence of the country is invited and invoked” with a view towards achieving “compromises adapted to equitable considerations.”¹¹⁴ Much like they suggested regulatory commissions to come to solutions on vital economic questions merchants suggested arbitration, an expert-guided and extralegal process, as a method of ascertaining the roots of the labor and capital divide and devising a remedy. True to its pragmatic form, the NBOT Executive Council summed up the opinion of the body in its conclusion that the “true interests of labor and capital are so identical, as to ultimate results, that there would seem to be no occasion for warfare between their representatives,” and if they could only recognize that “cordial cooperation in efforts to remedy existing evils or misapprehensions” could solve their problems then “social order and true prosperity” could be achieved. Arbitration, like regulatory commissions, would over time develop into a common remedy prescribed by commercial organizations for other problems, including international commercial disputes.

The support of the NBOT for the establishment of regulatory commissions and arbitration was indicative of the blend of conservative and progressive thinking that gave the organization such an interesting intellectual dynamic. At a banquet following the very first meeting of the NBOT, Hiram Walbridge of the New York Chamber of Commerce burnished the organization’s classical republican credentials by arguing that the ideals of the Roman and Grecian republics had been “transported to this western hemisphere,” and that if they were to avoid “their melancholy fate, we must remember, that integrity must be maintained, and we must guard jealously against corruption,” and that the NBOT as representatives of the great material interests

¹¹³ National Board of Trade, *Proceedings of the Ninth Annual Meeting of the National Board of Trade* (Chicago: Knight & Leonard, Printers, 1877), 5–6.

¹¹⁴ *Ibid.*, 6.

had a responsibility to uphold these ideals.¹¹⁵ At the same time, the nation could not simply look backward; as Frederick Fraley asserted in his presidential address in 1877, the more that the NBOT grew the more it would be “identified with the progress of this country in all the walks which, in the long future, it is destined to tread,” and that over time that progress would help to build “American commercial institutions and American usages” that would “become the textbooks of the world.”¹¹⁶ The merchants of the NBOT were wistful for the virtuous republican political economy that they believed had defined the American character and, at the same time, acutely aware of the role they were playing in an economy that was moving away from those roots to an uncertain future.

The merchants of nineteenth-century America drew upon a rich tradition of republican economic thought that shaped many of their approaches to economic problems, but they were not ignorant of many of the challenges to the republican economic worldview brought about by the expansion of domestic commerce, the emergence of large corporate enterprises, and the labor vs. capital divide that increasingly dominated national politics. The diversity of opinions and positions presented by members of the NBOT illustrates the extent to which the business community of the United States was itself divided on many of these questions, motivated by practical concerns over comparative regional advantage for markets as well as more intellectual divisions over the proper distribution of government patronage. In order to understand the “mind” of the merchant community during the nineteenth-century, it is important to recall that businessmen were not oracles and knew as little about the future ahead of them as any other group of historical actors. Though merchants possessed certain intellectual predispositions

¹¹⁵ National Board of Trade, *Proceedings of the First Meeting*, 176.

¹¹⁶ National Board of Trade, *Proceedings of the Ninth Annual Meeting*, 8.

regarding abstractions like land, capital, and labor, these predispositions were subject to revision and constant scrutiny during a period of intense questioning of the country's economic future.

Conclusion

Prominent financier and merchant Gerard B. Allen of the St. Louis Merchants' Exchange, surveying the commercial landscape in 1871, praised the commerce of the United States for bringing the "far-off Occident and Orient into daily, profitable and loving communion," concluding that the "great laws of inter-dependence are vindicated – the grand sympathetic and ethical principles which knit together all generous rivalries and seemingly diverse interests into a common brotherhood."¹¹⁷ The future of the country, as laid out before the merchants of the NBOT, was a future full of promise and opportunity for the United States to assert its rightful place as the preeminent commercial nation. All that had come before was simply a prelude, for as Allen reminded his fellow merchants, "The world grows, and we must grow with it. The garments of infancy must give place to the fitting vestments of vigorous manhood."¹¹⁸

The past and the future weighed heavily on the merchants of the NBOT. The weight of tradition and commercial practices from the early nineteenth-century continued to play a dominant role in shaping how commercial businessmen transacted, discussed, and thought about economic activity. Republican political economy, with its focus on character, virtue, and corruption, was central to the merchant worldview, and the moral precepts of proper commercial behavior served to justify participation in activities that were viewed by many social actors as suspect in republican society. Maintaining respectability was a constant battle for merchants who fought to distinguish themselves as "producers" of a product that could often not be seen or

¹¹⁷ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 3.

¹¹⁸ *Ibid.*

touched, namely economic growth in the guise of extending trade through the principle of “interdependence” praised by Allen in 1871. Seeing themselves as the central actors in the “business revolution,” organized merchants as well as their friends in the clergy, the academy, and the popular press sought to inculcate the values of the merchant community as the values of mainstream, respectable society. They were not always successful in making a completely convincing case, especially to traditional economic producers such as farmers and artisans, but in general the commercial community successfully established the justification for their prominent position in the social hierarchy.

The constant desire and promotion of economic growth and development promised by the commercial community was, however, a double-edged sword, for the very same development that provided merchants their standing in society also threatened them. The economic theories that merchants subscribed to understood commerce both as a natural process and one that was amenable to guidance, just as a river’s flow could be channeled to positive ends. Rivers could, however, just as easily turn destructive if mishandled. These fears over mismanagement explain some of the interest that merchant organizations had in politics, while the remaining interest can be explained by the merchant self-conception as stewards of the republican polity. Certain issues were too complicated or important to be left in the hands of politicians and it was the responsibility of organized merchants to intervene in policymaking process both directly and indirectly. The rise of the corporate economy, and the unsettling problems on labor relations and financial speculations that arose with it, inspired responses from merchant organizations such as commercial antimonopolism, a movement that combined the economic republicanism of the merchant community with a more widespread distaste for corporate activities to form a potent republican critique of capitalist development. Economic growth equaled prosperity, according to

the political economy that merchants had for so long embraced, but what if that very same growth threatened the stability of the republic, as it appeared monopolistic enterprises, speculation, and political corruption might very well do? This question was at the heart of commercial policymaking in the years following the Civil War, and understanding the relationship between government and organized business interests like the NBOT is essential to understanding the role that capitalism played in the process of American political development in late nineteenth-century America.

Chapter Two

An “identity of interest.”: Merchant Organizations and the Political Economy of Sectional Development, 1840-1863

In January of 1834 the newly formed Philadelphia Board of Trade, making a statement in support of the Second Bank of the United States, proclaimed its duty to do so by explaining that the “merchants and traders” of Philadelphia had formed the association to act as a “special guardian to watch over and protect the various interests which support and sustain their prosperity.”¹ Fifteen years later when the merchants of Baltimore set about reforming their own board of trade they chose similar language to justify the body, arguing that it was necessary for an “association of citizens to give tone and energy” to the pursuit of “securing advantages which the position of the city offers to commerce and manufactures.”² During the late antebellum era merchants in the major American commercial centers throughout the country began to form boards of trade and chambers of commerce in response to the growing competition between cities for the rapidly expanding trade of the period. The businessmen of these centers latched onto schemes of development that they hoped would position their particular city and region as the centerpiece of a gradually integrating system of financing, moving, and selling goods both domestically and abroad. Local commercial organizations found their purpose in their attempts to coordinate and control this emerging system to their benefit.

¹ Philadelphia Board of Trade, Minutes of the Board of Directors, 1833-1849, January 3, 1834, 2, Philadelphia Board of Trade Records, HSP.

² “The Baltimore Board of Trade,” *The Merchants’ Magazine and Commercial Review* 22, no. 4 (April 1, 1850): 438.

As the nation expanded geographically and productively in the antebellum era, threats to the integrity of the republic emerged based on diverging outlooks on development that hinged on the qualitative aspect of future growth and the relative positions of power that each section of the country would possess due to that development. Political figures and economic thinkers put forward a number of different views regarding economic policy that attempted to speak to the concerns of various groups, while also attempting to balance sectional claims for preeminence. The merchants in the major commercial cities of the nation had long held both parochial and cosmopolitan concerns for economic advancement, and as the primary agents of the emerging commercial system of the United States they quite understandably began to assert the importance of enlarging their voice in public affairs.

The primary developmental issues for merchant groups were the interrelated marketing, transportation, and regulatory aspects connected to the integration of sectional economies into a national marketplace. The growth in both population and productivity of the states of the Northwest (often referred to as the “lake states”) and the trans-Mississippi west between 1820 and 1860 was startling, and as many historians have come to argue disagreements over how the west should develop were central to the sectional conflict that would bring about the Civil War. Northern merchants were interested both in competing for the agricultural commodities of the west to supply export markets and for a domestic market that would support industrial manufacturing, and wished to see the west settled by free laborers and farmers. Southern merchants were also interested in western commodities for export in competition with northern ports, but many southerners also saw western producers as possible competitors looking to supplant the south as the primary agricultural region of the country. Perhaps the most important element in this dynamic was the emergence, among western businessmen and politicians, of a

self-consciously western political and economic ideology that was commercially ambitious and often favorable to federal economic interventionism. Though initially finding refuge in the Whig Party, the purveyors of this western-oriented political economy eventually helped create the Republican Party based on these visions of free labor and openness to government-sponsored economic development.

Merchant organizations gradually began to take responsibility for deliberating upon and promoting various developmental agendas during the 1840s and 1850s. Though competition between commercial centers strained merchant relations, they also over time led to the expansion of a merchant network sharing a common policy language and a commitment to economic growth at a national level. These efforts often manifested in ad-hoc cooperative efforts, most notably sporadic commercial conventions dealing with specific developmental issues where businessmen combined efforts with politicians to set forth general principles of commercial policy. Two of the most prominent gatherings, the Memphis and Chicago conventions of 1845 and 1847, dealt directly with western development and the relationship between federal power and the promotion of commerce, and were indicative of the desires of a number of prominent western business groups. At the same time, southern merchants and politicians established a series of commercial conventions that expressed an explicitly sectional vision of commercial growth based upon increasing southern economic independence from the north and west. Though not as well-organized as the southerners, northern and western merchant organizations also began increasingly to look towards common political and economic connections in opposition to southern intransigence on developmental issues.

The Republican victory in 1860 and subsequent secession of the southern states both created a crisis of political sovereignty and an opportunity for enterprising merchant groups in

the north and west. Merchants evinced a patriotic fervor through the establishment of Union Clubs, and through their boards of trade and chambers of commerce, by working with Congress to establish a commercial voice in Republican wartime policy. Cooperative efforts amongst merchants increased, though disagreements over the “national” necessity of certain policies and projects divided bodies from one another. Spurred on by wartime enthusiasm for national union, however, western merchants attempted to cement their bond with the east by combining to advocate a system of internal improvements that would bind the sections together, an effort that culminated in the National Ship Canal Convention in Chicago in June of 1863. The Ship Canal Convention proceedings illustrated both the importance of developmental issues for merchant groups as well as the promise of forging a new devotion to nationalism through economic policy.

“One great common interest, identified with the national prosperity”: Commercial Conventions and the 1840s

Commercial organizations emerged in a period of immense economic changes for the young republic, changes that threatened the future stability of that very republic. By the 1840s relatively distinct sectional blocs had developed based on significant differences in political economy, differences so fundamental as to threaten the disintegration of political union in the United States. Though historians have recognized the centrality of the debate over western expansion to the sectional crisis, such as in Eric Foner’s classic elaboration of the land and labor questions, more recently historians such as Marc Egnal and John Majewski have begun to focus more closely on the dynamics of interregional economic development as they played out in the 1840s and 1850s.³ A country divided between two commercially powerful sections in the north

³ Eric Foner, *Free Soil, Free Labor, Free Men: The Ideology of the Republican Party before the Civil War* (New York: Oxford University Press, 1970); Egnal, *Clash of Extremes*; John D. Majewski, *Modernizing a Slave Economy: The Economic Vision of the Confederate Nation* (Chapel Hill: University of North Carolina Press, 2009).

and south and an emerging power bloc in the west emerges when examining the late antebellum era in the context of the distribution revolution and the growing commercial integration of the nation. Political and commercial observers could recognize the changes occurring without necessarily understanding the full implications such changes would have on the political, economic, and social landscape.

While a number of historians have criticized the characterization of this era as “Jacksonian,” what is true is that the battles fought by the Jacksonian Democrats against the centralized economic designs of the Whigs set the broad outlines of debate over political economy from the 1830s to the mid-1850s. While development at the national level stalled, developmental policies at the state and local level proceeded with growing enthusiasm. This enthusiasm was especially felt in the canal projects undertaken by states looking to compete with the Erie Canal and the westward movement of population toward the northwest and southwest. The panic of 1837 dampened much of this enthusiasm by severely curtailing the availability of foreign capital that many states relied upon for transportation improvements due to the high number of bank failures having a chilling effect in foreign money markets. A number of state and municipally-directed projects were completed during the 1840s, but private capital increasingly came into play to fill the hole left by reluctant and more fiscally-reticent governments. Despite this caution, the desire for economic improvements continued to run high, especially among merchants.

Despite the relatively depressed years early on in the 1840s the decade was one of substantial economic growth for the nation. As economic historian Robert Gallman has argued, though the U.S. did not experience an antebellum “take-off” as posited by W.W. Rostow, there was a significant upswing in growth before the Civil War beginning in the 1830s and extending

into the 1850s.⁴ The industrial component of the economy was still rather small in the antebellum era, and the most significant changes in productivity came in the agricultural sector due to increases in factor endowments and the opening of commercial access to farmers across the country. In the most basic terms, agriculture in the east diversified due to competitive pressures and vast new lands were opened to commercialized agriculture in the trans-Appalachian west. These movements constituted a massive investment of labor and capital in the 1840s and 1850s both in the east and in the west, and farmers in New England, the Mid-Atlantic, and the southeastern U.S. began for the first time to face substantial competition from the agricultural regions along the Great Lakes and the Mississippi River.

The settlement and economic exploitation of the natural resources of the west was one of the most consequential developments of the antebellum era both in the north and the south. In the south, this settlement served to further tie the southern economy to cotton as the fertile “Black Belt” regions in Alabama and Mississippi drew slave labor and capital from other pursuits.⁵ In the northwest, agricultural development was much more varied, and with significant consequences in terms of commercial policy and political alignments. The sheer increase in the size of western agricultural production from 1840 to 1860 is difficult to exaggerate. In 1840 Illinois produced 22.6 million bushels of corn and 9.4 million bushels of wheat; by 1860, Illinois was producing 115 million bushels of corn and 23.8 million bushels of wheat. The young state of Iowa produced barely one and half million bushels of corn in 1840, but had increased its yield 40 times over by 1860. The greatest beneficiary of this growth was Chicago, the “greatest grain market in the world” according to an 1864 census report, where wheat shipments grew from

⁴ Robert E. Gallman, “Economic Growth and Structural Change in the Long 19th Century,” in Engerman, Stanley L. and Gallman, Robert E., eds., *The Cambridge Economic History of the United States*, vol. 2 (Cambridge: Cambridge University Press, 2000).

⁵ Ibid., 339.

10,000 bushels in 1840 to just over 16 million bushels in 1860, a 1,600% increase.⁶ Both historians and contemporary observers agree that this economic growth, in absolute and relative terms, was tremendous; according to Eleanor von Ende and Thomas Weiss, the region of the Old Northwest was economically “one of the world’s leading performers” in the antebellum era.⁷

The movement towards local commercial organizing and the growth of commercial periodicals in the 1840s and 1850s found its complement in the numerous commercial conventions held during the period. Commercial conventions, like boards of trade, were not a completely new phenomenon as periodic commercial gatherings occurred sporadically in the U.S. in the first few decades of the nineteenth-century. It was during the 1830s, however, that the merchants and politicians who were predominant in the delegations to such convention began to hold more organized meetings. No specific policy prescription or idea united these efforts, but over the course of the quarter-century prior to the Civil War dozens of commercial conventions met, typically in commercial centers, to advocate for projects as wide-ranging as clearing harbors, building bridges, establishing steamship lines to Europe, and constructing an intercontinental railroad. Disparate as those objects were, the impulse that animated the set of civic-minded politicians and businessmen who supported such conventions united them behind a common creed – the gospel of “improvement”.

Improvement was a concept understood in both material and moral dimensions in the antebellum era. In one of the most recent and most comprehensive chronicles of the era Daniel Walker Howe argues that that the idea of improvement “constituted both an individual and a

⁶ Joseph C.G. Kennedy, Superintendent of the Census, *Agriculture of the United States in 1860; compiled from the Original Returns of the Eighth Census under the Direction of the Secretary of the Interior* (Washington, DC: GPO, 1864), xxix-xlix.

⁷ Eleanor von Ende and Thomas Weiss, “Consumption of Farm Output and Economic Growth in the Old Northwest, 1800-1860,” *The Journal of Economic History* 53, no. 2 (June 1, 1993): 317.

collective responsibility, involving both the cultivation of personal faculties and the development of national resources.”⁸ Commercial conventions continued a tradition of advocacy for government-sponsored internal improvements that stretched back to the dawn of the republic. As John Lauritz Larson has argued, as far back as the 1790s, “few issues more fiercely tested the rhetoric of ‘general welfare’ and ‘common good’ that inevitably justified these public initiatives.”⁹ The express powers that federal and state government possessed concerning commerce was a defining issue of division between both politicians and businessmen in the Early Republic and Jacksonian periods. Visions of the common good expressed in republican terms could justify certain improvements, but fears over corruption of the public purse and the creation of dangerous monopolies worked as a forceful check on any elaborate systems of improvement. Despite resistance from strident advocates of limited government, the supporters of federally-funded economic development remained widespread and vocal.¹⁰

Developmental politics in the antebellum period were, unsurprisingly, most appealing in those areas that were in the midst of expansion, in particular the regions of the southwest bordering the Mississippi River and the northern lake states of the Old Northwest. In general, the further isolated from Washington, D.C. and the more invested in commercial markets the area, the greater the enthusiasm for improvements was evident, as well as the feeling of being ignored by the federal government in favor of the Atlantic seaboard cities. As one scholar of western

⁸ Daniel Walker Howe, *What Hath God Wrought: The Transformation of America, 1815-1848* (Oxford: Oxford University Press, 2007), 244.

⁹ John Lauritz Larson, *Internal Improvement: National Public Works and the Promise of Popular Government in the Early United States* (Chapel Hill: University of North Carolina Press, 2001), 32.

¹⁰ A number of historians have, in the past fifteen years, forcefully challenged the prevailing perception that government in the U.S. during the nineteenth-century played little to no role in affecting economic or social change. See especially John, “Governmental Institutions as Agents of Change,” 347-380; Richard R. John, *Spreading the News: The American Postal System from Franklin to Morse* (Cambridge, Mass.: Harvard University Press, 1995); Brian Balogh, *A Government Out of Sight: The Mystery of National Authority in Nineteenth-Century America* (Cambridge: Cambridge University Press, 2009); Novak, *The People’s Welfare*.

elites argues, a convention culture developed in the late 1840s and early 1850s among a coalition of political and economic leaders in the west who “sought support for their local interests by trying to unite them with broader regional and national issues and interests.”¹¹ Whether seeking funding for railroad projects, enlarging canals, or asserting the needs for improving navigation on the Mississippi, merchants, financiers, and politicians used the medium of the commercial convention to air their grievances and lay out their visions for economic development. Commercial conventions thus served to fulfill an organizational impulse in a fashion similar to local commercial bodies, by focusing advocacy for commercial improvements towards specific policy goals.

The commercial conventions that most exemplified the growing regional economic divisions, and the desires of the various business interests in each region to pursue a particular path of development, were the Memphis convention of 1845 and the Chicago convention of 1847. The members of each convention sought to lay out both a justification and an agenda for development, and in doing so made assertions and engaged in lively arguments regarding the outlines of future growth and the role that government could play in protecting and encouraging such growth. These varied arguments helped to lay the discursive framework for the consideration of national economic growth by attempting to define the extent of government involvement in economic activity as well as linking such activity to regionally-defined paths to growth that privileged particular visions for the nation. Because commercial organizations were still in their infancy in the 1840s, these conventions served as the main proving grounds for the

¹¹ Timothy R. Mahoney, *Provincial Lives: Middle-Class Experience in the Antebellum Middle West* (Cambridge: Cambridge University Press, 1999), 239-245.

arguments that merchant groups would later use as organizing principles for pursuing economic legislation.

Merchants and politicians, five hundred and sixty-four in total, from fifteen (mostly western) states and two territories gathered in Memphis, TN in November of 1845 to discuss the commercial position of the southwestern states.¹² The meeting produced twenty resolutions arguing for the improvement of the facilities of the commerce of the west, with a particular emphasis on the southwestern trade of states along the Mississippi River. Delegates to the Memphis convention put forth a limited theoretical justification for government involvement that illustrated both an adherence to narrowly defined federal power and a powerful jealousy of purported Congressional biases toward the seaboard cities. This justification was articulated somewhat surprisingly by John C. Calhoun, the fiery southerner who in the 1840s returned to his youthful support of internal improvements with one eye on a possible presidential run. In his opening address to the convention, Calhoun argued that the invention of steamboat navigation had turned the Mississippi River into an “inland sea,” and as such it was of the same category as the coasts of the Atlantic and the Gulf “in reference to the superintendence of the general government over its navigation.”¹³ With this rhetorical sleight of hand, Calhoun managed to argue for western claims for supporting the improvement of the arteries of inland commerce by placing such waterways in the same category as the eastern seaports, whose claims for harbor improvement and other protections for foreign commerce were explicitly constitutional. Calhoun followed up on his arguments by presenting the memorial of the convention in Congress and heading a special Senate committee that considered the resolutions in the fall of 1845.

¹² “Notes of the Memphis Convention,” *Mississippi Free Trader and Natchez Gazette*, Nov. 20 1845, 2.

¹³ “Memphis Convention – Mr. Calhoun’s Address on Taking the Chair,” *The Mississippian*, Dec. 3 1845, 1.

The delegates of the Memphis convention drew the ire of both strict constructionists and commercial advocates from the growing commercial centers of the lake states. One North Carolina paper decried the “extravagant, latitudinarian, and Federal” doctrines of Calhoun, while the *Milwaukee Sentinel* complained that “the improvement of the Harbors and the navigation of the Great Lakes was wholly overlooked” by the convention, and in the future “the North and North-West must take care of themselves.”¹⁴ Despite some resistance Congress passed a new river and harbors bill in early 1846, but the success of southwestern commercial advocates was short-lived as President Polk vetoed the bill, arguing that “it is difficult to conceive, if it shall be sanctioned and become a law, what practical constitutional restraint can hereafter be imposed upon the most extended system of internal improvements by the federal government.”¹⁵ Polk’s veto was met with acclaim by most Democrats, but improvement enthusiasts greeted it with extreme consternation; Whig standard-bearer the *American Review* claimed that western river and lake dwellers were “embittered and exasperated by the conviction, that their interests . . . have been sacrificed” due to a “wanton and corrupt exercise of a monarchical prerogative.”¹⁶ This judgment proved to be correct, as interested parties in the lake cities moved to counter Polk’s veto by organizing a convention to put forth the case for government support for the growing domestic commerce of the Northwest.

A meeting of western merchants in New York in September of 1846 representing Chicago, Milwaukee, Detroit, and other lake cities submitted a call for businessmen and those interested in the commercial situation of western rivers and lakes to meet in Chicago in June of

¹⁴ “The Memphis Convention and its latitudinarian doctrines,” *Fayetteville Observer* (NC), Dec. 9 1845; “The Memphis Convention,” *Milwaukee Daily Sentinel*, Dec. 5 1845.

¹⁵ “Veto of the River and Harbor Bill,” *Niles’ National Register* (Baltimore), Vol. 20, Iss. 24 (Aug. 15, 1846): 380.

¹⁶ “The Veto Power: Our Inland Trade,” *The American Review: A Whig Journal of Politics, Literature, Art and Science* (New York), Vol. 4, Iss. 4 (Oct. 1846): 338.

1847.¹⁷ Major commercial groups such as the New York Chamber of Commerce and Philadelphia Board of Trade sent delegations to the convention, joining other soon to be prominent figures such as editor of the *New York Tribune* Horace Greeley and a young Illinois lawyer representing Sangamon County named Abraham Lincoln. Estimates of attendance reached over ten thousand according to some accounts.¹⁸ The tenor of the meeting was evident in the newspaper coverage leading up to the event; in June 1847 the abolitionist paper *The National Era* explained Polk's veto of western improvements as a way to free up funds needed for the "burdensome war" in Mexico that some critics saw as an attempt to expand slavery, and issued an attack on slave labor in cautioning delegates to the convention to put aside partisan divisions for the "task of rendering accessible the leading markets for the staples of free labor."¹⁹ For those arriving in Chicago in early July, the convention would be an opportunity to respond to critics of government-sponsored improvements, create new ties of friendship between the east and west, and for westerners specifically to make a political statement commensurate to their growing material production.

The resolutions that came out of the three day affair in Chicago were, in effect, a mission statement for both the Whig improvement impulse and for western commercial advocacy. Declaring strongly for the necessity and constitutionality of federal aid to improvements, the politicians and businessmen gathered asked for all manner of projects including harbor and pier repairs, removal of river obstructions, and the building of canals and canal extensions, all in the name of the common, national economic good. Reflecting on the convention a month later, the commercial organ Hunt's *Merchants' Magazine* noted that it was understandable that "a section

¹⁷ "Trade of the West," *The Bankers' Magazine and State Financial Register* 1, no. 4 (October 1846): 195.

¹⁸ Mentor L. Williams, "The Chicago River and Harbor Convention, 1847," *The Mississippi Valley Historical Review* 35, no. 4 (March 1, 1949): 608.

¹⁹ "The Chicago Convention," *National Era* I, no. 25 (June 24, 1847).

of the country possessing so many and so great advantages, and advancing in material prosperity with so rapid progress, should call forth strenuous exertions for the improvement of its commerce.”²⁰ The Democratic organ *U.S. Magazine and Democratic Review* was much more skeptical, echoing Polk’s veto and the common Democratic fears over consolidated federal power. Striking a decidedly paternalist tone, the journal blamed the extravagant claims of the convention upon western immaturity in arguing that “a younger state, whose resources are undeveloped, and whose scattered population is struggling with difficulties, seeks aid from the readiest quarter with less question and scruple.”²¹

The resulting memorial that emerged from the debates on the fifth of July put forth a much more expansive and nationalist vision of the government’s role in developmental policy than did the Memphis convention. The memorial directly addressed Polk’s Jackson-esque attacks on a “system” of improvements by arguing that that improvements would of necessity aggregate into a system, but asked if this fact “did not gradually strengthen the inducement for building them all, - and that too on a harmonious plan; so that each portion may add to the value of the whole?”²² A system of commerce was the whole point, and one of the highest callings to which statesmen could be called to service. In summing up, the committee argued for a vision of a harmonious commercial republic where “by intercourse the most cheap and unrestrained . . . the intelligence and sentiment of the country can be brought into contact . . . and one genial spirit of common sympathy be diffused throughout the land.”²³ Whereas the Memphis convention had argued for a government role limited to the protection of the “natural” course of trade, the

²⁰ “Mercantile Miscellanies,” *Hunt’s Merchants’ Magazine* 17, no. 2 (August 1, 1847): 217.

²¹ “Chicago Convention,” *The United States Magazine, and Democratic Review* 21, no. 111 (September 1847): 202.

²² Executive Committee of the Chicago Convention, *Memorial to the Congress of the United States, of the Executive Committee of the Convention Held at Chicago, July 5, 1847* (Albany, NY: C. Van Benthuysen, Printer, 1848), 17.

²³ *Ibid.*, 36.

Chicago convention gave to government a much more expansive and pro-active role in improving and guiding commercial activity.

The judgments of the Chicago convention were grandiose and full of sentimental rhetoric, but the argument laid out by the delegates in Chicago was persuasive and elevated debates over the extension and promotion of domestic commerce to a central place in public discourse. The Committee on Commerce of the House of Representatives called the convention “unerring evidence of the interest and solicitude” of the public on the matter, and argued in agreement with the memorial that in terms of domestic and foreign commerce “the elements of each are so blended and intermixed together as to form, in reality, one great common interest, identified with the national prosperity, and presenting equal claims to the encouragement and protection of government.”²⁴ The growing importance of this domestic trade between regions was borne out by a growing body of statistics and anecdotal evidence, and one of the great successes of the Chicago convention was its embodiment of the increasingly persistent demands of advocates of inland commerce in receiving resources equitable to those devoted to the foreign trade of the seaboard commercial centers. The Chicago convention thus contributed to the growth of self-consciousness in the commercial centers of the west of an “injustice” done to them that could only be corrected “by the united, persevering efforts of those whose rights have been overlooked.” The political content of such a feeling would have powerful reverberations in the turbulent 1850s.²⁵

The Memphis and Chicago conventions were the most visible example of the western enthusiasm for commercial expansion in the 1840s, but the participation of merchants and

²⁴ “Public Documents,” *Niles’ National Register*, October 11, 1848, 230, 231.

²⁵ Executive Committee of the Chicago Convention, *Memorial to the Congress of the United States, of the Executive Committee of the Convention Held at Chicago, July 5, 1847*, 45.

politicians from across the nation indicated a general public interest in debates over economic policy. The delegates to the Memphis convention made clear that the river states of the southwest regarded government assistance to trade as constitutional, though they were reticent regarding “systems” of improvement. The delegates to the Chicago convention more stridently joined with organs like Hunt’s *Merchants’ Magazine* to argue for the importance of government support for clearing the arteries of commerce, and allowing for “cheap and unrestrained” trade that would hopefully lead to the creation of a commercial system that would bind the nation together through the linkage of the domestic and foreign trade. As this advocacy increased, so did the imperative for merchants to organize. The growing self-consciousness of commercial men as the key figures in an increasingly connected and regulated national economy convinced many merchants of the necessity for more coordinated action.

“Such organizations tend to promote harmony.”: Commercial Expansion and Developmental Competition in the 1850s

From the end of the 1840s through to the beginning of the Civil War, the American economy continued the general upward trend of output that would lead into the 1860s. The growing importance of western commerce was amplified by improvements such as the Illinois and Michigan Canal that opened in 1848, and more importantly by the building of railroad lines such as the New York Central and the Canadian Grand Trunk Railway and the extension westward of existing lines such as the New York and Erie in the early 1850s. Commercial competition between seaboard cities in the north and southeast heated up and western cities competed to control the trade that flowed toward the seaboard. Commercial organizations sprouted in these hothouse conditions as enterprising merchants in the major commercial centers sought to combine efforts in order to control the terms of trade within their region and

throughout the nation as a whole. At the same time that they competed for supremacy, however, merchant groups also looked to cooperate on issues on common concern, taking advantage of merchant networks that dated back to the colonial era.

Economic growth and merchant organizing grew at a similar pace, and between 1847 and 1861 merchants founded numerous commercial bodies throughout the country. Merchant organizing was most pronounced in the seaport cities and those growing inland commercial centers that were most active in the commercial conventions of the 1840s. The Chicago Board of Trade, Cleveland Board of Trade, and Detroit Board of Trade were both founded soon after the Chicago convention, with the Baltimore Board of Trade, Baltimore Corn Exchange, and Milwaukee Chamber of Commerce following several years after, and the founding of the San Francisco Chamber of Commerce in 1849 made commercial organizations a truly continental phenomenon. At least sixteen organizations were founded in this period in fifteen different cities, a substantial jump from the handful of groups that existed as of the mid-1840s.²⁶ Like-minded businessmen throughout the country were moving to combine their efforts, and those cities that were behind the curve took notice; applauding the news that Detroit merchants had formed a board of trade in 1847, the *Cleveland Herald* noted that it was “a wonder to us that the business men of Cleveland are behind other places of far less business importance.”²⁷ The *Milwaukee Sentinel and Gazette* declared its satisfaction with local merchants for forming a chamber of commerce in 1849, and pointed out that “all such organizations tend to promote harmony, concentrate effort, diminish litigation, and advance the business interests of the cities in which they are formed.”²⁸

²⁶ *Report on the Internal Commerce of the United States for the Fiscal year 1889*, 51st Congress, 1st sess., 1890, H. Ex. Doc. 6, part 2, 881-897; National Board of Trade, *Proceedings of the Second Annual Meeting*, xv.

²⁷ “A Board of Trade,” *Cleveland Herald*, October 28, 1847.

²⁸ “Board of Trade,” *Milwaukee Sentinel and Gazette*, March 16, 1849.

The growth of commercial organizing was a response to the overall increase in interregional commercial activity and the competitive pressures unleashed by such activity. Merchants in centers of commerce and manufacturing in the North such as New York, Boston, Philadelphia, and Portland all sought to strengthen their access to the western centers of Chicago, Cincinnati, Cleveland, Detroit, and Milwaukee through transportation centers like Erie, Buffalo, Albany and Oswego. Canadian transportation routes such as the St. Lawrence River and the Grand Trunk Railway complicated matters by bringing the Canadian cities of Toronto and Montreal into competition with the northeastern seaports. In the south, merchants in the cities of Charleston, Baltimore, and New Orleans competed with northern seaports for control of both the cotton trade and the western agricultural trade, while St. Louis and Memphis-based business interests competed with their lake city rivals for access to eastern markets.²⁹ The growing integration of these regions into an economic system through transportation improvements, as well as more widely available economic information due to the telegraph and commercial periodicals in the 1850s, increasingly convinced business communities of a simple truth – organize or perish.

The northeastern seaport merchant groups aggressively pursued policies focused on increasing access to both western and southern products due to an increase in domestic manufacturing that supplemented foreign trade, leading to deficits in food production that were met by western producers.³⁰ For Philadelphia this meant overcoming a number of geographical disadvantages that, according to one scholar, had left the city unable to adequately compete with

²⁹ The general contours and historiographical background to these developments can be found in Engerman, *Cambridge Economic History*, 245–329 and David R. Meyer, *The Roots of American Industrialization* (Baltimore: The Johns Hopkins University Press, 2003).

³⁰ Jeremy Atack, Fred Bateman, and William N. Parker, “The Farm, the Farmer, and the Market,” in Engerman, *Cambridge Economic History*, 250.

New York and Boston for the export and import trade with Europe.³¹ The Philadelphia Board recognized this state of affairs in its 1851 annual report and attempted to counteract it by arguing that “every year must diminish the foreign commerce of the country” in comparison to the domestic trade and that the city offered numerous advantages for supplying industry, so that hopefully “self-confidence, and a liberal policy” would give Philadelphia preeminence amongst her rivals.³² While continuing to promote the city’s access to coal and iron as an asset ahead of other centers, Philadelphia’s merchants in the early 1850s spent a considerable amount of time and attention to promoting canal and railroad measures in order to recapture from New York merchants trade they considered “natural” to Philadelphia, namely the commerce of the Great Lakes. In December 1851 the Philadelphia Board responded in the affirmative to a memorial sent by the Cincinnati Chamber of Commerce to Congress asking for assistance with the obstruction to commerce caused by the falls of the Ohio River. This was followed by a special investigation in 1852 into developing a continuous railroad line to Lake Ontario at Oswego, New York, a plan devised to cut into New York City’s dominance of traffic coming east from Lake Erie. Both measures looked towards diverting western trade from the New York routes and the diminution of New York’s commercial power, and as the 1850s wore on Philadelphia merchants would continue to focus on both shipping and nascent manufacturing as strengths.³³

The merchants of Boston possessed similar preoccupations as the Philadelphians, and from the establishment of the Boston Board of Trade in 1854 the primary goal of the city’s

³¹ Diane Lindstrom, *Economic Development in the Philadelphia Region, 1810-1850* (New York: Columbia University Press, 1978), 23-55.

³² Philadelphia Board of Trade, Nineteenth Annual Report of the Directors of the Philadelphia Board of Trade (Philadelphia, 1852), 18–19, Philadelphia Board of Trade Annual Reports, Annual Reports 1835-1864, HSP.

³³ Minutes of the Board of Directors and Executive Council, 1849-1865, Dec. 17 1851, 2–3, Philadelphia Board of Trade Records, HSP; Minutes of the Board of Directors and Executive Council, 1849-1865, April 19 1852, 2–4, Philadelphia BOT Records, HSP.

organized merchants was to compete more strongly for the western trade. As the Boston Board made plain in its first annual report, the importance of the western trade could “hardly be over-estimated,” and what the Bostonians desired above all was for transport to be “speedy, cheap, safe, and regular.”³⁴ Delays caused by inadequacies in the still emerging railway system were a common complaint of the Boston merchants, prompting an exploratory trip from Secretary Isaac C. Bates over the railroad lines to Chicago to report on the facilities along the way, and the Board began in 1855 to suggest the establishment of a railway clearing-house modeled on an English plan to lower transaction costs to make transport more efficient.³⁵ The Bostonians were well aware of the intense nature of commercial competition in this period, noting in 1860 that “exertions to increase the facilities for carriage of merchandise are such as were never witnessed” and that Boston “has already suffered from it, and unless we act wisely and promptly, will continue to suffer.”³⁶ Through the end of the 1850s, Boston merchants continued to pursue various measures for opening up trade with the west, including establishing a committee to look into creating direct steamship lines to southern cities like Charleston and New Orleans, all in a continuing attempt to break New York City’s growing grip on trade.³⁷

A significant number of southern merchants were just as eager to become independent of northern capital and transportation and, building on the foundation of earlier conventions like the Memphis convention of 1845, formed the most cohesive extra-local commercial organization of the antebellum period. J.D.B. DeBow, a delegate to the Memphis convention and the founder of

³⁴ Boston Board of Trade, *First Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Moore & Crosby, Printers, 1855), 5–6.

³⁵ Boston Board of Trade, *Second Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Moore & Crosby, Printers, 1856), 23–31; Boston Board of Trade, *Fourth Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Press of George C. Rand & Avery, 1858), 21.

³⁶ Boston Board of Trade, *Sixth Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Wright & Potter, Printers, 1860), 38.

³⁷ Boston Board of Trade, *Fourth Annual Report*, 15–16.

influential commercial periodical *DeBow's Review*, initiated the first regular meeting of the Southern Commercial Convention in New Orleans in 1852, and subsequent meetings took place annually until 1859. The main concerns of the conventions, at least in the early years, reflected both the improvement impulse evident in the earlier gatherings as well as the growing concern for asserting sectional economic independence in the face of increasing hostility due to the various political crises of the mid-1850s.³⁸ With resolutions for establishing direct steamship trade from southern ports to Europe and calls to diversify southern industry, the sectional nature of the conventions was never in doubt, and this fact was criticized by the northern press with the *National Era* accusing the conventions of attempting to tie slaveholders into “*a compact, sectional organization, for purely sectional purposes.*”³⁹ This early focus on improvement and development increasingly lost ground in the later years of the convention, however, due to the growing importance of defending the institution of slavery at the conventions, but the presence of such a movement for improvement should not be overlooked. Ultimately, as the work of John Majewski on internal improvements in Virginia and Daniel Dupre's study of capitalist development in Tennessee have shown, the overwhelming power of the slave economy in effect sabotaged the ability of urban merchant groups to effectively alter the commercial landscape.⁴⁰

Western organizations continued in their pursuit of opening markets for their production in the 1850s, with Chicago emerging as a primary railroad hub and distribution center for a growing hinterland.⁴¹ The growth of the Chicago Board of Trade from a small group of grain

³⁸ Vicki Vaughn Johnson, *The Men and the Vision of the Southern Commercial Conventions, 1845-1871* (Columbia, Miss.: University of Missouri Press, 1992), 18–22, 100–121.

³⁹ “The Southern Commercial Convention,” *National Era*, April 27, 1854, 66.

⁴⁰ John D. Majewski, *A House Dividing: Economic Development in Pennsylvania and Virginia before the Civil War* (Cambridge: Cambridge University Press, 2000); Daniel Dupre, “Ambivalent Capitalists on the Cotton Frontier: Settlement and Development in the Tennessee Valley of Alabama,” *The Journal of Southern History* 56, no. 2 (May 1, 1990): 215–40.

⁴¹ The definitive chronicle of this rise remains Cronon, *Nature's Metropolis*.

traders to an organization of hundreds of members by the end of the decade was evidence of this dominance, and the Chicago Board was focused on increasing their advantage. This led to an intense rivalry with Milwaukee, with the Milwaukee Chamber of Commerce at one point accusing Chicago merchants of defaming the credit of certain Wisconsin railroads and of attempting to dishonorably acquire trade that was “natural” to Milwaukee.⁴² Chicago and St. Louis possessed a similar dynamic; though Jeffrey Adler has pointed out that St. Louis was already on the decline in relation to Chicago by the 1850s, merchants from both cities found time to trade jabs over issues such as the “crusade” to stop the Rock Island railroad bridge led by the “morbidly jealous” St. Louis Chamber of Commerce, according to the *Chicago Tribune*.⁴³ The relationship of competition that developed in the west was directly related to the competition in the east as the merchants in each commercial center attempted to shape their place intraregionally in relation to the interregional trade.

Though merchants organized largely in response to competitive pressures they also did so in order to more effectively cooperate as well, drawing upon existing merchant networks and the advantages of association in pursuing common ends on economic issues. Newly elected president of the Buffalo Board of Trade and grain elevator owner George S. Hazard recognized this facet of commercial association in 1855 in stating to the members that one of the most important functions of the Board was “co-operation with Boards of Trade in other cities, endeavoring to cultivate and establish an unanimity and identity of interest in regard to all great and important movements and enterprises” in relation to trade. By cooperating, commercial men could use their expertise in different areas of commercial experience and through their

⁴² “Milwaukee vs. Chicago,” *American Railway Times* 9, no. 27 (July 2, 1857): 1.

⁴³ Adler, *Yankee Merchants*, 145–174; “The Chamber of Commerce at St. Louis--Where the Shoe Pinches,” *Chicago Daily Tribune*, June 9, 1857.

organizations “act in concert and interchange views, so that whatever may seem unfair or improper methods in business may, by friendly legislation, be explained or reformed.” Hazard made explicit what merchants in many other cities understood implicitly, and what the earlier commercial conventions hinted at, namely that “so large and intelligent a class as the mercantile community” needed an “identity of interest.”⁴⁴ This interplay between competition and cooperation was central to the development of commercial organizations in these early years as they attempted to define the interests of businessmen and affect public debates over economic development.

As commercial groups became more aware of one another, interactions multiplied and merchants managed to find common ground on a number of issues. In 1858, for example, Congress was considering a new bankruptcy reform bill, an issue that a number of commercial organizations had been interested in since the 1840s. The Boston Board of Trade formed a special committee to consider the proposed legislation and sent one of their members, Edward Tobey, to Congress to meet with members of the Judiciary Committee. They did not do this alone, however, as they requested cooperation from the New York and Cincinnati COC and the boards of trade of Philadelphia and Baltimore.⁴⁵ In response the Philadelphia BOT created a special committee to pursue the bankrupt law issue in cooperation with the Boston merchants and other commercial bodies.⁴⁶ In October 1858, the Philadelphia Board formed a committee to draft a memorial to Congress asking for the modification of maritime laws affecting the financial

⁴⁴ “The Buffalo Board of Trade,” *The Merchants’ Magazine and Commercial Review* 32, no. 4 (April 1, 1855): 517, 518.

⁴⁵ Boston Board of Trade, *Fifth Annual Report*, 52.

⁴⁶ Minutes of the Board of Directors and Executive Council, 1849-1865, May 17 1858, 2, Philadelphia BOT Records, HSP.

liability of ship-owners for collisions at sea, and sent requests to the New York COC and the Boards of Trade of Boston and Baltimore to do likewise.⁴⁷

This increase in commercial group interaction on separate issues led to a greater recognition of collective action, and also to a larger understanding of the role of the federal government in acting as a partner with commercial groups in spreading information regarding trade amongst the various bodies. In 1857 the Boston BOT, in highlighting the perceived lack of attention from government regarding merchant opinion of the revenue laws, wondered whether it might be “expedient that sister Boards of Trade be asked to urge the creation of a commission of *practical* men . . . to represent the business of the country.”⁴⁸ A year later the Philadelphia BOT passed a resolution calling for closer communication with the other commercial bodies of the country on matters of common interest.⁴⁹ These actions followed resolutions sent to Congress by both groups in 1856 requesting that public documents be sent directly to commercial groups for their edification.⁵⁰ As these groups interacted they increasingly recognized the common problems facing the commercial community, with a lack of informed representation in front of the legislative councils of the country and the absence of reliable commercial information at the federal level being foremost among these problems.

The decade following the Chicago convention of 1847 was a period of growth both for the country economically and for commercial organizing. The dynamism of regional commercial competition forced merchants to form new groups in order to devise strategies for local

⁴⁷ Minutes of the Board of Directors and Executive Council, 1849-1865, Oct. 18 1858, 3, Philadelphia BOT Records, HSP.

⁴⁸ Boston Board of Trade, *Fourth Annual Report*, 11.

⁴⁹ Minutes of the Board of Directors and Executive Council, 1849-1865, May 17 1858, 2, Philadelphia BOT Records, HSP.

⁵⁰ Minutes of the Board of Directors and Executive Council, 1849-1865, Feb. 18 1856, 2, Philadelphia BOT Records, HSP.

development and to fight for a place in the increasingly complex system of foreign and domestic trade. At the same time, these groups began to seek common ground on causes, like transportation improvements, that could link merchants with a common commercial interest in the extension of trade. These new linkages, however, were often not enough to bridge the increasingly fractious sectional divides that were cleaving the country apart during the 1850s. Differences in political economy were not the only major points of contention between the major sections of the country in this period, but they played a central role in creating the circumstances that might lead to the dissolution of the union.

“One spirit, and the same common interests”: The Chicago Ship Canal Convention and Developmental Sectionalism

In August 1859 the *Chicago Tribune* published an article that proclaimed that there were “three Grand Divisions into which the United States may be divided,” differentiated by “location, productions and institutions.”⁵¹ The North was defined by its manufacturing enterprises, the South by tobacco, cotton, and slavery, and the West by its devotion to agricultural pursuits. Out of all of these divisions, however, the *Tribune* pointed out that the West alone, that section “out of whose abundance the staff of life . . . is furnished to the nation” and whose “commerce has mainly built the seaboard marts . . . [but] *has never been permitted to furnish the country with a President,*” with the result being that the “rights and claims of the great West have been wholly ignored.” The paper concluded by speaking directly to western representatives of the Republican Party, telling them that what they needed was a “western

⁵¹ “Facts for Western Men,” *Chicago Press and Tribune*, August 13, 1859.

statesman, who will remember there is a WEST.”⁵² Nine months later in Chicago westerners would get their candidate as a solid westerner who had spoken of his commitment to the Whig principles of improvement and his devotion to Henry Clay as a delegate to the Chicago River and Harbor Convention in 1847 was nominated for the presidency, an event that would trigger the disunion that had been latent yet never realized in the political and economic struggles of the previous half century.

Many factors played a role in bringing about secession and war in 1861, but it is an inescapable conclusion that the very different and increasingly antagonistic political economies of the North and South, and the plans these sections had for expanding west, was a central factor. Historians have long noted the role that slavery and abolitionism played in the political crises that led to war, and economic arguments regarding the origins of the war date back to Charles Beard, but recently a number of scholars have turned to political economy in order to analyze the changes that brought conflict between the sections to a head in 1861. As Richard Bense has argued, the stresses of opposing political economies that had emerged in the quarter-century before the war could no longer be adequately held in check by a republican system of government when either section became dominated by interests that felt they were under dire threat from the other. Just such a situation evolved in the late 1850s, as southern elites saw themselves becoming ever more dependent on the north and facing an opposition party that, according to such scholars as Eric Foner and Heather Cox Richardson, was committed to a vision of political economy with little room for slave labor.⁵³

⁵² Ibid.

⁵³ The classic example of the Beard view is Charles A. Beard and Mary R. Beard, *The Rise of American Civilization* (New York: The Macmillan Co., 1927); Bense, *Yankee Leviathan*; Eric Foner, *Free Soil, Free Labor, Free Men*; Heather Cox Richardson, *The Greatest Nation of the Earth: Republican Economic Policies During the Civil War* (Cambridge, Mass.: Harvard University Press, 1997).

As the 1850s drew to a close, commercial groups continued to press their concerns upon lawmakers with greater impetus. The response of commercial groups to the panic of 1857 indicates the growing willingness that merchants had for using their organizations to suggest changes to the economic system, and to critique capitalist expansion that ignored the prudence and guidance supposedly provided by such associations. Though historians continue to differ over the exact cause of the panic, it is clear that the expansion of railroads, overproduction of foodstuffs due to foreign demand during the Crimean War, and over-optimistic speculation contributed to the failures of numerous financial institutions and firms in 1857.⁵⁴ The response of commercial groups to the panic proves that they had their own concerns over an overextended economy, and they responded to the circumstances by calling for a governmental response to ease market fluctuations. The Philadelphia BOT held a special meeting on the panic, and over the course of November and December 1857 the Board suggested a number of solutions including the creation of a new central bank in Washington and other changes that would safeguard the “legitimate and prudent use of credit.”⁵⁵ The Boston BOT similarly issued a special report on “mercantile embarrassments” that blamed speculation and overextension of the credit system while proclaiming that since corporations were “controlled by peculiar laws having reference in some respects to the protection of the rights of the public” that there should be additional safeguards against financial malfeasance written into their charters.

Though groups focused on a wider range of issues as the decade came to a close, the pursuit of a well-regulated national economic system that had brought about the 1845 and 1847

⁵⁴ The standard work is James L. Huston, *The Panic of 1857 and the Coming of the Civil War* (Baton Rouge: Louisiana State University Press, 1987); for a criticism of Huston see Charles W. Calomiris and Larry Schweikart, “The Panic of 1857: Origins, Transmission, and Containment,” *The Journal of Economic History* 51, no. 4 (December 1, 1991): 807–834.

⁵⁵ Minutes of the Association, 1857-1872, Nov. 23 1857, 22, Philadelphia BOT Records, HSP.

conventions continued to be at the top of the agendas of the major commercial organizations. The path of trade from west to east in the north was further complicated by the passage of the Reciprocity Treaty of 1854 with Great Britain. A victory for supporters of free trade, and the product of Canadian bribes according to protectionist opponents, the treaty established free trade between British Canada and the United States in raw manufacturing materials and agricultural goods, allowed American fishermen access to previously restricted North Atlantic fisheries, and allowed equal access for American and British shipping on the Great Lakes, Canadian canals, and the St. Lawrence River. Merchant support for the treaty was divided from the beginning, with cleavages in the east and the west. The Boston BOT opined on the inevitability of the “free exchange of merchandise” between the British colonies and the United States and especially applauded the regained access to fisheries in giving support for the treaty.⁵⁶ The New York COC, while suggesting a few amendments to the law, generally approved of the treaty and its workings as of 1859.⁵⁷ Away from the larger commercial centers, however, support dissipated in areas where producers competed with Canadian products.

In the west the reciprocity issue also engaged commercial opinion, as the Chicago BOT took a strong stance in support of the treaty that typified the western position on expanding avenues for western products that could compete with New York-based routes. As the *Chicago Tribune* argued in 1859 in response to calls to abrogate the treaty “the Northwest is specially interested in unrestricted commerce with Canada” and that with proposed improvements the “St. Lawrence cannot fail to be one of our most important outlets to the Atlantic.”⁵⁸ In 1860 the Chicago BOT created a special committee to draft a memorial to Congress that claimed that

⁵⁶ Boston Board of Trade, *First Annual Report*, 11.

⁵⁷ New York Chamber of Commerce, *Second Annual Report of the Chamber of Commerce of the State of New York for the Year 1859- '60* (New York: John W. Amerman, Printer, 1860), 70.

⁵⁸ “The Reciprocity Treaty,” *Chicago Tribune*, February 18, 1859.

abrogation of the treaty would be “disastrous” for western trade, with the *Tribune* adding that alternative routes had made “serious inroads upon the commerce which the city of New York, Buffalo and central New York have generally claimed as belonging by inalienable right to the Erie Canal and the Central Railway.”⁵⁹ The trade relationship between New York City and the west was definitely on the minds of New York commercial interests by early 1861 as the political situation in the south deteriorated. Sensing the changing of the commercial winds, a *New York Times* editorial published a month before war erupted argued that “New-York must change her Southern customers for Western; must place more confidence in free, and less in slave labor; and render such facilities as will tend to develop the resources of the West.”⁶⁰ Nearly every commercial issue in the late 1850s and early 1860s, be it tariffs or transportation, was increasingly viewed through the economic imperatives of sectional conflict.

The secession of southern states in 1861 and the beginnings of civil conflict were met by northern commercial groups with an outpouring of support for the Republican administration, an understandable position given that many commercial groups were dominated by former Whigs turned Republican. Even groups with considerable numbers of members from the Democratic Party like the New York COC passed resolutions calling for the government to adopt a “policy so vigorous and resistless that it will crush out treason now and forever,” and pressed other commercial groups to come out with similar resolutions in support.⁶¹ The Boston BOT argued in their resolutions that it was especially important for “all associated bodies, and especially those connected with commercial affairs, in the most public manner to let their views be known by the

⁵⁹ “The Board of Trade and the Reciprocity Treaty,” *Chicago Tribune*, April 19, 1860.

⁶⁰ “The West and South,” *New York Times*, March 2, 1861.

⁶¹ New York Chamber of Commerce, *Fourth Annual Report of the Chamber of Commerce of the State of New York for the Year 1861- '62* (New York: John W. Amerman, Printer, 1862), 9.

government.”⁶² The support of the organized commercial community was extremely important for the administration considering the power and influence held by such bodies. Boards of trade and chambers of commerce included among their members numerous bankers and financiers whose control over credit could prove vital to the war effort. In return, those organizations expected the government to both protect channels of trade from Confederate privateers and to consult with merchants concerning important commercial policy changes.

Commercial faith in the new administration was well-placed, as between 1861 and 1863 the Republican-dominated Congress pursued an agenda of nationalist economic development that harkened back to both the Hamiltonian designs of the 1790s and the American System of the Whigs. Historians long ago recognized in the Republicans many of the impulses of the departed Whigs, but the work of Richard Bense and Heather Cox Richardson has argued forcibly that the Republicans are best understood as a party with a clear vision of economic development that involved the creation of new federal institutions and a national marketplace.⁶³ Such measures did not go unchallenged; Secretary of the Treasury Salmon P. Chase faced heavy resistance from a number of New York bankers when first attempting to finance government bond issues in 1861 and 1862, and his proposals for a new national banking system were opposed by supporters of state banks.⁶⁴ Despite this, the Republicans still succeeded in passing Legal Tender Acts in 1862 and 1863 that created a new currency, the Homestead Act of 1862 designed to spur western settlement, and the National Bank Act of 1864 that created a new centralized banking system. It

⁶² Boston Board of Trade, *Eighth Annual Report*, 18.

⁶³ Richardson, *The Greatest Nation of the Earth*; Bense, *Yankee Leviathan*; Richard Franklin Bense, *The Political Economy of American Industrialization, 1877-1900* (Cambridge: Cambridge University Press, 2000).

⁶⁴ Richardson, *The Greatest Nation of the Earth*, 31–65, 85–102.

was an extraordinary period for economic policymaking, and commercial organizations were eager to join in.

The number of merchant groups cooperating on commercial issues, and the amount of time and effort these groups committed to influencing national legislation, grew as the federal government became more involved in economic policymaking. In November 1861, for example, a member of the Boston BOT presented a letter to the Board from the Chairman of the Senate Finance Committee William P. Fessenden on the financial legislation then before Congress, an action that prompted the Board decided to send a committee of five immediately to Washington to discuss the matter with members of Congress. The Boston Board also collaborated on a simplified system of taxation relying on stamps applied to business transactions with the New York COC and Philadelphia BOT, a plan they submitted to the House Ways and Means Committee in early 1862.⁶⁵ Trips to Washington by committees of commercial bodies that had been sporadic before the war became commonplace during the conflict, and members of Congress reciprocated by calling on merchant expertise more often. Such interactions obviously involved an ample amount of self-aggrandizement on the part of each merchant group, but increasingly these consultations with Congress were characterized by enterprising merchants in terms of wartime patriotism and contributing to the bonds of union.

The economic program pursued by the Republicans reflected an economic nationalism that was evident in the attempts of commercial groups to bring uniformity and reliability to a national economy that merchants were attempting to create along with lawmakers. Secession, viewed through the eyes of northern and western merchants, was an affront to these attempts at

⁶⁵ Boston Board of Trade, *Ninth Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Alfred Mudge & Son, 1863), 16–23.

creating a national marketplace, and in the context of civil conflict the battles over economic legislation fought in the north took on a meaning far greater than simple interest group politics. With disunion a reality, the already fractious commercial competition between western and eastern merchants over transportation rates and monopolization of routes to the seaboard became a vital political as well as commercial issue. Commercial cooperation during the war thus served to cement the status of merchants as patriotic citizens serving the war effort, and various merchant groups were quick to apply wartime logic to prior commercial projects.

This melding of nationalist rhetoric, commercial organizing and advocacy, and debates regarding commerce and federal power came together in a perfect storm over the issue of ship canals in 1861 and 1862. The central issues of the ship canal debate were the proposed construction of a canal, usually suggested in the area around Niagara Falls, to connect Lake Erie to Lake Ontario and to provide an outlet to the St. Lawrence River, and the expansion of western canals like the Illinois and Michigan canal that connected Chicago to the Mississippi River. Both of these projects embodied the ambitions of western merchants to acquire as many lines of communication with the seaboard as possible, and they were especially dear to commercial groups in Chicago, rivals of Erie such as Oswego, and the merchants of Toronto and Montreal who coveted a portion of the American western agricultural trade. The merchants who argued for government support for these improvements built on the points relating to interstate commerce voiced at the Memphis and Chicago conventions of the 1840s and continued to press such arguments throughout the 1850s, but the outbreak of war added the reasoning of military necessity to more purely commercial justifications.

The impetus for western groups to pursue new lines of transportation came from fears, both real and imagined, of being held hostage by rate increases implemented by corporations or

legislatures outside of their control. As early as 1853 the Cleveland BOT was sending resolutions to Congress for a ship canal at Niagara for fear that the Canadian-owned Welland Canal was becoming inadequate for the volume of western produce and that “discriminating tolls on American vessels” were being considered by the Canadian Parliament.⁶⁶ Two years later representatives from the Chicago BOT met with merchants from the Oswego BOT and the Toronto BOT in Toronto to discuss plans to survey an area for the construction of a ship canal from the Georgian Bay of Lake Huron to Lake Ontario, thus achieving the same goal as a canal at Niagara, namely a “necessary outlet to the immense and exhaustless resources of the West.”⁶⁷ The quest for new lines of transportation to the east brought western merchants into closer contact with rivals of the eastern seaboard terminuses on both sides of the border, and in doing so they reinforced the transnational commercial dimensions of policy that had been raised by the Reciprocity Treaty of 1854.

Eastern seaport merchant groups were well aware of the actions of westerners, and were quite paranoid regarding the possibility of trade diversion from the dominant routes of the time, namely the Erie Canal and New York railroads. The late 1850s were a period of significant agitation in the state of New York for changes to the freight rates for through traffic from country producers in upstate New York, who were upset at what they considered preferential treatment for western produce.⁶⁸ Commercial groups from New York City, primarily the New York COC, opposed the rate changes because they feared that rate discrimination would drive western trade to alternative channels, an argument that George Opdyke of the Chamber made in

⁶⁶ “Niagara Ship Canal - Action of the Cleveland Board of Trade,” *Cleveland Herald*, November 9, 1853.

⁶⁷ Toronto Globe, “The Georgian Bay Canal.: Meeting of Delegates,” *American Railway Times* 7, no. 39 (September 27, 1855): 1.

⁶⁸ Benson, *Merchants, Farmers & Railroads*, 4–15.

a minority report on freight rates as a member of the State Assembly in 1860.⁶⁹ These fears were well-founded; the Chicago BOT, identifying attempts by Buffalo commercial groups to alter rates on canals that competed with Erie thereby securing the western trade for themselves in 1857, resolved that they would “reluctantly submit to the injustice” due to the belief that this action would actually “result to the benefit of the people of the West, by stimulating them and other interests to a more rapid perfection and completion of other channels of transit to the Atlantic Ocean and foreign countries.”⁷⁰ The actions of some New York groups simply confirmed the suspicions of western merchants and reinforced their attempts to pursue new projects to lessen their dependence on New York-based improvements.

The issue of cheap transportation came to a head in the Congressional sessions of 1861 and 1862 when western Congressmen presented numerous measures calling for federal expenditures on canal enlargement and construction. The most extensive debates took place in early 1863 over the possibility of federal funding for the enlargement of the Illinois and Michigan Canal and the Erie Canal. Supporters of the bill, primarily the Illinois Congressmen Isaac Arnold (R-IL) and Elihu Washburne (R-IL), argued for both the commercial and military necessity of the improvements, with Washburne asking opponents of the bill if they could face their constituents asking, “Are you the man who voted against the great northwestern lakes being protected . . . [and] to give us farmers a better outlet for our products, saving us fifteen or twenty cents on every bushel of wheat we raise, which now goes into the pockets of the great railroad monopolists and extortioners?”⁷¹ The voting on the bill was close, but ultimately wartime

⁶⁹ James H. Mallory and George Opdyke, “Railway Pro-Rata Freight--Report of the Minority of the Select Committee in the New-York Assembly,” *American Railway Times* 11, no. 20 (May 14, 1859): 1.

⁷⁰ “Chicago Board of Trade.: New York Canal Tolls Discrimination,” *Chicago Tribune*, March 2, 1857.

⁷¹ *Cong. Globe*, 37th Congress, 3rd sess., 1863, No. 51: 814.

worries about the federal budget and resistance to the perceived favoritism of the measures from some representatives, particularly Pennsylvanians, led to the defeat of the measures.

The western response to this rejection was swift and full of vitriol and condemnation, with the supporters of the bill convinced that they had been undone by the tyranny of commercial jealousy. A letter published by the *Chicago Tribune* written by an Illinoisan in Washington a week after the vote charged that the House “speaks the language of the railroad monopolists and extortionists to the farmers of the Northwest; we have got you by the throat . . . we will grow richer, and you shall grow poorer, and you cannot help yourselves.”⁷² Chicago businessmen convened a public meeting on February 24th, 1863 for the continued advocacy of the projects, with speakers arguing that their “construction would swell the wealth and commerce of the entire nation; and the general welfare of the country demands its construction.”⁷³ The backlash against the vote was enough to convince ninety-eight members of Congress of the efficacy of a further examination of the claims of western supporters, and those members put their names to a resolution calling for a convention to consider the canal propositions to be held in Chicago in June 1863.

The Chicago Ship Canal Convention of 1863 was the first commercial convention that recognized and took advantage of the growing importance of the organized merchant interest of the country. The call sent out by Congress made a point of asking for “the co-operation and aid of the Boards of Trade, Chambers of Commerce, Agricultural Societies, and Business Associations of the country” in considering the issues.⁷⁴ Most commercial bodies appreciated

⁷² “Fate of the Ship Canal Bill.: How It Was Slaughtered. Coalition of Hostile Monopolies and Copperheads,” *Chicago Tribune*, February 16, 1863.

⁷³ “The Ship Canal Question,” *Chicago Tribune*, February 25, 1863.

⁷⁴ National Ship-Canal Convention, *Proceedings of the National Ship-Canal Convention, Held at the City of Chicago, June 2 and 3, 1863* (Chicago: Tribune Company’s Book and Job Printing Office, 1863), 3.

this call for aid and responded in kind, and groups such as the New York COC, the New York Produce Exchange, and the Detroit BOT among others chose to send large delegations.⁷⁵ Other groups such as the Boston BOT, fearing that the convention would be used to aggrandize New York and Chicago, were more circumspect yet sent delegates in the hopes that “the Convention would suggest some measures of *immediate* relief to producers of and dealers in breadstuffs and provisions.”⁷⁶ The main rivals to the convention were the Philadelphia BOT and the Milwaukee COC, not surprising considering their long-standing rivalries with New York and Chicago. The Philadelphia BOT responded to the call by noting that it was a “settled conviction” for the Board that the improvements proposed were not “necessary and practical works,” and that government assistance would set a precedent where “many other and rival interests will demand assistance of the same character.”⁷⁷

The main supporters of the convention fended off these attacks by using the language of nationalism to both question the motives of opponents and to uphold the goals of the convention as a contribution to the war effort. Countering a circular sent by the Milwaukee COC that questioned the utility of the gathering, the *Chicago Tribune* suggested that they “ought to manifest a broader and more national spirit; but we presume they feel obliged to cater to the selfishness of those who dwell in the narrow boundary in which they circulate.”⁷⁸ The *New York Times* agreed, arguing that “the national defence would be promoted, the bonds of the Union made more secure, and the general welfare and wealth of the nation enhanced” by the meeting

⁷⁵ “General News.: On a Tour. The French in Mexico. A Misrepresentation--Unconditional Loyalty. Revival of the National Canal Enlargements. An Excellent Letter from General Dix.-- How to Build Steam Rams,” *New York Times*, March 9, 1863; “Meeting at the Produce Exchange,” *New York Times*, May 16, 1863.

⁷⁶ Boston Board of Trade, *Tenth Annual Report of the Government, Presented to the Board at the Annual Meeting* (Boston: Press of T.R. Marvin & Son, 1864), 25–26.

⁷⁷ Philadelphia Board of Trade, *Thirty-First Annual Report of the Directors of the Philadelphia Board of Trade* (Philadelphia, 1864), 9, Philadelphia Board of Trade Annual Reports, Annual Reports 1835-1864, HSP.

⁷⁸ “The Essence of Envy,” *Chicago Tribune*, May 25, 1863.

were “facts undoubted.”⁷⁹ The most effusive praise for the objects of the convention was voiced somewhat surprisingly by the Democratic-leaning *New York Herald*, which argued that the connection of the inland west to the seaboard was “a project of far greater importance . . . than any other that has been presented to the American public during the present century,” and the convention “thus becomes of no minor importance to the future of this country and the commerce of the world.”⁸⁰ Arguments for binding the nation together had thus moved beyond the rhetoric of commercial groups and entered into the public discourse over improvements.

When the convention finally convened during the first week of June, the blending of political and commercial nationalism was front and center and became the dominant theme of the convention. The tone was set by the chairman of the convention Dr. Daniel Brainard, founder of Rush Medical College, who used a physician’s logic in asserting that the completion of the canal improvements would “cause the life-blood of commerce to move in a single current through all its channels” and thus out of “conflicting parts will a homogenous nation be formed, with one spirit, and the same common interests.”⁸¹ Speaking for the committee on resolutions, canal expert and prominent public figure Samuel B. Ruggles of the New York COC proclaimed that “AMERICAN FOOD has now become the very substratum, the vital, vivifying principle of AMERICAN COMMERCE,” and the canal improvements would serve the purpose of tying together the great food producing states of the west with the east.⁸² The governor of Maine Israel Washburn, Jr., brother of the Chicago Congressman who had so adamantly supported the canal bill in Congress, summed up the feeling of the convention in the final address before the body

⁷⁹ “East and West - The Illinois Ship Canal,” *New York Times*, May 30, 1863.

⁸⁰ “The Commercial and Canal Convention,” *Chicago Tribune*, May 30, 1863.

⁸¹ National Ship-Canal Convention, *Proceedings of the National Ship-Canal Convention, Held at the City of Chicago, June 2 and 3, 1863*, 8–9.

⁸² *Ibid.*, 47.

when he argued that “the rebellion for the destruction of the Union was needed, perhaps, to make it eternal,” for it had called forth designs for improvement that without conflict “might have been delayed until a commercial, if not a political, disunion should have been accomplished.”⁸³ The convention adjourned on the third of June having agreed upon a strong set of resolutions to send to Congress confirming the view that the proposed improvements were both a commercial and military necessity for the Union.

The Chicago Ship Canal convention was in many ways the culmination of the effort of western commercial interests to force the federal government to recognize their claims regarding the centrality of western production in promoting national prosperity. In the midst of the war against the southern states, this commercial advocacy on the part of merchant groups in particular took on a particularly nationalist tone as commercial arguments for a system of improvements transitioned rather easily into solutions to the problems of sectionalism. The optimism exhibited by the delegates in Chicago reflected this belief in the transformative power of commerce and the ability of trade to form a nation with, as Dr. Brainard put it, “one spirit.” The only question that remained was whether the enthusiasm for such commercial endeavors was misplaced, and whether such plans for development could ever satisfy the myriad economic interests of such a large and diverse nation.

Conclusion

The *Independent*, commenting on the proposition for a national ship canal, noted that upon its completion “the East and the West will then be surely and inseparably bound together” and that their “interests shall then-more than ever before-be one, and thus they shall thereafter

⁸³ Ibid., 56.

remain.”⁸⁴ This conflation of commercial interests with the national interest and economic development as the promoter and guarantor of the nation-state was not an invention of organized merchant groups, but the commercial organizations that emerged in the late antebellum perfected these sentiments, becoming in time their most effective purveyors. It has become a cliché in the twentieth and twenty-first centuries for businessmen to claim some version of “what is good for business is good for the country,” but in the nineteenth-century this idea was in its infancy. When businessmen of a particular locality organized, they took for granted that their collective efforts were for the good of their particular communities, but whether this extended to the nation as a whole was an open question, especially when such variation in theories and practices of political economy abounded as they did in the early nineteenth-century.

The economic growth of the late antebellum period, aided greatly by the distribution revolution, promised great prosperity to those who could “capture” the immense wealth of resources flowing from the plows, anvils, and looms of the nation. Commercial organizations were thus a logical outgrowth of the process by which merchants in the major commercial centers of the country sought to impose order, regularity, and rationality upon the exchange of goods throughout the country and abroad. These groups, having acquired legitimacy from municipal and state governments, became over time the most respected sources of opinion on the “practical” aspects of day-to-day business affairs, and the leading merchants of these groups often crossed over into the political realm to serve as legislators. By coming into contact with the politics of commercial development merchants gained an in-depth understanding of the partisan conflicts and logrolling that endangered the objective consideration of legislation that could

⁸⁴ “Commercial and Financial.: National Ship Canal. Chicago Commercial Convention,” *The Independent, Devoted to the Consideration of Politics, Social and Economic Tendencies, History, Literature, and the Arts*, June 4, 1863, 8.

support private enterprise and contribute to the common welfare. At the same time, however, merchant groups had difficulty overcoming their own local prejudices while competing amongst one another for advantages within the developing economic system.

The expansion of the nation into the continental interior, accomplished bloodily and haltingly through the first half of the nineteenth-century, exacerbated the growing political and economic divide between the North and South while creating an increasingly self-conscious West. The conventions in Memphis and Chicago in the 1840s were evidence of the awakening of the commercial interests among westerners, and contributed to the spread of commercial organizing westward. In the 1850s these tensions only worsened, politically due to such crises as the Kansas-Nebraska controversy, and commercially as groups such as the Southern Commercial Convention suggested measures to create an economically self-sufficient South. Despite the growing threat of disunion, however, commercial organizations North, South, and West continued to grow in numbers and in influence.

The outbreak of war did little to dim the ambitions of organized merchants; indeed, while southern organizations were sidelined by the war northern and western groups were emboldened by the expansive economic nationalism of the dominant Republican Party. Merchants in the north and west collaborated with each other and with the Union government with a growing frequency, and in doing so they believed they were helping to construct the foundations of a commercial republic that would bind the country together through the common sympathies developed by trade. The culmination of this feeling was the Chicago Ship Canal convention, the largest meeting of its kind since 1847, filled with numerous expressions of the bright future envisioned through commercial cooperation. Despite this optimism, however, organized merchants still had reasons to be wary. The primary concern for merchants moving forward was

whether they could continue to influence the federal government through local groups, especially since these groups so often disagreed on the proper course of legislation. Just as the nation was acquiring a “new birth of freedom,” perhaps merchants needed a new organization to deal with the economic realities facing them as well.

Chapter Three

Building the “Business Congress”: The Creation of the National Board of Trade, 1863-1868

During the eventful summer of 1863, when elsewhere the Union Army turned back the Confederate tide at both Gettysburg in the east and Vicksburg in the west, a small army of the commercial variety made its way east toward Portland, ME. The reason for the procession was an invitation sent out from the Portland Board of Trade at the end of June to the Chicago Board of Trade, Milwaukee Chamber of Commerce, and Detroit Board of Trade to visit Maine’s thriving commercial seaport.¹ The group, numbering over three hundred, took the Canadian Grand Trunk Railway, stopping in Toronto and Montreal en route as guests of the Toronto and Montreal Board of Trade, and arrived in Portland on August 7th, where they were treated to a trip around the city during the day and a ball in the evening.² In a formal greeting that day, T.C. Hersey, president of the Portland Board of Trade, welcomed their “brother merchants of the Great West,” and alluding to eastern merchant’s participation in the Ship Canal Convention earlier that spring, stressed the need to continue to “work *together*, and allow no sectional jealousies to interfere with opening and enlarging of all needed channels of communication to connect the west with the Atlantic.”³ Lieut. Governor of Michigan Charles S. May, speaking for the Detroit Board of Trade, thanked their eastern brethren, and referring to the war added his hope that “well may we fight the common enemy with the sword and the purse, when in defeat we see neither liberty nor commerce, but only darkness and chaos.”⁴ The Chicago Board of

¹ “Board of Trade Excursion to Portland,” *Chicago Tribune*, July 15 1863, p. 4.

² “Grand Commercial Railroad Excursion,” *New York Times*, Aug. 5 1863, p. 5; “Board of Trade Visit to Portland,” *New York Times*, Aug. 8 1863, p. 1.

³ “The Board of Trade Excursionists at Portland,” *Chicago Tribune*, Aug. 13 1863, p. 2.

⁴ *Ibid.*, p. 2.

Trade, upon the return of its members from the trip, passed a resolution saying that the meeting “marks an era in the connection of the East with the West, and we declare ourselves one and indivisible, now and forever.”⁵

As the rhetoric of the Portland meeting suggests, merchants by 1863 had become fully invested in the process of nation-building occurring in the north. The dominance of Congress by the Republican Party had by 1863 already led to federal action in the areas of land reform, education policy, and sweeping financial changes that would lead to an entirely new banking system and extensive national debt. The building of this “Yankee Leviathan,” as one scholar has put it, was part and parcel of a developmental agenda clearly articulated by the Republicans in Congress, and not simply a response to the exigencies of the war. Many merchants recognized this as a moment of opportunity for enacting a number of commercial policies long coveted by particular organizations such as a national bankruptcy law, changes to the tariff system, and especially the construction of a number of internal improvements that would connect the eastern seaboard with western producers. With intransigent southern politicians temporarily banished from Congress the construction of a commercial system benefitting a wide array of interests, a true commercial republic, might be realized.⁶

The Civil War was thus a catalyzing moment for the merchants and politicians who had been pushing an interventionist ideology, indebted to the Whigs and their National Republican predecessors, since the 1840s. Developmental politics at the federal level reached into the agricultural, industrial, and commercial sectors in a number of different ways, and the institutional changes wrought promised to reorient the country toward the creation of a vast

⁵ “The Portland Excursion,” *Chicago Tribune*, Sept. 19 1863, p. 4.

⁶ Bense, *Yankee Leviathan*.

domestic market that would make it, as one historian has argued, “the greatest nation of the earth.”⁷ Merchants were central actors in this process, and they understood well the connections between their economic role and the part they played as leaders in the public realm, citing both contemporary examples and historical precedent. Indeed, they had spent the late antebellum period insisting time and again that merchants were uniquely qualified to act as the shapers of commercial policy; just as merchants united producer to consumer, and as merchant organizations claimed to unite their locality, merchants would on a national scale act as the constructors and binders of this new commercial republic by advocating an economic nationalism that would break down sectional barriers and unite the country behind a shared vision of prosperity.

The pleasantries of the Portland gathering represented the ideal of commercial cooperation in pursuit of such a goal, but this ideal was undermined continually by the competitive relationships of the merchants who sought a privileged place in the trade network for the city they represented. Eastern merchants from New York City, Boston, and Philadelphia continued to vie amongst themselves and a number of other port cities to be the primary market for western agricultural goods. Western merchants from Chicago, Milwaukee, St. Louis, and number of other western cities fought to be the primary provider of goods to those markets. Local economic interests were a difficult matter to overcome when it came to agreeing on national legislation, and disagreement over what even constituted an acceptable use of federal power in dispensing commercial advantages was often enough to stymie a potential improvement or reform. This tension between the desire for cooperation and the reality of competition only

⁷ Richardson, *The Greatest Nation of the Earth*.

grew as commercial groups became more intertwined in each other's affairs in an attempt to guide federal policy.

The creation of a national association of commercial groups was thus a consequence of the perception by merchants of the growing necessity of a business point-of-view in shaping federal action, and the perceived inability of local commercial groups to adequately cooperate in guiding the creation of economic policy. This was borne out in the battles over the Niagara ship canal and reciprocity treaty issues in Congress, as each was a case of either local merchant interests counteracting one another or of political partisanship distracting from what were supposed to be purely economic considerations. Failing in both cases to achieve their objectives, frustrated commercial bodies proposed a new institution to give merchants the formal voice in national economic affairs they felt was lacking. This new institution, the National Board of Trade, would be the non-partisan and representative voice of the business community that commercial men could use to cut through the prejudices of partisanship and local interests to impart a vision of a commercial republic where merchants welded the interests of east and west, producer and consumer, together.

Laying Foundations: "Weld the East and the West together"

Following the Ship Canal convention in June 1863, the interested parties on both sides judged the meeting as a qualified success. The *New York Times* applauded the convention for its "full and fair representation of the opinions and wishes of the country in regard to the great works of internal improvement that are contemplated," but lamented the strength of sectional rivalries and advised the committee entrusted to memorialize Congress to "not allow the chief project to fail because of rivalries between, or opposition to, those of less immediate

importance.”⁸ This was an expected reaction from a New York paper considering that the resolutions were written by Samuel B. Ruggles, a delegate from the New York Chamber of Commerce. The Boston Board of Trade was more critical of the convention; though participating in good faith, they resented the perceived attempt by Chicago and New York delegates to direct the convention proceedings to their interests, claiming that it was clear that the “*sole design was the aggrandizement of the two cities previously mentioned, at the expense of the United States, under the veil of national military necessity.*”⁹ The typically caustic *New York Herald* ridiculed the delegates as “advocates of everything in general and nothing in particular.”¹⁰ The outlines of the struggle between Boston and New York to curry western favor were clear in the aftermath of the convention, yet doubt still existed over whether the meeting would actually sway Congress.

The canal as a unifying measure, commercially and politically, continued to be a main argument of the pro-canal forces and was embodied in the memorial prepared by the Executive Committee of the convention in New York in October 1863. The memorial adopted reiterated the primary arguments of the June convention: that the canals were “national” in importance, were demanded by “military necessity, political wisdom, and the necessities of commerce” and supported by “every principle of sound political economy.”¹¹ In surveying the memorial, the *Chicago Tribune* effusively praised the resolutions, claiming that “seldom, we think, is the attention of the public called to a document, addressed to questions of such momentous magnitude, more comprehensive, forcible and conclusive, than the one under consideration.” Even more spectacularly, the pro-canal *Tribune* went on to assert that a reader of the memorial would “lose his sense of petty and local prejudices,” and would come to appreciate how “the

⁸ “Results of the Canal Convention,” *The New York Times*, June 8 1863, p. 4.

⁹ Boston Board of Trade, *Tenth Annual Report*, 30.

¹⁰ “Chicago Ship Canal Convention,” *The New York Herald*, June 13 1863, p. 4.

¹¹ “Meeting of the Committee of the National Canal Convention,” *The New York Times*, Oct. 8 1863, p. 2.

most precious interests of every part are identified with the interests of the great whole . . . and will thus become, in the best and broadest sense of the term, a citizen of the United States.”¹²

The lake interests, led by Chicago, pushed hard both in the commercial and regular press for Congress to take action on the matter as a pressing national concern.

Those in the Northwest seeking swift action were soon disappointed. The resolution calling for a system of canals was not reported by Rep. Spalding (R-OH) until January 1864, when it was swiftly referred to the House Committee on Roads and Canals, not to reemerge until March. During March and April, representatives from Illinois battled with skeptical House members from Pennsylvania, including Thaddeus Stevens (R-PA), to keep the issue before the House and finally achieved a postponement to the fall 1864 session. That summer Rep. Isaac N. Arnold (R-IL), a member of the Executive Committee of the convention and point man on the canal issue, gave a speech in Chicago where in the midst of an appeal for the reelection bid of his good friend President Lincoln he summed up the position of the supporters of the various canal projects in the Northwest. Prior to the war, Arnold argued, Congress was under control of “the slave power, [and] lavished its revenues on the South and the Atlantic to the neglect of the Northern frontier and the Northwest.” Arnold’s focus on the antebellum “slave power” was a continuation of pre-war assertions of sectional favoritism by western commercial promoters. He concluded on a note of patience, informing his audience that though “the way is prepared . . . [the canal legislation] only awaits a breathing time of the nation . . . to be practically realized.”¹³

Though the lake interest was strong in Congress, concerns over the state of the national finances and strong anti-canal sentiment in Pennsylvania and along the Erie Canal worked as a counter to

¹² “The Canal Memorial,” *Chicago Tribune*, Oct. 17 1863, p. 2.

¹³ “The Legislation of Congress,” *The New York Times*, July 24 1864, p. 3.

canal appeals, as both the Pennsylvanians and merchants from the interior of New York state viewed the ship canal project as an attempt to bypass their regions. Westerners fell back upon their most consistent argument, namely that the spending would be more than made up by the increase in export revenues brought about by the new canal, and that control over existing routes by certain eastern interests constituted a monopoly over transportation.

Antimonopoly arguments, specifically arguments for increasing competition in transportation by opening new routes, were front and center when debate began on the canal bill in February 1865. Rep. Rufus Spalding (R-OH), a key Ohio Republican and strong advocate of western prerogatives, continued the line of argument of Arnold in pressing for the canal as a national work, important for the “citizens of the Great West who raise mainly the breadstuffs of the nation,” but also for the “great class of consumers in the East, in New England and New York.”¹⁴ Like other representatives such as Arnold, and echoing memorials from commercial bodies such as the Chicago Board of Trade, Spalding stressed that the current routes to the east were simply inadequate and that unless westerners were afforded relief they “must cease producing, or they must suffer their surplus produce to perish in their storehouses.”¹⁵ Spalding spoke not just as a westerner but also as a direct representative of commercial interests as evidenced by a memorial from the Cleveland Board of Trade that pressed upon him the “duty to endeavor to promote the success of this great object.”¹⁶ Arnold rose immediately after Spalding to reiterate the desires of the Northwest, this time relying on statistics on western production provided by the Chicago Board of Trade. Both Spalding and Arnold focused on the issue of

¹⁴ *Cong. Globe*, 38th Congress, 2nd sess., 1865, No. 34: 538.

¹⁵ *Ibid.*, 538.

¹⁶ *Ibid.*, 539.

western production overwhelming the existing lines of transit, and both bolstered their positions by relying on statistics provided by local commercial bodies.

Federal action became necessary in the case of monopoly as those interests who benefitted, characterized by western anti-monopolists as New York-based railroad investors and producers and shippers along the Erie Canal, would fight to maintain their privileges. Rep. James Allen (D-IL) argued that New York “will very certainly not build a canal which will carry our products away from her great metropolis,” and that they would continue to “hold us at her mercy, and compel us to transport our products over her railroads and through her canals.” This attack on monopolies was hammered home by Rep. Ebon Ingersoll (R-IL), who asked his fellow House members to pass the appropriation in order to “weld the East and the West together . . . Railroad corporations will howl . . . but let them howl, and while the railroad corporations and railroad monopolists howl, the teeming millions who enrich this country . . . will rejoice.”¹⁷ In the end, the bill passed comfortably with a vote of ninety-five for and fifty-one against, with thirty-six abstaining.

Though the passing of the Niagara canal measure seemed like a victory for western commercial interests it was short-lived as the bill ran into a difficult roadblock several weeks later in the Senate. Crucially, when the bill was introduced in the Senate it was seen primarily as a military measure and in committee was replaced with joint resolutions calling for appropriations to survey the proposed routes and to estimate costs. The reasoning behind this was explained by Sen. Henry Wilson (R-MA), chairman of the Military Affairs committee. Simply put, Wilson stated that “we have a country to save, rather than one to improve, and we

¹⁷ *Cong. Globe*, 38th Congress, 2nd sess., 1864, No. 35: 545.

have got a Treasury that is quite too poor in money and in credit, to enter upon anything but necessary appropriations.”¹⁸ Ironically, just as southern legislators had prevented federal spending on the west before the war southern soldiers deprived the west during the war, as major internal improvements projects were not deemed as necessary works for a government pressed to the limit fighting an expensive war.

The Niagara canal legislation did not disappear, and its advocates did not stop sending memorials to Congress, but local commercial groups found it difficult to fight for funds for major systems of improvement from the wartime Congress. As much as Republicans promoted developmental politics there were limits to spending on projects that could not be characterized as necessary and without truly national appeal. Appeals to the nationalizing properties of such transportation projects, however, illustrate how central the ideology of union was in the reasoning of merchants. Though not successful in convincing Congress that a ship-canal through Niagara would benefit the entire nation through the increased access to markets for western products, the arguments clearly delineated the developing cooperative efforts of commercial groups to increase competition and link economic regions together.

The creation of a national commercial system necessitated more than just internal improvements however, and local bodies found common cause on other economic issues. Merchants did not think of the parts of the commercial system in isolation; well-educated and cosmopolitan thinkers, they could see commerce in terms of both mechanical and organic metaphors. This explains how merchants could link the issue of transportation with another of the major issues of the day, free trade. Reciprocal trade with Canada, formalized by the

¹⁸ *Cong. Globe*, 38th Congress, 2nd sess., 1864, No. 64: 1019.

Reciprocity Treaty of 1854, had become a hot button issue in Congress at the same time that merchants were fighting over the Niagara ship canal. While not always explicitly linked by merchants, both issues brought out similar arguments and divisions regarding developmental legislation and commercial competition between cities throughout the Union.

Reciprocal trade with Canada became a major issue in 1863 due to the combination of longstanding political opposition to the treaty from regions along the Canadian border and more recent grievances regarding alleged support of the Confederacy by Canadians. In upper New England, fishing interests and the lumber trade in particular faced competition from Canadian producers whose products entered free of duty due to the treaty. These producers also resented the support for the treaty by the merchant groups in Boston and Portland that benefitted from such trade. Opponents also capitalized on the allegation that the Canadian people were actively supporting the Confederacy. Support for the treaty was widespread amongst commercial organizations, and as in the case of the Niagara ship canal debate there was an alliance of interest between groups like the Chicago Board of Trade and the Boston Board of Trade; the former due to access to Canadian markets and the St. Lawrence River, and the latter due mainly to greater access to North Atlantic fisheries but also for access to Canadian markets as well.¹⁹

This alliance of merchants from the lake cities and New Englanders was reinforced by a visit to Boston by westerners in August of 1863, an impromptu visit hastily arranged by the Boston Board of Trade upon learning of the presence of the western men in Portland. At this

¹⁹ For a background on the treaty and the abrogation movement, see Charles Tansill, *The Canadian Reciprocity Treaty of 1854*, The Johns Hopkins University Studies in Historical and Political Science, Series XL, No. 2 (New York: AMS Press, 1983) and Donald C. Masters, *The Reciprocity Treaty of 1854; Its History, Its Relation to British Colonial and Foreign Policy and to the Development of Canadian Fiscal Autonomy*. (Toronto: McClelland and Stewart, 1963). For the Canadian perspective, see Lawrence H. Officer and Lawrence B. Smith, "The Canadian-American Reciprocity Treaty of 1855 to 1866," *The Journal of Economic History* 28, no. 4 (December 1, 1968): 598–623.

meeting, western merchants pressed the issue of access to Canadian markets and transportation routes explicitly; N.K. Fairbank, Vice-President of the Chicago Board of Trade, urged eastern merchants to not close off avenues of trade, warning that western men were “coquetting with Canada, to obtain this result . . . if they could not get to the sea any other way, they must go through British possessions.”²⁰ Produce merchant Jackson Hadley of the Milwaukee Chamber of Commerce backed up Fairbank’s comments by telling the assembled Bostonians that “The West would have its way to the sea . . . New England and New York men must put their shoulder to the wheel, and put their hands in their pockets.”²¹ If Boston and New York wanted access to western trade, then they would have to join in common cause with western merchants in maintaining competitive lines of transit to the seaboard, which meant supporting continuance of the reciprocity treaty.

Attempts to bring up the issue of abrogation had occurred periodically since around 1860, but had never gone very far in Congress. Frustration with Canadian actions during the war and continued rumblings regarding the working of the treaty reenergized anti-reciprocity agitators between 1861 and 1863, and this discontent culminated in a resolution introduced in December 1863 by Rep. Justin Morrill (R-VT) to authorize the President to give notice of the intention of the U.S. to terminate the treaty.²² The resolution emerged from committee in early 1864 now as a resolution calling for a renegotiation of the treaty, a position much more in line with commercial opinion, especially in New York circles. As the debate opened, two distinct positions emerged on the treaty: upper New England interests centered in Vermont and northern Maine that wanted complete termination against the majority of commercial bodies in Boston, New

²⁰ Boston Board of Trade, *Tenth Annual Report*, 41.

²¹ *Ibid.*, 42.

²² *Cong. Globe*, 38th Congress, 1st sess., 1863, No. 2: 19.

York, and the lake states that wanted either continuance of the treaty or a commission appointed to renegotiate terms with Great Britain. As it played out, the debate became increasingly a matter of whether the supposedly politically-driven criticisms of Canadian action would trump the opinion of commercial men that the treaty should continue.

Most commercial groups saw abrogation of the treaty as a retrograde action and supported the appointment of a commission, properly composed with commercial experts, to determine a new treaty. Arguing for this position was Rep. Elijah Ward (D-NY), an attorney with a commercial background from New York City. The charge made by treaty opponents that the United States was the victim of a negative balance of trade with Canada by the export of large amounts of specie was dismissed by Ward as an “airy foundation [upon which] were erected batteries of invective.” Ward conceded that adverse tariffs passed by Canadian provinces had impacted certain U.S. exports, but he urged the House to “be led away by no narrow view, no temporary or transient feeling,” and to appoint a commission to consult the myriad views of the commercial community on the workings of the treaty. The U.S. and Canada, according to a hyperbolic Ward, “subject to a beneficent Providence, control the present condition and shape the future history,” due to their control of the vast North American continent, and as such their commercial relations were of the utmost importance.²³

The western argument for access to markets that was central to their support for the Niagara ship canal reemerged in the reciprocity debate, an illustration of the extent to which the issues were linked in the minds of western commercial interests. The “great commercial fact” of the day, according to Rep. Isaac Arnold, was that the west had “outgrown our canals”, whose

²³ *Cong. Globe*, 38th Congress, 1st sess., 1864, No. 147: 2338.

expansion was needed as proven by the “enormous profits of the great railways, and the extravagant rates of transportation, showing that the quantity to be carried forward is so vast that carriers command their own terms.”²⁴ Echoing the assertions of the Chicago Board of Trade and the Milwaukee Chamber of Commerce members on their visit to Boston, Arnold warned that a “zealous effort” was being made by western interests to “obtain, by Canadian canals, that relief which is . . . denied through our own country and by our own Government,” noting that western states and “the boards of trade of several lake cities” had sent representatives to lobby the Canadian authorities on their behalf.²⁵ Again making a bid to enlist the support of New England representatives, Arnold argued that by “cheapen[ing] the cost of transportation” they would “cheapen every loaf of bread consumed in New England.”²⁶

Opposition to the treaty focused on linking an economic critique of the treaty’s shortcomings to a political critique that linked Canadian malfeasance with patriotic remonstrations. The foremost representative of this view was Rep. Frederick A. Pike (R-ME) who hailed from Calais, a town on the Canadian border in the far northeast corner of Maine, and isolated from the commercial and political centers of Portland and Augusta. Pike deemed the treaty a “continuous and protracted disappointment,” and also reiterated an accusation previously raised by opponents that it was “Canadian money circulating freely here in Washington, lubricating the official channels through which the treaty and accompanying laws had to pass,” along with manufacturing lobbyists that had allowed the treaty to pass.²⁷ Pike continued his refutation of the treaty by criticizing the free trade principles that undergirded the treaty. Extending the treaty and practice of free trade in the coastal trade would expose “the hardy men

²⁴ Ibid., 2368.

²⁵ Ibid., 2368.

²⁶ Ibid., 2369.

²⁷ Ibid., 2365.

scattered along our coast, who pay our taxes and upon whom in peace and war the Government must lean for support, to a competition with people who have cheaper wood, cheaper iron, and cheaper labor.”²⁸ The free trade notion that “the world was governed too much” needed to be overthrown, according to Pike. Pike’s implication was clear: the free trade allowed under the treaty hurt American laborers and hurt the war effort.²⁹

The decision to postpone consideration of the issue until December 1864 turned out to be extremely consequential as wartime events intervened in the matter and thrust political posturing into the debate, much to the dismay of supporters of the treaty. On October 19th twenty-five armed men raided the border town of St. Albans, VT, and fled back to Canada with \$150,000 and after shooting five Americans. Later revealed to be self-proclaimed Confederate raiders exacting revenge for Union actions, their capture and subsequent trial first intrigued and then incensed the Union as they were released by Canadian authorities in early December due to doubts over jurisdiction. The St. Albans Raid had an undeniable effect on the Congressional debates over the reciprocity treaty by giving substance to the allegations of Canadian sympathy for the southern cause, and ensuring that no discussion of the treaty could avoid the political ramifications of the raid.³⁰ On December 13th, the day of the release of the raiders, the House passed the resolution to send notice of abrogation by a vote of 85 to 57, with 40 abstaining, and sent the resolution to the Senate.³¹ On Dec. 19th the Committee on Foreign Relations in the Senate reported the resolution open to consideration, along with a number of memorials from

²⁸ Ibid., 2366.

²⁹ Ibid., 2366.

³⁰ “The War in Vermont,” *New York Times*, Oct. 20 1864; “The St. Alban’s Raid,” *Chicago Tribune*, Oct. 23 1864; “Excitement at Toronto,” *New York Times*, Dec. 14 1864; “The St. Albans Raiders,” *Chicago Tribune*, Dec. 15 1864.

³¹ *Cong. Globe*, 38th Congress, 2nd sess., 1864, No. 2: 33.

commercial groups remonstrating against abrogation and, not surprisingly, a number from Vermont calling for abrogation.³²

In the Senate debate that followed the opponents of the treaty attacked the commercial groups that supported reciprocity and called into question the status of merchants as spokesmen for the public good. Sen. Zachariah Chandler (R-MI), a former merchant and mayor of Detroit, took issue with Sen. Alexander Ramsey's (R-MN) suggestion that a memorial from the Detroit Board of Trade could represent the commercial opinion of Michiganders on the treaty. "That board of trade," Chandler asserted, "does not represent the state of Michigan, or the interests of the state of Michigan," and he went on to assert that the treaty was hostile to every interest in the state excluding "the few men in the Board of Trade in the city of Detroit, who are engaged in receiving and forwarding Canadian produce."³³ Chandler, claiming to speak for the true interests of the state, dismissed commercial opinion as biased due to the very particular nature of their profession and their relationship to the Canadian trade, despite the fact that Chandler himself highlighted particular trades, such as the lumber trade, to represent the "general interest" of Michigan. In the end, the actual vote was a formality, as the joint resolution passed the Senate and eventually led to abrogation in 1866.

Local commercial groups failed in their attempts to achieve passage of developmental legislation in both the Niagara ship canal and reciprocity treaty cases, but within these failures were the seeds of a new strategy. So long as their efforts were only loosely organized the opinions of organized merchants on economic policy could be ignored or dismissed as unrepresentative of any general interest. Commercial groups also confronted a different problem

³² *Cong. Globe*, 38th Congress, 2nd sess., 1864, No. 5: 71.

³³ *Ibid.*, 230.

when the issues they supported were politically unpopular. Though politically astute in most cases, merchants typically had little patience for the partisan give-and-take that characterized the legislative process. By 1865, merchants thus found themselves at somewhat of a crossroads. With the war approaching an end, the country would be faced with a massive project of political and economic reconstruction, and if merchants wanted to have a stronger voice in the debates regarding how this process would play out they would need to find a way to reconcile their natural competitiveness with the increasingly clear need to cooperate.

Breaking Ground: “Earnest men alive to their country’s true interests”

While attempting to influence Congress on the ship canal and reciprocity issues local commercial groups also continued to try and influence legislation in other areas of commercial policy. Following the political failures of 1863 and 1864, however, by early 1865 merchant bodies sought a new strategy in an attempt to more effectively influence economic legislation. Frustrated by their inability to influence Congressional action separately, by 1865 the leaders of the major commercial groups across the Union were moving toward the idea of a national commercial association as the answer to their problems.

From the end of the Ship Canal convention in 1863 through the canal and reciprocity debates in Congress in 1865, commercial groups continued to work on lobbying state legislatures and Congress for legislation pertaining to transportation improvements, changes to the national financial system, and tariff and tax legislation, and it is not surprising to find commercial groups very often combining forces. For example, in early 1864 the Philadelphia Board of Trade and Boston Board of Trade petitioned Congress together for changes to the Confiscation Act of 1863

to protect the claims of northern creditors in cases of confiscation of southern property.³⁴

Members of the Boston Board also met before Congress with a delegation from the New York Chamber of Commerce in April 1864 to protest a sudden change in the regulations governing the collection of import duties.³⁵ Conflicts of interest continued to arise, but commercial groups were often able to find common ground on wartime legislation.

Merchants were not always the initiators in this relationship either, as legislators often solicited commercial opinion on certain matters of policy. In February 1864, for example, then Secretary of the Treasury Salmon P. Chase wrote the New York Chamber of Commerce to appoint members for a “Commission named . . . to revise and codify the revenue laws and to amend their administration,” an issue that had been a grievance among merchants.³⁶ Noting that legal advice on modification was not enough, Chase desired the “commercial experience which has grown up under the practical administration of the laws” that the New York Chamber could provide.³⁷ Requests for advice on economic matters from politicians were a common occurrence. Over time, the memorials, letters, and visits to Washington created lasting personal friendships between legislators and merchants. It is fair to say that merchants “had the ear” of a number of influential policymakers in Washington, but this alone did not guarantee positive action. The lack of a single voice speaking for the commercial class meant that local groups were often working at cross-purposes.

³⁴ Boston Board of Trade, *Eleventh Annual Report of the Government, Presented to the Board at the Annual Meeting, on the 11th January 1865* (Boston: Press of T.R. Marvin & Son, 1865), 15.

³⁵ *Ibid.*, 23-24.

³⁶ Feb. 19 1864, p. 1, Box 477, Series VI: Committees, 1822-1972, Sub-series VI.2: General Committees, 1822-1973, New York Chamber of Commerce and Industry Records (hereafter NY COC Records), Columbia University Rare Book and Manuscript Library (hereafter Columbia University RBM).

³⁷ Feb. 15 1864, p. 281, Box 398: 1858-1868, Series VIII: Member Meeting Minutes, 1768-1973, NY COC Records, Columbia University RBM.

As Congress debated the Niagara ship canal and reciprocity legislation from late 1863 through early 1865, commercial organizations continued to attempt to curry favor with legislators and to push public opinion toward their positions. Near the end of 1863 A.A. Low, the president of the New York Chamber of Commerce and delegate to the Ship Canal convention, noted to the Chamber that during a trip to Washington he had “found the Government alive” to the necessity of a ship canal.³⁸ In 1864, the Boston Board of Trade twice sent their secretary Lorenzo Sabine to visit Washington to meet with the House Committee on Commerce then dealing with reciprocity to plead for the “*revision* rather than the *abrogation* of that compact.” In a report to the Board he expressed the strong stances in support of reciprocity and free trade taken by the Bostonians in lamenting that he “supposed that in commercial freedom, and of consequence, in the promotion of human brotherhood, there is no recession. *Is the case before us to stand in history as an exception?*”³⁹ The Baltimore Board of Trade sent circulars to the major commercial bodies in April 1864 with a resolution supporting the “free commercial intercourse” between the Union and Canada that would be preserved if abrogation failed. As the interventions of the government increased, so did the number of visits and memorials from merchant bodies.

Following the decision on abrogation in Congress in January 1865, commercial bodies in the west and in New England that had supported a revision of the treaty began to organize a coordinated response to the action. In February the Boston Board of Trade sent out invitations to the four western organizations that had visited Boston the previous August to come again for a formal meeting on economic issues in June.⁴⁰ Before this meeting could take place, the western

³⁸ Dec. 3 1863, p. 267, Box 398: 1858-1868, Series VIII: Member Meeting Minutes, 1768-1973, NY COC Records, Columbia University RBM.

³⁹ Boston Board of Trade, *Eleventh Annual Report*, 42; 62.

⁴⁰ Boston Board of Trade, *Twelfth Annual Report of the Government, Presented to the Board at the Annual Meeting, on the 10th January 1866* (Boston: Press of George C. Rand and Avery, 1866), 15, 25.

boards took direct action responding to the reciprocity abrogation vote. In early April the Detroit Board of Trade sent out a circular calling for a commercial convention in Detroit in July. Joseph Aspinall, the president of the Detroit Board of Trade and author of the letter, argued that it was proper for the “business men of this country, through their several Boards of Trade and Chambers of Commerce, to meet in council, to discuss matters of Finance and Commerce, and thus give to the people at large the life-long experience of men devoted to commercial affairs.”⁴¹ The letter went out to every major commercial body in the Union and Canada, and as the spring wore on more and more organizations accepted the invitation.

The meeting of seventy-two delegates from five different western commercial organizations in Boston in June 1865 thus served as a prelude to the much larger gathering planned for July in Detroit, with the merchants involved making a clear case for why the country needed to listen to the commercial class. Commission merchant and George C. Richardson, the president of the Boston Board of Trade, laid out the meaning of the occasion in his formal greeting on June 7th:

The interests are truly national that we represent. The commercial interest that is already formed, and is being formed, is assuming the great dimensions which we see from day to day, and is becoming a part of our national existence, and so important, that it should assume form and shape like the other great interests of the country.⁴²

Richardson echoed the claims made by both supporters of the Niagara canal and the reciprocity treaty by asserting the place of merchants as promoters of the national interest. By integrating the ideology of economic nationalism into their rhetoric, commercial bodies attempted to fashion

⁴¹ Detroit Commercial Convention, *Proceedings of the Commercial Convention, Held in Detroit, July 11th, 12th, 13th, and 14th, 1865* (Detroit: Advertiser and Tribune Company Print, 1865), 4.

⁴² Boston Board of Trade, *Twelfth Annual Report*, 26-27.

their self-interested pursuit of economic legislation as representative of a more general nationalist vision of development.

The visitors to Boston added the language of the commercial commonwealth to the conversation by focusing on the unique ability of merchants to unify the north, south, and west through the shared relationship of commerce. Charles Randolph, the president of the Chicago Board of Trade, referring to the recent end of the great national nightmare of war and looking forward to the rebuilding of the country opined that “We feel that now it is particularly becoming us to adopt any and every means calculated to cement us together as a great and united nation.” Noting that a great many Chicagoans possessed roots in “New-England training and culture,” he expressed the desire to seek “more hearty co-operation in all questions of true national policy” with the Bostonians. George F. Davis, president of the Cincinnati Chamber of Commerce, added to Randolph’s sentiments in believing that “our whole country is to be united under the influence of commerce and internal trade,” and if they were to “bridge all the differences between us” as they had bridged the mighty Ohio and Mississippi rivers the country would be “bound together with strength, and with bonds stronger than bands of iron.”⁴³ George F. Bagley, vice-president of the Detroit Board of Trade, hoped to see the Bostonians at the Detroit convention the following month in order to continue to strengthen “those commercial links that bind us all together as one grand Board of Trade.”⁴⁴ The prevalence of the argument for using commercial connections as a method for the creation of a stronger national political union further exemplified the move toward an associational strategy on the part of major commercial organizations in early 1865.

⁴³ Ibid., 28-29.

⁴⁴ Ibid., 33.

The growing necessity for a more unified voice for merchants found a helpful partner in advocacy in the commercial press, whose foremost journal contemplated the associational impulse among commercial groups. Writing in anticipation of the Detroit convention, in June 1865 the *Merchants' Magazine and Commercial Review*, while granting that local commercial groups had achieved great things for their communities, wondered if they could be more successful “if there was a central head uniting these different bodies, and making them one in purpose?”⁴⁵ The journal argued that since “commercial questions” had assumed a greater importance over the course of the war there should be an annual convention where “all commercial questions agitating the country could be fully discussed, and the voice of the convention when expressed would carry far greater weight with it than does the separate action of these different bodies.”⁴⁶ Remarking that the visits of merchants to Portland and Boston were “not national, but sectional,” the paper expressed hope that the upcoming Detroit gathering would be “composed of earnest men alive to their country’s true interests,” and that they would be successful in forming a “permanent organization” so that the “voice of our merchants would thus be heard, and exert the influence it should on all matters affecting the great mercantile interests of our country.”⁴⁷ This organ of commercial opinion accurately and succinctly reflected the extent to which the leading merchant organizations had adopted economic nationalism as a unifying creed.

The ideology of economic nationalism articulated by merchants between 1863 and 1865 was very much a case of old wine in new bottles. As has been shown by scholars such as John Lauritz Larson and Cathy Matson among others, appeals to republican ideals of improving the

⁴⁵ “A Convention of Merchants,” *Merchants' Magazine and Commercial Review*, Vol. 52, No. 6 (Jun. 1 1865): 437.

⁴⁶ *Ibid.*, 437.

⁴⁷ *Ibid.*, 437-438.

commonwealth were standard boilerplate for the justification of economic legislation going back to the era of the Confederation; what is sometimes lost is the fact that merchants often served as the progenitors of such arguments. In the 1840s and 1850s, however, such appeals were often undermined by Democratic fears of “systems” of improvement and the charges of sectional favoritism that were latent in any major economic debate at the national level. The disintegration of the Whig Party, the ideological heirs to the systematic economic nationalism of National Republicans like John Quincy Adams, further hindered the proponents of such a position in the 1850s. The Republican Party, as a number of scholars have argued, revitalized this national vision with their wartime economic program.⁴⁸ Merchants representing the major commercial organizations throughout the Union attempted to take advantage of this shift in the political climate by framing their policy appeals in the language of commercial unity.

The developing relationship between policymakers in Washington and commercial bodies was primarily a function of the continuing complications of fighting the war while maintaining a stable economy. As Mark R. Wilson has rightfully pointed out, the war was a mammoth “economic project,” and as such precipitated the immense increase in economic legislation.⁴⁹ Debates relating to tariffs, banking, war bonds, and of course transportation and trade such as those dealing with the Niagara canal and reciprocity dominated Congressional sessions from 1862 through 1865. This was not merely a response to a crisis, however, as economic interventionism was a central ideological tenet of the Republican Party. This interventionism, seen in the context of the war effort, was not just political opportunism but a

⁴⁸ For the role of the Whigs in developing this ideology, see Howe, *The Political Culture of the American Whigs*. For a more thorough examination of the relationship between government and economic development in the antebellum period, see Larson, *Internal Improvement*; John Lauritz Larson, *The Market Revolution in America: Liberty, Ambition, and the Eclipse of the Common Good* (New York: Cambridge University Press, 2010).

⁴⁹ Wilson, *The Business of Civil War*, 1.

real attempt to implement economic policy in the name of national unity. It was in this fashion, as a number of scholars have argued, that the Republican form of economic nationalism was created, and this economic nationalism constituted a counterpart and complement to post-war Reconstruction. Merchants played a direct role in this process through their participation in attempting to shape these debates.⁵⁰

The Detroit International Commercial Convention was the most important step taken toward the goal of a unified and organized merchant interest on a national scale. As delegates began arriving in a Detroit energized by the convention set for July 11th through the 14th Detroit citizens were urged by the Detroit Board of Trade to “open their houses and entertain as many of the delegate as possible.”⁵¹ The enthusiasm was not unwarranted, as the Detroit convention was the largest gathering of commercial talent, in both size and geographical representation, that the continent had ever witnessed. In all a total of twenty-eight commercial organizations from the Union, and fifteen from Canada, answered the call for delegates, with the total number of representatives reaching nearly five hundred.⁵² In this regard the Detroit convention was distinctly new due to the fact that only commercial organizations were invited to send delegates.

⁵⁰ On Republican economic nationalism in specific reference to wartime legislation see Richardson, *The Greatest Nation of the Earth*, 1-7; For Lincoln’s role in promoting economic nationalism, see Theodore Sky, *To Provide for the General Welfare: A History of the Federal Spending Power* (Newark: University of Delaware Press, 2003), 243–261.

⁵¹ “The Detroit Convention,” *Chicago Tribune*, June 30 1865.

⁵² Territorial breakdown: New England (MA, CT, ME, RI, NH, VT), Middle Atlantic (NY, NJ, PA, DE, MD), Northwest (OH, IN, MI, WI, IL), and West (MO, IA, MN) for the United States. For Canada: Canada West, Canada East, and the Maritime Provinces. Breakdown of commercial bodies in Detroit is as follows:

New England – 4	Canada West – 9
Middle Atlantic – 10	Canada East – 3
Northwest – 12	Maritime Provinces – 3
West – 2	

In order to try and combat the interference of partisan politics from the proceedings, the organizers simply left the politicians out.

This division was in itself recognition of the progress made by commercial men in establishing representative bodies to assert a self-conscious “business” perspective. The previous commercial conventions, both the periodic special meetings devoted to certain issues and the regular meetings of the Southern Commercial Congress in the 1850s, had mixed representations of businessmen and politicians as delegates.⁵³ This decision had a profound effect on the entire tone of the convention. Delegates were expected to arrive ready to discuss issues from a strictly “business” point of view. This stance was defined explicitly as a rejection of partisanship and the perceived biases that overtly political questions brought into a debate. The experiences of attempting to influence policy during the previous four years had convinced merchants that political meddling blunted the force of their suggestions. The economic activism of the Republicans thus could be a double-edged sword for merchants; though supporting the necessary role of government in the economy, businessmen were wary of the possibility of partisan politics corrupting policymaking.

The agenda for the convention was left fairly open, and it was filled with such subjects for consideration as the finances of the country, transportation improvements, and commercial regulations in general, but it was clear going in that the two main subjects were the reciprocity treaty and the ship canal issue specifically. That the reciprocity issue was a main concern was pointed out by a correspondent from the *Chicago Tribune* who claimed that the Detroit Board would attempt to curry favor to stop abrogation along with the Canadian delegations, though the

⁵³ For the Southern Commercial Conventions see Johnson, *The Men and the Vision of the Southern Commercial Conventions*.

Chicago reporter noted that it would take “very large promises to wipe out the recollection of the St. Albans’ raid and such other reminiscences” of wartime events.⁵⁴ On the ship canal issue, the reporter asserted that “strong efforts will be made to kill the project by a combination of St. Louis and New York interests,” while Chicago, Milwaukee, Cleveland and Detroit would need to “stand shoulder to shoulder” to fend them off.⁵⁵ It was clear going into the convention then that despite the rhetoric regarding cooperation and unity the old problem of commercial rivalries was still present.

The convention settled down to business on July 11th in the Detroit Board of Trade building, beginning with a welcoming address by Joseph Aspinall, author of the circular letter and president of the Detroit Board. Speaking to the meaning behind the convention, Aspinall argued that due to the “fierce blows” that the war had made to commercial dealings in the country, and the “large debt and burdensome taxation” laid upon the commercial class, that “the commercial men of the country feel that they have special claims on the Government.”⁵⁶ With what was certainly an implied reference to the commercial debates in Congress over the past several years, Aspinall went on to assert that as “business men are the best judges of their own wants, and what will most conduce to their prosperity; therefore, it behooves them to take deeper interest in governmental affairs.”⁵⁷ Declaring it a “propitious time for business men to meet in council,” Aspinall wished the delegates luck and expressed the hope that they would succeed in starting a “system of periodical Conventions of Commercial Associations” that would carry the “weight and influence that will command respect.”⁵⁸

⁵⁴ “From Detroit,” *Chicago Tribune*, July 10 1865.

⁵⁵ *Ibid.*

⁵⁶ Detroit Commercial Convention, *Proceedings*, 8.

⁵⁷ *Ibid.*, 8.

⁵⁸ *Ibid.*, 9.

The connection between merchants, economic policymaking, and republican values was made explicit early on by the man chosen to preside over the convention, Hiram Walbridge of the New York Chamber of Commerce. As a Congressman who had advocated federal spending on railroads in the 1850s, Walbridge was a well-known and thoughtful promoter of closer relations between businessmen and government. Grandly attributing the ending of the rebellion to “the exertions of the men of business in this country,” Walbridge confidently predicted that these businessmen would continue to enlarge their “legitimate influence in the administration of public affairs.”⁵⁹ Invoking a common argument of merchants, Walbridge continued by asserting that “the Constitution of the United States itself resulted from the necessities of Commerce,” and that if the nation would continue to “sustain the commercial men of the country” they would do their part to “uphold the Constitution of the country, and maintain the honor and glory of the republic.”⁶⁰ Whereas soldiers fought and bled on the battlefield to sustain the nation, merchants could defend the republic by exerting their influence on the important economic decisions being made by the government. By reinforcing their common connection as merchants, Walbridge hoped to find common ground for commercial men and to solidify their claim to stewardship for the nation.⁶¹

⁵⁹ Ibid., 26.

⁶⁰ Ibid., 27.

⁶¹ The characterization of the Constitution as a document supporting commercial expansion is an old one, prevalent among merchants in the nineteenth-century and historians in the twentieth. Probably the most famous example of this idea is the Beardian interpretation of the Constitution as the product of the economic interests of its authors. This interpretation has been modified or abandoned by many scholars, but interest in the commercial roots of the convention of 1787 remains high. For more recent studies of the commercial interpretation of the Constitutional era, see Matson, *A Union of Interests*; Max M. Edling, *A Revolution in Favor of Government: Origins of the U.S. Constitution and the Making of the American State* (New York: Oxford University Press, 2003); John E. Crowley, *The Privileges of Independence: Neomercantilism and the American Revolution* (Baltimore: The Johns Hopkins University Press, 1993); Peter McNamara, *Political Economy and Statesmanship: Smith, Hamilton, and the Foundation of the Commercial Republic* (DeKalb: Northern Illinois University Press, 1998); Donald J. Pisani, “Promotion and Regulation: Constitutionalism and the American Economy,” *The Journal of American History* 74, no. 3 (December 1, 1987): 740–768.

The organization of the convention, however, illustrated just how indebted merchants were to the belief that they were a counterpart to a legislative assembly, and the difficulties commensurate with establishing such a body. Faced with a claim from the Chicago Board of Trade that they faced “virtual disfranchisement” if they held no more influence than “the town of Kalamazoo,” the convention decided upon a system of representation where each body was granted votes based on the number of votes their state held in the electoral college.⁶² The western press did little to quell the discontent evinced by the Chicago delegates, and rumblings from correspondents to the convention suggested deeper misgivings among other bodies as well. The *Chicago Tribune* concluded after only the first day that the whole convention had been “cut and dried in advance” by a “clique . . . of political mountebanks and commercial and stock-jobbing adventurers, the leadership and moving power being in New York.”⁶³ These early rifts highlighted the difficulties faced by the convention. Though these local bodies were familiar and well-versed in pursuing cooperation with each other on certain issues, entering into a formal body and abiding by decisions reached by the majority introduced a level of dependency that previously did not exist. Put simply, these merchant groups were wary of waiving their independence for the sake of unity.

While the convention was a product of the proximate issues of the Niagara ship canal and reciprocity, the gathering of merchant talent brought to fruition the more long-term goal that had been percolating amongst commercial groups for years: the formation of a national association. On the second day of the Detroit meeting this idea was given substance when James C. Converse of the Boston Board of Trade advanced a resolution calling for a committee to consider “the

⁶² Detroit Commercial Convention, *Proceedings*, 36-38.

⁶³ “The Detroit Convention,” *Chicago Tribune*, July 12 1865.

expediency of organizing a National Board of Trade, in order to promote by constant, systematic and permanent plans of action the various commercial, financial and industrial interests of the United States.”⁶⁴ The idea for a National Board of Trade had roots most explicitly in an 1859 report delivered to the Boston Board by their stalwart Secretary Lorenzo Sabine. Sabine was a man of diverse interests having worked variously in newspapers, as a customs collector, and writing histories of the early United States. In compiling the annual report for the Board in 1859 he included a history of commercial associations in England and the United States where he concluded by suggesting that it was necessary for the federal government to create a body that would “possess, as closely as the nature of our institutions will allow, the powers of the Board of Trade of England,” essentially an argument for a department of commerce.⁶⁵ As it happened, Sabine was also in Detroit to speak to the issue directly.

Sabine laid the groundwork for the committee report by stressing the same points as Aspinall and Walbridge had earlier, namely that commercial interests deserved a more substantial direct influence upon economic policymaking. Bluntly, Sabine asserted that “Merchants do not possess the influence which belongs to them in the councils of the nation,” and he concluded that only one thing could remedy this, “a National Board,” as he had concluded in 1859.⁶⁶ It was the duty of the federal government to help in the creation of a body that would relieve both the Treasury Department and local bodies of the burden of debating national commercial policies. Designed for a nation of much more modest economic means, the Treasury Department had become overwhelmed with duties. Further, merchants had a “right” to expect the government to help bear the burden of commercial bodies as “many of the questions which these

⁶⁴ Ibid., 42.

⁶⁵ Boston Board of Trade, *Fifth Annual Report*, 30.

⁶⁶ Detroit Commercial Convention, *Proceedings*, 116.

Associations are required to entertain are, either incidentally or directly, national in their character.”⁶⁷ The government had a duty to merchants, Sabine felt, because merchants had been overburdened due to their feelings of duty toward the nation. In a nutshell, it was time for Congress to repay commercial men for their devotion to the nation by creating a governmental institution that would deal with the myriad commercial issues facing merchants.

The need for a national body came not only from the burdens of commercial bodies and the inadequacy of federal organizations, but also the need to encourage closer and more cordial relations between businessmen and the government. The problem, the report of the committee on a National Board argued, was that previously “local and political reasons . . . controlled questions of pure political economy, so they divided the mercantile classes,” which had led to a false relationship for “as the interest of the government and the trade are one, so their unity should be more apparent.”⁶⁸ If the “trading classes” were only to trust that “the General Government is disposed help them [sic], to listen to their complaints” then businessmen would be more willing to cooperate with government policies.⁶⁹ This understanding of the business/government relationship laid the blame for their antagonism on the localism and partisanship that had misrepresented the true nature of their connection. Merchants needed only to purify political economy through an organization designed to bring business and government more closely together.

Merchants thus had two goals in mind, that of encouraging greater government involvement in managing commerce and to increase merchant influence, and so the report of the committee put forward resolutions to meet both. The committee suggested two options: the

⁶⁷ Ibid., 117.

⁶⁸ Detroit Commercial Convention, *Proceedings*, 196.

⁶⁹ Ibid., 196-197.

creation of a “political board or department” with official recognition from the government, or a “voluntary association of the commercial and mercantile interests,” and recommended that both be pursued.⁷⁰ The first plan mirrored Sabine’s suggestions for a permanent government body devoted to commercial questions, while the second suggested something closer to the local commercial groups already in existence, but on a national level. As the issue was first suggested by the Boston delegates, the resolutions passed by the Detroit Convention tasked the Boston Board of Trade with soliciting the “Boards of Trade and Chambers of Commerce of the United States, to submit a plan for a National Chamber of Commerce,” and then to pick from the plans submitted.⁷¹

The convention adjourned on July 14th with the delegates full of optimism, but in the public arena there were significant doubts as to whether the gathering had accomplished anything at all. The New York-based periodical *The Independent* was quite harsh; despite the paper looking “forward with a good deal of interest to its deliberations,” it lamented with some justification that “sectional jealousies gave rise to such wordy debates that there was really very little time for anything else.” The convention was, they concluded, “a summer diversion, and we shall probably hear of it no more.”⁷² The *Chicago Tribune* took particular issue with the reciprocity debate, and were upset at what they felt “a meaningless declaration on the subject of Reciprocity.”⁷³ Much more favorable was the *New York Times*; noting that the United States “owe much to their commercial men,” the paper argued that “with particular satisfaction . . . every patriot should view the endeavor recently made at Detroit, by our commercial men . . . to

⁷⁰ Ibid., 195.

⁷¹ Ibid., 201.

⁷² “Commercial and Financial: The Great Commercial Congress,” *The Independent, Devoted to the Consideration of Politics, Social and Economic Tendencies, History, Literature, and the Arts*, Vol. 17, No. 868 (July 20, 1865): 8.

⁷³ “The Detroit Convention,” *Chicago Tribune*, July 15 1865, p. 1.

assume the position to which their wealth and numbers, no less than their intelligence and devotion to their country entitle them.”⁷⁴ There were clearly some doubts as to whether the resolutions passed would be considered by Congress, and if the convention was little more than a gathering of hot air.

The Detroit convention marked an important step in the development of an organized commercial interest at the national level. By bringing merchants together and attempting to block political discussions from marring commercial debates, the delegates at Detroit set a precedent for future gatherings. Even more significantly, the merchants in Detroit had laid the groundwork for a permanent organizational response to the problem of commercial influence in economic policymaking with the National Board of Trade resolution. This resolution planted the seeds of action amongst the various bodies at Detroit; though initially blossoming with the Boston delegates, the enthusiasm for a new, more permanent organization would quickly spread over the months following the convention of July 1865. This enthusiasm would culminate in another convention dedicated to guiding the commercial hand of the government. This new convention, however, would meet with the conviction to turn the sporadic meetings of merchants into something more lasting and influential for a rebuilding nation.

Ribbon-Cutting: A “Broad stride in the science of commerce”

Following the Detroit Convention, the commercial groups that participated took stock of the accomplishments of the meeting and came to different conclusions based on their relative success in gaining a hearing for their resolutions. The Boston Board of Trade, feeling obligated to help those “who went from our hearthstones” to settle in the west, explained their support for

⁷⁴ “An American Commercial Policy,” *New York Times*, July 24 1865, p. 4

western measures by stating that they “could not deny our countrymen who live far inland the privilege of seeking the ocean.” Noting that “The influence of the Convention upon the policy of the country remains to be seen,” the Boston Board concluded that the meeting of so many merchants was “itself a great good.”⁷⁵ The delegation from the New York Chamber of Commerce reported back to the Chamber that they had represented the group at the convention with their wish to “give their hearty support to all measures proposed for facilitating the transportation of their products to market,” an obvious nod to the western orientation of many of the propositions discussed at the convention.⁷⁶ Not all of the organizations were as kind; the Philadelphia Board of Trade delegates reported back that it was “ominous” that the program “did not include the industrial interests of the country in their relations to production,” but even they were optimistic about the national board of trade resolutions, noting that such an organization could “combine and harmonize all the business interests of the country, and prevent the prevalence of conflicting opinions on subjects concerning which we are often at variance.”⁷⁷

Though the ship canal and reciprocity issues continued to occupy the attention of commercial groups, the idea for a National Board of Trade began gaining traction amongst a number of bodies in the two years following the Detroit convention. The Boston merchants tasked with developing a plan for such an organization set to work in late 1865, sending out communications asking for the views of other commercial groups in relation to the proposition.⁷⁸ Following this initial call, however, the Bostonians apparently put the issue on the back burner. This inaction led to some dissatisfaction; the Philadelphia Board of Trade complained in its

⁷⁵ Boston Board of Trade, *Twelfth Annual Report*, 50.

⁷⁶ New York Chamber of Commerce, *Eighth Annual Report*, 35.

⁷⁷ Philadelphia Board of Trade, *Thirty-Third Annual Report of the Philadelphia Board of Trade* (Philadelphia: J.B. Chandler, Printer, 1866), 1, 11, Philadelphia Board of Trade Annual Reports, HSP.

⁷⁸ Dec. 14 1865, p. 468, Box 398: 1858-1868, Series VIII: Member Meeting Minutes, 1768-1973, NY COC Records, Columbia RBM.

annual report for 1866 that it had “perfected and forwarded” a plan to the Boston Board as per their instructions but as of February 1867 no response had been received. Noting this silence, the Philadelphians “hoped that their action” would not be long in coming as “there are many valuable interests which could be more easily promoted through the agency of such an institution.”⁷⁹ They would have to wait until the summer of 1867 for the Boston Board to finally act.

In mid-1867, a plan to meet for another convention in Cleveland produced by western commercial groups fell apart, and under further urging from the Detroit Board of Trade in October the Boston Board created a committee to consider the issue of creating a national board of trade or chamber of commerce. After “much correspondence” with other bodies, the Bostonians decided to hold another commercial convention the following February, with each organization invited accorded one delegate per fifty members of their organization, a move that gave greater weight to the larger bodies and was likely prompted by the near walkout of Chicago delegates in Detroit. The Boston meeting would take up myriad economic issues as the Detroit gathering had, but the central focus of this new meeting was the creation of a permanent body.

The Boston gathering was similar to the Detroit gathering in that it was motivated by a longer-term goal (the Detroit national board resolutions) but also more pressing immediate concerns, in this case the issue of the national financial situation. Fears surrounding the status of debt accrued by the wartime government, and its effects on the postwar economy, had become a vital concern of all the major commercial organizations in the aftermath of the war.⁸⁰ The belief

⁷⁹ Philadelphia Board of Trade, *Thirty-Fourth Annual Report of the Philadelphia Board of Trade* (Philadelphia: J.B. Chandler, Printer, 1867), 14.

⁸⁰ Boston Board of Trade, *Fourteenth Annual Report of the Boston Board of Trade for the Year Ending January 8th, 1868* (Boston: J.H. Eastburn’s Press, 1868), 100-101, 59-60.

that paper money had been a wartime emergency measure and was never intended to replace hard currency (specie) was very strong in the banking community, especially on the east coast. In the west, the issue was complicated by a history of instability within the banking system, especially in the 1850s when so-called “wildcat banks” had issued spurious currency. Compounding these fears of financial corruption was the belief held by many westerners, dating also to the 1850s, that eastern banks monopolized financial instruments and that this lack of a circulating medium had inhibited western growth. Just as transportation improvements and reciprocity had done previously, the “currency question” became an issue that precipitated action by organized merchants.⁸¹

The National Commercial Convention that opened on the February 5th 1868 was the foundational moment for the creation of the National Board of Trade. Two hundred and forty-five delegates representing thirty-six associations from thirty-two cities convened in the “Athens of America”, and these men and associations would constitute the core of the National Board, and the subjects of the meeting were to become standard issues of debate for the association for many years. It was the culmination of the associative idea among merchant organizations, and occurring as it did in the midst of the early period of Reconstruction makes avoiding political parallels unavoidable. As the secretary of the conference Hamilton Hill reflected afterward, the meeting was characterized by a “national” feeling amongst the delegations, and noting a resolution passed referencing the defeated southern states Hill proclaimed “It was an earnest of the Union which is to be.”⁸² According to Hill, commercial gatherings between merchants from

⁸¹ On the finance question, see Irwin Unger, *The Greenback Era: A Social and Political History of American Finance, 1865-1879* (Princeton: Princeton University Press, 1964); Robert P. Sharkey, *Money, Class, and Party: An Economic Study of Civil War and Reconstruction* (Baltimore: The Johns Hopkins University Press, 1959); Ritter, *Goldbugs and Greenbacks*.

⁸² National Commercial Convention, *Proceedings of the National Commercial Convention, Held in Boston, February, 1868* (Boston: J.H. Eastburn’s Press, 1868), vii.

north and south would “do more perhaps than anything else to hasten the day” when the wounds of civil conflict would be mended through commercial relations.⁸³

The theme of commercial union was reiterated in the opening addresses of the convention. Greeting the delegates was Charles G. Nazro, an importer of West Indian goods and president of the Boston Board of Trade, who set forth the meaning of the meeting with his opening remarks:

Noble emulations and friendly intercourse between the different members of our great family will in the end not only produce material gain to each part, but will serve to knit closer the bands by which we are held together as a body politic; and the glorious motto “*E Pluribus Unum*” shall be true not only in a governmental, but in a social and commercial acceptance.⁸⁴

As in Detroit, the hope that the commercial representatives of the different sections of the country could reconcile their competing interests for the good of the whole was a central organizing theme. It was this grand idea as well that would form the ideological foundations of the National Board.

The insistence on attempting to prevent the influence of private interests upon the proceedings, both for organizational and rhetorical reasons, was tested early on the first day of the convention. Horace H. Day, a manufacturer, canal-builder and mill owner from Niagara Falls, NY, desired entry to the convention, presumably to advocate for the Niagara ship canal, an issue he had memorialized Congress on before.⁸⁵ Though some delegates were perfectly willing to allow Day entry, Philo Chamberlin of the Cleveland Board of Trade and E.A. Souder of the

⁸³ Ibid.

⁸⁴ Ibid., 2.

⁸⁵ United States Census Office, 10th Census, *Statistics of Power and Machinery Employed in Manufactures: Reports on the Water Power of the United States, Part I: Report on the Water-Powers of the Drainage Basins of Lakes Huron and Erie in the United States, With Report on the Water-Power of the Niagara River* (Washington, D.C.: Government Printing Office, 1885), 12.

Philadelphia Board of Trade protested. The reason for refusal, explained Souder, was that if “he should be admitted, it would open the door for the admission of the representatives of various private interests,” interests that might corrupt the deliberations of the body.⁸⁶ This view carried the day, and while Day was admitted he was not allowed to vote or speak before the convention. The implication was clear: only officially recognized delegates from commercial organizations could be trusted to articulate the wishes of the merchant class, and by extension the greater public.

The basic structure of the Boston convention also foreshadowed the structure of future meetings of the National Board. For major issues of discussion the delegates formed committees with members of each committee chosen based on of both geography and experience. Committees then deliberated on resolutions and approved the language of the propositions placed before the members at which point debate on the topic began. Speakers were limited to ten minutes per topic in order to prevent any one delegate monopolizing time and also because, as one delegate put it, they could not be occupied with “spread-eagle speeches, but [only] with short business speeches.”⁸⁷ This did not mean that debates were lacking in rhetorical flourish, as these were very well-spoken and well-educated men; rather, this was yet another way in which merchant deliberations could hopefully be distinguished from the flighty oratory more befitting political bodies.

The agenda at Boston also firmly delineated the scope of future meetings of the National Board as delegates considered issues related to the working of the commercial system as a whole. Debates over railroad monopolies joined the long-standing canal improvement

⁸⁶ National Commercial Convention, *Proceedings*, 24.

⁸⁷ *Ibid.*, 56.

discussions, with the prospect of nationalizing the railroads first raised at such a gathering by the longtime railroad promoter Hiram Walbridge.⁸⁸ Arguments over the extent of federal power emerged on a number of different issues aside from railroads and canals, as the suggestion of federal assistance to maritime trade was raised by Edward S. Tobey, a famous merchant and steamship operator representing the Boston Board of Trade.⁸⁹ Debates over the currency issue implicitly and explicitly considered the expansion or contraction of the currency by the government as a primary driver of economic growth, and thus fertile ground for policy suggestions. As merchants continually insisted, commerce embraced all matters pertaining to the production, consumption, finance, and distribution of the products of labor, and this panoply of propositions spoke both to the scope of merchant thought and to their ambition.

The primary goal of the convention, however, was the formation of a permanent body that would make such sporadic conventions superfluous. The findings of the committee on permanent organization of a National Board of Trade were embodied in a report by Hamilton Hill of the Boston Board of Trade. Hill, a future secretary of the NBOT for sixteen years, was a commission merchant turned steamship agent who would in his later life become a prolific author and historian of commerce and religion, with his works including a history of Boston's Old South Church and a general history of trade in Boston. The purpose and practical value of a NBOT, according to Hill, was in concentrating the views of the commercial class and in transmitting those views in a way that avoided local and political prejudice. The "members of Congress," according to Hill, "frequently desire to know the judgments of merchants, bankers, and others, upon measures in which they are especially concerned," and the views of a national

⁸⁸ Ibid., 121.

⁸⁹ Ibid., 127-133

association “would be more mature, more impartial, more comprehensive” if properly structured. A national organization would be more likely to diffuse personal bias by removing delegates two degrees from their own interests, “first, by their membership in the local body comprising manifold branches of industry; secondly, by their presence in a chamber representing not only various industries, but various localities.” The deliberations of such a body “could not fail to be received with attention and with respect,” and would help to clean up the political process, as such an organization would hopefully remove “that personal and persistent pressure of particular interests at the seat of government, which is so annoying to representatives, so trying to merchants, and so prejudicial to a sound and well balanced system of legislation.”⁹⁰

The broad outlines of how the NBOT would work were laid out in a plan submitted by John A. Gano, a grain merchant and delegate from the Cincinnati Chamber of Commerce. Though NBOT members would not ratify a constitution until their first meeting in June of 1868, the main contours of the organization were present in Gano’s report. Representation was to be based on membership numbers of local bodies, a method borrowed from the Detroit convention and used in Boston as well. The number of votes for each body would likewise be determined by the membership of each body. Both of these methods would grant significant influence to the larger bodies, a decision that would lead to a struggle between groups from more populous commercial centers and smaller cities on a number of occasions. Annual meetings, the establishment of an Executive Council to oversee affairs such as assessing fees from member organizations, official correspondence, and other various duties were also laid out in the plan.⁹¹

⁹⁰ Ibid., 83.

⁹¹ Ibid., 86-88.

Though there was some debate over the smaller particulars of the plan, it was unanimously adopted by the convention.

The success and meaning of the convention were articulated most effectively by E.W. Fox, a St. Louis iron merchant, in his closing address to the convention. He congratulated the delegates for making a “broad stride in the science of commerce by laying firmly the foundations of a policy destined to unite and represent the material interests of the nation in a Business Congress,” and celebrated “associations which we may fondly trust will ripen into enlarged views and bind us together in lasting friendship.” More than just providing merchants a voice in politics, the NBOT would, in Fox’s words, “in pushing on in blended harmony these exalted interests we shall present to the world the spectacle, that in peace or war, we are indeed a nation.”⁹² High rhetoric indeed, but questions still remained regarding the permanent success of the NBOT. Certainly merchants had proven that they could come together and debate questions of policy with civility and a self-consciousness of their biases, and they had also made clear progress in organizing businessmen throughout the country behind a shared idea of a common interest. Whether merchants could truly harmonize the pursuit of self-interest with the protection of the public good, however, would be the true test moving forward.

Conclusion

In the wake of the first organized meeting of the National Board of Trade in Philadelphia in July of 1868, the *Merchants’ Magazine* marked the occasion with an article ruminating on the origins of the organization. Noting that one of the “marked characteristics” of the age was the “uses of organization and association in efforts for the advancement of morals, of the sciences,

⁹² Ibid., 209.

and of commerce,” the journal then went on to highlight the importance of local commercial organizations in promoting the benefits of prosperity that supposedly accrued to the extension of trade.⁹³ This was, however, of limited utility, for as the journal noted, “commerce is not local.” The progress of the current age would be connected to the fact that local bodies had “come to understand that they can render essential service to each other by both word and by act, and that, especially in reference to questions of national importance, they can cooperate together, with promise of immense benefit to all concerned.”⁹⁴ Given the problems facing a “nation in crisis” economically, the journal concluded that they needed the guidance of the “true representatives of the commercial class” in the National Board of Trade, and hoped that “its usefulness will prove to be as far-reaching and permanent, as the auspicious circumstances amid which it has entered upon its work, would seem beforehand to promise.”⁹⁵

Expectations for the new organization were indeed high, and reflected the long gestation of the body that merchants created in 1868. Local commercial groups had worked together towards goals of common interest in an ad-hoc fashion for years, but never before was there an organization that espoused such a broad and ambitious agenda as the one proclaimed by the National Board of Trade. The agenda was certainly inspired by the economic conditions brought about by the legislation passed in Congress during the war, with the specie resumption issue being the most obvious and proximate example. There was, however, a longer dynamic at play. The sectional character of the conflicts between local commercial organizations reflected the larger sectional divide in politics and economics; in many ways, the country was politically divided because it was economically divided. Merchants, due to their daily interactions with the

⁹³ “The National Board of Trade,” *Merchants’ Magazine and Commercial Review*, July 1 1868, p. 40.

⁹⁴ *Ibid.*, 41.

⁹⁵ *Ibid.*, 46.

far-reaching world of commerce, understood better than any other group the extent to which differences in material circumstances could lead to conflict. Local commercial groups had originally been organized to deal with matters of local and regional commercial importance, but by the time of the Civil War these commercial bodies were recognizing, as the *Merchants' Magazine* put it, that “commerce is not local” – or, rather, that it is not only local.

The movement for a national commercial association was thus recognition of the importance of national policymaking for continued economic development and the perceived responsibility of merchants to be at the forefront of such policymaking. The National Ship Canal Convention in 1863 was thus a turning point, not because the merchants involved achieved what they set out to do, but rather because they did not. Frustrated by an inability to influence Congress, ship canal supporters combined with reciprocity supporters to play a key role in organizing the Detroit Convention of 1865, the convention that crucially brought the associative idea to the fore. It took another three years for merchants to rouse themselves again, and by that time the associative idea had taken center stage. It is notably coincidental that the very first meeting of the National Board of Trade took place almost exactly one month before the ratification of the Fourteenth Amendment, perhaps the cornerstone of the Reconstruction Amendments. While not referencing the political events of the time directly, merchants were embodying the nationalism of the moment through their creation of the NBOT. Just as the country was rebuilding and reconstructing what it meant to be a citizen and a nation, merchants were intent on reconstructing the nation on a sound, stable, and prosperous commercial foundation.

The nation that emerged from civil conflict was fundamentally a new one, forged in the furnace of war into something both familiar and fresh. As the task of reconstructing this new

nation into a whole presented a number of significant political challenges, reconstructing the nation economically presented a number of challenges as well. The powerful new technologies of communication and transportation, fought over so strongly by local commercial bodies, could bind the nation together by expanding trade to all regions, but the use of such technologies could also lead to the troubling concentration of economic power. The new financial system created during the war also promised to unleash the unifying power of a national banking system and a national currency, but it also unleashed a potent debate concerning the role of money as both a liberator and oppressor of human potential. These issues brought into stark relief the realities of modern nationhood and the challenges to the republican ideal brought about by immense political and economic change. The National Board of Trade, it was hoped, would be a new institution for a new age, bringing sober and thoughtful leadership to help navigate increasingly stormy economic seas.

Chapter Four

“Transportation is commerce, and commerce is transportation”: The National Board of Trade and the Political Economy of Transportation, 1868-1907

Speaking before the 1873 meeting of the NBOT in Chicago, William M. Grosvenor, editor of the St. Louis *Democrat* and delegate of the St. Louis Union Merchants' Exchange argued that the “problem of the age for this country” was the connection of the surplus productions of the “interior states” with the “States of the seaboard, and of other countries.”¹ Speaking as a westerner, Grosvenor noted that previously his fellow delegates treated such “appeals” for more connections in the “nature of local claims,” and not suitable for wider concern. Such an attitude was quite mistaken, however, for as Grosvenor continued he stressed that the “time has come when every business-man and every capitalist . . . must realize that this, if it ever was, is no longer a local question,” and was in fact a question of national import.² Grosvenor ended his speech by reminding the assembled members of the Board that the problem “needs a remedy this day,” and that “remedy will not come wisely, gentlemen, unless it comes from the practical business men of the country.”³

The internal transportation system of the country was a particularly germane topic to raise in Chicago in 1873, considering the general attention the issue aroused in that eventful year. The financial “wreck and ruin” during the panic of the previous month, already attributed by many to railroad speculations, was fresh in the minds of the merchants gathered in Chicago.⁴

¹ National Board of Trade, *Proceedings of the Sixth Annual Meeting of the National Board of Trade* (Chicago: Knight & Leonard, Printers, 1873), 111.

² Ibid.

³ Ibid., 118.

⁴ Ibid., v.

Congress was then in the midst of a series of interviews, including of some members of the NBOT, that would form the basis of the Senate Select Committee Report on Transportation Routes to the Seaboard (hereafter referred to as the Windom Report or Windom Committee) released in 1874, and by the beginning of 1875 the National Grange of the Order of the Patrons of Husbandry would unite hundreds of thousands under the banner of cheap transportation. In terms of political economy, there were few issues in late nineteenth century America that captured the public imagination as strongly as those related to the transportation and communication of commercial products and knowledge. As the report of the committee on transportation of the NBOT argued in 1897, it could be fairly said that “transportation is commerce and commerce is transportation.”⁵

The merchants of the NBOT were keenly interested in the general issues of distribution involved in the creation and extension of the nation’s transportation and communication infrastructure following the Civil War. The first and most pressing issue following the war was “cheap transportation,” a rallying cry for merchants as well as farm producers that placed the need for ever greater facilities to move the goods of the country from the sites of production to commercial centers for consumption or for sale abroad. Innovations in producing commodities, both agricultural and industrial, emerged alongside innovations in transporting such commodities. The transportation facilities created, however, were often not extensive enough to handle the growing commerce of the country, and these facilities were also increasingly controlled by private corporations focused on squeezing as much profit out of transporting as possible. The confluence of these factors led a number of independent interest groups, including

⁵ National Board of Trade, *Proceedings of the Twenty-Seventh Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1898), 240.

merchants, farm producers, and industrial workers to come to an agreement that there was a recognizable “transportation problem.” The solution to such a problem, however, remained a puzzle waiting to be solved.

Building upon work that stretched back into the 1840s, various members of the newly-formed NBOT sought to use the organization as the primary driver in the cheap transportation movement during the early 1870s. Western merchants in particular focused on promoting the improvement of the Mississippi River, building canals with access to the Great Lakes, and opening new government-run freight railways as part of a national system of transportation routes that would cheapen the costs of moving commodities, with benefits accruing to producers, shippers, and consumers. Such goals were well within the purview of the commercial republicanism espoused by the NBOT, for in building these improvements Congress would in theory make the various limbs of the country one body through the “life-blood” of commerce. Other merchant groups, while agreeing with the goals of the movement, opposed government appropriations to build or improve canals or railroads as manifestations of localism and “log-rolling” and decried the numerous smaller conventions of the period for their regional prejudices. Despite these divisions, most merchants agreed with the general principle that the asymmetry between the growing productive capacity of the nation and the ability to economically transport such surpluses was creating an acute situation.

At the center of many of the NBOT discussions of transportation in this period was the belief in competition as the key to a healthy and vibrant economy. This was hardly a new or radical notion, for merchants had long heralded the beneficial and regulatory effects of competitive relations between both private firms and commercial centers as a whole. The virtuous effects of the free interchange of commerce and trade was at the heart of a commercial

republican vision widely shared within the merchant community and embodied in the National Board. Deficient competition, according to many NBOT members, was the root cause of the purportedly excessive transportation rates that were at the heart of the cheap transportation issue, and if they could increase competition by expanding the possible routes by which commodities could be transported they would bring down transportation rates, promising greater remuneration to producers and lower prices for consumers. From the 1870s through the first decade of the twentieth century the merchants of the NBOT struggled with the issue of providing a transportation and communication network which would, ideally, serve to benefit the entire country by promoting the kind of competitive balance that spurred economic growth. This belief in free and open competition, however, would be repeatedly tested by the growing power of monopolistic combinations in the railroad and telegraph industry, a forerunner to a larger movement within corporate capitalism in the late nineteenth-century.

By the 1880s the focus of the merchant community turned decisively toward the problem of monopoly as primary factor hindering commercial growth. Whereas NBOT merchants celebrated competition for its supposed ability to deliver widespread prosperity, many railroad owners cursed competition for inspiring destructive “rate wars” and undermining their ability to maintain rates that would equate to adequate dividends for investors. The coincidence of attempts by railroads to control the setting of rates by collective agreements with similar movements in telegraphy led to the emergence of a widespread antimonopoly movement amongst producer and commercial groups in the late 1870s. Antimonopoly was a broadly-shared political and cultural stance encompassing a number of groups, but antimonopolism appealed especially to commercial groups not only because of its enshrinement of the virtues of competitive capitalism but also due to the very republican resistance to aggregations of power

that was at the heart of many antimonopolist arguments. Whereas producer antimonopolism was often characterized by an explicit critique of competitive capitalism as an economic system, commercial antimonopolism criticized in order to preserve and reform that system. The NBOT, along with its constituent member the New York Board of Trade and Transportation, were the foremost articulators of the commercial antimonopolism, and in trying to preserve and regulate the economy they brought about the Interstate Commerce Act and the creation of the first major federal regulatory commission. Though the ICC was meant as a solution to the very specific problems emerging in the railroad industry it also symbolized a more general turn by the NBOT towards a “managed capitalism” predicated on a federally regulated domestic marketplace.

As the first decade of the twentieth century began the NBOT moved increasingly towards a fusion of their republican ideals with the realities of corporate “bigness,” while continuing to push for the extension of American trade through transportation improvements. A vocal and continual support for the construction of an interoceanic canal by the NBOT proclaimed it a capstone to a continental system of improvements that the organization had worked on for nearly a half century. Railroads were a different matter, for although merchant groups gained most of what they wished for in the ICC, the conditions of the railroad industry led to a wholesale reversal by many NBOT members on the merits of combinations. This new willingness to legitimate pooling of railroad resources under federal oversight represented a move away from a purely republican political economy that derided large aggregations of capital and towards a compromise that tolerated big business within a properly constructed regulatory apparatus. In the debates over transportation around the turn of the century the National Board exhibited both continuity and change in the way it attempted to mold federal policy on these important questions of political economy.

The ways in which the NBOT addressed the “transportation question” illustrate how both commercial ideals and pragmatic, statistically-informed analysis of economic problems shaped the proposed solutions given. The merchants of the National Board, though often at odds with one another, were able to eventually present a fairly coherent vision of a system of transportation that would deliver commodities cheaply for foreign markets while also helping to fuel the growth of a national domestic market. In practice, however, the problems of integrating a regionally diverse set of productive systems conflicted with such a vision, leading merchants to experiment with new organizational forms to accommodate the emerging dynamics of corporate capitalism with an older republican political economy.

The “people’s highways”: The Quest for Cheap Transportation in the 1870s

“Cheap transportation,” argued George S. Hazard, commission merchant and delegate of the Buffalo BOT in 1872, was “in a commercial point of view paramount to all subjects,” and was the “key which unlocks the portal of untold wealth and determines the standard of civilization and loyalty.”⁶ Hazard was one of the Buffalo Board’s experts on harbors and canals and a knowledgeable and reliable advocate for the improvement of the inland waterways of the country, an issue that he spent a great deal of attention on during his time before the NBOT. Two years prior, when the National Board had met in his hometown, he had stood to defend the importance of continued reliance upon water-based transportation in the face of some who deemed rivers and canals as obsolete. Though he was quite aware of the “rapid increase and prosperity of railroads” he nevertheless deemed that to say that “railways, as regards capacity and cheapness of movement, are superior to a river or a well-appointed large class canal, is as

⁶ National Board of Trade, *Proceedings of the Fifth Annual Meeting*, 100.

absurd as to say that iron is cheaper than water.”⁷ Hazard’s assessment of the continuing importance of water-based transportation encapsulates how the issue of cheap transportation was inextricably linked to the conflicting as well as complementary relationship between water and rail-based transportation for the men and organizations of the National Board.

The push for cheap transportation following in the late 1860s and early 1870s was a continuation of the agitation begun by commercial groups of the west as early as the 1840s and not merely an evanescent product of depressed commodity prices. As sociologist Charles Horton Cooley would argue in 1894, the development of transportation was both a “passive effect” of the geographical distribution of production and an “active cause of counterchanges.”⁸ This dual nature of transportation as shaped by natural endowments, while at the same time having the power to alter economic relations, was at the heart of the transportation debate from the beginning. Building on the work of local groups and conventions such as those in 1847, 1863, and 1865, the commercial organizations of the NBOT sought to use this new association to advocate to Congress the necessity of increasing and improving the transportation facilities of the country. Merchants were in the lead on the issue of cheap transportation, as historians like Harold Woodman long ago proved with his analysis of the business origins of the western Granger laws of the 1870s.⁹ This is not suggest that the farm organizations and agrarian unrest of the 1870s were not important, but rather to assert the central guiding force of commercial capital in making the issue of transportation a paramount question in the public sphere.

⁷ National Board of Trade, *Proceedings of the Third Annual Meeting*, 230.

⁸ Charles Horton Cooley, *The Theory of Transportation*, Vol. 9, no. 3, Publications of the American Economic Association (Baltimore: American Economic Association, 1894), 76–77.

⁹ See Harold D. Woodman, “Chicago Businessmen and the ‘Granger’ Laws,” *Agricultural History* 36, no. 1 (January 1, 1962): 16–24.

The central questions at play in the early NBOT debates over the extension and improvement of water-based and rail transportation reveal both the growing importance of developing the domestic trade following the Civil War and the strategies by which various local groups attempted to craft arguments that placed their particular projects at the center of an emerging system of transportation for the nation. William Cronon's insights into these matters are instructive, most importantly the argument that economic development in the nineteenth-century was intimately connected to the melding of "first nature," the natural world, and "second nature," the changes created and structured by people.¹⁰ The bounty of the interior promised commercial supremacy for whoever could channel the products of this "first nature" to the commodity sellers and end consumers who demanded it, and the competition engendered by this pursuit brought important points of political economy under scrutiny. Matters for debate included what counted as "natural" channels of commerce, what government actions were justified by a "national interest", and ultimately who was to judge what was in the public interest in respect to cheap and unrestrained transportation. Delegates relied on these tropes of commercial advocacy, along with an emerging reliance upon statistics, to justify Congressional spending for such projects.

Though railroad construction increased substantially in the decade following the Civil War the role played by waterways, specifically rivers and canals, in the transportation of agricultural commodities continued to be centrally important especially for merchants in key commercial cities. The primary importance of such routes laid both in their cheapness and their ability to, in theory, maintain similarly cheap railroad rates through competition. The Windom Report underlined this importance in 1874 when it concluded that "for all coarse, cheap, and

¹⁰ See Cronon, *Nature's Metropolis*, especially p. 55–97.

heavy commodities natural water-routes and canals favorably located . . . and sustained by a sufficient amount of business, will continue to afford much the cheapest known means of transport.”¹¹ The types of commodities that continued to be sent over water in large quantities, such as corn and wheat, were of special importance for many of the largest and most important exchanges represented in the NBOT including the Chicago BOT and the New York Produce Exchange. Interest in the “transportation question” was not limited to the Chicago-Buffalo-New York axis, however, and problems related to the water-borne trade were as ever-present on the agendas of local boards and chambers during the immediate post-1865 period as they were during the improvement debates prior to the war.

Though the Board would continue sending resolutions to Congress in support of river improvements into the first decade of the twentieth century, it was during the early 1870s when attention before the Board reached its most fervent level. The regional basis of such claims was clearest in this period with western and southern river communities in the cities of St. Louis, New Orleans, and Cincinnati among the most aggressive advocates of increasing federal appropriations for internal waterways. St. Louis iron manufacturer Henry T. Blow underlined the regional dimensions of the argument when, at the banquet following the 1868 meeting in Philadelphia, he argued that the commercial men of the west did not care if “the grain goes north through the Lakes, or south by way of New Orleans, only, that it reaches you at the least price,” but concluded by warning that in regard to the transportation issue that “we of the valley of the Mississippi can pay tribute no longer to the cities of the seaboard.”¹² These grievances were

¹¹ Senate Select Committee on Transportation Routes to the Seaboard, *Report of the Select Committee on Transportation Routes to the Seaboard*, 43rd Congress, 1st sess., 1874, S. Rep. 307, Part I, 70.

¹² National Board of Trade, *Proceedings of the First Meeting*, 172.

expressed in an even more aggressive manner at the 1870 meeting by Buffalo's George S. Hazard:

The demand for an enlarged and cheap line of water transportation from the West to tide-water is becoming more and more imperious every year, and I see no way of meeting a necessity so indispensable to the improvement and prosperity of the country unless through the aid of Congress. While other nations have lavished treasures in fostering distant colonies, hoping that at some future day the expenditure might be repaid by the development and increase of commerce, our Government has been content to let the West take care of itself.¹³

It was the regional nature of the claims that created difficulties for the National Board as it challenged the members of the organization to hold true to their goal of being a unifying, “national” institution.

The composition of the NBOT in its early years guaranteed that the primary debate regarding water-based internal trade would focus on this west-to-east flow of commodities from the river and lake cities to the eastern seaboard and the north-south flow of commodities down the Mississippi River to New Orleans. Commercial organizations from lake cities and eastern seaports were quite well represented through the 1870s, and their delegates made sure that the concerns of the merchants of those cities were central to Board debates. In the case of rivers and canals, this meant that the domination of the Chicago-Buffalo-New York corridor route through the Great Lakes and Erie Canal set the tone for debate, especially for movements to reform or usurp this prime position. Merchants in Philadelphia, Milwaukee, Boston, and St. Louis were especially active in promoting alternative routes for the products of the interior to reach eastern and international distribution centers. Underlying this competition were the persistent and

¹³ National Board of Trade, *Proceedings of the Third Annual Meeting*, 231.

frequent sectional recriminations that continued to color many of the discussions regarding transportation as the Board entered its first decade, as well as the ever-present subtext of railroad expansion that was spurring the pursuit of new routes. As Henry T. Blow of the St. Louis BOT warned at the Board's first meeting in 1868, "the West" had been seeking the same exalted commercial position as the seaboard cities for years and, in an echo of the 1865 Detroit convention, added that if cities like New York could not give them the cheapest facilities then they would "seek them elsewhere."¹⁴

River-based commerce, though declining relative to railroad traffic in the post-bellum period, remained an important part of the internal transportation system for both economic and ideological reasons. Rivers were especially important for cities like St. Louis and Cincinnati that could not partake of either the coastwise transport options of the seaboard cities or the expansive waters of the "inland seas" available to the lake cities, and until 1840 half of the steamboat tonnage in the country was located in the west where the ready availability of major rivers and tributaries determined major points of commercial activity.¹⁵ Competition between steamboat firms as well as smaller outfits ensured steadily declining transportation rates in the antebellum period, but by the time of the Civil War western railroad expansion was already eating into the margins, reducing a difference in transport rates between river and railroad of three to four times during peak navigation season in the 1860s to virtually nothing by the 1880s.¹⁶ Despite this decline in usage in comparison to railroads river transport still remained an important transportation option, especially for cities that had grown on the banks of major rivers and

¹⁴ National Board of Trade, *Proceedings of the First Meeting*, 38.

¹⁵ Albert Fishlow, "Transportation in the 19th and Early 20th Centuries," in Engerman, *Cambridge Economic History*, 565.

¹⁶ Louis C. Hunter, *Steamboats on the Western Rivers: An Economic and Technological History* (Cambridge, Mass.: Harvard University Press, 1949), 589.

possessed the facilities for taking advantage of the qualities that rivers offered over railroads – namely free, unrestricted use outside the purview of large corporations. This relative freedom was an especially important characteristic of water-based transportation for advocates as they used it to argue that such routes were more democratic and open than those owned by private capital.

Canal transportation remained popular as well in the postwar period despite the explosive growth of railroad construction, as enthusiastic proponents lauded the relative freedom of access, similar to rivers, offered by canal routes and their supposed rate superiority for carrying certain types of commodities. The Windom Report found in 1874 that in the case of wheat from the northern plains that could reach the markets of the lakes easily canals were often a more favorable option, but in more southern areas where railway capacity was available the railroads were rapidly taking over the trade in major commodities such as wheat and corn.¹⁷ Many merchants and commercial organizations, especially those from lake cities and close to possible canal routes, continued to view the construction of canals as a superior alternative to railroads or at the very least a necessary competitor for maintaining low transportation rates. For those cities most invested in pre-existing canals like Chicago and New York there was considerable support for reforming and improving the management of those canals to ensure continued competition with newer railroads. Competitor groups in cities such as Milwaukee and Baltimore sought to build new canals that would connect their resources to foreign and domestic markets in an attempt to usurp the dominant positions of Chicago and New York. It was out of this contestation that some of the more ambitious designs of the postwar period emerged.

¹⁷ Senate Select Committee on Transportation Routes to the Seaboard, *Senate Select Committee on Transportation Routes to the Seaboard, With Appendix and Evidence, Part One*, 43rd Congress, 1st Sess., 1874, 30.

A relationship between regional improvement associations and the NBOT developed in the late 1860s as a number of the founding member were already invested in locally organized efforts to influence Congressional action. For example, in the late 1860s a number of western commercial groups, under the leadership of St. Louis merchants, formed the Mississippi River Improvement Convention, a group that met periodically into the 1880s and focused on the improvement of the Mississippi as a central commercial issue. The report of the first annual meeting of the group characterized “cheaper transportation to the markets of the world” for the products of the Mississippi Valley as a central political issue and asserted that the only “proper agent” for such work was the federal government.¹⁸ Histories of farmer movements of the period such as Howard Schonberger’s highlight the importance of such groups for the claims of producers but seldom give as much credit to the role of merchant-led groups pursuing similar goals.¹⁹ The leaders of this group included such NBOT stalwarts as St. Louis businessman and Lieutenant Governor of Missouri E.O. Stanard and Philo Parsons of the Detroit BOT, and these men brought the claims of the organization before the NBOT. These conventions were similar to local commercial groups in their functioning as they acted as incubators for improvement plans that prominent commercial men then brought before the NBOT for more general consideration.

Improvement of the Mississippi, long an issue for western commercial groups, quickly became a primary issue for western delegates at NBOT meetings. As a primary artery for the movement of western agricultural products, the Mississippi River was a central pillar of the economy for western merchants. At the very first annual meeting of the Board Lee R. Shryock, a

¹⁸ Mississippi River Improvement Convention, *Proceedings of the Mississippi River Improvement Convention, Held at Dubuque, Iowa, February 14th and 15th, 1866* (Dubuque, IA: Daily Times Steam Book Press, 1866), 38–39.

¹⁹ See Howard B. Schonberger, *Transportation to the Seaboard: The “Communication Revolution” and American Foreign Policy, 1860-1900*, Contributions in American History 8 (Westport, Conn: Greenwood Publishing Corporation, 1971).

commission merchant from the St. Louis BOT, presented resolutions arguing that the Mississippi River should be “free forever for the commerce of all the States,” and that “no consideration of economy or retrenchment” should prevent the government from improving the river, essentially reiterating the conclusions of the Mississippi River Improvement Convention of the previous year.²⁰ J.T. Trezevant of the Memphis COC, a transportation promoter in the southwest dating back to the 1850, quickly followed Shryock with additional resolutions for levee maintenance and presented statistics supporting his argument that the area drained by the Mississippi and its tributaries sustained commercial activity “more valuable than the internal commerce of all Europe.”²¹ The vastness of the western trade, expressed in statistics and rhetoric, was not just a tool of westerners either; J. Price Wetherill of the Philadelphia BOT expressed his support for the resolutions as well, arguing that “no country can succeed unless every avenue is opened which is necessary to bring the manufactures of its people and the products of its soil to the seaboard at the lowest and cheapest rate.”²² By the end of its first year of existence the delegates of the NBOT had established the general strategy used by river improvement advocates, namely appeals to the general, as opposed to local, benefits of federal expenditures and arguments that touted unrestricted and competitive commerce as the keys to cheap and plentiful trade.

The tenor of many of the early debates over river improvements reflected a growing animosity towards the attention given to railroads which many western merchants linked to the supposed neglect shown by the federal government towards river and harbor legislation. In 1869 M.R. Cullen, an attorney from the St. Louis BOT, brought resolutions before the Board

²⁰ National Board of Trade, *Proceedings of the First Annual Meeting of the National Board of Trade* (Boston: J. H. Eastburn's Press, 1869), 261.

²¹ J.M. Keating, *History of the City of Memphis Tennessee, With Illustrations and Biographical Sketches of Some of Its Prominent Men and Pioneers* (Syracuse: D. Mason and Co., Publishers, 1888), 333; National Board of Trade, *Proceedings of the First Annual Meeting*, 261.

²² National Board of Trade, *Proceedings of the First Annual Meeting*, 273.

denigrating the obstruction of the Mississippi River by railroad bridges arguing that those interested in river traffic were “not against railroads,” but were also “extremely anxious that the great avenue to the markets of the world, called the Mississippi river, shall also be protected.”²³ A similar issue arose the following year with a number of propositions calling for the declaration of railroad bridges over rivers to be “public highways,” free to all railroads to prevent the overbuilding of such bridges and the impediments to navigation that might ensue. Going on to list numerous examples of such bridges causing problems on the Mississippi and Ohio Rivers, Theodore Cook of the Cincinnati COC argued that the “public interest” was paramount in protecting the “free navigation of the river.”²⁴ Some delegates dissented, such as the wholesaler and importer Edward Kirkland of the Baltimore BOT who, while acknowledging the rivers as a “great interest”, argued that railroads “have done more to aid the agricultural interests of the country . . . than the river interest has ever done.”²⁵ Most river improvement advocates, while applauding railroads when appropriate, focused squarely on guaranteeing continued funding for keeping rivers usable and affordable for commercial activity.

The major problem facing such improvement schemes lay in justifying the “national” necessity of such improvements to acquire federal appropriations, a contentious issue for a body full of local groups mindful of attempts to cloak competitively-driven proposals in the language of providing for the general welfare of the country. These issues came to the fore in 1872 during a rigorous discussion of asking Congress to guarantee bonds for the construction of Mississippi River levees under the supervision of U.S. engineers. Many delegates, eastern and western, claimed that the Mississippi held a special status as a truly “national” waterway and thus

²³ National Board of Trade, *Proceedings of the Second Annual Meeting*, 250.

²⁴ National Board of Trade, *Proceedings of the Third Annual Meeting*, 273.

²⁵ *Ibid.*, 277.

deserved attention from the government. George Opdyke, mayor of New York City during the Civil War and a delegate of the New York COC, argued that the “Father of the Waters” was necessary as “an outlet for the products” of that region of the country, and his fellow New Yorker James Stranahan asserted that it “devolves upon the General Government to do just exactly that thing which no other power has the ability to perform, and all that for the general good.”²⁶ A few delegates, including an acerbic Edward Atkinson, resisted the resolutions for fear of lending the government’s credit to pursuits that were too closely tied to “private interests” connected to cotton cultivation, but interest in the matter was positive enough for referral to a committee for further inquiry. Even this rather benign proposal of federal aid, however, invited skepticism from members like Atkinson who shared his suspicion direct government aid to commerce as a corrupting influence, as well as others who possessed connections to the railroads.

The ideological dimension of river transportation, namely the rhetorical device of depicting free and open navigation of bodies of water as an element of the public welfare in the commercial sense, was rooted in the political economy of republicanism. Improving rivers was less problematic than other forms of government policy because it simply called for preserving the “natural” commercial endowments that fate, or possibly a higher power, had bestowed upon the United States. A telling illustration of this is in the way that a number of merchants characterized water-based transportation. S. Lester Taylor, a commission merchant representing the Cincinnati COC, argued in 1869 that it was “folly” to think that the railroads could ever compete over certain types of freight with “natural lines of transportation,” and John C. Dore of the Chicago BOT made similar remarks before the Board four years later when he labeled rivers

²⁶ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 57, 67–68.

and lakes as the “great natural channels” of the nation.²⁷ A. B. Miller, a New York merchant, took the logical next step a number of years later when he proclaimed such bodies of water to be “God’s highways of commerce.”²⁸ Any natural endowment, such reasoning concluded, was the property of the whole people to be used to their benefit. It was in this manner that “God’s highways” became the “people’s highways”. By defining rivers, lakes, and occasionally canals as the “people’s highways,” merchants called upon the language of republicanism to argue that such waterways served a distinctly public versus private interest and should remain as free and unobstructed as possible.

Canal improvements received just as much attention from the NBOT and its constituent bodies in this early period as rivers, again reflecting the longstanding work of a variety of groups to create transportation networks that benefitted their regions. Like rivers, canals promised to lower the costs of transportation due both to the ability of canals to transport particular types of heavy freight cheaply over distance as well as offering competition to railroads. Despite their obvious artificiality as man-made improvements many merchant advocates of canals included them as “natural” avenues of trade, with the justification that certain canals simply built upon the rivers and lakes given by providence by transforming the disconnected beneficence of nature into a system of improvements, an example of how Cronon’s elaboration of first and second nature worked in reality. The surface focus of most of the delegates proposing such canal projects continued to be the movement of the surplus commodities of the western states to the domestic and foreign markets available on the Atlantic seaboard. Beneath the surface, however, there ran a deep vein of regional competitiveness as the representatives of different commercial centers

²⁷ National Board of Trade, *Proceedings of the Second Annual Meeting*, 121; National Board of Trade, *Proceedings of the Sixth Annual Meeting*, 161.

²⁸ National Board of Trade, *Proceedings of the Fourteenth Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1884), 72.

attempted to redirect trade in order to reap the benefits. The central conflict that faced the Board in these debates was how best to square the pursuit of the entire commonwealth with the myriad ambitions of its constituent bodies.

The stranglehold of the Chicago-Buffalo-New York axis over the western commodity trade was at the center of a number of the projects proposed in the early 1870s, especially those focusing on an alternative northern water route around the Erie Canal through a proposed ship canal around the Niagara Falls. Picking up where the 1863 convention in Chicago left off, at the 1869 NBOT meeting the Detroit BOT again raised the question of a water route to compete with the Erie Canal and the emerging railroad routes to the seaboard. Edward Holton, a Milwaukee banker and delegate from the Milwaukee COC, while praising the construction of the Erie Canal for the “immense development of the Lake region and the whole West,” nevertheless complained of the dependence on New York felt by western interests and claimed that such interests sought a “natural outlet to the sea” through a northern ship canal.²⁹ Holton received support in his claims from J.T. Trezevant, who denied he was a “sectional man” and saw the issue as simply a “magnificent commerce” asking the government to “do that which the people feel themselves unable to do, individually or as States,” by liberating that trade through a canal.³⁰

The justification for such an investment of government funds lay in grounding the common good of the entire country in allowing the prosperity of western agriculture to flow unimpeded through its supposedly “natural” channels, a more difficult proposition than with rivers and lakes due to the man-made qualities of such improvements. George Opdyke showed one method of squaring this particular circle in his defense of the Niagara project by naturalizing

²⁹ National Board of Trade, *Proceedings of the Second Annual Meeting*, 128–129.

³⁰ *Ibid.*, 134.

the route. “Here is a great water-way,” he argued, “extending for a thousand miles, more or less, obstructed by the Niagara Falls,” and it seemed self-evident that removing this obstruction was well within the “duty expressly enjoined upon Congress to improve the natural water-ways of the country.” The stimulation of the commerce of the country in general by such a canal would be “a boon worth ten time its cost,” according to Opdyke.³¹ Opdyke utilized an idealized vision of the commercial pathways of the country to legitimate the legal and practical importance of using the legislative power to sustain the commerce of the country. Canals were no more artificial than rivers or lakes by this logic, so long as they were used in completing a system of transportation that was otherwise already in existence. Arguments like Opdyke’s put the reasoning behind the NBOT’s commercial republicanism into concrete form through the support of particular types of governmentally-subsidized projects to further the development of a nationally-integrated economy.

The economic nationalism inherent in the designs of most of the members of the NBOT did not go unchallenged, and the early transportation debates of the Board were fraught with contention over what constituted legitimate objects of attention from Congress. In 1871 Samuel P. Thompson, a commission merchant from the Baltimore BOT, put before the Board a proposition for the survey of a ship canal connecting the Chesapeake and Delaware Bays in order to “reduce the distance between European and New England ports,” thereby cheapening transportation and taking advantage of the “peculiar natural advantages” of the city of Baltimore for dealing with western trade.³² While earlier projects had drawn some dissenting voices, however, the Chesapeake ship canal proposal faced sustained and overwhelming resistance, even

³¹ Ibid., 135.

³² National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 118–1119.

from those who previously supported similar projects. Opdyke again took part in the debates, but now he argued that all the canal would accomplish was to “give Baltimore a little advantage over other competitors,” and that fact removed “all features of nationality” from the proposal.³³ Other members, such as Henry Winsor of the Philadelphia BOT, explained their strict resistance as a simple matter, saying that the national importance of a subject could not be simply “represented here as being so; it should be shown to be so.”³⁴ For a number of members, such resistance was itself rooted in regional rivalries and jealousies; Lewis A. Thomas of the Dubuque BOT intimated just such motivations, asking to know “distinctly whether questions that affect New York, or Boston, or Philadelphia, or any other of those large cities are, *par excellence*, the *only* questions of national importance?”³⁵ There was no simple answer to the question of what constituted a true “national” improvement, and the relative standing of commercial centers did play a factor. Ultimately, delegates from cities like New York or Chicago were often able to outmaneuver less competitive commercial centers by virtue of having already established a level of commercial dominance by which certain transportation routes were seen as natural and others as artificial.

By 1873 the grievances of farmer organizations became intermingled with the ongoing work of merchant groups and led to the formation of an alliance between producers and commercial men on the issue of transportation. Shared concerns over the costs of transportation had long given farmers and merchants some common ground, and on occasion the work of these two economic groups overlapped. In early 1873 R. H. Ferguson, a member of the Troy (NY) BOT and former delegate to the NBOT, along with a number of other NBOT delegates and

³³ Ibid., 123.

³⁴ Ibid., 136.

³⁵ Ibid., 130.

representatives from farmer associations sent out a call to “producers and consumers” to meet in New York to found a new organization to find what could be done to “reduce the cost of transportation by railroad and water.”³⁶ The result of this organizing effort was the American Cheap Transportation Association, a specialized lobbying organization composed of merchants from numerous boards and chambers across the country, leaders of state farmer organizations, and even members of state-level associations of the Grange. Though Lee Benson long ago established the link between merchants and the push for transportation reform in New York it is vital to recognize that the merchant effort was a national one and not limited to specific states, and it was through the work of groups like the NBOT and complementary organizations such as the American Cheap Transportation Association that merchants took the lead on the cheap transportation issue.³⁷

Local groups did not rest on their laurels and simply wait to present their grievances before the NBOT, and a number of the constituent bodies pursued independent action on the state level. The various New York-based bodies were exceptional in this regard in their cooperation on the issue of maintaining the competitiveness of the Erie Canal in order to combat western attempts to bypass it. In early 1871 the New York COC Committee on Canals submitted a report, partially based on figures from the New York Produce Exchange, noting an alarming change in the movement of grain whereby New York City was losing out due to the “active competition” of other centers. Fearful of losing more of the western trade, the Chamber passed resolutions calling for changes to the New York state constitution and the administration of the Erie Canal “solely in the interests of commerce, and not for the purpose of making any profit”

³⁶ Board of Directors Papers Box 001, Folder 11, April 24, 1873, 2, Chicago Board of Trade Records, Daley Library Special Collections.

³⁷ See Benson, *Merchants, Farmers & Railroads*.

except that needed to pay down the remaining debt on the canal and keep it under reasonable repair.³⁸ Just as western groups sought to increase the channels of commerce in order to increase competition, eastern groups like the New York organizations sought to maintain their advantages through legislative enactments.

By 1873 and 1874 the central preoccupation of the NBOT and its constituent groups was also becoming a political issue of some importance throughout the country. The *Chicago Tribune*, in a somewhat hyperbolically-titled article titled “Shall Corn Growing Be Abandoned?” called the question of transportation of “the most vital character” and proclaimed that Congressmen willing to take on the “suggestions of the National Board of Trade” on such matters would be recognized by westerners as “great benefactors.”³⁹ In President Grant’s message to Congress in December 1872 he highlighted the transportation problem as one which would “force itself upon the legislative branch of the Government” in due course, and he recommended immediate action to ascertain the needs of the country.⁴⁰ *Ohio Farmer*, a leading agricultural periodical, noted in early 1873 that “cheapening transportation between the distant and rapidly growing West and the seaboard” was an issue that that “the public men of the country” needed to handle, and soon.⁴¹ Heeding Grant’s message and the general rumblings from farmers groups and commercial organizations the Senate created a special committee to look into the question of cheap transportation in early 1873. Headed by William Windom (R-MN), the committee sought out facts and opinions from all over the country in hearings that continued into early 1874.

³⁸ New York Chamber of Commerce, Series VI Committees 1822-1972, Sub-Series VI.2 Gen. Comm. 1822-1973, Box 483, February 4, 1871, 1–5, New York COC Records, Columbia RBM.

³⁹ “Shall Corn Growing Be Abandoned?,” *Chicago Tribune*, November 8 1872.

⁴⁰ “The Message: President Grant’s Annual Address to Congress,” *New York Times*, December 3 1872.

⁴¹ “Cheap Transportation and Industrial Development,” *Ohio Farmer* 22, no. 22 (May 31, 1873): 338.

The debate over how to solve the transportation question within the NBOT came to a head at the October 1873 meeting, appropriately enough in Chicago, with the creation of a comprehensive report on transportation presented by William Grosvenor of St. Louis. Grosvenor went over the well-worn arguments previously recited before the Board before warning, with a reference toward farmer organizations, that "public opinion" was so aroused that unless "practical business men of the country do present some remedy for this evil, there is danger that other remedies not, perhaps, wise; not, perhaps, for the good of the whole country -- may be presented and enforced."⁴² The propositions put forth by Grosvenor included calls for governmentally-charted freight railroads, a pronouncement from Congress to clarify its interstate commerce powers, and a National Board of Commissioners for Internal Improvements to scientifically-determine the best uses of government improvement funds.⁴³ The *New York Times* described Grosvenor's speech in support of the resolutions as "powerful" and "attentively listened to," but not all who listened were moved.⁴⁴ James Baker, Grosvenor's fellow delegate from the St. Louis BOT, opposed the resolutions as they "seemed to sanction the aggrarian [sic] movement of this country and age," and he continued by disparaging the "Legislatures of Illinois and Missouri" due to their passage of laws seemingly favorable to farmer organizations.⁴⁵ Though most of the member groups of the NBOT had by 1874 come to terms with the necessity of action, there was still considerable disagreement over the proper powers that the state and federal governments could wield in order to combat transportation issues.

The reference to "other remedies" by Grosvenor highlighted one of the central tensions within the cheap transportation movement between producer groups and merchants in coming to

⁴² National Board of Trade, *Proceedings of the Sixth Annual Meeting of the National Board of Trade*, 112–113.

⁴³ *Ibid.*, 102–103.

⁴⁴ "National Board of Trade," *New York Times*, October 24, 1873.

⁴⁵ National Board of Trade, *Proceedings of the Sixth Annual Meeting*, 122.

an agreement on action. Both groups had reasonably come to the conclusion that the transportation system was vital to their prosperity, and both had come around to the reasoning that cheap transportation was the central issue of the transportation problem. Beginning in the 1870s, however, the paths of these two groups began to diverge due primarily to fundamental differences between farmers and merchants over the relative beneficence of the system of competitive capitalism. Farmer groups responded with calls for regulation, but these calls often came from a distinctly negative viewpoint and were combined with the growth of cooperative efforts that constituted an explicit critique of the supposed virtues of competition. Merchants, on the other hand, came at the problem from an essentially positive perspective of wanting to reform the system in order to preserve competition rather than finding an alternative. These divergent paths of reform meant that a more meaningful alliance between producers and merchants remained unlikely.

The Board ultimately decided for a broad resolution approving the principle of combatting high rates of transport through a mixture of federal support for improving waterways such as the Mississippi and state-level reforms such as those occurring in New York, and as 1874 began the push for cheap transportation gained momentum. These recommendations were presented to Congress in January 1874 by the western Senator Richard Oglesby (R-IL) who argued that he knew of no question that “concerns the western people so deeply” and that the conclusions of such a body as the NBOT “are entitled to respect and attention.”⁴⁶ At the same time these resolutions were presented the American Cheap Transportation Association held a convention in Washington, and the *Prairie Farmer* reported that many members of Congress including Senator Windom were present and “evinced much interest in the proceedings, as

⁴⁶ 43rd Congress, 1st sess., *Congressional Record* 2 (January 20, 1874): S 772.

reflections of popular sentiments.”⁴⁷ In June of 1874, after a year of hearings, the Windom Committee submitted their report to the Senate, and their conclusions brought to bear hundreds of pages of testimony and years of work on the transportation question.

The Windom Report was the high-water mark of the post-war cheap transportation movement in terms of public exposure and attention given, and it was an almost direct product of the NBOT and its constituent members. Public reaction to the report was mixed, with praise for its scope ranged alongside worries over the ambition and cost of many of the projects. The *Chicago Tribune* labeled many of the proposals as “visionary” but noted that the linking of such projects as a system of improvements was “ominous”.⁴⁸ The *New York Times* called the report “one of the most important ever submitted to Congress” but doubted that the “nation can embark in all these schemes at once.”⁴⁹ The litany of proposed improvements including the improvement of the Mississippi and the creation of northern, central, and southern routes to the seaboard were all projects presented, debated, or recommended by the NBOT since 1868.⁵⁰ This is hardly surprising considering the list of those interviewed by the committee during its year-long travels across the country to solicit information. Of the several dozen people interviewed by the committee no fewer than seventeen were current or recent delegates to the NBOT or represented constituent bodies of the National Board. Many of those interviewed referred to the NBOT debates during questioning and the committee relied upon number of statistics and reports created by the National Board, and in almost all respects the end product faithfully reproduced

⁴⁷ Pro Bono, “Cheap Transportation,” *Prairie Farmer* 45, no. 5 (January 31, 1874): 33.

⁴⁸ “Mr. Windom’s Report,” *Chicago Tribune*, April 27 1874.

⁴⁹ “The Transportation Report,” *New York Times*, April 25 1874.

⁵⁰ Senate Select Committee on Transportation Routes to the Seaboard, *Senate Select Committee on Transportation Routes to the Seaboard, With Appendix and Evidence, Part One*, 243.

the primary arguments on transportation put forth by the Board over its first six years of existence.

The years 1874 and 1875 marked a point of transition on the subject of transportation for the NBOT, as the primary attention given to water-borne internal improvements moved to address the question that many merchants were beginning to see was central to the entire issue – railroads. Delegates before the Board continued to present suggestions for river and canal improvements similar to those of the early 1870s, but by the early 1880s such issues were strictly secondary in the larger discussions over railroad competition and federal regulation. This was partly due to the relative failure of the Board in achieving many of its previous aims towards establishing a comprehensive system of national improvements, as it turned out that the political will and, more importantly, government funding were both lacking in a country dealing with both depression conditions and continued political struggles in the southern states. The most important element of this shift, however, was the growing realization amongst a majority of the members of the NBOT that the railroad question was the central, controlling question of the entire movement for a cheap and equitable system of transportation in the United States, and that no progress could be made on that question without dealing with the issue head-on.

“Monstrous Monopolies”: Commercial Antimonopoly and the Question of Railroad

Regulation in the 1870s and 1880s

The emergence of the railroad as the primary carrier of goods was of critical importance to merchant organizations following the Civil War. Railroad mileage ballooned in the late 1860s and early 1870s, and the competition that emerged among railroads and water transportation due to this explosion of construction was a primary factor in the reemergence and fervor of the cheap

transportation movement of the 1870s.⁵¹ Economic historians have long debated the relative importance of the railroads to the economic development of the United States in this period, but for the commercial organizations at the time there was little doubt of their centrality within the American economy.⁵² As B. R. Bonner of St. Louis argued in 1871 the “multiplication of these agencies,” namely the railroad and the telegraph, had “quicken[ed] the pace of our material advancement and lifted high the standard of our civilization.”⁵³ Railroads were not just a form of transportation or kind of economic organization, they were critical to the progress of American civilization, at least in the minds of those commercial actors who interacted with the emerging railroad system on a daily basis.

Though the NBOT spent a great deal of time on water-based transportation in its early years the issue of railroads was ever-present, and a number of delegates presented ambitious improvement schemes based on expanding the use of railroads to contribute to the cheapening of transportation. A particularly popular idea in the first several years of the Board was for a federally-funded double-track freight railway that would complement rivers and canals and compete with the emerging trunk lines for the grain trade to the seaboard. Hiram Walbridge of the New York COC, a long-time supporter of federal involvement in railroad construction, submitted his own plan before the Board in 1869 to ask the government to charter five new trunk-lines from the Mississippi to the seaboard terminating at Boston, New York, Philadelphia,

⁵¹ The period of 1868-1873 was only the first of three such railroad building booms during the late nineteenth-century. See Albert Fishlow, “Transportation in the 19th and Early 20th Centuries” in Engerman, *Cambridge Economic History*, 583-585.

⁵² For classic studies of the connection of the railroads to economy growth see Robert William Fogel, *Railroads and American Economic Growth: Essays in Econometric History* (Baltimore: The Johns Hopkins University Press, 1964); Albert Fishlow, *American Railroads and the Transformation of the Antebellum Economy* (Cambridge, Mass.: Harvard University Press, 1965); for more recent works see Colleen A. Dunlavy, *Politics and Industrialization: Early Railroads in the United States and Prussia* (Princeton, N.J.: Princeton University Press, 1994); White, *Railroaded*.

⁵³ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 77.

Norfolk, and Charleston, arguing that the time had come when “railroads corporations must place themselves in harmony with the demands of the age.”⁵⁴ Echoing similar language used in the debates over river and canal improvements, Walbridge continued by asserting that soon enough the great railways of the country would be regarded as “national highways.” Others were less sanguine about such projects, such as Edward Holton of Milwaukee who noted that “humble Wisconsin” could manage her railroads on her own and that he would need to “withhold my support from any proposition granting of Governmental subsidies” outside of simple land grants.⁵⁵ Little doubt remained among most of the members of the NBOT that some federal involvement in railroads was necessary, but just as with river and canals there was ample disagreement over what exactly that involvement would entail.

The 1871 debate before the Board over building a new centrally-located railroad to the Pacific brought to the forefront the most important issues regarding railroads, namely the public role of the railroad and governmental control over growing railroad monopolies, issues that would dominate the debates among commercial men for the remainder of the 1870s and into the 1880s. B.R. Bonner of St. Louis set the tone for the discussion by defaming railroad corporations as “monstrous monopolies” that were holding back the “stupendous agencies” of the producers of the country, and that railroads were the “people’s highways” and should be “managed exclusively in their interests.”⁵⁶ George L. Buzby of the Philadelphia Commercial Exchange supported Bonner, though he did admit unease over conceding such power to the government. In the end though Buzby reasoned, “as the country grows in extent, the centralizing power grows with it . . . so the central power that should hold the reins and guard the interests of the entire

⁵⁴ National Board of Trade, *Proceedings of the Second Annual Meeting*, 85.

⁵⁵ *Ibid.*, 102.

⁵⁶ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 77–78.

Republic with sacred fidelity, must always increase in its power.”⁵⁷ Some were not so confident of the government’s benevolence; textile manufacturer and noted political economist Edward Atkinson interjected sarcastically that he would be happy to see the “business hand of the Government, which we all know proceeds with absolute purity and freedom from corruption and political affiliations” insinuate itself into their affairs.⁵⁸ The balance of opinion of the Board was represented best by Joseph Ropes of the Boston BOT, who agreed with the condemnation of railroads but also noted the “abominable abuses” inflicted by governmental officials, and settled finally for a Board of Control that would make “public conveyance” answerable to the people.⁵⁹ Attempts to support the chartering of a new railroad to the Pacific faded after 1872, but the central issues that animated this early debate continued to guide the action of the Board for many years.

At the root of merchant debates over railroads (and later, the telegraph) was commercial antimonopolism, a critique of centralized economic power with deep roots within the American political tradition. American historians have, with a few exceptions, situated antimonopoly movements within a producerist tradition, with examples such as Leon Fink’s work on the Knights of Labor and republicanism or Gretchen Ritter’s analysis of antimonopoly within the context of the currency debates of the late nineteenth-century.⁶⁰ Recent work by Richard White and Richard John has argued for the importance of antimonopoly thought in the story of the transcontinental railroads and American telecommunications, respectively, and has done much to

⁵⁷ Ibid., 87.

⁵⁸ Ibid., 89.

⁵⁹ Ibid., 108–109.

⁶⁰ See Leon Fink, *Workingmen’s Democracy: The Knights of Labor and American Politics* (Urbana: University of Illinois Press, 1983); Ritter, *Goldbugs and Greenbacks*. For important work on merchant antimonopolism see Benson, *Merchants, Farmers & Railroads*; for a comprehensive overview of antimonopoly in America see Arthur P. Dudden, “Anti-Monopolism, 1865-1900: The Historical Background and Intellectual Origins of the Antitrust Movement in the United States” (PhD diss., University of Michigan, 1950).

reinvigorate antimonopoly as a political and economic force during the late nineteenth-century.⁶¹ Antimonopoly was thus a crucial intellectual element of the commercial republicanism espoused by merchant organizations, as it gave form to their misgivings with the corporatization of industrial capitalism and suggested possible avenues to structure capitalist institutions through positive government.

Commercial antimonopolism was distinct from the producerist form in that it emerged as a critique from within the capitalist community itself and sought to preserve commercial capitalism through reforming its worst excesses and promoting its chief virtues, namely rigorous and healthy competition within a well-regulated economic environment. Various economic interest groups of the period turned to antimonopoly as a response to the changes in economic power relations due to the emergence of corporate capitalism. Producer antimonopoly as practiced by farmer and labor groups was often framed within a larger criticism of capitalism as a whole and rooted in feelings of a loss of control. Commercial antimonopoly was also about control, but as an ideological stance it emerged from a positive position of reforming commercial capitalism to preserve and regulate the benefits of growth and competition.

Commercial interest in railroad activities began increasing in 1874, with local groups taking the lead in investigating and working with their legislatures on railroad corruption as well as bringing up these issues before the NBOT. In January 1874 Samuel Ruggles, stalwart delegate for the New York COC at the 1863 and 1865 commercial conventions, presented a lengthy report on the growing western trade before his body's monthly meeting that concluded by asking that the federal government assert its "sovereign authority" over interstate commerce "by wisely and

⁶¹ White, *Railroaded*; John, *Network Nation*; for an excellent overview of the usefulness of antimonopoly see Richard R John, "Robber Barons Redux: Antimonopoly Reconsidered," *Enterprise and Society* 13, no. 1 (March 1, 2012): 1–38.

equitably regulating the railway charges for transporting and interchanging the cereals of the interior” for the manufactured goods and other products of the east.⁶² It was also in January 1874 that the newly formed New York Cheap Transportation Association (later to merge with the New York Board of Trade and become the New York Board of Trade and Transportation, hereafter NY CTA and NY BOTT) held its first annual meeting and reported fears of the “covert influence” of railroad interest blocking action at the 1874 NBOT meeting.⁶³ At the National Board meeting that year delegates continued to focus on railroad corruptions as a factor in the cheap transportation debate. Chicago BOT commission merchant Charles Culver presented resolutions from the Chicago Board urging the pressing need for new avenues to the east, and charging that the intense pressures of carrying ever-increasing amounts of western goods had led to a “system full of faults, evils and abuses, all of which tend to increase the cost of transportation.”⁶⁴ Despite a few who agreed with Culver the Board postponed further discussions of the issue until the following year.

By 1875 so-called “rate wars,” brought about by trunk line railroads (the four major lines at the time being the New York Central, Erie, Pennsylvania, and the Baltimore & Ohio) slashing rates and instituting various rebates in order to compete under depression conditions, prompted numerous criticisms from merchants that built upon the already existing foundation of skepticism towards railroad corporations. A report by the New York CTA actually commended the increased competition for bringing rates that reflected the “*bona fide* capital” invested in

⁶² New York Chamber of Commerce, Series VIII Member Meeting Minutes 1768-1973, Box 399 1868-1874, January 10, 1874, 424-425, NY COC Records, Columbia RBM.

⁶³ New York Board of Trade and Transportation Minutes 1873-1883, NY Cheap Transportation Association n.d. 1873-1880, January 29, 1874, 2, New York Board of Trade and Transportation Records (hereafter NY BOTT Records), New York Historical Society (hereafter NYHS).

⁶⁴ National Board of Trade, *Proceedings of the Adjourned Meeting of the National Board of Trade* (Chicago: Knight & Leonard, Printers, 1874), 132.

railways rather than the inflated figures given by railroads through excessive stock issuance.⁶⁵ However, most reactions to the rate wars focused on the disruption of rate stability and attempts to control rates through unlawful combinations. An 1875 report delivered by NBOT president Frederick Fraley before the Board highlighted the main issues the merchants had with railroad management, including combinations of competing lines and the “watering” (a term used for the issuing of stock not based on the actual value of the capital invested in a railroad) of stock as major contributing factors to the troubles surrounding railroad management.⁶⁶ A final report adopted by the Board at that same meeting struck a moderate balance, arguing that “certain laws of a general character” to preserve the “public interest” in railroads should be enacted along with further calls for the federal government to create a body to collect statistics on the railway system and for uniform account-keeping by railroads. Year by year, merchant attention to railroad practices grew, as did their resolve both to understand the business of railroads more clearly and to act on that knowledge.

Merchant frustration with the railroads continued into 1876 and 1877, and commercial organizations wrestled with the issue of railroad monopolies and growing indications of malfeasance regarding freight rates. The annual report of the Chicago BOT for 1876 proclaimed that nothing “ever occurred in the history of transportation in this country [that] has so shaken the public confidence” than the fact that the continued business of the railroads under such ruinously low rates suggested that previous rates had been “in the highest degree extortionate.”⁶⁷ The New York CTA, increasingly the primary movers for railroad reforms within the NBOT,

⁶⁵ New York Board of Trade and Transportation Minutes 1873-1883, NY Cheap Transportation Association n.d. 1873-1880, June 8, 1875, 2, NY BOTT Records, NYHS.

⁶⁶ National Board of Trade, *Proceedings of the Seventh Annual Meeting*, 93–105.

⁶⁷ Chicago Board of Trade, *Nineteenth Annual Report of the Trade and Commerce of Chicago, For the Year Ending December 31, 1876, Compiled for the Board of Trade* (Chicago: Knight & Leonard, Printers, 1877), 20.

presented resolutions before the National Board in 1876 asserting that it was time that “something was done to protect the rights of citizens, and to adjust the rights between the citizen and these railroad corporations,” complaining of “special contracts” that acted as a detriment to the “honest trader”.⁶⁸ Charles Watrous, a lumber merchant from the New York CTA, continued by noting the “vast power” of the railroads not only to influence commerce but also in “influencing legislation for their own benefit.”⁶⁹ This was not the first time that merchants connected economic and political corruption and would not be the last, but increasingly the influence of antimonopoly critiques of the possible manipulations wrought by railroad corporations turned NBOT discussions towards a response rooted in government supervision or control. Joseph S. Ropes of the Boston BOT made this plain in his agreement, referencing the power of the Boston & Albany Railroad and pointing out that the railroad question “rests on a principle which has not been sufficiently recognized,” namely belonging to a “class of subjects which we may call monopolies.” Unless a “superior power” intervened to restrain the railroads, Ropes continued, the “community must be at their mercy.”⁷⁰ The New York *Tribune* noted the growing interest of the Board in “Government interference” and concluded negatively that the NBOT “does not seem to have learned that the world is governed too much.”⁷¹ The *Tribune* may have overstated the NBOT’s commitment to overly invasive legislation, but by 1877 it was clear that a majority of the Board favored some type of federal response.

Agitation for a solution to the railroad question continued into 1877 and 1878, as both railroad strikes and rising complaints against discriminatory railroad freights precipitated NBOT support for nationally-oriented responses as well as local commercial bodies attempting to find

⁶⁸ National Board of Trade, *Proceedings of the Eighth Annual Meeting*, 174.

⁶⁹ *Ibid.*, 175.

⁷⁰ *Ibid.*, 183.

⁷¹ “No Title,” *New York Tribune*, July 1, 1876.

answers that spoke to their particular conditions. In response to the railroad strike in July of 1877 the National Board lamented railroad manager's attempts to employ "combinations and other plans for protecting themselves from themselves" and presented outlines of a plan for a national railroad clearing-house under control of the federal government.⁷² On a local level, in early 1878 the New York COC interviewed both William H. Vanderbilt of the New York Central and Hugh J. Jewett of the Erie Railroad regarding various discriminations the Chamber believed that New York merchants labored under, and sent a communication to the New York Assembly calling for a commission to look into the matter.⁷³ Similarly, the Boston Commercial Exchange corresponded with the Boston & Albany Railroad in August of 1878 in an attempt to bring about more "intimate" relations between the Exchange's large grain interest and the major rail line from Boston to the west.⁷⁴ By the end of the 1870s merchants on the local and national level focused increasingly on taking direct regulatory action to solve railroad issues, either through contacting the railroads themselves or seeking out legislative responses.

The year of 1879 was an important one for the commercial organizations pressing for railroad regulations as the many years of work fact-finding, debating, and generally arousing public interest seemed to finally lead to concrete progress. The public interest in railroad abuses had been invigorated earlier in the year by the Hepburn Committee investigation instigated by the New York State Assembly, an investigation that made the railroads out to be rapacious corporate giants uninterested in the general welfare and brought to prominence one Simon Sterne

⁷² National Board of Trade, *Proceedings of the Ninth Annual Meeting*, 182–188.

⁷³ Series IX Printed Materials 1774-1977, Box 466 1878-1880, February 28, 1878, 1–7, NY COC Records, Columbia RBM.

⁷⁴ Boston COC Records, Vol. 30 Minutes of Directors Meetings of Boston Commercial Exchange, August 20, 1878, 366–369, Boston Chamber of Commerce Records (hereafter Boston COC), Baker Library Historical Collections, Harvard Business School (hereafter BLHC-HBS).

of the New York BOTT.⁷⁵ Sterne's involvement was initiated by his growing reputation as an author on the railroad question, based largely on a well-received address entitled "The Railway in its Relation to Public and Private Interests" delivered in 1878.⁷⁶ Out west, the Chicago BOT lamented that "all the great trunk lines between the east and the west are practically consolidated . . . into a giant monopoly, from which the element of competition seems to be entirely eliminated," and went on to note that proper action only awaited the "decision of the proper tribunal" over what steps to take.⁷⁷ In December 1879 the NBOT met for the first time in Washington, D.C., and foremost among the topics under discussion were resolutions from both the New York BOTT and Boston BOT to consider the regulation of railroads under the auspices of the federal government. Speaking for the New York BOTT was none other than Simon Sterne, the New York lawyer made famous by his testimony before the Hepburn Committee.

Sterne's speech laid out what had become the predominant ideas relating to railroad regulation that percolated throughout the merchant community during the 1870s, specifically that competitive pressures in the railroad industry had destabilized the commercial system and created combinations of capital injurious to the public welfare. He argued that they as Americans had "misunderstood as a people the bearing, the power, and the consequences of giving a public highway into private hands."⁷⁸ Focusing on the uniqueness of railroads as a business, Sterne then pointed out that the "condition of freedom which lies at the very basis of competition does not

⁷⁵ For a relatively laudatory overview of the importance of the Hepburn investigation see Benson, *Merchants, Farmers & Railroads*, 115–148; for a critical reevaluation of the Hepburn investigation see Albro Martin, "The Troubled Subject of Railroad Regulation in the Gilded Age--A Reappraisal," *The Journal of American History* 61, no. 2 (September 1, 1974): 339–371.

⁷⁶ Simon Sterne, *The Railway in Its Relation to Public and Private Interests: Address of Simon Sterne Before the Merchants and Business Men of New York, at Steinway Hall, April 19, 1878*. (New York: Press of the Chamber of Commerce, 1878).

⁷⁷ Chicago Board of Trade, *Twenty-Second Annual Report of the Trade and Commerce of Chicago, For the Year Ending December 31, 1879, Compiled for the Board of Trade* (Chicago: Knight & Leonard, Printers, 1880), 17, 19.

⁷⁸ National Board of Trade, *Proceedings of the Tenth Annual Meeting*, 47–48.

exist” as railway managers sought combination as an easier path to profit. Such combinations in obstruction of competition were anathema to merchants and the whole system of commercial capitalism, and so because of the “nature of the business” regulation was needed to ensure that the railroad system functioned both for private profit and for the benefit of the public.⁷⁹ The great mistake made by the United States and England, Sterne continued, was in not recognizing as continental Europeans had that railroads were first and foremost public highways and so “practically and substantially at all times under governmental control.”⁸⁰ Though highlighting how certain European countries had grasped the essential nature of railroad transportation, Sterne nevertheless urged a cautious and “conservative” approach, pointing out that they needed something “better adapted to our institutions,” and for this reason he heartily encouraged the Board to press before Congress the need for a “national Railway Commission” to set about interrogating the problem.⁸¹ Sterne’s strong case for a railroad commission was indicative of the extent to which the need for regulation in order to preserve healthy and equitable competition had grown within the ranks of the Board by the end of the 1870s.

Sterne and the New York delegates were not alone in their support for the antimonopoly-driven calls for railroad commissions and tribunals, and representatives from many different commercial groups argued that government intervention was in their interest as well. George L. Buzby of the Philadelphia BOT read the opinion of a Philadelphia judge in a case involving the Pennsylvania Railroad to argue that “we have no rights that railroad companies are bound to respect,” and that the entire conduct of railroads was a subject that should “enter into the domain of politics, and that men should be elected to the legislatures and to Congress who shall be

⁷⁹ Ibid., 51.

⁸⁰ Ibid., 56.

⁸¹ Ibid., 60, 64.

pledged to stand by the rights of the people, and against these railroad kings.”⁸² Charles Randolph, secretary of the Chicago BOT, answered the desire of a few to let competition continue to regulate matters by asking “what evidence have we, if we have had any in the last ten years, that competition can regulate this thing? I think it is the sheerest nonsense to talk about it . . . our experience is all against it.” “We may think what we may of it,” Randolph concluded, “but we cannot ignore the fact that the railroad interests of this country are practically now a consolidated monopoly,” and nothing could be done about such monopolies until merchants “begin now to move in this matter.”⁸³ During the meeting itself Board president Fraley and Francis Thurber, a wholesale grocer and rising star of the antimonopoly movement from the New York BOTT, met before the House Committee on Commerce to deliver the NBOT’s interstate commerce resolutions.⁸⁴ Determination for action was now nearly universal among the organizations of the NBOT. The notion that competition alone could control the level of rates among competing railroad lines now paled before the seemingly damning reality of the monopolistic behavior of the major trunk lines.

The early years of the 1880s were the high tide of merchant antimonopoly, as the number of organizations devoted to corporate regulation increased and the fervor for government control of monopolies spread. Railroads were not the only targets of such reformers, and before the NBOT the issue of control over the telegraph, raised several times before in the early 1870s, returned as a hot-button issue. Francis Thurber of the New York BOTT took the lead on the matter in delivering a report of the postal telegraph committee at the National Board’s 1880 meeting. Unmistakably echoing Sterne on railroads from the previous year, Thurber argued that

⁸² Ibid., 67.

⁸³ Ibid., 78.

⁸⁴ “The House Does It,” *Washington Post*, December 13, 1879.

in the case of the telegraph business “competition always ends in combination,” and suggested in his report that the United States follow the model of the British government in controlling the telegraph for the good of the public. A few members assaulted such ownership as offensive in a republican country, but the resolutions passed handily and Thurber was given charge of a committee to present the resolutions before the Congressional Committees on Post Offices and Post Roads.⁸⁵ In January 1881 a number of New York merchants held a meeting at the Cooper Institute to form the National Anti-Monopoly League, with Thurber joining John F. Henry as two National Board delegates who addressed the meeting.⁸⁶ The *Louisville Courier-Journal* remarked on the “big anti-monopoly pressure” by noting that it differed from previous farmer-led efforts as this new force was made of a “compact of sharp, experienced, interested business men, engaged in mercantile transportation interests in the great cities.”⁸⁷ The paper was correct in placing responsibility for the movement with merchants, but wrong in its assessment of the relative newness of the agitation. Antimonopoly had been a central preoccupation of the commercial community for many years, but as a force in national politics it was not until the 1880s that it truly took center stage.

Having established the necessity of federal action on railroad legislation the commercial men of the NBOT then turned to considering the possibilities then before Congress, namely the proposals of Texas Democrat John Reagan in the House. The most important elements of Reagan’s bill called for an end to rate discriminations, including rebates and drawbacks, and would forbid railroad pools as unlawful combinations. As chair of the House Committee on

⁸⁵ National Board of Trade, *Proceedings of the Eleventh Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1881), 155, 168; for a more in-depth analysis of antimonopoly and the postal telegraph movement see John, *Network Nation*, 170–194.

⁸⁶ “Antimonopoly: An Association for Protection Against Corporations,” *Chicago Tribune*, February 1, 1881.

⁸⁷ “Cream: Skimmed from Yesterday’s Specials,” *Louisville Courier-Journal*, February 22, 1881.

Commerce Reagan had filed bills for railroad regulation each year since 1878 but met with rejection each time, but by 1881 and 1882 commercial backing began to pay dividends. In January 1881 both the New York COC and New York BOTT endorsed the Reagan bill over a competing measure in Congress as the closest representation of the wants of the commercial community for regulating the railroads.⁸⁸ The annual report of the Philadelphia BOT for 1881 also noted an ongoing correspondence with the New York COC and recommended conferencing with both railroad leaders and other commercial groups to determine the best way forward.⁸⁹ A particularly lively meeting of the Indianapolis BOT to discuss the Reagan bill captured in miniature the battle-lines drawn nationwide between railroads and their supporters and merchants. As the *Chicago Tribune* reported, following a committee report in support of the bill “railroad interests” in the room attempted to table the report, followed by an hour and half of debate where “much bitter feeling” was displayed between the two parties. The *Tribune* concluded that such behavior on the part of the railroads would only “intensify the feeling of shippers and others” and bring support for regulation.⁹⁰ By the beginning of 1882, the National Board would join in the fray over the shape that an interstate commerce bill would take.

The enthusiasm for the creation of a railroad commission was evident at the January 1882 meeting of the National Board, and though some sectional disagreements marred debate a relative consensus on an incremental approach to the problem remained strong. Ambrose Snow, a prominent shipper and delegate of the New York BOTT, endorsed the current version of the

⁸⁸ Series VIII Member Meeting Minutes 1768-1973, Box 401 1880-1886, January 6, 1881, 57–59, NY COC Records, Columbia RBM; NY BOTT Minutes 1873-1883, Jan.-Feb. 1881, January 12, 1881, 4–9, NY BOTT Records, NYHS.

⁸⁹ *Forty-Eighth Annual Report of the Philadelphia Board of Trade* (Philadelphia: The Chandler Printing House, 1881), 18–19.

⁹⁰ “The Railroads: Indianapolis Merchants and the Reagan Bill Now Before Congress,” *Chicago Tribune*, January 22 1881.

Reagan bill by making accusations against the conduct of well-known financier and favorite target of antimonopolists Jay Gould, arguing that dealing with such problems have “impressed our merchants and business men with the importance of having our Railroad system” under some control by government.⁹¹ James Stranahan, former Congressman and merchant of the New York COC, while applauding the “zeal” of many New Yorkers for supporting state legislation to deal with the railroad issue, argued the “most intelligent and least selfish” solution would come from Washington, and that railroads should be glad to be rid of the “narrow legislation” enacted by state governments.⁹² The most insistent pleas came from westerners who, due to the numerous attempts to pass railroad legislation during the 1870s, possessed the most experienced view on the subject amongst all of the delegates. Speaking of Wisconsin’s strongly regulatory Potter Law of 1874 as the “acme of all wisdom” at the time, commission merchant William P. McLaren of the Milwaukee COC explained how its subsequent repeal was the conservative and correct measure and that the railroad issue could only be handled “carefully and proceeding by very slow degrees.”⁹³ Ultimately the Board favored a resolution the embodied the methodical way of approaching the subject and merely memorialized Congress for a commission while not endorsing any specific bill.⁹⁴

In general, the position of the Board favored the appointment of a commission first along with the anti-pooling and anti-discrimination provisions of the Reagan bill over the Henderson bill, authored by Charles Francis Adams, which suggested merely a simple commission, and members of the National Board and other merchant groups expressed these views before the

⁹¹ National Board of Trade, *Proceedings of the Twelfth Annual Meeting*, 115.

⁹² *Ibid.*, 123–124.

⁹³ *Ibid.*, 127–128. The extent to which the repeal of the Potter Law was due to public opinion or more the work of the railroads is discussed in Schonberger, *Transportation to the Seaboard*, 44–46.

⁹⁴ National Board of Trade, *Proceedings of the Twelfth Annual Meeting*, 135.

Reagan-chaired House Committee on Commerce in February 1882. Francis Thurber argued for the provisions of a commission and the Reagan bill, and was mostly correct in asserting that the “propositions” he spoke of “have been indorsed by the National Board of Trade . . . the principal commercial organization of the country.”⁹⁵ D.B. Henderson of the Dubuque BOT, defending the actions taken during the Granger agitation of the 1870s, averred forcefully that “the highways of the country, the only highways that we have, cannot drift at the mercy of private interest or private ambition,” and citing, somewhat ambitiously, that “a hundred thousand business men are already petitioning you . . . for aid.”⁹⁶ Such charges were refuted by witnesses for the railroads including Chauncey Depew who remarked at the “absurdity” of both the claims of the Hepburn Committee and the New York BOTT, but in the main supporters of regulation had the more persuasive argument that the public interest was behind them. In concluding the series of meeting Reagan applauded the support given by the “National Board of Trade, and boards of trade and chambers of commerce in many parts of the country” in adding their voices to the support of reform, and remarked that “the wishes of the people on this subject may be baffled and delayed for a time” but that ultimately “all men must see a solution of this problem must come.”⁹⁷ In putting forth testimony in support before important Congressmen like Reagan the representatives of the NBOT reinforced their connection to the policymaking process that might give reality to their many memorials.

Reconciling the conflicting aims of the Reagan bill and its prohibitions against pooling and rate discriminations, and the newly-offered bill of Senator Shelby Cullom (R-IL) that

⁹⁵ U.S. House of Representatives, *Arguments and Statements before the Committee on Commerce in Relation to Certain Bills Referred to That Committee Proposing Congressional Regulation of Interstate Commerce* (Washington, D.C.: GPO, 1882), 35. The basic principles of the Reagan bill had been approved of by the NBOT, just not the bill itself.

⁹⁶ *Ibid.*, 43.

⁹⁷ *Ibid.*, 263, 265.

focused on a commission, took up much of the National Board's efforts in 1884. A majority of the Board continued to support the establishment of a commission, reflecting the views of the Chicago BOT that "high-minded and competent men, wielding the strong arm of national authority . . . would be of undoubted service."⁹⁸ Sterne argued at the 1884 NBOT meeting that regardless of if Congress passed the Reagan bill (which did not include a commission) that such a commission would be needed "for the purpose of curing the ills which cannot be reached by this bill," and he offered the existence of English railway commissions formed in the 1870s as a positive example.⁹⁹ Despite the strength of sentiment for a commission doubts still remained among some. J. Price Wetherill, a retired merchant from the Philadelphia BOT, asserted that it was "impossible" for man-made laws to change the "natural laws of trade," and that "we have a pile of railroad bills, many of which, if put into execution, would so cripple the commerce of this country" that recovery would take years.¹⁰⁰ William J. Pope of the Chicago BOT joined with Wetherill and added that there was "a great deal of humbug in this cry against monopoly" and that the best they could do was to ask for an "advisory board."¹⁰¹ Groups like the Philadelphia BOT and the Chicago BOT, despite their agreement on some of the broader principles of railroad regulation, often evinced a stronger skepticism of attacks on the railroads than the New Yorkers, and urged caution regarding the stricter guidelines of the Reagan bill. Again, the Board continued with the conservative course of recommending an advisory commission and held back their approval of any specific bill.

⁹⁸ Chicago Board of Trade, *Twenty-Seventh Annual Report of the Trade and Commerce of Chicago, for the Year Ended December 31, 1884, Compiled for the Board of Trade* (Chicago: Knight & Leonard, Printers, 1885), xxvii.

⁹⁹ National Board of Trade, *Proceedings of the Fourteenth Annual Meeting*, 115–118, 119.

¹⁰⁰ *Ibid.*, 123–124.

¹⁰¹ *Ibid.*, 132–133.

The exact position of the National Board on pending legislation became a matter of some debate during the Congressional session in the winter of 1884 and 1885 as a number of Congressmen cited the opinions of the NBOT and other commercial groups to support their position. Representative John Davis Long (R-MA) invoked the National Board in a speech against the Reagan bill by noting that the assembled merchants had “declared against” the bill almost to a man.¹⁰² Backing up Long was Rep. Charles O’Neill (R-PA) who stated that the complaints against railroads had “almost entirely ceased” and claimed that Reagan “knows that the Board of Trade – the National Board of Trade – disapproved of his bill” and yet pressed ahead anyway. Reagan refuted his critics directly, pointing out that the “National Board of Trade has several times demanded such legislation” and blaming the NBOT’s lack of specific endorsement for the Reagan bill on the “influence of railroad corporations.”¹⁰³ Backing up Reagan was Rep. John E. Kenna (D-WV) who, speaking to the demand for railroad legislation, reiterated Reagan’s assertion that the “National Board of Trade has demanded it. Boards of trade and chambers of commerce throughout the country have urged it.”¹⁰⁴ Both those in support of strong railroad legislation and those against it claimed to have the support of the commercial community, with varying degrees of accuracy. This mini-debate over what merchants supported reflected both the importance placed upon the imprimatur of commercial organizations by legislators as well as the ambiguity of the position of groups like the NBOT on national legislation.

¹⁰² U.S. House of Representatives, *Interstate Commerce Debate in Forty-Eighth Congress, Second Session, on the Bill (H.R. 5461) to Establish a Board of Commissioners of Interstate Commerce, and to Regulate Such Commerce* (Washington, D.C.: GPO, 1884), 30.

¹⁰³ *Ibid.*, 291, 295.

¹⁰⁴ *Ibid.*, 373.

The annual meetings in early 1886 and 1887 were the most important for the NBOT in clarifying their position within the interstate commerce debate in terms of the Reagan and Cullom bills and the major differences between the two, namely how to handle the control of rates, rate discrimination, and the necessity of a commission. In March 1885 the Senate created a special committee, headed by Sen. Cullom, to collect evidence and testimony from railroad leaders, farm organizations, and commercial bodies on the conditions of interstate commerce. Of the one hundred and sixty-four witnesses called before the committee twenty-eight were either former or current delegates of the NBOT, and the report presented by the committee in January 1886 was an extremely close approximation of the then current position of the Board in all respects, including the establishment of a commission.¹⁰⁵ The NBOT committee on interstate commerce presented a synopsis of the bill recommended by the Senate committee at the January 1886 meeting and pledged support to the bill with a few alterations. One change called for was striking out a section that applied the act to waterways with the reasoning that the nation's waterways possessed competition that was "sufficiently extensive to afford ample protection to public interests," a nod to the NBOT's continued support of waterway improvement and to the notion that such legislation was specifically meant for railroads alone.¹⁰⁶ A more significant change, however, dealt with perhaps the most divisive issue of the regulation debate – rate differentials between long and short hauls.

Rate differentials were the most controversial element of the interstate commerce debate as they united merchant groups against the inequity of discrimination while at the same time

¹⁰⁵ Calculated by cross-referencing NBOT delegate lists with committee witness list. Senate Select Committee on Interstate Commerce, *Report of the Senate Select Committee on Interstate Commerce (Testimony)*, 49th Congress, 1st Sess., 1886, 1477–1478.

¹⁰⁶ National Board of Trade, *Proceedings of the Sixteenth Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1886), 133.

dividing commercial bodies between those who saw benefits both selfless and self-interested in differentials against those who interpreted rate differences as an insult to fair competition. The debate centered on the practice of railroads charging lower rates for long-haul (or “through”) traffic, which tended to be highly competitive, than those for short-haul (or “local”) traffic which railroads typically monopolized. Such monopoly conditions could change depending on whether localities possessed access to reliable water transportation, but in the main such differentials were still regarded as uncompetitive and onerous to geographically unfortunate communities, namely those outside the main commercial centers of the country.¹⁰⁷ This presented a quandary for a group like the NBOT that contained merchants from many different types of commercial communities. The idea of discrimination was anathema to a number of NBOT delegates as it represented the very worst aspects of railroad practice and monopoly power, and so the proposal that the government should prevent railroads from charging different rates for service seemed just and in the public interest. For others, however, such rates had actually benefitted the public by encouraging the economic growth of the interior of the country and were simply one of the realities of railroad economics. The attempts made by the members of the NBOT to reconcile these differences in 1886 and 1887 illustrate how difficult the process of maintaining a consensus on how to act on the railroad issue remained, even after more than a decade of discussion.

The staunchest defenders of rate differentials at the 1886 meeting were all westerners who based their support on the argument that differentials allowed western development to occur, and without them western merchants would be unable to supply the seaboard with the commodities that fueled both domestic industry and foreign trade. Such views came out strongly

¹⁰⁷ For a succinct explanation of this detailed subject see Maury Klein, “Competition and Regulation: The Railroad Model,” *The Business History Review* 64, no. 2 (July 1, 1990): 313–318; for a more vituperative rundown of the issue see Martin, “The Troubled Subject of Railroad Regulation in the Gilded Age--A Reappraisal.”

in the debate over the recently introduced Cullom bill in the Senate which included a pro rata provision (“in proportion”) prohibiting rate differentials. Flour manufacturer C.M. Loring presented a resolution from the Minneapolis BOT that he claimed was an “index of the sentiment of the people of the Northwest” that opposed the provision, arguing that the competition from railroads and water routes allowed them to ship goods east at a lower cost, and if the bill passed then “the vast prairies of the Northwest . . . would go back to the Indians.”¹⁰⁸ Supporting Loring’s argument was Edward P. Bacon, commission merchant from the Milwaukee COC, explaining that the primary business of railroads consisted of what was “naturally tributary to it at the local points” and for which they made the majority of their profit, not through traffic which was “to a very large extent surplus business.”¹⁰⁹ Taking away the railroad’s ability to charge “what it can obtain” (often referred to by railroads as what the service “could bear” at a given time) the Reagan bill would actually lead to higher prices as railroad companies would effectively tax local traffic to make up for their losses in through traffic. Bacon also praised the Cullom bill, put forward by the Senate, as a superior piece of legislation due to the “careful study” of the question put into and asserted that the Senate Committee would be “greatly sustained and helped” by the NBOT’s endorsement. The Board ultimately approved of the Cullom bill with revisions to the pro rata section and a few other minor alterations, all of which the Board communicated to Cullom and a number of Congressmen with some success, an illustration of the “important influence of the National Board of Trade” according to William J. Pope of the CBOT.¹¹⁰ Despite the endorsement, however, the interstate commerce debate in Congress continued into 1887.

¹⁰⁸ National Board of Trade, *Proceedings of the Sixteenth Annual Meeting*, 135.

¹⁰⁹ *Ibid.*, 138.

¹¹⁰ *Ibid.*, v.

The interstate commerce debate before the Board in 1887 encapsulated the disagreements and differences amongst merchants during the previous half-dozen years of debate and illustrated the extent to which the commercial community acknowledged the absolute necessity of regulation while still remaining hesitant and uncertain of some important elements, including the pro rata and pooling provisions. The memorial to Congress, presented by Edward Bacon, showed the connections that merchants continued to make between rail and water-based competition by arguing that a long-haul/short-haul provision would “throw the traffic upon waterways” and thus interfere with the “free elective use” of such routes by the public.¹¹¹ The report also foresaw difficulties in the administration of the proposed commission and urged a salary increase for commissioners to enable the hiring of commissioners with “character, intelligence, [and] experience.”¹¹² Representing the dissenters with a minority report was the reliable antimonopoly crusader Sterne, who chastised those opponents of a pro rata provision as supporting the very monopolies they had once opposed. Those local areas that possessed “no water competition, and where the shipper was wholly at the mercy of a complete monopoly” were precisely “where protection is most needed” according to Sterne.¹¹³ Sterne’s New York BOTT compatriot Thurber summed up the situation most ably in noting that “after fifteen years of investigation” the only real consensus was that “something should be done; and that if this Bill is rejected now it will probably be a great disaster.”¹¹⁴ The “shrewdest and clearest headed men in the country” were working against such legislation, Thurber warned, and so the best course was to “endorse and accept it and give it a fair trial.”¹¹⁵ Gridlock ultimately prevailed as the report of the committee

¹¹¹ National Board of Trade, *Proceedings of the Seventeenth Annual Meeting*, 25.

¹¹² *Ibid.*, 27.

¹¹³ *Ibid.*, 28.

¹¹⁴ *Ibid.*, 31.

¹¹⁵ *Ibid.*, 32.

failed to gain the two-thirds majority for adoption. Less than two weeks later Congress finally passed a compromised combination of the Reagan and Cullom bills as the Interstate Commerce Act.

The Interstate Commerce Act of 1887 which created the Interstate Commerce Commission (ICC), the first major agency of federal regulation over national commerce, was a compromised measure that was the product of a commercial community deeply unsettled by monopoly power but unable to reach a consensus on how to contain such power without harming the economic growth of the nation. The final legislation included prohibitions against rate differentials, forbade pooling, and ruled that rates be “just and reasonable,” a determination made by the new commission provided for by the law.¹¹⁶ Historians have been most unkind to the ICC; Albrow Martin describes the commission as “stillborn”, a product of a “bundle of contradictory compromises,” and political scientist Gerald Berk has characterized the passage of the Act as a limited victory for reformers.¹¹⁷ But the limitations and caveats included in the legislation were precisely the point. The ICC was a product not only of the political compromises fought over by Congress but also the intellectual compromises and doubts of the merchant community as reflected in the NBOT. The most consistent single argument put forth by the members of the NBOT during this first major period of the interstate commerce debate was that monopoly power undermined the system of competition upon which the commercial system of the country relied, and because of this the federal government needed to establish itself as the dominant arbiter over the economic future of the country. The ICC was in this way a product of a commercial republican vision wary of corporate power and convinced of the necessity to imbue government

¹¹⁶ *Interstate Commerce Act*, Public Law 49-41, 49 Stat. 379, February 4, 1887.

¹¹⁷ Martin, “The Troubled Subject of Railroad Regulation in the Gilded Age--A Reappraisal,” 370; Berk, *Alternative Tracks*, 100.

with the ability to act in the public economic interest. “We all want proper and suitable regulation of transportation on the part of Congress,” Edward Bacon stated without contradiction in 1887, “The only questions of difference between us seem to be those of detail.”¹¹⁸ Railroad regulation accurately embodied the position of the commercial community towards railroad corporations themselves: tentative, fearful, uncertain, experimental, but determined nonetheless.

Change and Continuity: The Commercial Community and the Transportation Issue at the Turn of the Century

As the twentieth century dawned the National Board of Trade and its membership continued to interpret the question of cheap, reliable, and equitable transportation as one of vital importance to the future economic growth of the nation. The merchant community had achieved the goal of federal regulation of the railroads with the creation of the ICC in 1887 but parts of the commercial community gradually became disenchanted with certain elements of railroad regulation, in particular the prohibition against pooling, as railroads gradually convinced many merchants of the struggles they faced due to the provision. The problems of monopoly power that so animated the merchant community in the 1870s and 1880s seemed less pressing in the 1890s, especially after 1893 when numerous railroad failures began to reveal the tenuous economic standing of railroad corporations. The continual attempts by railroad companies to evade or undermine the ICC inspired many merchants, even those who had been the most strident antimonopolists, to alter their conception of what was necessary in order to maintain stability within the industry and support changes to interstate commerce regulation. During this same period the movement amongst merchant groups for federal support of internal waterways

¹¹⁸ National Board of Trade, *Proceedings of the Seventeenth Annual Meeting*, 39.

improvements reemerged as a major focus of a number of commercial bodies and the NBOT. The goal remained much the same as before: to provide outlets for the great internal commerce of the country while helping the economic development of nation through stimulating productive capacity. Joined to this longstanding commitment was a newer focus on broadening the scope of improvement to include support for an interoceanic canal and a more insistent and organized effort to coordinate the lobbying of Congress for liberal appropriations for water transportation. The combination of efforts focused on reforming railroads and building up water-based routes illustrates the degree to which the commercial community, as represented by the NBOT, was able to keep the transportation debate as a central focus of national economic policy.

In the years immediately following the creation of the ICC the administration of the law came up on a number of occasions with members of the Board expressing various anxieties over the possible future of the law if railroads continued to resist it. In 1889 the Chicago BOT submitted a proposition against pooling as a precautionary measure prompted, as William J. Pope argued, by ICC commissioner Thomas M. Cooley sending out a fact-finding circular to a number of railway associations across the country, the first in a series of steps leading to “one supposed Mecca,” namely legalized pooling.¹¹⁹ S. S. Guthrie of the Buffalo Merchants’ Exchange offered his organization’s concurrence with the Chicagoans, stating that he felt the “moral result of a body like this, expressing its sentiments opposing pooling, would be to influence Congress” a great deal.¹²⁰ A more substantial debate flowered in 1890, again prompted by proposed changes from the Chicago Board. H.H. Aldrich of Chicago attributed the moderate success of the ICC to “hostility” and “contempt” shown by the railroads towards the law, and

¹¹⁹ National Board of Trade, *Proceedings of the Twentieth Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1890), 153–154.

¹²⁰ *Ibid.*, 157.

William McLaren of Milwaukee added that the “principles” of the law were appreciated by the “business men of the country,” and that the correct path was to move forward “conservatively and slowly” towards perfecting the system of regulation.¹²¹ Though there were a few dissenting voices who wished for the repeal of the law entirely, for the most part the merchant community favored moving forward with the ICC and working towards refining its power and approach to enforcement and rate regulation.

Concerns over the ability of the ICC to effectively govern as a regulatory body and the scope of its powers were the main issues for the National Board in the mid-1890s as they suggested measures to further the experiment of regulation to meet merchant desires. In 1892 Edward P. Bacon of the Milwaukee COC offered a plan to lessen the workload of the ICC by instituting regional commissioners to rule on cases that did not require the full attention of the national commission.¹²² Denison B. Smith of the Toledo Produce Exchange supported further suggestions of changes to the legislation as proper considering that the ICC was “an experiment, and as an experiment must continue.”¹²³ Some members continued to denigrate the ICC, however, and focused on the often successful efforts of the railroads to flout the commission. Flour manufacturer Charles T. Ballard of the Louisville BOT defied anyone to refute that the railroads “have combined for the purpose of maintaining rates” and still discriminated against certain localities.¹²⁴ The discussion of the commission’s power continued into the following year with a fulsome debate over the propriety of requiring ICC approval for any rate changes made by a railroad. For some this was a bridge too far, even for supporters of the ICC like Bacon who

¹²¹ National Board of Trade, *Proceedings of the Twenty-First Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1891), 54, 56.

¹²² National Board of Trade, *Proceedings of the Twenty-Second Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1892), 39.

¹²³ *Ibid.*, 43.

¹²⁴ *Ibid.*, 53.

concluded that it was “dangerous in principle” to effectively give the ICC rate-making authority, and he was joined by William R. Tucker of the Philadelphia BOT who claimed that the “merchants of the country . . . do not desire that the Interstate Commerce Commission shall assume the entire control and management of the railroads.”¹²⁵ Those who supported rate-making powers claimed it was for the benefit of the public and the railroads. E.P. Wilson of the Cincinnati COC wanted “intelligent, cool arbitration” of rate-setting not based on the “ill-considered judgment” of railroad officers looking to the “punishment of competitors”.¹²⁶ David McNeamin of the Philadelphia Grocers’ and Exporters’ Exchange agreed, arguing that railroads were the new “king’s highways” and needed to be governed in the public interest, with merchants and railroads alike desiring “uniform, regular, and steady management, a management supervised by the nation.”¹²⁷ It was just this desire for regularity and steadiness that informed the reversal of course on railroad management taken by a majority of the NBOT in the late 1890s.

The issues of continued discrimination in railroad rates, illegal attempts to pool outside of the authority of the ICC, and the generally poor financial conditions of the railroads following the panic of 1893 gradually led to a reversal of opinion amongst many NBOT members on the matter of pooling. Beginning in 1893 Congress began debating a measure introduced by Rep. Josiah Patterson (D-TN) to amend the Interstate Commerce Act to allow pooling agreements under supervision of the ICC. Almost immediately a campaign spearheaded by the Chicago BOT and the *Chicago Tribune* sought to stifle the attempts of a “powerful railroad lobby” in the House to overthrow the ICC, a successful attempt as the bill failed to pass.¹²⁸ The attempts to effectively

¹²⁵ National Board of Trade, *Proceedings of the Twenty-Third Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1893), 117–118.

¹²⁶ *Ibid.*, 113.

¹²⁷ *Ibid.*, 123–124.

¹²⁸ “Pooling Is Killed: Railroad Amendment Defeated in the House,” *Chicago Tribune*, January 20 1893; “Blamed on Chicago: Opposition to Desired Interstate Legislation,” *Chicago Tribune*, January 17 1893.

legalize pooling continued however, and splits in the merchant position on the legislation appeared quickly. A convention of merchants in New York City, of which the president and vice-president were NBOT delegates, urged the passage of the Patterson bill.¹²⁹ The Philadelphia BOT's committee on transportation also reported favorably on the measure to "permit pooling only under the supervision" of the commission in December 1894.¹³⁰ A month later the NBOT weighed in, passing a resolution that argued that the Patterson bill would not "abrogate legitimate competition" but would instead "promote the interest of all shippers who are satisfied with *reasonable, uniform and stable* rates."¹³¹ The reasoning behind the support of such an amendment was put forth best by a New York BOTT Committee on Railway Transportation report from March 1895 that suggested that "twenty years ago many students of the transportation question among business men feared that consolidation and combination among railroads would result in their charging exorbitant rates" but that recent experience had shown that the bigger problem was not high rates but "unjust discrimination" and chastised the Senate for not passing the bill on the National Board's recommendation.¹³² Fears of railroad monopolies charging excessive rates among merchants had dissipated to a great degree by the 1890s, and were replaced by a newfound hope in the stabilizing power of what would be, in effect, a government-sponsored cartelization of the railroad industry.

The issues of competition and consolidation inherent in the pooling discussion developed into a contentious and revealing debate at the 1897 and 1898 meetings of the NBOT, a debate

¹²⁹ "Railroad Pooling Bill Discussed: Representatives of Commercial Bodies Debate the Patterson Measure," *Chicago Tribune*, June 14 1894.

¹³⁰ Minutes of the Executive Council, 1890-1895, December 17, 1895, 377-378, Philadelphia Board of Trade Records, HSP.

¹³¹ National Board of Trade, *Proceedings of the Twenty-Fifth Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1895), 165.

¹³² New York Board of Trade and Transportation Minutes 1894-1896, Jan.-Mar. 1895, March 13, 1895, 4, NY BOTT Records, NYHS.

that illustrated both the continuing hold that the power of competition as an economic emolument had among many delegates as well as how influential the idea of regulated competition had become. Early indications of a split in the NBOT came in 1896 when a Chicago BOT resolution against pooling was reportedly ignored by the railroad committee, a tactic that the *Chicago Tribune* blamed on the railroads who had been “waiting for the meeting” to attempt to head off criticism of pooling bills in Congress.¹³³ In January 1897 the NBOT Committee on Railroad Transportation argued that the most important issue with railroad traffic was “unreasonable discriminations” and that railroads “must be given the power to enforce their agreements on one another” to counteract them. The current danger was not high rates, for competition amongst railroads and with waterways had eased that tension, but that “capital invested in transportation facilities will not receive its adequate reward.”¹³⁴ As Herbert Hovenkamp explains in his excellent dissection of the pooling problem, informal cartels designed to maintain rates barely allowed most railroads to cover operating costs, much less the cost of paying down debt or maintaining capital improvements, and so there was a great incentive to cheat and thus almost inevitably bring about the “rate wars” that so infuriated the commercial community.¹³⁵ Speaking for the committee was Francis Thurber, the once ardent antimonopolist now speaking for the necessity of pools, who argued that in the 1880s they “did not then see that the prohibition of pooling might be a fruitful source of discrimination.”¹³⁶ Thurber was joined by N.B. Kelly of Philadelphia and flour dealer G. Waldo Smith of New York in supporting the resolutions for pooling, with Smith noting that while previously in the battle

¹³³ “Won By the Railroads,” *Chicago Tribune*, January 31, 1896.

¹³⁴ National Board of Trade, *Proceedings of the Twenty-Seventh Annual Meeting*, 203.

¹³⁵ Herbert Hovenkamp, *Enterprise and American Law, 1836-1937* (Cambridge, Mass.: Harvard University Press, 1991), 146–147.

¹³⁶ National Board of Trade, *Proceedings of the Twenty-Seventh Annual Meeting*, 206.

between railroads and shippers that “shippers were the under dog,” the poorly position of railroads by the late 1890s had made it so that corporations “need sympathy and protection.”¹³⁷ Alden Speare of the Boston COC, answering the question of what merchants wanted, put it simply as “fair, equal and stable rates,” something that was not possible “without a pooling law.”¹³⁸ This seeming reversal of thought by some merchants was actually not a reversal at all, but rather a further attempt to experiment within the structure established by the ICC. If the ICC could not maintain competition through regulation, then perhaps greater powers of coordination were necessary, regardless of the predisposition against monopolies within the merchant community.

The most fervent opponents of these proposed changes were westerners who, unlike their eastern counterparts, held fast to their distaste for monopoly and glorified competition despite the apparent evidence that railroads suffered under the ICC. In December 1897 A. J. Vanlandingham, St. Louis Merchants’ Exchange delegate and member of the NBOT transportation committee, presented the western perspective in a minority report against pooling that argued that pools would lead to further discriminations against the commercial cities of the west and south. Vanlandingham claimed that on the question the NBOT was “not a representative body” for western interests as they were asked by the National Board to approve legislation that would “decrease the value of every bushel of grain, of every pound of cotton, every head of live stock” by allowing railroads to divide traffic as they saw fit.¹³⁹ Fellow Missourian William P. Trickett of the Kansas City BOT agreed, asking that if railroads were allowed to pool then would not the “natural tendency . . . be to advance rates wherever possible

¹³⁷ Ibid., 216.

¹³⁸ Ibid., 221–222.

¹³⁹ National Board of Trade, *Proceedings of the Twenty-Eighth Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1898), 245–246.

without regard to fair and legitimate competition?”¹⁴⁰ The most forceful voice in protest came from George F. Stone, secretary of the Chicago BOT. Stone accused the railroads of “every form of sophistry” in their attempts to undermine the ICC, and stated approvingly that the “people” had decided in 1887 that the “enormous railways system” could not be in railroad hands alone and that “a people working under the inspiration of citizenship in this republic for individual and general commercial progress and greatness, must not be presided over by those who are directly interested in the management and concerned with the profits of such system.”¹⁴¹ “Competition,” Stone explained, “everywhere presides over the manifold and magnificent forces of mercantile life,” and that for government to abandon the “interests of the people,” the only reason for which railroads existed, to allow combinations would be “a monstrous thing for this republican government to do.”¹⁴² Ultimately the resolution supporting pooling survived a sectionally-divided vote to pass, but the divisions within the NBOT were clear and the *New York Times* noted that the NBOT, an organization of “fairly representative character” had determined that a “change is necessary.”¹⁴³ While many eastern shippers had come around to the position that regulated pooling represented the best compromise between competition and stability, a significant minority refused on the basis that such pooling undermined the very commitment to the public that lay at the heart of the ICC.

The railroad issue remained important during the final decade of the NBOT’s existence, with the dividing lines remaining those separating merchants supporting pooling and those against, with a few exceptions. In 1905 and 1906, responding to the attention given by President

¹⁴⁰ Ibid., 258.

¹⁴¹ Ibid., 265, 267.

¹⁴² Ibid., 276–277; Stone used this same speech almost word-for-word as part of his annual report to the Chicago BOT, see Chicago Board of Trade, *The Fortieth Annual Report of the Trade and Commerce of Chicago, For the Year Ending December 31, 1897* (Chicago: The J. M. W. Jones Stationary and Printing Co., 1898), lx.

¹⁴³ “Railroad Pooling,” *New York Times*, December 19, 1897.

Roosevelt to the issue, the National Board came out in support of the ability of the ICC to suggest reasonable rates after courts had ruled a particular rate excessive but demurred on the ability of the ICC to set rates arbitrarily and continued to push for pooling.¹⁴⁴ Despite the majority of NBOT merchants supporting regulated combinations Congress would not allow such agreements until the Transportation Act of 1920.¹⁴⁵ The movement away from the issue was partly a function of the fact that commercial groups had by the early 1900s articulated stances on the nature of railroad regulation that were unlikely to change substantially, and thus continued to approve the same resolutions yearly due to the lack of debate. The NBOT had, to a certain extent, achieved its goal of promoting relative consensus within the commercial community on the railroad issue. Another factor contributing to the move away from railroads was the importance of other economic issues such as the debate over financial regulation (discussed in chapter five), as well as the reemergence of attempts to extend and improve water-based transportation.

The pursuit of government funding of water-based internal transportation improvements never truly went away after the cheap transportation movement reached its political apogee in the mid-1870s, and the NBOT was at the forefront of attempts to continue to provide competitive routes to the seaboard as a regulator of railroad rates. Congress did pay attention to some of this agitation, and in 1882 and 1884 passed river and harbor appropriation bills of far greater amounts than previously, and supported them with arguments of the need for water-based competition that

¹⁴⁴ National Board of Trade, *Proceedings of the Thirty-Fifth Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1905), 60–104; National Board of Trade, *Proceedings of the Thirty-Sixth Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1906), 69–96.

¹⁴⁵ Klein, “Competition and Regulation,” 322.

were very similar to NBOT debates from the 1870s.¹⁴⁶ Within the NBOT, groups continued to push regional projects with nationalist arguments. In the early 1880s delegates from the Portland (OR) BOT pressed firmly for improvements to the Columbia River using arguments very similar to those used by earlier Mississippi River improvement advocates. Joseph N. Dolph, delegate of the Portland (OR) BOT and a sitting Senator at the time, argued in 1885 that the Columbia was a “national highway,” and that due to the agricultural and mining products transported over its waters, as well as its connection to the Pacific trade with Asia, constituted an improvement that was in the interest of “the entire Union.”¹⁴⁷ Such schemes were greeted with measured skepticism however, to a much greater degree than in the 1870s. Remarking on the same resolutions the following year, William McLaren of Milwaukee admitted that while he was “emphatically in favor of liberal appropriations of public money for the improvement of rivers and harbors” he feared that if they approved of such “local” measures then the National Board would lose the “conservative” reputation they had gained.¹⁴⁸ Fears of “log-rolling” legislation had increased both in the press and within the NBOT since the 1870s, and even projects with well-developed arguments for national importance came under fire as attempts to live off of the largesse of the federal government.

In the years immediately following the creation of the ICC the members of the National Board pursued waterway improvements more aggressively and expansively in a continuation of the principle, established in the 1870s, that national commerce needed expanded water-based competition to balance the power of the railroads. In 1888 the Oswego BOT sought cooperation

¹⁴⁶ William J. Hull and Robert W. Hull, *The Origin and Development of the Waterways Policy of the United States* (Washington, D.C.: National Waterways Conference, Inc., 1967), 24–30.

¹⁴⁷ National Board of Trade, *Proceedings of the Fifteenth Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1885), 110–119.

¹⁴⁸ National Board of Trade, *Proceedings of the Sixteenth Annual Meeting*, 94–95.

from the New York BOTT in a revival of the Niagara ship canal project, and various Philadelphia commercial groups sought support from Boston merchants for Congressional appropriations for the Delaware River.¹⁴⁹ At the annual meeting in 1888 J. Price Wetherill presented a resolution from the Philadelphia BOT for the general improvement of the rivers and harbors of the country, lamenting the previous defeat of the Oregonian claims for the Columbia River as well as the failure of a river and harbor bill before Congress, arguing that it was a proper time to use surplus federal funds “in a legitimate way” on the commercial avenues of the nation.¹⁵⁰ Sen. Dolph thanked Wetherill for the support and criticized Congressional parsimony on improvements, describing the amount spent in the U.S. on improvements as “insignificant” compared to major European powers and argued that “small appropriations are wasteful” as they left projects unfinished and generally underfunded.¹⁵¹ Salt merchant C.M. Holloway of the Cincinnati COC made the familiar argument at the December 1888 meeting that “waterways are the best regulators to cheapen transportation,” and commission merchant Frank Gaiennie agreed while asserting that by leaving out the Mississippi and its tributaries “whose improvement the whole people of this country demand” you “do away with that great regulator, that . . . make[s] stable the freight rates to the seaboard.”¹⁵² Despite the increase in railroad mileage, many merchants continued to stand by the tried-and-true notion that waterways represented the fairest and cheapest outlet for commerce.

¹⁴⁹ New York Board of Trade and Transportation Minutes Apr. 1886-Dec. 1889, Mar.-Apr. 1888, April 11, 1888, 4–5, NY BOTT Records, NYHS; Minutes of the Executive Council, 1881–1885, December 14, 1883, 140–144, Philadelphia Board of Trade Records, HSP.

¹⁵⁰ National Board of Trade, *Proceedings of the Eighteenth Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1888), 44–46.

¹⁵¹ *Ibid.*, 47, 49.

¹⁵² National Board of Trade, *Proceedings of the Nineteenth Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1889), 82–83.

Merchants continued to sponsor all manner of projects in the early 1890s until a general slate of approved improvements developed alongside the creation of a formal standing committee on waterways by the National Board, a committee that gave consistent form to the previously piecemeal suggestions thrown up each year and articulated the most direct statements of the NBOT's analysis of the importance of waterways. In 1892 alone there were resolutions for lake improvements from Milwaukee, river improvements from St. Louis, calls for government control of the Erie Canal from Rochester, and more Columbia River improvement suggestions from Portland.¹⁵³ So many different proposals ate up too much time and dissipated the energies of the NBOT, so in 1895 the National Board created a standing committee to report each year upon the many resolutions suggested and determine a position on those projects with the most merit. The report of the committee in 1896 concisely summed up what had become the general position of the merchant community on water-based transportation by the turn of the century. The continued growth of the domestic production of the United States over the most recent decades had served to "impress upon us the necessity of cheap transportation as a factor in lowering the price of our home products for domestic consumption, as well as furnishing the basis for export and thus turning the balance of trade in our favor."¹⁵⁴ The committee also reiterated the point, made by earlier delegates that compared to Europe American waterways were "in a relatively primitive condition" and highlighted numerous conventions and "Deep Water" days designed to raise public awareness of the issue.¹⁵⁵ Year by year the waterways committee continued to press the issue of federal funding of improvements, and such issues

¹⁵³ National Board of Trade, *Proceedings of the Twenty-Second Annual Meeting*, 132–136, 137–149, 171–173, 259–263.

¹⁵⁴ National Board of Trade, *Proceedings of the Twenty-Sixth Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1896), 150.

¹⁵⁵ *Ibid.*, 150–151.

remained a priority for the National Board. The NBOT also expanded its conception of economic nationalism to include a long-term dream of the merchant community, the construction of an interoceanic canal.

Building an interoceanic canal fit neatly into the NBOT's conception of a commercial republic, as it represented the consummation of the goal of developing a truly national system of waterways that would link centers of production and centers of domestic and international trade. By the late 1880s there were a number of Americans inside and outside of the government who were very interested in building a canal to link the Atlantic and Pacific Oceans somewhere in Central America.¹⁵⁶ The most popular prospective project amongst merchant groups was a Nicaraguan Canal that would utilize the already existing Lake Nicaragua as the quickest and most economical route.¹⁵⁷ The matter came before the Board first in 1888 with a visit from Commander H.C. Taylor of the U.S. Navy and J.W. Miller, secretary of the Nicaraguan Canal Company, both of whom addressed the Board on the advantages of the Nicaraguan route.¹⁵⁸ Two years later the Nicaraguan project was broached again as part of a debate over the improvement of the Mississippi River, as Harry Weissinger of the Louisville BOT drew a connection between the two improvements, arguing that American products would pass through "the city of New Orleans, across the Gulf of Mexico, through the Nicaragua Canal" and make their way to the commercial cities of the Pacific coast, thus linking the east and west through a direct water-route.¹⁵⁹ Later, at that same meeting, Portland (OR) COC delegate Thomas F. Osborn presented a

¹⁵⁶ For an overview of the history surrounding the projected canal see David M. Pletcher, *The Diplomacy of Trade and Investment: American Economic Expansion in the Hemisphere, 1865-1900* (Columbia, Mis.: University of Missouri Press, 1998), 114–148.

¹⁵⁷ For a broader overview of the Nicaragua Canal agitation see Paul J. Scheips, "United States Commercial Pressures for a Nicaragua Canal in the 1890's," *The Americas* 20, no. 4 (April 1, 1964): 333–58.

¹⁵⁸ National Board of Trade, *Proceedings of the Eighteenth Annual Meeting*, 6.

¹⁵⁹ National Board of Trade, *Proceedings of the Twenty-First Annual Meeting*, 35.

direct resolution in support of the Nicaraguan canal, arguing that since the completion of the Suez Canal there “has been no scheme projected, of a maritime nature, that is of so great importance” as the Nicaraguan project, and its benefits would redound significantly upon the commercial prospects of the country. Local commercial groups continued this agitation throughout 1891, with the San Francisco COC sending out circulars to other bodies and the New York COC holding a special meeting on the subject and concluding the work was of a “national character” and deserved funding from the federal government.¹⁶⁰

Support for the Nicaragua canal grew among commercial organizations during the early to mid-1890s, and members of the National Board were at the forefront of the push for canal legislation by Congress due to the canal’s perceived ability to further the goal of accessing foreign markets while unifying the country commercially. In June 1892 the first of two national conventions in support of the Nicaraguan canal convened in St. Louis, choosing as its president NBOT delegate George L. Converse of Columbus, OH, along with many more NBOT delegates as vice-presidents. The resolutions passed by the convention highlighted the need for the canal to open up the trade of Latin America and the Pacific for the U.S. and, most importantly, to give “commercial and financial strength to the whole nation by harmonizing the interests of the various sections, one with another, and thus promote the welfare of all.”¹⁶¹ At the 1894 meeting of the National Board Sen. John Tyler Morgan (D-AL), one of the foremost advocates of the canal in the Senate, described the project as “indispensable” to the future commercial status of

¹⁶⁰ New York Board of Trade and Transportation Minutes, Jan.-Mar. 1891, January 20, 1891, 1, NY BOTT Records, NYHS; Series VIII Member Meeting Minutes 1768-1973, Box 402 1886-1892, December 15, 1891, 490-494, NY COC Records, Columbia RBM.

¹⁶¹ National Nicaragua Canal Convention, *Proceedings of the Nicaragua Canal Convention Held at St. Louis, MO, in the Exposition Music Hall on the 2nd and 3rd Days of June 1892*, 1892, 62.

the country and urged the continued backing of the NBOT for project.¹⁶² The *Chicago Tribune*, reporting on the session, described the National Board's support of a \$75,000,000 subsidy for the canal a "most important recommendation."¹⁶³ Despite the reticence previously by delegates to approve of federal subsidies, in the case of the Nicaragua canal the argument that the national welfare was at stake, much like arguments thirty years previously for the construction of a transcontinental railroad, successfully rallied the commercial community.

Pressure for an interoceanic canal peaked around the turn of the century, both within the NBOT and before Congress. A crucial link between the commercial community and Congress on the canal issue was Lewis M. Haupt, a civil engineer and NBOT delegate from the Philadelphia Trade League. Haupt had presented a strong argument in favor of the canal at the 1895 meeting of the NBOT, and in 1897 President McKinley appointed Haupt to the Nicaraguan Canal Commission to survey the routes for an interoceanic canal, and he was subsequently chosen for the Isthmian Canal Commission as well in 1899.¹⁶⁴ The Philadelphian chaired the interoceanic committee of the NBOT during this period, and his conclusions for the government and the National Board were the same, that the canal was "an imperative economic factor in the transportation of the world."¹⁶⁵ During the winter of 1898 Congress, not for the first time, entertained a bill calling for a federal subsidy for the Nicaraguan project presented by Sen. Morgan and accompanied by the approval of the NBOT.¹⁶⁶ Interest in the canal continued into the new century, and Professor Emory R. Johnson of the Isthmian Canal Commission thanked

¹⁶² National Board of Trade, *Proceedings of the Twenty-Fourth Annual Meeting of the National Board of Trade* (Boston: George E. Crosby & Co., 1894), 179.

¹⁶³ "In Favor of the Nicaragua Canal," *Chicago Tribune*, January 27, 1894.

¹⁶⁴ "Presidential Nominations," *New York Times*, July 23, 1897; "Isthmian Canal Commission," *New York Times*, June 10, 1899.

¹⁶⁵ National Board of Trade, *Proceedings of the Twenty-Ninth Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1899), 199.

¹⁶⁶ "The Nicaragua Canal Bill," *New York Times*, December 16, 1898.

the Board in 1901 “supplying us with the information necessary” to make their studies of the canal possible.¹⁶⁷ Following the Senate’s choice of the Panama route in 1902 formal interest before the NBOT faded, but they were undoubtedly influential in arousing support amongst commercial organizations in the years leading up to the final decision.

The pursuit of an interoceanic canal by the NBOT was at its simplest an extension of the same principles that commercial organizations had held regarding water-based transportation going back to the 1840s. Merchants considered water transportation the cheapest and most equitable form of transportation even in the age of the railroad, and the creation of an interoceanic canal illustrated the importance placed upon such routes by the commercial community. Various commercial organizations had suggested designs for national systems of improvements for the movement of goods since the beginning of the NBOT, and the Nicaragua canal was an expansion of this idea in international terms. Binding the nation together through the common pursuit of foreign export markets as well as through the connection of domestic centers of commerce and industry, the interoceanic canal would act as a key link between the nationally-oriented improvement projects previously advocated and the hemispheric ambitions of the commercial organizations that composed the NBOT.

Conclusion

The rapid expansion and development of the American economy during the late nineteenth-century, both spatially and in terms of productive capacity, made transportation an issue of central importance for the commercial community. Merchants created local commercial organizations largely as an attempt to control the creation and maintenance of transportation

¹⁶⁷ National Board of Trade, *Proceedings of the Thirty-First Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1901), 254.

networks, and the National Board of Trade was no different in its interest on the matter.

Following the Civil War, the “transportation question” emerged as one of several predominant issues of political economy that captured the attention of not only the commercial classes but that of other producer groups, government, and the general public as well. The question of how to cheaply and equitably provide for the distribution of goods unsurprisingly arose as the mechanization of agriculture and industry brought forth an abundance of output hitherto unknown. Various groups in American society attempted to control the energies unleashed by these developments, with varying degrees of success. For a commercial community grounded in a republican economy of small producers, character and kinship-based trade networks, and a belief in the public responsibility of the merchant class, the energies unleashed by corporate industrial capitalism evoked mixed feelings of optimism and a kind of dread.

The focus on water-based transportation as a natural, equitable, and most importantly cheap form of distributing goods was a cornerstone of merchant thought from the 1840s onward, and the National Board of Trade fully represented this viewpoint from its inception through the beginning of a new century. The merchants of the National Board were at the forefront of the post-Civil War “cheap transportation” movement, working alongside other producer groups like the Grange in pursuit of new and improved outlets for commercial activity. Eastern merchants, especially those outside of New York, saw the movement as an opportunity to establish their bonafides as competitors for the western commodity trade, the crown jewel for both domestic traders and foreign exporters. Western merchants, largely in the vanguard of the movement, saw it as a way of both establishing independence as an economic region and securing an equitable share of the profits of the immense commerce they oversaw. Though not always successful in influencing Congress to appropriate the sums thought necessary to improve what nature had

given them the merchants of the NBOT, through their testimony before Congress and the Windom Committee, successfully shaped the public's perception of the transportation issue.

The NBOT was also a decisive influence on the other major transportation-related issue of the period, and possibly one of the most important debates of the late nineteenth-century, namely the struggle over railroad regulation. Though historians continue to argue over the role of railroads, producer groups, and merchants in the battle over railroad regulation it is clear that the commercial community possessed a persuasive critique of railroads from a very early date. Rooted in the antimonopoly tradition of a republican political economy, merchant organizations attacked railroads in the 1870s and 1880s as dangerous aggregations of capital that were guilty of financial malfeasance and anti-competitive discriminatory behavior that disrupted the stability of the commercial economy. While at first relying on the panacea of increased water-routes to help tame railroads, the commercial bodies of the NBOT quickly latched upon the nature of railroads as publically-chartered corporations with responsibilities to the public welfare as grounds for regulation. Led by eastern groups like the New York BOT and western groups like the Chicago BOT and St. Louis Merchants' Exchange, the National Board took a firm position against railroad combinations and for a government commission that would take the side of the public in determining just and equitable rates that would maintain competition while promoting the public good. Though the Interstate Commerce Act differed in a few details from what the majority of merchant groups wanted, it nevertheless represented a victory for a commercial community still attempting to mold corporate capitalism to fit their idealized vision of a fair and competitive marketplace.

As the twentieth century dawned the National Board continued to chart a steady course on water-based transportation while tacking with the wind on the railroad question, illustrating

the ability to stick to its principles while also being able to experiment and adapt to new circumstances. In the case of the railroads, by the late 1890s many merchants were slowly coming around to the idea put forth by Charles Francis Adams in 1870 that “*competition and the cheapest possible transportation are wholly incompatible*,” and pushed for amendments to the Interstate Commerce Act that would protect railroads by allowing them to pool, all in the name of commercial stability.¹⁶⁸ Some merchants, however, continued to hold on to the virtues of antimonopoly and competition even as the wave of corporate mergers looked to undo the bulwarks of competitive capitalism in the name of “managed” capitalism. The virtues of competition continued to live on, however, in the continued push for ever greater improvements to the “natural” avenues of commerce, as rivers, lakes, and canals remained central to the merchant conception of a republican political economy – governmentally-maintained, freely accessible, and non-monopolized methods of transporting goods that would bind the nation together.

The visions that the members of the NBOT had for the transportation systems of the United States never matched the reality of what occurred on the ground. This was partly due to the inability of the commercial community to come to a consensus over what constituted a self-interested “local” matter and what was actually in the “national” interest. It was also due to the necessity of working within the limitations of a democratic system that did not always listen to the desires of the business community, no matter how strongly or often that community voiced its opinions. Nevertheless, the commercial class as represented by the NBOT had a definite and lasting effect on the transportation debate of the late nineteenth-century.

¹⁶⁸ Charles Francis Adams, “Railway Commissions,” *Journal of Social Science, Containing the Proceedings of the American Association* 1, no. 2 (1870): 234.

Chapter Five

A “sound monetary system”: The National Board of Trade and the Political Economy of Finance, 1868-1910

Opening the fifth annual meeting of the NBOT in the meeting rooms of the New York Chamber of Commerce in 1872, Frederick Fraley pointed to one of the portraits looking out over the assembled merchants of a man who became a lawyer but was “educated in a counting-house,” a fact inspiring pride in the Philadelphian businessman.¹ The man in question was Alexander Hamilton, the creator of the “foundations upon which the whole financial structure of this country has been built,” and provider of some of the “most solid financial and commercial benefits upon this country that it has ever received.”² It was perfectly sensible for Fraley to call upon Hamilton as something of a model for the merchants of the NBOT. Much like Hamilton attempted to build a national financial system in the early years of the republic, the commercial men assembled in New York met with the goal of shaping the financial system to provide a mechanism through which the American economy could maintain its credit with the rest of the world while allowing for continued expansion following the many financial experiments of the Civil War period. The merchant class sought a similar influence as Hamilton upon the financial debates of the late nineteenth-century, a point made explicit by Fraley when he asked if he could say more on “what ought to be, and what may be, the influence of the merchants and the men of business upon the character and institutions of this country, than to refer you to the example of such a man!”³

¹ National Board of Trade, *Proceedings of the Fifth Annual Meeting*, 5.

² Ibid.

³ Ibid.

The debates over finance in the late nineteenth-century U.S., specifically those over monetary standards and the structure of the banking system, were just as important to the commercial community as those over transportation. The most enduring works of financial history of this period do not neglect the influence of the merchant community, but for the most part historians of the financial controversies of the final decades of the nineteenth-century tend to focus more on the most notable producer reform groups, namely the Greenbackers and Populists, rather than on the “defenders of the faith” in the business and finance communities. Even the more balanced studies such as Irwin Unger’s classic monograph on the 1870s resumption battles and the more recent study of the financial debates of the period by Gretchen Ritter tend to give more attention to the shades of nuance amongst the reform movements and partisan politics than to the divisions within the ranks of the capitalists of the era, though Unger does pay more attention to these disagreements than most.⁴ This is an unfortunate imbalance, primarily because there was no other economic interest group that possessed the combination of organizational assets, practical and theoretical knowledge, and a stake in the financial system like the commercial community, and this made their opinions and positions on financial issues vital to the debates of the period.

Economic imperatives as well as ideological concerns informed the various positions taken by local commercial groups and their delegates to the NBOT during the early period of contestation on the financial issue, and the National Board often struggled to reach a consensus position to present to the public and Congress. Sectional and regional disagreements over political economy played a prominent role, just as they had during the NBOT’s transportation

⁴ Unger, *The Greenback Era*; Ritter, *Goldbugs and Greenbacks*; see also Sharkey, *Money, Class, and Party*; for a notable example of a work that puts the business community in the foreground see James Livingston, *Origins of the Federal Reserve System: Money, Class, and Corporate Capitalism, 1890-1913* (Ithaca, N.Y.: Cornell University Press, 1986).

discussions, and the pursuit of competitive advantages between groups from New England, the mid-Atlantic, and the lake and river states drove wedges between NBOT members on issues such as paper money and the structure of the national banking system. Material concerns were not the only factors, however, as elements of commercial republicanism influenced positions on what constituted “natural” money and “honest” standards of financial activity. One overarching concern remained despite changes within the NBOT and the economy itself, namely that it was necessary that the government should support business by providing a financial system with a solid foundation of stable values while also allowing for steady growth and expansion. But even when merchant groups achieved relative consensus on the ends of particular policy positions, the means by which they sought to achieve them could still divide merchants.⁵

The stability of the system was at the center of the debate over specie resumption, the earliest financial issue brought up before the NBOT following the war and the issue that would dominate discussions of currency and banking throughout the 1870s. Resumption of specie payments by the government, which were suspended during the war, was something of a moral imperative for the commercial community, a promise made that the government needed to keep. The promise of resumption was more than just an issue for political economists and theoreticians, for the expectation of returning to the status quo antebellum raised a number of thorny issues related to the day-to-day workings of the commercial system. The proliferation of paper currency, a new national banking system, and the magnitude of federal debt created during the Civil War all raised serious questions regarding the financial future of the nation, and the merchant community was not often in unison on how to reconcile themselves to the wartime

⁵ Though this study does not focus directly on the role of finance upon party politics, the influence of monetary standards and the overall structure of the financial system upon the parties is amply demonstrated in Richard Franklin Bensel, *The Political Economy of American Industrialization, 1877-1900* (Cambridge: Cambridge University Press, 2000), 355–455.

“experiments” in finance. Some, particularly easterners from New England, proposed speedy resumption based on a single standard, that of gold. Others, including westerners as well as a number of New Yorkers and Pennsylvanians, defended a paper money system and cautioned that a speedy resumption of specie payments would lead to monetary stringency and depression, a charge that bit especially hard following the panic of 1873. The resumption question year-by-year increased its gravitational pull, drawing questions of interconvertible bond issues and national bank reforms within its orbit and becoming the touchstone for the NBOT’s financial debates until the federal government resumed specie payments in January of 1879. These debates illustrated the variety of perspectives present in the merchant community regarding the proper structure of the financial system as well as isolating those positions commercial groups could agree upon.

By the 1880s the question of whether the nation would have a bimetallic system or a single specie standard replaced resumption as the central element of the finance problem for the commercial class. Inspired largely by the reinstitution of silver coinage by the Bland-Allison Act of 1878, merchant groups and their representatives before the NBOT questioned the efficacy of gold and silver as the basis of the country’s financial system, a system that dated back to the 1790s. While many merchants increasingly saw gold as the only proper standard of value, such opinions were far from universal, and a number of merchants from the east and west held out hope for the establishment of an international agreement for a bimetallic standard into the 1890s. It was only during the testing period between the panic of 1893 and the election of 1896 that a majority of the commercial community rallied around the gold standard in a strong and organized push against silver, and even then some NBOT representatives did so not out of any great ideological commitment to gold but rather in fear of what a Democratic victory might mean

for the stability of the financial system as a whole. A number of NBOT members were also very active in the creation of the Indianapolis Monetary Convention of 1897, an organization that built on the gold standard agitation of the mid-1890s and helped contribute to the push that led to the Gold Standard Act of 1900. The NBOT also increasingly focused on reforming the national banking system during this period, an issue that complemented the group's defense of the gold standard in that the purported goal was the same – maintaining the stability of and confidence in the system in place.

Reforming the banking system dominated the final years of the NBOT, as the currency question gave way to the pursuit of banking legislation that would forestall future business crises and supply the stability to the financial system that merchants had fought for since the 1870s. Though changes to the banking system never dominated the financial discussions of the NBOT like that of resumption or monetary standards, there were persistent calls for reforming the national banking system, generally by delegates from areas that felt underserved and lacking adequate financial services. Such changes were variously rooted in a desire for more uniformity and equity in the distribution of banking and credit facilities throughout the country, as well as an attempt to combat the perceived weaknesses of the banking system to the financial crises that wracked the post-bellum nation. The panic of 1907 accelerated these discussions and led the members of the NBOT to create the Business Men's Monetary Convention and the National Citizen's League for Promotion of a Sound Banking System, organizations that along with NBOT pushed for a new banking system that would be free from political "interference" as well as providing a truly national banking framework based on common-sense principles of business. The NBOT thus contributed directly to the promotion of the plan that ultimately led to the

passage of the Federal Reserve Act, the first real reform of the banking system since the Civil War.

Though the financial debates of the late nineteenth-century touched on a variety of distinct issues on economic, intellectual, and cultural levels, they were all connected to a concern central to the commercial community, namely the stable functioning of the financial system during a period of significant qualitative and quantitative change within the American economy. The banking and monetary legislation passed during the Civil War, though supported by a majority of the merchant community, created considerable uncertainty as to the government's role in managing financial affairs once the war was over. Concerns over corporate power and speculation, present in the transportation debates analyzed in the previous chapter, were no less salient during the lively battles over proper financial regulation in the 1870s, nor was the question of what constituted "honest" money absent from the "battle of the standards" during the mid-1890s. The financial panics that occurred in 1873, 1893, and 1907 also acted as catalysts for action, each time serving to focus merchant attention on the problems of money and banking. Local groups agreed upon a number of basic principles to solve these problems, however, they often disagreed on the best course of action to achieve those principles. The merchants of the local groups that composed the NBOT, whether engaged in domestic or foreign commerce, recognized that the nation needed a financial system based on stable values and equal access to banking and credit in order to continue to expand and compete on the world stage, and these concerns shaped the actions taken to mold that system.

**Inflate, Contract, or “grow up”?: Merchant Groups and the Question of Resumption,
1868-1879**

The NBOT formed out of a convention called to discuss the question of resumption and that issue was central to every financial debate held by the Board for a decade. The central controversy of the specie resumption debate was the misleadingly simple matter of how and when the federal government might return to converting its outstanding currency into specie, a practice suspended in 1862 due to fears of a wartime run on the banking system and complicated by the paper money issues of the legal tender and banking acts. The lack of a convertible currency meant that the money supply from 1865 through 1879 consisted primarily of greenbacks that floated in value in relation to gold along with the newly-implemented banknotes issued by national banks. The issuance of over \$300 million in greenbacks inflated the value of the paper dollar, and for the entire period up until 1879 the gold premium over paper dollars meant that gold was utilized primarily for foreign exchange and customs duties while paper money served for everyday transactions. Resumption in specie, the goal of bringing back the convertability of paper money into gold at a fixed rate, was the central financial issue following the war for the merchant community for a number of reasons. Many merchants considered the lack of resumption in specie as evidence of an unstable financial system, one prone to speculative machinations and not conducive to stable growth, and urged quick resumption. Others, less convinced of the absolute necessity of specie backing, urged caution lest an overly enthusiastic contraction of the currency bring about economic stagnation. The various elements of the resumption debate dominated the financial discussions of the NBOT for the entire decade

and illuminated a number of important views of the commercial community on financial matters.⁶

The basic issues at stake during the immediate post-bellum period were both the amount of currency available and the nature of that currency. As stated above, paper currency made up the majority of the money supply and remained relatively constant from the late 1860s into the early 1870s. One source of this supply was the new national banking system, which authorized chartered banks to issue notes based upon bonds bought with gold deposited with the U.S. Treasury. This system would come under fire from both businessmen and producers during the 1870s, however, due to the fact that most national banks were located in the northeast and the developing commercial centers of the west often lacked access to such facilities. The other primary source of paper money was the legal tenders, or greenbacks, issued during the war. Since gold was at a premium over the greenback throughout the period, it was necessary for resumption that the value of one dollar in greenbacks equaled one dollar in gold in order to prevent an outflow of gold, due to the fact that gold was used to settle foreign trade transactions. Contracting greenbacks would, in theory, help to bring about an alignment of values, but such contraction would cause monetary stringency, an effect that was anathema to any group involved in trade such as merchants and farmers. The lack of greenback redemption was also a primary factor in explaining resistance to paper money following the war, as redemption in specie was understood in the context of the commercial life as a kind of sacred promise. The quantity and

⁶ For a general overview of the economic situation during the period in terms of money supply and the composition of the currency see Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), 15–85.

character of the money supply, seen as a serious issue of commercial life, was thus a central feature of NBOT debates.⁷

Most of the major histories of the financial legislation and debates of the 1870s focuses on distinguishing between the various sides and categorizing positions abstractly as “conservative” or “reformist”, and parsing out how those positions translated into partisan politics. This is certainly true of Gretchen Ritter’s exploration of the role that the “money question” played in American political development at the state and national level, and it certainly plays a central role in the development of the “hard money” and “soft money” categories elucidated in Irwin Unger’s still vital study of the period.⁸ These works accomplish much in the way of capturing the various divisions in respect to the financial issues of the 1870s and in questioning the applicability of sweeping generalizations regarding various economic interest groups and their positions on national monetary policies. Both, however, suffer in their depiction of the fluidity of commercial thought on these questions; Ritter, by failing to capture the elements of “greenbackism” within the commercial community, and Unger by failing to completely explicate the real substance and tone of disagreements amongst commercial groups during the period. An analysis of the debate over specie resumption within the confines of the NBOT and its membership reveals elements of consistency of thought as well as sharper breaks in position wrought by the economic events of the day. “Conservative” or “reformist” labels can only partially explain and simplify what was actually occurring within the merchant community at that time.

⁷ Hugh Rockoff, “Banking and Finance, 1789-1914,” in Engerman, *Cambridge Economic History*, 654–661.

⁸ Ritter, *Goldbugs and Greenbacks*, 1–19; Unger, *The Greenback Era*, 3–9.

The members of the NBOT wasted little time in addressing the currency question following the Board's creation in 1868, and the issue of contraction was at the center of the debate. Official treasury policy following the war was to remove greenbacks from circulation until 1867, but fears of an economic slowdown and political pressure within Congress combined to prevent further contraction in 1868.⁹ The policy of contraction was initially seen both in political and business circles as a necessary measure to bring about the speediest possible return to specie payments, but an economic downturn in the years immediately after the end of hostilities gradually convinced many business groups that further investigation of the issue was necessary. The 1868 convention in Boston that created the NBOT was called primarily to deal with this matter, and the majority report of the finance committee at the convention supported neither contraction nor expansion, along with a general statement decrying the maldistribution of currency throughout the nation.¹⁰ As the NBOT entered into its first meetings the finance question was at the top of the agenda of a number of different groups representing a variety of positions on the issue. As George S. Coe of the American Exchange Bank noted in a letter to William Dodge of the New York COC in January 1869, "public sentiment" must result from a "thorough discussion" of the financial question by merchant groups, and the NBOT would be remiss to if it failed to take that opportunity.¹¹

The major division within the Board on the issue, defined largely as an argument between adherents to plans for speedy resumption and those urging a more cautious approach, manifested at the annual meeting in Richmond in 1869. A number of members of the Boston BOT emerged

⁹ For a detailed breakdown of the political dimensions of the contraction debate from 1865-1868 see Sharkey, *Money, Class, and Party*, 56–132.

¹⁰ National Commercial Convention, *Proceedings of the National Commercial Convention, Held in Boston, February, 1868* (Boston: J.H. Eastburn's Press, 1868), 205–206.

¹¹ George S. Coe to William Dodge, Series VII Correspondence 1804-1984, Sub-Series VII Subject Files 1804-1979, Box 234, Folder 12, January 27, 1869, 1, NY COC Records, Columbia RBM.

early on as strong defenders of resumption, and driving the discussion on the side of speedy resumption was a figure who would become known for his defense of the specie standard, Joseph S. Ropes. Ropes was a commission merchant as well as something of an expert and author on financial matters, including a pamphlet entitled *The Currency* published in 1868, and he took the lead for the Bostonians in arguing that “every well-governed country . . . has a right to, a sound, regular, and steady standard of value.”¹² Ropes’s argument focused squarely on bringing about “equilibrium” within the financial system, a process that could only be accomplished by removing that factor he believed to have upset that equilibrium, namely “an over inflation of credit, that is, by liabilities being incurred which cannot be redeemed.”¹³ The Bostonian then suggested a scheme of using a federal bond issue to retire greenbacks while combatting the removal of currency with an increase in national banknotes designed to replace the greenbacks withdrawn. Ropes was one of the more outspoken defenders of the public interest in the transportation debates, and he applied this same viewpoint to argue for the public necessity of a sound currency. The propositions put forth by Ropes represented the more conservative position of many northeasterners on the resumption issue, specifically a distrust of greenbacks and a favorability for banknotes combined with a plan for relatively quick resumption.

Presenting a non-interventionist approach to the problem was former New York City mayor and New York COC delegate George Opdyke. Much like Ropes, Opdyke possessed a background in amateur political economy having published *A Treatise in Political Economy* in 1851. Unlike Ropes, Opdyke was not favorable to a forced contraction of the currency, referring to forced contraction during the panics of 1837 and 1857 as creating “universal commercial

¹² National Board of Trade, *Proceedings of the Second Annual Meeting*, 151.

¹³ *Ibid.*, 154.

disaster.”¹⁴ Instead, Opdyke argued that they needed to “bring our commerce up to the volume of the currency,” a position that came to be known informally as the “growing up” strategy of resumption.¹⁵ Such a strategy would, in theory, avoid the possible financial stringency brought about by a rapid contraction of the currency while bringing about resumption at a leisurely “natural” pace connected to the growing productive capacity of the country. In such a scenario, the currency level could remain relatively static while productivity and population increased, essentially achieving contraction and resumption through economic growth instead of government fiat. Ultimately, a majority committee on finance decided upon a relatively mild statement of supporting resumption at the “earliest practicable period” along with support for the Boston BOT’s greenback-retiring bond issue, but a minority report supported by Opdyke stood by the gradualist position.

The debate over resumption remained similar at the Board’s 1870 meeting, but gradually various delegates in the debate began to utilize republican-inflected language to support their positions, a development that occurred alongside a similar movement towards republicanism in the transportation debate. Strong support for contraction as a method to halt speculation came from S. Lester Taylor, a Cincinnati merchant with strong ties to Boston merchants and the New England business community, who argued that a forceful contraction would cause national banks to retract loans used “to further stock-gambling operations in the city of New York.”¹⁶ Joseph S. Ropes continued his support of contraction from the previous year and joined Taylor in using fears of speculation to bolster his position of defending the public interest by backing speedy resumption. Decrying the “large amount of paper which is used for unworthy purposes by

¹⁴ Ibid., 168.

¹⁵ Ibid., 167.

¹⁶ National Board of Trade, *Proceedings of the Third Annual Meeting*, 178.

gamblers, stock-jobbers, and every description of parasites,” Ropes argued that anything that “will check the ravages of these parasites and cormorants” should be heartily welcomed by all honest merchants.¹⁷ The *Bostonian* continued with his takedown of “irredeemable” paper money by implicating greenbacks in the problem of monopoly ravaging the country, directly linking the issue of monopoly present in the finance and transportation debates. Lack of redemption, according to Ropes, meant that paper had no true value such that banks were “creating a monster of monopoly of what they call money, but which really is credit,” which had resulted in the “utter demoralization” of the financial system of the country.¹⁸ Connecting the return of specie payments to speculation and monopoly was a potent strategy for supporters of hard currency, as it allowed them to appeal to public sentiment against speculators to support their hard currency stance.

The supporters of the “growing up” stance remained forthright in 1870 as well and pursued appeals to “natural” economic law to argue for a position of inaction to counter the more interventionist stance of Ropes and his compatriots. Philadelphia Commercial Exchange delegate George L. Buzby lamented the tendency to “tinker the currency” and asked the gathered merchants if it was not enough to allow the “simple natural progress and increase of the wealth of the country” to resolve the issue.¹⁹ Opdyke, backing up Buzby, reiterated his commitment to a process of “natural” resumption from the previous year, pointing out to Lester and Ropes that “the growth of our interior commerce which is going on and in an increasing ratio . . . is itself an indirect contraction of the currency.”²⁰ Appealing to the economic progress of the nation as a solution in itself, adherents to the “growing up” position placed special emphasis on the ability to

¹⁷ *Ibid.*, 205.

¹⁸ *Ibid.*, 220–221.

¹⁹ *Ibid.*, 183.

²⁰ *Ibid.*, 184.

achieve resumption without the dangers of an over-contraction of the currency, which a number of merchants highlighted specifically as a reason to urge caution. F.H. West, a Milwaukee Chamber of Commerce delegate, offered his opinion on this point in particular, complaining that they had undergone as much of the “shrinking process” as they could stand, and that further contraction “must certainly prove fatal to a great many of our business men.”²¹ Whereas merchants like Opdyke were more than willing to support intervention on the issue of transportation, many interventionists approached the finance question with much more caution. Merchant fears of the economic effects of speedy resumption more than counter-balanced the zealotry of the more persistent opponents of paper money in the early years of the NBOT.

Federal action on the currency issue in these early years was of limited scope designed to placate various interests while avoiding an outright engagement with the resumption issue, a reflection in many ways of the cleavages within the merchant community on the subject. The Public Credit Act of 1869 pledged that the government would pay back bondholders in gold and ostensibly placed the Republican Party firmly behind the gold standard and resumption, but it did little to deal with the specific manner or logistics of resumption.²² The Currency Act of 1870 dealt directly with the issue but did so in a very limited manner; greenbacks would not be contracted or expanded, but Congress authorized an expansion of national banknotes in an effort to redistribute currency to areas of the country, such as the south and west, that were beginning to agitate on the matter. Both of these pieces of legislation were indicative of the practical difficulties of juggling the desires of the various interest groups involved in the currency debate. As Richard Timberlake has argued, Congressional opinion on the currency issue in this period

²¹ Ibid., 212.

²² Sharkey, *Money, Class, and Party*, 130.

was not “sharply polarized” but highly fluid and open to a variety of options, but this fluidity necessarily made enacting a firm policy difficult.²³ Given the actions taken by Congress at the time, the “stand-pat” position of the NBOT is completely understandable.

Debates before the Board in 1871 and 1872 widened the field of discourse to include the strongest outright support for paper currency to date, support that was rooted in the desire to maintain the stability of the overall system. George L. Buzby, a domestic flour merchant from the Philadelphia Commercial Exchange, presented resolutions from that body that demanded that the “domestic trade should have the preference” in discussions of finance, and not the foreign traders who were “the most persistent” in calling for a change in the financial system.²⁴ This was one of the earliest indications of a split in the NBOT ranks between domestic traders, who were more open to paper currency, and foreign merchants who had a more vested interest in specie. He continued by claiming that it was foolish to change in the midst of a “flood-tide of prosperity” and asserted the love of specie was connected to an over-admiration by Americans of the Bank of England, that “mighty monopoly”. Buzby challenged the notion that the greenback was “dishonorable” and called it the “instrument of our political salvation”, much different from the characterization of paper money by hard currency supporters.²⁵ The Philadelphia resolutions offered a clear separation from the relative orthodoxy exhibited on specie by the National Board during the early 1870s, and further demonstrated the openness of the currency debate during this period.

²³ Richard H. Timberlake, “Ideological Factors in Specie Resumption and Treasury Policy,” *The Journal of Economic History* 24, no. 1 (March 1, 1964): 29.

²⁴ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 236–237.

²⁵ *Ibid.*, 238–239.

Support for the efficacy of greenbacks continued the following year as the question of how to deal with a supposed overabundance of paper currency wound stream-like through a discussion of national banking reform. Q.A. Vinal, a flour and grain dealer from the Boston Commercial Exchange, launched a strong critique of national banks in defense of the greenback calling it the “best money that ever this country had for circulation,” basing his endorsement on the belief that the “security of the National Government is the best.”²⁶ Buzby also weighed in, reiterating his stance on contraction from the previous year and conveying his surprise that “business men as intelligent” as those of the Board would continue to seek a “contraction of the currency”.²⁷ Both Simeon Chittenden of the New York COC and Ropes pressed for loosening provisions of the National Banking Act, but each was equally concerned that such reforms could not be achieved without a “sound currency”. Opinion within the Board differed on the relative importance of greenbacks and national banknotes; some wanted to maintain the greenbacks and contract the volume of national banknotes, while others stood behind banknotes as the more legitimate form of paper currency. The NBOT ultimately passed another relatively lukewarm resolution asking Congress to pursue any “revision of the national banking system” that it deemed necessary for a swift return to specie payments, a position that the stalwart hard money journal *The Bankers’ Magazine* applauded as a “fitting rebuke” to the “outcry for still further inflation.”²⁸ There was as of 1872 still only limited sentiment for greenbacks amongst the delegates of the NBOT, and unanimity continued to exist only on the necessity of future redemption.

²⁶ National Board of Trade, *Proceedings of the Fifth Annual Meeting*, 195.

²⁷ *Ibid.*, 198–199.

²⁸ National Board of Trade, *Proceedings of the Sixth Annual Meeting*, 197; “Notes on the Money Market.: New York, November 25, 1872,” *The Bankers’ Magazine and Statistical Register* 7, no. 6 (December 1872): 491.

The year of 1873 was similarly crucial to the currency debate before the NBOT, as it had been to the transportation debate, largely due to the financial disruption caused by the panic in the fall. The *New York Times* noted in October that, considering the financial position of the country, the NBOT's upcoming deliberations "will be studied with unusual keenness" due to its history of "seasonable and progressive reform."²⁹ Speaking before the Board in October 1873 NBOT president Fraley noted that the "startling" character of the recent panic had taught merchants that a "suspension of payments upon an irredeemable paper currency" was indeed possible, a fact that was bringing the country ever closer to the "necessities of a return to specie payments."³⁰ The New York COC went even further in its response to the panic, issuing resolutions blaming the panic on the failure of the government to enact a plan for redemption and thus guilty of creating an "example before the people . . . promotive of a general inflation and fruitful of widespread demoralization."³¹ The efforts of the NBOT to agitate on the question were noted by *The Independent*, and that periodical asserted that Congress would do well to look to an "able committee of practical business men" such as the NBOT in order to enact a timely solution.³² The NBOT left the matter relatively unresolved in October 1873 but pledged to call a new meeting in Baltimore in January 1874 to take action on the currency issue, action that *The Commercial and Financial Chronicle* claimed would be "looked for with great interest all over the country."³³

²⁹ "A Commercial Congress," *New York Times*, October 21 1873.

³⁰ National Board of Trade, *Proceedings of the Sixth Annual Meeting*, 196–197.

³¹ New York Chamber of Commerce, Series VIII Member Meeting Minutes 1768-1973, Box 399 1868-1874, November 6, 1873, NY COC Records, Columbia RBM.

³² "Financial.: Reform of the Currency," *The Independent, Devoted to the Consideration of Politics, Social and Economic Tendencies, History, Literature, and the Arts*, October 16, 1873, 1304.

³³ "The Boston Board of Trade Against Inflation," *The Commercial and Financial Chronicle* 18, no. 1 (January 3, 1874): 3.

The January 1874 meeting of the Board brought sectional issues over the currency to the forefront of the debate in a way not previously seen, due both to longstanding complaints from westerners regarding a lack of currency as well as the more proximate pressures of the growing commercial depression. Much like how western agrarianism turned heavily toward supporting greenbacks and criticizing national banks in 1873 due to dissatisfaction with eastern capital, as Irwin Unger argues, many western merchants also responded to the depression with a shift towards a more critical stance on the resumption issue.³⁴ Those western merchants who argued for the greenback cause were generally less radical than their farmer counterparts, but they nevertheless evinced a number of very real grievances that illustrated the existence of cracks in the merchant façade of steady support for a stable and constant movement towards resumption in specie. Another sectional issue that emerged during the currency debate, largely due to the growing depression, was the claim made by western merchants that the national banking system unfairly limited the amount of circulation available outside of the northeastern states. Complaints of a lack of credit and banking facilities were an integral facet of the argument, connected in many ways to the western position on transportation highlighted previously, that the west was in a number of ways treated as a secondary region compared to the east. These factors made the 1874 debate on finance the most contentious to date.

The beginning stages of the debate focused primarily on a number of ideas presented, largely by easterners, for reforming the national banking system as a method of providing for currency levels commensurate with steady economic growth. Simeon Chittenden reintroduced his previous plans for reforming national banking by removing circulation limits, a method that would constitute a form of free banking and provide an “elastic currency” designed to fit the

³⁴ Unger, *The Greenback Era*, 207–209.

country's needs.³⁵ George L. Buzby supported Chittenden's proposition, and went even further in arguing he would like to see "nothing but a greenback currency" while explicitly criticizing the motivations of resumption by drawing parallels to the twenty-five year suspension of specie resumption by England from 1797 to 1821 and implying that resumption was wrought by creditors wanting to "enrich themselves" and keep the people on "leading-strings."³⁶ Buzby's attack on creditors remained consistent with his previous position of defending the interests of domestic merchants over the hard specie focus of foreign traders. Neither Chittenden nor Buzby necessarily discounted resumption as an eventual and optimal outcome, but unlike the hard-liners on the issue they were much more willing to consider a variety of methods to provide a steady and stable supply of currency in tough economic times.

For some members of the NBOT, the connection of paper currency levels to government legislation would continue to mean that with the promise of redemption continually deferred it was necessary to construct new extra-governmental structures to bring about redemption. Philadelphia steamboat magnate Henry Winsor identified the "root of the whole evil" in the fact that paper currency was a "creature of legislation," and unlike gold which had intrinsic value such currency had value that could be "destroyed or changed in an hour by an act of Congress."³⁷ Fellow Philadelphian Joseph C. Grubb offered a plan to combat that very problem by closer coordination between the government and business. Grubb argued that the "rise and fall in value" of the currency could be managed by closer relations between the "treasury, the banks and commerce."³⁸ The issue at hand, Grubb asserted, was "not one of currency per capita, nor of contraction or expansion," but rather simply "one of common honesty without evasion" through

³⁵ National Board of Trade, *Proceedings of the Adjourned Meeting*, 35.

³⁶ *Ibid.*, 43–44.

³⁷ *Ibid.*, 49.

³⁸ *Ibid.*, 46.

the reestablishment of “the solvent dollar,” and in order to accomplish this he suggested a commission of representatives from the Treasury, the banks, and “trade interests” to coordinate a plan for returning to specie.³⁹ Such positions illustrated the growing frustration of many NBOT merchants with the lack of a plan for resumption from the government, as well as confidence of such commercial men that they could figure out a solution themselves.

Though supporters of hard currency and resumption continued to form a fairly solid bloc in the NBOT, in 1874 a number of western members began to voice significant dissents from the standard redemption orthodoxy due to lingering resentments of the power of eastern capital. This was quite a change from earlier years when Boston textile manufacturer Edward Atkinson, writing Carl Schurz following the NBOT annual meeting in 1871, noted that he “found no men so determined . . . for specie payment as the delegates . . . from the western cities.”⁴⁰ Greenback support was strongest in western delegations of emerging urban centers such as the Kansas City BOT whose delegates targeted eastern merchants for monopolizing the national wealth. James E. Marsh of the aforementioned group struck the first blow for westerners in noting that the NBOT committee on finance was composed of men almost entirely from “eastern cities” and as such unlikely to be attuned to the “necessities of the great West.”⁴¹ “Specie payments,” Marsh continued, were the “fallacy of the age,” and he claimed that western men had “implicit confidence in the integrity” of the government’s paper money and did not want a return to specie payments; what they wanted, simply, was “cheap money.”⁴² The greenback inflation position taken by Marsh, which contained elements of the antimonopolism of the transportation debates,

³⁹ Ibid., 48.

⁴⁰ Edward Atkinson to Carl Schurz, Carton 14, Vol.4, 20 Nov. 1871-27 Dec. 1872, December 23, 1871, 36, Edward Atkinson Papers, Massachusetts Historical Society.

⁴¹ National Board of Trade, *Proceedings of the Adjourned Meeting*, 53.

⁴² Ibid., 53–54.

stood in stark contrast to much of the NBOT membership and was indicative of an important matter of division within the organization on one of the central matters of finance of the period.

Marsh's inflationist sentiments sparked an intriguing back-and-forth between western delegates on the connection between their commercial relationship with the east and the currency issue. An unlikely ally emerged in the figure of John C. Dore, president of the State Savings Institution of Chicago and a member of the Chicago BOT, who claimed that greenbacks were just as solid as banknotes or government bonds as they were "based upon public credit," and comparing the U.S. to a joint-stock company he argued that the greenback has "a base of value, and that value is the responsibility of the nation."⁴³ Essentially, Dore was arguing for the intrinsic value of the greenback much as specie supporters argued for the intrinsic value of hard currency, except here the value lay in faith in the government rather than the market value of metal. Other westerners were quick to disagree with Marsh and Dore; Milwaukee COC delegate and future governor of Wisconsin William E Smith rose to refute the notion that "the West are almost a unit in demanding an expansion or inflation of the currency," and Dore's colleague A.M. Wright strongly asserted that he disagreed "radically and entirely" with Dore, and offered that westerners were falsely represented as wanting more money when they actually "want more credit . . . and thus they lack the means of doing business."⁴⁴ As Wright intimated, western merchants did feel as though they were lacking in financial facilities when compared to the east, but that did not mean the west was, as a unit, supportive of currency inflation.

Despite the lack of agreement amongst westerners on the currency issue, a strong thread of criticism of eastern bias and misunderstanding of the western position ran through the

⁴³ Ibid., 77.

⁴⁴ Ibid., 82, 85.

discussion. A trio of Missouri merchants attempted to bridge this divide and provide an explanation for the position of some westerners. M.A Bryson of the St. Louis BOT explained western sentiments by noting that the “East come immediately in contact with foreign nations” and so “gold has to come into play,” whereas the “West have mainly dealings with each other.”⁴⁵ Merchants recognized well at the time precisely what Irwin Unger later noted as an important element of the financial debate, namely that gold was of much greater importance for those directly connected to the export and import trade due to the fact that foreign trade was conducted with specie.⁴⁶ B.R. Bonner, Bryson’s fellow St. Louis merchant, noted that the currency they currently possessed was “amply good for the trade and commerce of the country,” and that it was “sheerest nonsense” to talk of resumption until they could “accumulate real wealth” through productive enterprise, so long as they were allowed the currency to accomplish it..⁴⁷ R.T. Van Horn, part owner and editor of the *Kansas City Journal* and member of the Kansas City BOT, struck at the heart of the matter, stating that “we are not inflationists, nor are we expansionists,” and characterized the recent panic as a “gambler’s panic in Wall Street.”⁴⁸ The “West is simply a colony of the East,” Van Horn averred, and he made it clear that easterners would be wise not to conclude that “all legislation, and particularly legislation affecting the finances and money of this country, should be from your standpoint alone.”⁴⁹ Such sectional arguments indicated that, while specie resumption was still seen as a necessary and desirable endpoint for the majority of NBOT members, there were elements of dissent and dissatisfaction with the financial status quo.

⁴⁵ Ibid., 97.

⁴⁶ Unger, *The Greenback Era*, 148–150.

⁴⁷ National Board of Trade, *Proceedings of the Adjourned*, 99–100.

⁴⁸ Ibid., 107.

⁴⁹ Ibid., 108.

The financial debate before the NBOT in 1874 was contentious but by-and-large the supporters of stability and the steady pursuit of resumption won the battle. Of the four major financial resolutions presented before the body only one passed unanimously. The two most divisive resolutions, the first calling on Congress to issue no new paper currency and the second asking Congress to retire and cancel \$44 million in recently reissued legal tenders, both passed by identical votes of forty-five to nine. Eight out of the nine no votes for each resolution came from westerners, a clear indication of the sectional division on the matter. The *New York Tribune* celebrated the result, noting that “inflationists will find little comfort in the actions of the National Board of Trade.”⁵⁰ This was, however, not a surprising outcome. A steady pursuit of resumption, while avoiding unnecessary contraction, had prevailed before the NBOT for a number of years. What was notable was that there was no longer anything close to unanimity on the issue. In previous years there were divisions on the method of resuming amongst the merchants of the NBOT, but most adhered to the ultimate importance of specie resumption. The fact that there were voices openly questioning whether paper currency could stand on its own indicated an openness to experimentation in monetary policy rarely noted amongst business groups of the period.

The NBOT and its constituent members embarked on a flurry of activity following the January meeting in an attempt to preserve the status quo on redemption and prevent inflation of the currency. The Congressional session during the winter and spring of 1874 was characterized by a strong push, led by western and Pennsylvania Republicans, to increase both the legal tender and national bank currency.⁵¹ On January 10th a committee from the NBOT met with the Senate

⁵⁰ “No Title,” *New York Tribune*, January 16 1874.

⁵¹ Unger, *The Greenback Era*, 233–236.

Finance Committee to present the Board's finance resolutions, with the *New York Tribune* opining that supporters of inflation were finding their "ranks melting away under the fire . . . of conventions of business men like the National Board of Trade."⁵² Following the debate in Congress in February, Henry Ward Beecher's *Christian Union* observed that the opponents of inflation were "pointing to the action of the National Board of Trade and other commercial associations" as a barometer of public sentiment on the currency question.⁵³ In the debate before Congress the defenders of resumption cited the example of the NBOT on a number of occasions, such as when Rep. Joseph Hawley (R-CT) called attention to the National Board going on record against inflation for a number of years running.⁵⁴ The inflationist sentiment in Congress was strong, however, and ultimately won out with the passage of the Inflation Bill in April but this victory was quickly snuffed out by President Grant's veto of the measure, an action spurred to some degree by the pushback of organized business groups.⁵⁵ Though it would be unwise to posit a clear cause and effect relationship, it is clear that the actions of the NBOT and its members had an effect on the legislative debates on currency as the issue rose in prominence over the course of 1874.

As Congress began a new session in late 1874 the National Board continued to push its resumption agenda as a response to continuing pressures to inflate the currency. In December 1874 the NBOT Executive Council, holding its periodic meeting in Washington, formed a committee that devised a number of resolutions advising the Secretary of the Treasury to take out loans (bond issues) designed to attain enough specie to gradually retire legal tenders and

⁵² "Washington.: The Board of Trade Committee," *Chicago Tribune*, January 20 1874; "Washington.: The Currency Question," *New York Tribune*, January 20 1874.

⁵³ "No Title," *Christian Union* 9, no. 5 (February 4, 1874): 95.

⁵⁴ 43rd Congress, 1st sess., *Congressional Record* 2, part 3 (April 1, 1874): HR 2704.

⁵⁵ Unger, *The Greenback Era*, 240–245.

fractional currency over the course of several years.⁵⁶ After several days of debate the Council met with the Secretary of the Treasury and the House Committee on Banking and Currency to submit their plan.⁵⁷ Congress addressed some of the desires of the NBOT with the passage of the Specie Resumption Act in January 1875. The Act set a deadline for resumption, January 1, 1879, as well as setting a ceiling on legal tender issues and linking greenback retirement to national banknote increases to ease fears of contraction. As scholars such as Irwin Unger and Gretchen Ritter have argued the Resumption Act, like so much of the economic legislation of the period, was a compromised measure designed to placate moderates.⁵⁸ This moderate stance, however, was quite in line with the majority position within the NBOT by 1875. Divisions between the “strong” resumptionists such as Ropes and the Bostonians and the “weak” resumptionists like Buzby and various western delegates remained, however, and despite the passage of the Resumption Act merchant groups continued to wrangle over the finer points of finance.

The Specie Resumption Act was a turning point in the debate, and in the wake of the Act a number of members praised and defended the decision to set a date for resumption and used the opportunity to decry greenbacks for sowing the seeds of speculation that contributed to the continuing commercial depression. In response to resolutions from the Philadelphia BOT for Congress to completely retire the remaining supply of legal tender notes Elliott C. Cowdin, a delegate from the New York COC, used a naturalistic metaphor, similar to those used in the transportation debates, in arguing that a “circulating medium is to a commercial nation what the

⁵⁶ National Board of Trade Executive Council, National Board of Trade Executive Council Minutes, 1868-1900, December 11, 1874, 1-7, Philadelphia Board of Trade Records, HSP.

⁵⁷ National Board of Trade Executive Council, National Board of Trade Executive Council Minutes, 1868-1900, December 15, 1874, 1, Philadelphia Board of Trade Records, HSP.

⁵⁸ Ritter, *Goldbugs and Greenbacks*, 37-38. One historian, Richard Timberlake, has characterized the Resumption Act as “sleight of hand legislation” designed to delude the public so that the Treasury could have adequate leeway to allow for the price level declines necessary for resumption, but this seems an inadequate conclusion. Timberlake, “Ideological Factors in Specie Resumption and Treasury Policy,” 51-52.

blood is to a human system,” and that the legal tender note was a “delusion and a snare” that led to “greater extravagance and still wilder speculations” if left unchecked.⁵⁹ Henry Winsor continued his earlier condemnation of paper money and supported his organization’s resolutions by claiming that “this currency has been more detrimental to the morals of this country than anything done by Government” in his lifetime, and that the people of the country had come to “believe in a lie”, and if things continued would “become as corrupt as any people ever were.”⁶⁰ Attacks on the greenback currency were shocking to supporters of government paper, and the ever-present defender of greenbacks Buzby professed himself “amazed at the ingratitude of men” towards a creation that he claimed had helped them win the Civil War, and proposed resolutions calling for Congress to reconsider fixing a date for resumption.⁶¹ The moderate stance again won out, however, and was represented most conclusively by Milwaukee merchant banker Edward D. Holton who asserted that the Executive Council meetings of December 1874 had done “much to turn the current away from the tremendous dangers that threatened the legislation” and convinced Congress to set a date for resumption, and further applauded the move back to “solid money” by offering resolutions for continued support of the resumption legislation.⁶² Though the debate over resumption continued for the next several years, the passage of the Specie Resumption Act effectively closed the matter as a major issue for the NBOT.

The difficulties brought about by the depression had only intensified the reliance of merchants upon the republican rhetoric of speculation and corruption that had characterized the debate over currency from the beginning. The debate over the resumption of specie payments within the merchant community was a curious one as both sides sought to use republican-

⁵⁹ National Board of Trade, *Proceedings of the Seventh Annual Meeting*, 136–137.

⁶⁰ *Ibid.*, 158.

⁶¹ *Ibid.*, 144.

⁶² *Ibid.*, 154–155.

inflected language to bolster their vision of what an “honest” and “equitable” monetary system looked like. Throughout the 1870s a majority of the Board favored a steady return to resumption that would bring about neither contraction nor inflation. Strong opponents of paper currency amongst the Board’s membership, mostly located in the northeast, targeted greenbacks as a wellspring of corruptive influence and characterized attempts to inflate the currency as rooted in speculation and as harmful to the economic stability of the commonwealth. Defenders of paper currency used the rhetorical toolset of republicanism as well, portraying the greenback as the savior of the republic and a representation of the strength of the “public credit” of the country, and attacking supporters of specie as monopolists who sought to artificially limit the money supply for their own gain. Ultimately, the government pursued a course of neither inflation nor contraction throughout the period, and resumption took place as planned in early 1879 with the greenback finally reaching par with gold. The actions of the business community, as expressed through the NBOT, certainly had an effect on the course of public policy on resumption, though the overall effect is difficult to quantify. The debate did, however, serve as a way for the merchant community to begin to clarify their thinking on monetary policy. This was an important development, for the resumption debate led directly into an arguably even more important battle in the history of late nineteenth-century American finance – the battle between bimetallism and monometallism.

“The world at large is . . . having its blood sucked by this gold vampire.”: Bimetallism and the Movement for Sound Money, 1878-1900

As the debate over the resumption of specie payment faded after 1879, the issue of just what the specie standard should be rose to prominence and did not recede as a primary political, social, and cultural issue until the turn of the century. For the merchants of the NBOT, this issue

manifested through an intense and long-running debate over the virtue or vice of bimetallism or monometallism. At the heart of this debate was the relative status of silver as part of the money supply. The U.S. had been, at least nominally, a bimetallist country since the Coinage Act of 1792 but had been functionally on the gold standard for much of the middle part of the nineteenth-century due to the undervaluation of silver relative to gold – put simply, silver was worth more as bullion than as coin, and gold reigned as the main standard thereafter.⁶³ Congress officially demonetized silver with the Coinage Act of 1873, known subsequently as the “crime of ‘73” to silver proponents, but the passage of the Bland-Allison Act in 1878 authorized the government to purchase and coin a set amount of silver each month, effectively returning the U.S. to a bimetallic standard. This bimetallism was precarious, however, and many businessmen and political economists of the era pushed strongly for a single monetary standard based on gold. There were a considerable number of merchants, on the other hand, who advocated a bimetallic standard based on a hoped for international bimetallic agreement that would, in theory, streamline international trade through the universal adoption of a gold and silver standard. In their criticisms of the gold advocates bimetallists also variously used the language of antimonopoly to criticize the power of over credit and currency of some capitalists. Supporters of gold felt that it was the only standard that could be relied upon to grant stability to the financial system and combat the “artificial” inflation of the money supply, whereas supporters of bimetallism appealed to history, natural economic laws, and the hopes of transnational unity as reasons for maintaining a dual standard. These basic divisions defined the debate until, in the midst of another economic depression in the 1890s, the NBOT and its constituents lined up

⁶³ For a succinct expression of this see David A. Martin, “1853: The End of Bimetallism in the United States,” *The Journal of Economic History* 33, no. 4 (December 1, 1973): 825–44.

behind the gold standard due to the economic upheaval represented by the forces of the free silver movement.

Historians have interpreted the “battle of the standards” as a centerpiece of late nineteenth-century for decades, though not with as much balance as the story deserves. Scholars of reform movements, including such luminaries as Richard Hofstadter and Lawrence Goodwyn, have tracked the checkered history of the role played by “free silver” adherents in the political struggles of the 1880s and 1890s.⁶⁴ Defenders of gold, often termed “goldbugs”, have generally been given less coverage than their reform-minded opponents, and such analysis that has taken place is often unnecessarily simplistic. Even more complex works such as Gretchen Ritter’s study of the politics of finance during the period do not fully capture the complexity and discord within the ranks of groups that may be considered more “conservative” on the money issue.⁶⁵ What is necessary to balance out the story is a more adequate representation of the trajectory of thought on gold and silver from the perspective of the business community. An examination of the NBOT, the closest approximation of an organized business interest of the period, offers just such an opportunity.

The silver issue first came up as a major focus of debate in 1877 when the Cincinnati COC raised the issue of remonetizing silver to go along with the return of specie payments, a resolution that prompted a lively debate that illuminated the variety of opinions on silver at that time. Cincinnati merchant John A Gano defended his chamber’s resolution by arguing that silver was “as good as gold,” and he asserted that monometallism was a “selfish policy” promulgated

⁶⁴ There are numerous examples of such studies. For a few representative works see Hofstadter, *The Age of Reform*; Lawrence Goodwyn, *Democratic Promise: The Populist Moment in America* (New York: Oxford University Press, 1976); Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007).

⁶⁵ Ritter, *Goldbugs and Greenbacks*, 152–172.

and designed to increase “the power of capitalists” and allow creditor nations such as England to hold debtor nations like the U.S. in here sway.⁶⁶ James Buchanan, a prominent lawyer and public official from the Trenton BOT, joined Gano and warned the “capitalists” of the country not to “press the industries, the trade and the commerce of this country too far” lest they foster a “flame” of dissent which would “engulf us all into a common ruin.”⁶⁷ It would be “monetary suicide,” Buchanan continued, if they did not take advantage of the “precious metals which God in his goodness has placed” in America, and he reminded the gathered merchants that it “didn’t hurt Solomon’s country to have lots of silver.”⁶⁸ Shades of the criticisms of creditors and gold supporters that were present in the resumption debate reemerged in the defenders of silver, and these defenders also called upon antimonopolist sympathies in their attacks on capitalist power. Both men’s arguments also illustrate the variety of strategies that defenders of bimetallism would come to use in the 1880s and 1890s, including but not limited to appeals to divine providence, geopolitical positioning, and even warnings of possible “engulfing flames” if capitalists did not heed them.

The proponents of monometallism were no less rigorous in their defense of gold, but instead of focusing on the past they looked to the future by positing the gold standard as a progressive and stabilizing force in economic life. Unsurprisingly speaking for the cause of gold was the anti-inflationist Bostonian Joseph Ropes, who prefaced his statements by claiming to be “no enemy of silver.”⁶⁹ Ropes argued, however, that such an “ancient” standard was unworthy of a rapidly growing commercial world, and that it seemed “ordained in the history of the world that gold should, with wonderful regularity and equilibrium, continue to hold that elevated

⁶⁶ National Board of Trade, *Proceedings of the Ninth Annual Meeting*, 195.

⁶⁷ *Ibid.*, 210.

⁶⁸ *Ibid.*, 211.

⁶⁹ *Ibid.*, 204.

position as the best standard of commercial value.”⁷⁰ The Bostonian also utilized the realities of international commerce to argue that a dual standard was not acceptable “if other nations have a different standard, for then the metal which is undervalued will all go away, and the metal which is overvalued will all stay at home.”⁷¹ This was in essence an argument that would become a staple amongst gold advocates, namely that under a bimetallic standard gold would flee overseas and leave the U.S. with a functionally monometallic standard of inflated silver. But even Ropes admitted that there could be a time when “silver may, with advantage, be added to gold, provided all nations agreed to do it.”⁷² An international agreement on bimetallism was at this point amenable even to ardent gold supporters like Ropes, an illustration of the fact that even staunch gold supporters were, as of the late 1870s, not completely opposed to silver as part of the money supply. The Board as a whole decided to table the discussion of remonetizing silver until a later date, but the early terms of debate were set by the beginning of the 1880s.

The silver question reappeared again in 1880, this time in the context of the passage of the Bland-Allison Act, and the discussion centered upon the propriety of continuing to coin silver while an international monetary agreement remained to be settled. Henry Winsor spoke for the opponents of silver by pointing out to bimetallists the example of France and Italy as “parties” who had attempted bimetallism but “are now among those most decidedly opposed to it,” and at the present time there was cause only for a single monetary standard.⁷³ Bostonian merchant and member of the American Social Science Association Benjamin F. Nourse responded to Winsor by claiming to be a “true bimetallist,” defined by him as one who believed in the necessity of reaching an international agreement on set ratios of value and “open free

⁷⁰ Ibid., 205.

⁷¹ Ibid., 206.

⁷² Ibid., 207.

⁷³ National Board of Trade, *Proceedings of the Eleventh Annual Meeting*, 54.

coinage of both metals” before pursuing new legislation on silver coinage.⁷⁴ George Buzby, supporter of greenbacks in the 1870s, came to the defense of the continued use of silver by highlighting the prosperity of the country and the “multiplication of every commercial agency,” and noting that in “all times silver has been recognized as the sister of gold in forming the currency of the world.”⁷⁵ The majority opinion expressed cited caution in tinkering with changes to the monetary system so long as hopes for an international agreement were still alive, and the Board ultimately passed a halfway measure calling for an end to compulsory coinage of silver and leaving it to the discretion of the Secretary of the Treasury to meet demand. Though some members of the Board voiced concern over the possible destabilizing effects of the Bland Act by 1880 the majority were still convinced of the possibilities of bimetallism.

In the years following 1880 much of the time of the Board was occupied with other issues, but the constituent members of the Board kept the issue in the public eye with resolutions targeting the perceived shortcomings of the Bland Act. The leading groups in this regard were the various Boston-based groups, New York COC, and the Philadelphia BOT, all eastern bodies that had developed reputations as the most solid defenders of monometallism, and all cities with important direct connections to foreign trade. The Boston Produce Exchange in March 1884 issued a resolution against the compulsory coinage of silver as it was “unsettling values of all kinds.”⁷⁶ The New York COC held a special meeting on the subject that same month, and similarly decided that the build-up of silver coinage “constituted a grave element of disturbance and danger . . . to the commercial interest of the country.”⁷⁷ The Philadelphia BOT two weeks

⁷⁴ Ibid., 57.

⁷⁵ Ibid., 63.

⁷⁶ Boston Produce Exchange, Boston COC Records, Vol. 31 Boston Produce Exch. Records 1877-1885, March 5, 1884, 186, Boston COC Records, BLHC-HBS.

⁷⁷ New York Chamber of Commerce, Series VIII Member Meeting Minutes 1768-1973, Box 401 1880-1886, March 6, 1884, 373, NY COC Records, Columbia RBM.

later responded with approbation to the New York chamber's resolutions with its own set of resolutions decrying the accumulation of silver coinage.⁷⁸ As the 1880s wore on, the efficacy of the Bland Act became the lightning rod for discussions of the monetary question. At issue was not necessarily the appropriateness of silver as a standard of value, though some merchants stood by that perspective. The real issue with the Bland Act was the mandatory purchase of silver that many commercial men saw as unduly interfering with the balance of gold and silver and possibly undermining any hope of international agreement on a bimetallic system. NBOT merchants had always placed an emphasis on stability when addressing financial questions, and as the 1880s continued an increasing number of merchants began to identify the Bland Act as having a destabilizing effect on the monetary system.

The NBOT returned to a full-fledged debate on silver coinage in 1885, and by that date the functioning of the Bland Act had taken center stage in a discussion where both sides sought to illuminate the social and sectional divisions at the heart of the currency issue. Among the delegates urging prudence and caution in questioning the monetary legislation of the government were representatives from the New York BOTT such as Francis Thurber and John F. Henry, both of whom sought to table resolutions calling for an end to compulsory silver coinage. Henry, a wholesaler of drugs and proprietary medicine, admitted he was "sorry to see the question raised here" and warned that if "this National Board of Trade puts a stigma upon silver, people will take alarm."⁷⁹ Thurber similarly invoked the "people" as well his own antimonopolist credentials when he opined that "we may go too far in adopting the views of gentlemen who simply represent the stocks and bonds of the country . . . as against the interests of the working classes,"

⁷⁸ Philadelphia Board of Trade, Minutes of the Executive Council, 1881-1885, March 14, 1884, 161-162, Philadelphia Board of Trade Records, HSP.

⁷⁹ National Board of Trade, *Proceedings of the Fifteenth Annual Meeting*, 152.

and he urged the NBOT to be the “real and true conservators . . . [and] to stand against wealth on the one side, and against communism and socialism on the other” by allowing the Secretary of the Treasury to suspend coinage at his discretion.⁸⁰ James Buchanan, repeating his pro-silver sentiments of years earlier, reminded his fellow merchants that the “almighty made no mistake when He put silver in the Western hills,” but that what he and every American wanted was an “honest and legitimate dollar,” not a “bastard dollar” devalued by the excess of coinage.⁸¹ Majority opinion, however, found expression in the argument of John Gano of Cincinnati who noted that the “compulsory coinage” part of the Bland Act was an “unnatural feature,” and that coinage should be left to “natural laws” to reach equilibrium. Doing so would not only “remove apprehension” in America but also abroad and, according to Gano, allow for a possible bimetallic agreement in the future.⁸²

From the meeting of 1885 through the end of the 1880s most of the members of the NBOT had come around to a position that interpreted the compulsory coinage element of the Bland Act as injurious to stable values within the financial system and preventative of achieving the goal of international bimetallism. In December 1885 the New York BOTT took the lead in articulating this position with a report from its committee on silver coinage. The committee had sent a circular throughout the country to ascertain the opinion of businessmen on the silver issue, and of eight hundred and eighty-five respondents there were seven hundred and eleven in favor of either suspension or resumption of the Bland Act.⁸³ The New York Board concluded that if the Treasury suspended coinage that the remaining coinage would interchange at par with gold,

⁸⁰ Ibid., 133–134.

⁸¹ Ibid., 139–140.

⁸² Ibid., 141.

⁸³ New York Board of Trade and Transportation, NY BOTT Minutes Jan. 1884–Nov. 1886, Oct.–Dec. 1885, December 9, 1885, 2, NY BOTT Records, NYHS.

but they noted that “this is not the final solution of the problem” but rather simply a prerequisite to an “international agreement under which the two metals, gold and silver, may have a free coinage upon a fixed ratio of value.”⁸⁴ The 1887 gathering of the NBOT approved resolutions very similar to those suggested by the New York BOTT, calling for the suspension of compulsory coinage in order for the President to “take such steps . . . as will promptly tend towards the establishment of a uniform international system of bi-metalism.”⁸⁵ Subsequent meetings reconfirmed the actions taken by the Board and continued to urge changes to the Bland Act in order to pave the way for an international monetary agreement that was always tantalizingly on the horizon.

Congressional action on silver in the early 1890s prompted increased action from NBOT members to protect what they viewed as an increasing threat to the stability and credit of American finances both at home and abroad. At least one financial historian has labelled the Sherman Silver Purchase Act of 1890 as a “proximate origin of the distrust of the maintenance of the gold standard,” but for a majority of the NBOT delegates the passage of the Act simply added to the fears that had been growing since 1878.⁸⁶ The Sherman Act increased the silver bullion purchase requirements of the Treasury with new paper currency issues (the Treasury notes of 1890) and was, much like the Bland Act, a Republican-led compromise to placate western silver interests and gain support for the McKinley Tariff of 1890.⁸⁷ The NBOT had by 1890 come around to the position of limiting the coinage of silver until an international bimetallic agreement could be made due to fears that an increasingly inflated supply of silver coin would lead to an unsustainable outflow of gold that would lead to silver monometallism and

⁸⁴ Ibid., 3.

⁸⁵ National Board of Trade, *Proceedings of the Seventeenth Annual Meeting*, 154.

⁸⁶ Friedman, *A Monetary History of the United States*, 106.

⁸⁷ Ritter, *Goldbugs and Greenbacks*, 38–39.

forestall any possibility of an international monetary system based on both metals. With the Sherman Act in effect, the polarization of opinion within the NBOT sharpened, as previously devout bimetallists became more critical of silver while the more solid silverites became more defensive and critical of gold.

In the two years following the passage of the Sherman Act the response of a number of NBOT groups was increasingly critical of the government's continued stance on coining silver. In April 1890 the New York COC passed resolutions disapproving of the silver legislation before Congress, especially focusing on the free coinage of silver without an international agreement, deeming it a "dangerous experiment."⁸⁸ The New York BOTT took action in February 1891, joining the New York COC in condemning the free coinage of silver as a "premature movement" that would harm the chances of an international bimetallic agreement, and further reiterated the point in October of 1891 that the "only settlement of the Silver and Gold question . . . lies in an accord of the GREAT POWERS to give the metals legal equality."⁸⁹ Philadelphia merchants took action in early February 1891 by sending a committee to the House Committee on Coinage, Weights, and Measures to protest against free silver legislation moving through Congress, and along with the views expressed by other merchant groups from Boston, New York, and St. Louis the Philadelphia *Public Ledger* claimed that the voice of business groups had become "well settled in the minds of a decided majority" of the committee.⁹⁰ Such actions ensured that the workings of the Sherman bill would be a top subject before the Board at its upcoming sessions.

⁸⁸ New York Chamber of Commerce, Series VIII Member Meeting Minutes 1768-1973, Box 402 1886-1892, April 15, 1890, 364-365, NY COC Records, Columbia RBM.

⁸⁹ New York Board of Trade and Transportation, NY BOTT Minutes, Jan.-Mar. 1891, February 11, 1891, 5, NY BOTT Records, NYHS; New York Board of Trade and Transportation, NY BOTT Minutes 1890-1893, Oct.-Dec. 1891, October 12, 1891, 1, NY BOTT Records, NYHS.

⁹⁰ Philadelphia Board of Trade, Minutes of the Executive Council, 1890-1895, February 16, 1891, 46-48, Philadelphia Board of Trade Records, HSP.

The silver debate reemerged at the annual meeting of the National Board in 1892 with renewed pressure for a halt to coining silver coming not just from eastern commercial groups but from western bodies as well, a movement that indicated an increasingly common front on the issue. John Johnston, a Milwaukee merchant and banker, reiterated what had by 1892 become the most common position in claiming that he spoke for “nine-tenths of the people” of his city and state when he asserted that “we believe in bimetallism,” but that due to the increasing coinage of silver the “time will soon come when we shall reach the monometallism of silver.”⁹¹ Rozel Weissinger of the Louisville BOT, who would go on to become a prominent author of financial tracts in the mid-1890s, argued against the Sherman Act by employing the progressive logic of sound finance supporters in suggesting that bimetallism could not be reached by issuing “dollars of silver worth only seventy or eighty cents” as they had done, for that was done only in China, Egypt, Mexico, and other half civilized countries of the world.”⁹² The suggestion, of course, was that no true “civilized” nation such as the U.S. would debase their currency to that degree. William J. Pope of the Chicago BOT, proclaiming to stand “between perhaps too radical West and the rather too conservative East,” attempted to sway his fellow delegates to adopt the moderate position of memorializing Congress to pursue an international conference before taking more drastic action.⁹³ Pope’s sentiment for reaching a middle ground between radicalism and conservatism was indicative of the desire for harmony and balance in the midst of an increasingly venomous battle over the monetary standard.

There was developing within the ranks of the NBOT a relative unanimity on the course to take on the currency issue by the mid-1890s, but that did not mean that strong voices of dissent

⁹¹ National Board of Trade, *Proceedings of the Twenty-Second Annual Meeting*, 152.

⁹² *Ibid.*, 183.

⁹³ *Ibid.*, 175.

were completely absent. A rather remarkable exchange occurred at the January 1893 meeting of the NBOT between David McNenamin, a provisions merchant from the Philadelphia Grocers' and Importers' Exchange, and William V. McKean, editor of the Philadelphia *Public Ledger* and delegate of the Philadelphia BOT. McNenamin, speaking against resolutions to repeal the Sherman Act of 1890, charged that the "legislation of the past generation has been of a character to take care of the bankers, but to neglect the interests of the many millions who inhabit the land," and suggested the demonetization of silver in 1873 was done "in a clandestine manner" by speculators who looked to profit on their bonds appreciating.⁹⁴ This was, clothed in merchant cloth, essentially the "crime of 1873" explanation of demonetization made famous by Sarah V. Emery in an 1888 pamphlet and propagated by silver enthusiasts around the country.⁹⁵ The "bankers vs. the people" language used by McNenamin also reflected the continuing power of antimonopoly appeals for some NBOT members. McKean denied McNenamin's charges, claiming that "history" supported his view and not "unauthorized pamphlets."⁹⁶ Undaunted, McNenamin called out those who favored an international agreement by arguing that it was "not an international question" and other nations "have nothing to do with our coinage."⁹⁷ The Board ultimately decided upon postponing the question for another year. Though McNenamin's position could hardly be considered a majority opinion, it nevertheless demonstrates how criticisms of creditors and their dominance of credit and currency rooted in antimonopoly remained potent charges in the context of the financial debate.

⁹⁴ National Board of Trade, *Proceedings of the Twenty-Third Annual Meeting*, 214–215.

⁹⁵ For an explanation of the "crime of 1873" see Allen Weinstein, "Was There a 'Crime of 1873'? The Case of the Demonetized Dollar," *The Journal of American History* 54, no. 2 (September 1, 1967): 307–26; Walter T.K. Nugent, *Money and American Society, 1865-1880* (New York: The Free Press, 1968), 164–168.

⁹⁶ National Board of Trade, *Proceedings of the Twenty-Third Annual Meeting*, 216.

⁹⁷ *Ibid.*, 219.

The panic of 1893 took the already contentious politics of the currency issue and amplified them until the monetary debate became the central major political issue of the mid-1890s. By the middle of 1893 fears stoked by bank failures and the dipping of U.S. gold reserves below \$100 million led to an all-out assault on the Sherman Act of 1890, an assault that was merchant-led. In August of 1893 the New York BOTT, after receiving responses to a circular sent months earlier, called for a national convention of commercial organizations in September to “urge upon Congress the business necessity” of the repeal of the Sherman Act.⁹⁸ Numerous NBOT groups attended and voted resoundingly for resolutions for repeal. “Unless the United States Senate is entirely deaf to the demands of the country,” the *New York Times* opined, “it can hardly fail to be influenced” by such a gathering of commercial opinion.⁹⁹ This new “Sound Money Convention of Commercial Organizations,” headed by NBOT delegate E.O. Stanard of St. Louis, continued its agitation with a circular sent out in October 1893 calling for groups to hold “mass meetings” with “speakers who are sound on the question” to keep the pressure on.¹⁰⁰ The Senate finally passed legislation for repeal just a few weeks later, and though it did little to stem the depression economically it was seen by merchants as a victory many years in the making.

By 1895 many of the constituent groups of the NBOT were beginning to organize a campaign of “sound money” to combat the continued pressing of the free silver issue by various political and social groups, an effort merchants viewed as an attempt to undermine the stability of the financial system. Whereas various producer groups saw the free coinage of silver as an

⁹⁸ New York Board of Trade and Transportation, NY BOTT Minutes 1890-1893, Oct.-Dec. 1893, August 21, 1893, 2, NY BOTT Records, NYHS.

⁹⁹ “No Time for Hanging Back.: Business Men Call Upon the Senate to Do Its Duty,” *New York Times*, September 13, 1893.

¹⁰⁰ New York Board of Trade and Transportation, NY BOTT Minutes 1890-1893, Oct.-Dec. 1893, October 4, 1893, 1, NY BOTT Records, NYHS.

instrument of liberation from the control of bankers and financiers, commercial organizations recognized the movement for free silver as a movement devoted to undermining the monetary system and sowing the seeds of uncertainty. In January 1895 the Boston COC issued a resolution reaffirming that group's commitment to the "maintenance of the honor of the nation" through a "sound monetary system."¹⁰¹ The New York COC was particularly active in organizing for agitation; in April 1895 the group formed a Special Committee on Sound Financial Legislation, and by October 1895 they had outlined a strategy for educating the "farming, laboring and manufacturing population of the country especially in the South and the Middle West" by contacting the "business men and leaders on the sound money side" and providing various kinds of educational literature on the currency issue.¹⁰² The efforts of this sound money campaign, both inside and outside of the NBOT, were an important part of an ideological and political campaign designed to undermine the efforts of financial reformers of a free silver persuasion.

The 1896 meeting of the National Board offered an example of the sound money vs. silver battle in miniature as a majority of the Board squared off against a vocal minority focused on undermining the sound money argument. William H. Berry, a member of the Chester (PA) Merchants' and Business Mens' Association and future Treasurer of Pennsylvania, attacked "vicious experimental legislation" that had created a "high-priced gold dollar and the low-priced silver dollar" that was unfairly aggrandizing those invested in gold.¹⁰³ A more colorful indictment of the sound money cause came from a returning David McNenamin who instructed

¹⁰¹ Boston Chamber of Commerce, Boston COC Records, Vol. 2 General Records 1892-1899, January 31, 1895, 1, Boston COC Records, BLHC-HBS.

¹⁰² New York Chamber of Commerce, Series VI Committees 1822-1972, Sub-Series VI.1 Admin. Comm. 1864-1973, Box 414 Exec. Comm. Meeting Minutes 1895-1896, March 27, 1895, 15-18, NY COC Records, Columbia RBM; New York Chamber of Commerce, Series VI Committees 1822-1972, Sub-Series VI.1 Admin. Comm. 1864-1973, Box 414 Exec. Comm. Meeting Minutes 1895-1896, October 10, 1895, 62-63, NY COC Records, Columbia RBM.

¹⁰³ National Board of Trade, *Proceedings of the Twenty-Sixth Annual Meeting*, 87-88.

them not to “talk about honest money until you restore the honest standard . . . and not try to strike down the experience of all the ages and get along with the gold metal only.”¹⁰⁴ “The world at large,” McNenamin continued, “is being robbed and having its blood sucked by this gold vampire. The men demanding this gold are merciless . . . [and] have forced upon us an unjust measure, and then they call that honest.”¹⁰⁵ For all of their rhetoric Berry and McNenamin were not free silver supporters; they were simply arguing for the bimetallic standard they claimed had once constituted the legitimate monetary system of the country. It is a testament to the increased power of the connection between gold and sound money ideology within the merchant community by 1896 that such suggestions were so immensely polarizing.

As the excitement surrounding the election of 1896 subsided a new organizational movement, including a significant number of NBOT members, emerged in the shape of the Indianapolis Monetary Convention. Historians such as James Livingston have argued that the Convention, first meeting in January 1897, was a “gathering of corporate businessmen, not small entrepreneurs,” as members attempted to suggest, but is nonetheless true that there was significant non-corporate merchant involvement in the convention.¹⁰⁶ A majority of the convention’s committee on permanent organization, for example, were NBOT delegates, and commercial organizations had a substantial presence at the meeting, and the chairman of the first meeting was long-time NBOT member E.O. Stanard.¹⁰⁷ The convention passed a number of resolutions concerning the financial system and made plans for further meetings, but the most important pronouncement made by the convention was that the “present gold standard should be

¹⁰⁴ Ibid., 89.

¹⁰⁵ Ibid., 90.

¹⁰⁶ Livingston, *Origins of the Federal Reserve System*, 105.

¹⁰⁷ “Money,” *The Nashville American*, January 13, 1897.

maintained.”¹⁰⁸ The Indianapolis Convention was a major turning point in the monetary standards debate within the commercial community. The free silver movement had so successfully wedded the support of silver with the reform designs of groups like the Populists that positive support for silver became exceedingly rare within the merchant community. Any discussion of an international bimetallic agreement was gone, and the assumption moving forward was that the gold standard, and not bimetallism, was necessary for a sound monetary system.

The progression towards the embrace of gold and the rejection of silver was evident at the NBOT annual meeting that met shortly after the Indianapolis Convention as members focused on the “close-call” of 1896 and a future based on a single recognized arbiter of value. The NBOT Committee on Banking Laws presented resolutions recognizing that the “standard money of the commercial world is gold coin” and that the U.S. needed to adhere to this standard.¹⁰⁹ Charles Parsons, bank president and member of the St. Louis Merchants’ Exchange, argued in favor of the report in recalling that they had “come to the edge of the chasm and looked over” in 1896, and commission merchant Denison B. Smith of the Toledo Produce Exchange asserted that the “silver issue was the colossal financial mistake of our time” and concluded that silver has “had its day.”¹¹⁰ The ever-reliable McNenamin spoke again for the minority who wished the world to know they were not some “convention of bankers” and reminded his fellow merchants that nature “gave us two metals to make money out of” and that abandoning silver would mean abandoning an important “tool of trade”.¹¹¹ This view was rejected strongly, however, by Smith who suggested it was the “veriest rainbow chasing, this

¹⁰⁸ “Gold and Bank Notes,” *Washington Post*, January 14, 1897.

¹⁰⁹ National Board of Trade, *Proceedings of the Twenty-Seventh Annual Meeting*, 82.

¹¹⁰ *Ibid.*, 85, 88, 89.

¹¹¹ *Ibid.*, 93, 99.

idea of bimetallism,” and concluded with an appeal to “natural law” in stating that it “is either the strong or the weak in this world; it is either gold or silver.”¹¹² The appeal of bimetallism had, for all intents and purposes, disappeared as a significant position before the Board by 1897.

The positions of the National Board and the Indianapolis Monetary Convention essentially merged in 1897, laying the foundation for a concerted focus on pursuing a strategy of agitation for a formal gold standard. C. Stuart Patterson, president of the Indianapolis Convention and a NBOT delegate from the Philadelphia BOT, addressed the National Board and argued that the Indianapolis gathering had, like the NBOT, attempted to “look at the question as a great National question . . . with an earnest desire to harmonize differences of opinion.”¹¹³ He continued by hoping that in the future, with the help of the NBOT, they could convince the country that “for a civilized government and for an honest man it is absolutely essential that there should be a recognized and definitely established standard of value.”¹¹⁴ The NBOT passed resolutions pledging to ally with the Indianapolis Convention in pressing the issue before Congress in both 1897 and 1898, and constituent groups continued to press the issue. Samuel A. Robinson, a delegate of the New York BOTT, in a letter to his home organization in December of 1899 noted the efforts he was making amongst “very influential members of Congress” on the gold standard and that he was “not without influence among them.”¹¹⁵ In early 1900 Congress passed the Gold Standard Act making gold the official monetary standard of the country, and at the 1901 meeting of the NBOT Charles Parsons noted the culmination of “that for which we

¹¹² Ibid., 103.

¹¹³ Ibid., 230–231.

¹¹⁴ Ibid., 232.

¹¹⁵ New York Board of Trade and Transportation, NY BOTT Minutes 1897-1899, Oct.-Dec. 1899, December 4, 1899, 1, NY BOTT Records, NYHS.

have been fighting so many years” and applauded the American people for finally deciding “rightly and justly” on the matter.¹¹⁶

The victory of “sound money” in 1900 was the product of a circuitous intellectual journey undertaken by organized business interests from the late 1870s through the end of the century. The passage of the Bland Act in 1878 helped spark a fervent debate over the proper relationship of gold and silver within the monetary system. For a number of years the majority position of the NBOT and many other merchant groups lay in the hopes of an international agreement on a bimetallic standard that would bring stability and harmony to international trade. The compulsory coinage policy of the Treasury, however, confounded that attempt according to many merchants, and by the end of the 1880s a great many commercial groups were calling for an end to the coining of silver that was, in their minds, “debasing” that currency and by extension the entire monetary system. The Sherman Act of 1890 was seen simply as an extension of an already flawed policy by most merchants, and the lack of progress on an international agreement on bimetallism pushed many merchants towards more of a monometallist stance on the currency question. As agitation for free silver grew leading into the election of 1896 the commercial community rallied around the gold standard as the “civilized” and “progressive” answer to the monetary puzzle, achieving a stable currency at home as well as parity with the monetary standards abroad. In the final estimation, the NBOT and its members lined up behind gold as the best bet to settle the monetary question and return the finances of the country to some semblance of normality.

¹¹⁶ National Board of Trade, *Proceedings of the Thirty-First Annual Meeting*, 222.

The Search for Stability: The National Board of Trade and the Business Men's Monetary Conference, 1908-1911

The merchants of the National Board of Trade utilized the final years of the organization to pursue a number of different projects, but few were more important than the National Board's role in pushing for the banking reforms that led ultimately to the creation of the Federal Reserve. Such reforms were rooted, as historian James Livingston and others have argued, in the attempts of bankers and political economists to come to grips with a banking system conducive to the needs of corporate capitalism.¹¹⁷ The merchants of the NBOT, however, were also in the vanguard of such movements, and had been pressing to one degree or another for banking reforms dating back to the 1870s. The national banking system that was in existence from the Civil War onward possessed an ally in the National Board, but as the twentieth century dawned inefficiencies in the system, as well as continued monetary panics, laid the groundwork for plans to create a new system of banking which would achieve the stability that commercial men so craved. Compared to the specie resumption and monetary standard debates, the NBOT's involvement in early twentieth-century banking reform was more limited in terms of time and focus. However, like the earlier republican-inspired focus on the "honesty" of resumption or the speculative energies released by a "debased" currency, this involvement was in keeping with the NBOT's long-term commitment to reforms that would enhance the stability of the financial system.

Propositions for reforming the national banking system came up on a number of occasions before 1908, typically focused on changing the limits upon the ability of banks to

¹¹⁷ For two differing perspectives on this issue see Livingston, *Origins of the Federal Reserve System*; Richard H. Timberlake, *The Origins of Central Banking in the United States* (Cambridge, Mass.: Harvard University Press, 1978).

respond to financial crises. One of the most common merchant criticisms of the national banking system was that the seasonal movement of products from the interior to the seaboard produced yearly stringency in the currency supply and that national banks, due to their limitations on note issuance, could not handle such stringency. In 1902 the Board considered resolutions to allow national banks to “issue currency responsive to the various needs” of business that changed season by season, with the argument from Charles Parsons of St. Louis that the currency was “too hidebound.”¹¹⁸ Similar resolutions appeared at the 1903 annual meeting as well as asking for an amendment to the National Banking Act to allow national banks to issue notes whose “volume shall automatically expand with an increased demand for currency and contract when that demand has ceased.”¹¹⁹ Such ideas for reform were not new, but propositions for reforming the banking system had accelerated in the years following the panic of 1893 and continued into the new century. This acceleration only continued as a new financial crisis prompted an even stronger focus in the commercial community on the need for substantial banking reforms.

In October 1907 a panic on Wall Street threw the banking system into disarray, and without a central banking authority the finances of the country were saved only due to the intervention of private capital in the form of J.P. Morgan and a consortium of bankers. In the wake of the panic of 1907 Congress created the National Monetary Commission, an organization tasked with evaluating the American banking system and proposing reforms that would insulate that system from the periodic panics and depressions that had wracked the American economy in the previous half-century. The Commission consisted of Senators and Representatives, including one-time NBOT delegate Sen. Nelson Aldrich (R-RI), and first began meeting in the spring of

¹¹⁸ National Board of Trade, *Proceedings of the Thirty-Second Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1902), 213.

¹¹⁹ National Board of Trade, *Proceedings of the Thirty-Third Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1903), 187.

1908. The *Chicago Tribune* looked to the meetings hopefully, arguing that it “is the almost unanimous opinion of thinking men that it is not only desirable but necessary that the monetary system should be changed.”¹²⁰ In light of the ongoing work of the commission, the National Board set aside considerations of the currency question in 1908 and in 1909 passed a resolution to wait on a report of the Commission before making any recommendations.¹²¹

As the work of the Commission dragged into another year the NBOT met to suggest a number of features of reform the Commission should consider, features that illustrated the commitment of the merchants of the Board to a new organization which would insulate itself from political partisanship in order to scientifically organize the financial system. The Board’s 1910 resolutions demonstrated the continued focus of the NBOT in seeking a stable and equitable banking system by asking that any reforms be “absolutely fair to all interests” and provide an “adequate supply of properly safe-guarded currency” while also remaining “absolutely free from domination or control” by political or special interests.¹²² The Board was also split on the issue establishing a central bank, one of the key elements emerging out of the discussions of financial reform. George Truesdell of the Washington, D.C. BOT argued that a central bank would be beneficial because in the “present system , under which every bank stands by itself and independent of all other banks, in times of emergency it looks to Washington to help,” so what better option than to create just such a coordinating mechanism in the nation’s capital?¹²³ Other members resisted the idea of a central bank due to the fact that their situation

¹²⁰ “The Monetary Commission,” *Chicago Tribune*, July 21, 1908.

¹²¹ National Board of Trade, *Proceedings of the Thirty-Ninth Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1909), 97.

¹²² National Board of Trade, *Proceedings of the Fortieth Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1910), 103.

¹²³ *Ibid.*, 104.

failed “to correspond with European conditions.”¹²⁴ But the Board continued to wait to issue judgment and was satisfied with what Finley Acker, a Philadelphia merchant, called the “lay[ing] down [of] fundamental principles.”¹²⁵ Following the meeting in January 1910 the NBOT established a permanent office in Washington, D.C. with an officer charged with distributing literature created by the National Monetary Commission to commercial organizations throughout the country.¹²⁶ As a result of this agitation, the NBOT decided to devote a full day of its next meeting to a consideration of the financial reform question.

The Business Men’s Monetary Conference held by the NBOT in January 1911 was the most comprehensive investigation of the banking question, outside of the work done by the National Monetary Commission, during the entire period and demonstrated what had become the dominant position of organized commerce on the problems of the financial system. C. Stuart Patterson, who had so famously presided over the Indianapolis Monetary Convention, in making his opening address focused on the lack of a “regulative force” in American finance and tasked the men of the NBOT to help create a “proper and intelligent understanding” of the issues at hand.¹²⁷ Nelson Aldrich sent the tentative outlines of a plan of the National Monetary Commission to the NBOT while it was in session, and those conclusions formed the basis for the discussion that took place.

A. Piatt Andrews, assistant Secretary of the Treasury, laid out the primary features of Aldrich’s plan which included much stronger centralized control of the banking system that would, in theory, prevent the types of financial instability witnessed just a few years earlier. The

¹²⁴ Ibid., 106.

¹²⁵ Ibid., 109.

¹²⁶ “Business Men and Money,” *Boston Evening Transcript*, November 28, 1911.

¹²⁷ National Board of Trade, *Proceedings of the Forty-First Annual Meeting of the National Board of Trade* (Philadelphia: John R. McFetridge & Sons, Printers, 1911), 119.

main idea of the plan was the creation of the Reserve Association of America, an institution that would “form a common bond between the banks” by controlling banking activity through clearing accounts, holding reserves, and regulating note issuance.¹²⁸ Regional banking associations would control the selection of directors of the new organization with the restriction that no legislators could be elected to positions in the Association, a provision designed to “avoid control by particular interests or subjection to political influences.”¹²⁹ The final resolutions included issuing circulating notes, buying and selling gold to maintain a reserve, buying and selling government bonds, and transferring bank balances of member institutions amongst the Associations enumerated powers. The legislation would, in short, “complete” the work of the National Banking Act by unifying all of the “functions of modern banking in one organization.”¹³⁰

Such centralized authority would have been anathema to an earlier incarnation of the NBOT, but decades of experience with the problems of the financial system had created a willingness to tolerate centralized authority if such an institution was properly structured. Rep. Edward B. Vreeland (R-NY), vice-chairman of the National Monetary Commission, argued before the Board that it was “just as inevitable to have centralization in the banking system as it is to have the law of gravitation,” and that a system lacking “leadership” and “flexibility” needed a central authority.¹³¹ On the problem of monopoly Vreeland noted that Americans were and always had been against monopolies, but he responded by asserting that for all practical purposes they “have got centralization to-day.”¹³² The only real question, Vreeland continued, was

¹²⁸ Ibid., 130.

¹²⁹ Ibid., 132.

¹³⁰ Ibid., 134.

¹³¹ Ibid., 158–161, 162.

¹³² Ibid., 174–175.

“whether we shall have centralization under the regulation of law . . . which shall operate for the benefit of all the people . . . [or] centralization in private hands, used for the benefits of those who own it or control it.”¹³³ Faced with the choice between private power and government regulation the NBOT chose, as it had done with the railroads, to place authority in the hands of an institution theoretically beholden to the public interest.

The National Board’s resolutions supporting the creation of a new banking system helped to promote the cause of the Aldrich Plan and contributed to the agitation that would eventually lead to the Federal Reserve Act. Following the meeting of 1911 businessmen throughout the country organized the National Citizens’ League for the Promotion of Sound Banking System based largely upon the conclusions of the NBOT’s January meeting, and it would become one of the key organizations promoting banking reform before Congress.¹³⁴ The support of banking reforms was the final issue of consequence debated by the merchants of the National Board before the organization ended in 1912, and it served as a fitting coda to the group’s legacy of influence on the financial system of the country. Merchants had organized largely in response to the immense economic changes wrought during the Civil War, including the establishment of the national banking system. It was fitting that the last actions of the organization would contribute to the construction of a new national financial edifice to solve the problems that merchants had worked on for nearly half a century.

Conclusion

When the nation’s merchants came together to form the NBOT in 1868 one of the foremost problems they looked to combat was the uncertain financial situation of the country.

¹³³ Ibid., 175.

¹³⁴ “Business Men and Money,” *Boston Evening Transcript*, November 28, 1911.

With a new banking system in place, millions of dollars of inflated currency outstanding, and substantial war debts hanging over their heads it is understandable that the commercial organizations throughout the country believed that their guidance was necessary in order to bring about a “business-like” demeanor to public financial policy. Over the course of its forty-year existence the NBOT and its constituent groups tackled a variety of issues but the organization never lost sight of its initial focus and reason for existence, namely that a prosperous commercial republic deserved a financial system that promoted prosperity by harmonizing the various conflicting elements of society, and that it was the responsibility of the commercial class to pursue this end at all times.

For the first decade of its existence the NBOT understood this responsibility in terms of the central issue of specie resumption. Resumption was to the merchant community more than just a matter of a simple economic mechanism. To a very real degree the debate over resumption was a debate over the social and cultural ramifications of introducing a new standard of value and the ways in which that standard redounded upon the larger economic structures throughout the nation. For many merchants resumption was a moral imperative, a kind of social responsibility owed by the government to its citizens, just as much as it was an economic one. Those merchants who pushed for resumption also understood specie payment as the only true standard of value, in a sense the only “honorable” currency that could be trusted. Others less invested in the singular fixation on specie were more willing to accept greenbacks as the “people’s money” and savior of the republic during a time of war, as opposed to the hard currency of economic elites. The experience of the resumption debate helped to clarify a number of merchant conceptions of equity and stability in a financial context.

The return of specie resumption, as well as the passage of the Bland Act, raised the question of just what the specie standard should be, and this debate dominated the financial discussions of the Board until the end of the century. Bimetallism, secured by an international agreement among nations, seemed to many as the most reliable system based on the experience of historical precedent and the inherent “natural” qualities possessed by gold and silver alone. As the functioning of the Bland Act gradually debased the supply of silver coinage, however, many merchants abandoned the ideal of bimetallism for gold monometallism. Monometallists, long suspicious of the suitability of the bimetallic standard as well as the inflation pursued by supporters of silver, heralded gold as the only true arbiter of value and the only true choice of “progressive” and “civilized” economies. The passage of the Sherman Silver Purchase Act and the onset of depression in the early 1890s only further intensified the debate until the “battle of the standards” was the central social and political issue of the time. Fearful of the instability that might follow from the free coinage of silver and doubtful of any international agreement on a bimetallic standard, the majority of NBOT members orchestrated a “sound money” campaign that enshrined gold as the primary standard of value by 1900.

The Board spent the final years of its existence attempting to maintain the stability of a financial system they had helped create by supporting the creation of a new banking system. Upset with the defects of an outmoded national banking system that supposedly lacked flexibility and was susceptible to financial panics, the NBOT supported plans to create a more centralized authority capable of controlling currency levels and bank reserves in order to maintain economic stability and, in theory, provide equitable access to capital while simultaneously preventing the financial crises that had been endemic to the economic world of the late nineteenth and early twentieth centuries. Though the Board did not survive to see its handiwork, these efforts helped

to create the political and public pressure that led to the creation of the Federal Reserve, a model repository of economic experience designed to ensure the stability so craved by the members of the NBOT.

The National Board of Trade's focus on finance came about due to a rather simple truth, namely that commerce relied on currency and credit to the same degree that it relied on railroads and steamships. The structure and functioning of the financial system was thus of equal importance to that of the transportation system. That did not mean, however, that the visions for the functioning of each system were the same. The commercial antimonopolism so evident in the transportation debates was less central to the financial debates before the Board, but that does not mean that commercial republican values had no place in those debates. At certain moments concerns over speculation or monopoly emerged, but they seldom dominated merchant discourse. The primary thread running through each debate, from resumption in the 1870s to central banking in the 1900s, was a concern for stability and security. Seen from the standpoint of merchants as simply economic actors this makes complete sense; as an organized interest commercial men were interested in a steady financial system that guaranteed relatively predictable returns on investment and less risk. But merchants weren't simply economic actors, and their concerns for "soundness" and stability were social and political as well, and functioned as an outgrowth of their self-conception as economic stewards of the commonwealth.

Chapter Six

“The world grows, and we must grow with it.”: The National Board of Trade and the World, 1868-1906

In opening the ninth annual meeting of the National Board of Trade president Frederick Fraley noted with satisfaction the growth of their “brotherhood of merchants” and strongly asserted that the organization would continue to be important to the “development of great national interests.”¹ From the beginning, the Board had functioned as a shaper of opinion on all matters of the national economic interest. It was not just to the national importance of the Board that Fraley drew attention to, however, as he also argued that it was important for the NBOT to become associated with the “progress of this country” towards having a “controlling interest” in the affairs of the rest of the world. If the merchants of the country did their duty, Fraley continued, it would be assured that “American commercial institutions and American usages will become the text-books of the world” and the National Board would have contributed to the mutual commercial progress and civilization of the rest of the globe.² The merchant capitalists of the NBOT were fully enmeshed in a growing worldwide capitalist system, a system that they sought to influence to the betterment of themselves as well as the national interest they claimed to represent through the NBOT. The National Board was therefore, by necessity, a transnational body in focus, if not in membership.

The condition and overall structure of the foreign trade of the United States was as central to the NBOT as the issues of transportation and finance. The United States had long been

¹ National Board of Trade, *Proceedings of the Ninth Annual Meeting*, 8.

² Ibid.

an important exporter of its own commodities and a re-exporter of products to Europe, and the merchant groups of the eastern seaboard especially had a deep vested interest in overseas trade. The growth of the domestic marketplace, however, complicated the place of foreign trade in the overall U.S. economy. An exploding domestic market for American-grown commodities and American-produced manufactures created a thriving home market and merchants focused on this domestic market, including many members of the NBOT, advocated for policies that would help to continue this growth. This advocacy put these merchants in opposition to the many seaboard merchants still heavily invested in foreign trade. This basic division of interest in the ranks of the merchant community influenced many of the debates over the various issues related to foreign trade within the National Board.

Historians have for the most part ignored the influence of commercial organizations upon debates related to foreign trade such as protection of American shipping, tariff reform, reciprocal trade treaties, and consular reform, at least until the twentieth-century. Pioneering work by Walter LaFeber long ago connected America's drive for empire with commerce.³ Robert Wiebe and William Becker have both explored the emergence of organized business movements related to foreign trade during the Progressive era, but there is little scholarship on the subject before the 1890s.⁴ What these studies overlook is that there was an immense interest in the issues of foreign trade well before the period of American imperial expansion at the end of the nineteenth-century, interest that grew out of the economic consequences of the Civil War as well as the ongoing diversification of the American economy. The political ramifications of issues such as the tariff have long been fodder for general histories of the period as well as works of political science

³ See Walter LaFeber, *The New Empire: An Interpretation of American Expansion, 1860-1898* (Ithaca, N. Y: Cornell University Press, 1963).

⁴ See Wiebe, *Businessmen and Reform*; William H. Becker, *The Dynamics of Business-Government Relations: Industry & Exports, 1893-1921* (Chicago: University of Chicago Press, 1982).

from Richard BenseL among others, but a substantial interrogation of the development of a business-oriented perspective on these matters from the mouths of merchant groups themselves is relatively absent from the literature.⁵

The key theme in the discussions on the issue of foreign trade was expansion and, more particularly, the question of how foreign trade was connected to the projection of American commercial power and esteem, and whether it was equitable and just for the federal government to support certain economic groups over others in this pursuit or if trade should be left “free” to find a natural balance. The starkest division on these issues manifested in the disagreements of those who favored “protection” or “subsidy” of certain industries and trades as a competitive necessity in global commerce, and those who supported “free trade” that eschewed protection as a relic of a less advanced mercantilist past. Even these divisions, however, did not hold for every issue, as even protectionists and free traders could agree that certain economic benefits could accrue by increasing or decreasing government intervention when necessary. Ultimately, these various factions disagreed primarily over means and not ends. For the vast majority of the merchants affiliated with the NBOT projecting American commercial power was not simply a matter of economic competition but also an issue of national honor, pride, and vindication of the character of American traders. Commerce thus was an extension of the politics and values of the merchant republic on the world stage.

In the early years of the Board’s existence staunch advocates of revitalizing American shipping fought with supporters of free trade over the question of the government’s role in supporting a strong American-built merchant marine. Merchants with connections to the

⁵ See BenseL, *The Political Economy of American Industrialization*, 457–509.

shipbuilding industry, led by members of the Philadelphia BOT, viewed the decline of the American merchant marine precipitated by foreign competition and the depredations of the Civil War as matter of national embarrassment and supported various measures to help rebuild American shipping to its former glory. Defenders of free trade, including eastern Bostonians as well as western merchants, attacked these schemes of protection as an unfair, inequitable and a wasteful use of national resources and instead argued for lowering restrictions for shipowners so that they could purchase ships in a competitive world market. Both sides claimed their positions as vital to the future commercial status of the country; protectionists asserted that the loss of American shipbuilding threatened the nation's competitive position in relation to the major European powers, whereas free traders defended their position as the progressive, civilized future of commerce.

The second major element of the foreign trade debate in the 1870s and early 1880s was the issue of reciprocal trade, as a number of merchants continued to press for new commercial treaties to establish freer trade amongst the nations of North and South America. The primary focus of this movement came from northeastern merchants and Canadian commercial groups looking to restore the reciprocal relations abrogated in 1866, but the ambitions of many NBOT members went deeper than that. Merchants throughout the country were coveting markets to the south as well, and it was in this period that members of the NBOT began suggesting reciprocal trade agreements with Mexico as well as pursuing close commercial ties with the countries of South America. The reasoning for such agreements reflected elements of a commercial and political paternalism as well, for many merchants believed that closer commercial ties throughout the hemisphere might sway such countries away from increasing attempts by European powers to usurp American dominance in the western hemisphere. The advocacy of

reciprocity was the result of the pursuit of an international competitive advantage as, well as a representation of the ideal of harmony amongst economic interests applied transnationally.

During the 1880s and most of the 1890s the shipping issue dominated the discussions relating to foreign trade. Attempts by Congress to pass shipping legislation in the early 1880s and 1890s, and continuing attempts by shipping advocates to organize their lobbying efforts, kept the divisions over subsidies and free trade at the forefront of NBOT debates. Whereas earlier debates pitted divided easterners against one another, in this middle period the sectional disagreements over protection and free trade were more pronounced as eastern merchants chastised westerners for undermining attempts to pass Congressional subsidies for the merchant marine. Over the course of the 1880s, the supporters of subsidies within the National Board were able frame their support of direct government support of shipping as the only way to place Americans on a level playing field with the rest of the world, and they continued to appeal to the ideologically powerful sentiment of “American flag, American ships” to qualify their support of subsidization. The opponents of subsidy maintained that cheapness of transportation remained the only factor of importance, but they gradually lost out as new lobbying groups supporting subsidies emerged and the majority of the merchant community rallied behind government support of the shipping industry. Both sides, however, maintained that the problems of American shipping were materially and symbolically connected to the nation’s status as an emergent global commercial power.

During the final years of the NBOT’s existence the body reached a relative consensus on the protectionist side of the shipping issue and continued, through its own action as well as that of its constituent groups, to organize and advocate for reciprocity and the promotion of American trade abroad. By the turn of the century sentiment within the Board was solidly behind the use of

government power to promote the revitalization of American shipping, and the NBOT worked closely with a Merchant Marine Commission established during Roosevelt's presidency to investigate the issue. Members of the Board also continued to raise the issue of reciprocal trade agreements with other countries in the hemisphere as a strategy for guaranteeing markets for American goods. As merchants scrutinized the problems of a declining foreign trade, they also began to identify consular reform as a necessary measure for increasing the effectiveness of America's commercial influence abroad. Consuls were political appointees who represented American interests, broadly defined, in nations across the globe. Merchant groups in this period started an examination of complaints made by businessmen that American consuls were ill-suited to represent the interests of the commercial community, either due to incompetence or simply a lack of qualifications. Blaming this on the fact that consular appointments were treated as political spoils, the merchants of the NBOT entered into the civil service reform debate through their suggestion for objective testing and merit-based qualifications for consuls. The NBOT's movement for consular reform, focused as it was on the perceived "embarrassment" of the commercial community abroad and on the desire for progressive reforms to make the system less amenable to political influence, illustrated the merchant community's attempts to shape the perception and functioning of American commerce on a global scale. All of these efforts were part-and-parcel of an accelerating effort and focus amongst the members of the Board of the increasing importance of establishing the United States as a leader in global trade.

The National Board was from the beginning an organization designed to attempt to harmonize the economic interests of the nation in order to create the best possible environment for American capitalism to flourish, internationally as well as domestically. The commercial community was, by necessity, enmeshed in a transnational world of trade that forced merchants

to think in terms of how their pursuit of specific policies would impact international commercial relations as well as domestic relations. Much of the other work pursued by the National Board in the realms of transportation and finance was seen by the various commercial organizations involved as vital to the functioning of a competitive, orderly and equitable domestic economy. But those same merchants also realized that the United States did not exist in a vacuum, and that the makers of public policy in Congress could not ignore the future impact that American economic growth had on the power and influence of the country within the larger global context. The actions taken by the NBOT and its constituent groups illustrate how the commercial community attempted to position the country as a dominant economic power entering the twentieth century.

“Commerce, like water, seeks . . . its natural level.”: The Shipping Crisis and Reciprocal Trade, 1868-1880

Reciprocal trade and the American shipping issue were both prominent features of the early years of the NBOT's existence as they were both seen as keys to expanding American trade to their respective supporters. Reciprocal trade agreements that established favorable trading arrangements on certain products between nations were seen by advocates as a way to establish closer commercial relations with other countries, and in this early period Canada was the primary focus. The antipathy of a number of commercial groups towards the abrogation of the previous reciprocity treaty in 1866 was still present in the 1870s, and a number of merchants on both sides of the border saw the reestablishment of reciprocity as a measure that would strengthen both economies and possibly even lead to the beginnings of a North American trade zone similar to the German Zollverein (German Customs Union). The issue of reciprocal trade with Canada also led to a desire to pursue similarly advantageous arrangements with other countries in the western

hemisphere. The second and more contentious of the two debates was over the problem of the American merchant marine. Deemed a crisis by many merchants, the falling off of American ship production during the 1860s had created a situation where the majority of exports were shipped in foreign-built and foreign-crewed vessels. For shipbuilding interests in places such as Philadelphia this was an outrageous decline of what had been one of the most prominent American industries, and many merchants from such cities advocated government intervention through tariff allowances on building materials or even direct subsidies to shipbuilders to rectify what they viewed as a “national disgrace”. Opponents of such intervention, which included prominent free traders and shippers from Boston and New York alongside westerners from Chicago and Milwaukee, deemed such assistance as unnatural and an affront to free competition and instead asked for “free ships”, a position that called for the relaxation of laws that forbade American shippers from registering foreign-built vessels. Both of these areas of debate illuminated the importance merchants placed upon an aggressive pursuit of government action to stimulate foreign trade.

The pursuit of reciprocal trade agreements was indicative of one of the primary motivations of many NBOT members, namely the desire for closer and less contentious commercial relations between the nations of the Americas. The closest and most important target of such actions early in the NBOT’s history was Canada. Abrogation of the Reciprocity Treaty of 1854 was a key factor in bringing about the Detroit International Commercial Convention of 1865, and as the members of that convention were also the creators of the NBOT the issue remained an important one. As late as 1869 there were still some merchants, such as J.W. Taylor of the St. Paul COC, who believed that a “free and voluntary union” of Lower Canada and the

United States based on mutual commercial interests was on the horizon.⁶ The 1871 report of the Executive Council of the Board lamented the “unfortunate condition of affairs” by which the United States and Canada had become commercial antagonists and noted with approval the efforts of members of the National Board to confer with their counterparts in the Canadian equivalent, the Dominion BOT.⁷ Several members of the Dominion Board attended the 1871 NBOT meeting, including Montreal merchant and member of the legislature of the Province of Canada John Young. Young argued that it was “highly important for the interest of both countries” that some sort of trade agreement be renewed, and by those means “friendly feelings and interests will steadily but surely grow up” between the two nations.⁸ This connection between American and Canadian merchants drove the reciprocity discussion in the early 1870s

American and Canadian merchants in the early 1870s focused on outlining the commercial necessity and mutual value of a closer connection between the two economies. NBOT merchants continued to work on bringing the issue of reciprocity before Congress in 1872, and at the annual meeting that year a number of NBOT delegates and Canadian merchants again pleaded the case of reciprocal trade before the Board. In February 1872 William P. McLaren of the Milwaukee COC reported to the NBOT Executive Council of his visit to the annual meeting of the Dominion BOT and presented resolutions asking the NBOT to press upon Congress to appoint a commissioner to meet with a Dominion-approved commissioner to begin negotiations for a new commercial treaty.⁹ The issue of reciprocity came up at the annual

⁶ National Board of Trade, *Proceedings of the Second Annual Meeting*, 139; for background on the idea of annexation see Theodore C. Blegen, “A Plan for the Union of British North America and the United States, 1866,” *The Mississippi Valley Historical Review* 4, no. 4 (March 1, 1918): 470–83.

⁷ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 19.

⁸ *Ibid.*, 40, 42.

⁹ National Board of Trade Executive Council, National Board of Trade Executive Council Minutes, 1868-1900, February 28, 1872, 1–2, Philadelphia Board of Trade Records, HSP.

meeting in October 1872 in connection to the continued attempts of New England and western merchants in pursuing Canadian routes to the seaboard. S. Lester Taylor of the Cincinnati COC pleaded the western case for reciprocity in arguing that the original treaty was abrogated not for business but for “political reasons growing out of the war” and noted that a new treaty would mean a market for American goods as well as the possible use of Canadian canals and the St. Lawrence River on the same terms as Canadian vessels.¹⁰ Cheney Ames, a commission merchant from the Oswego BOT, warned against using a protective policy of building a “Chinese wall” up against Canadian productions that would only convince their northern brethren to look away from the United States as a commercial partner.¹¹ Far better to “extend the right hand of fellowship,” Ames argued, and build up a mutually beneficial trade that would enrich both parties rather than to let Canada become a “competing empire.”¹² The Canadian merchants at the meeting also emphasized the mutual advantages that might accrue to both sides due to a renewal of reciprocity. William McGiverin of the Hamilton (Ontario) BOT reminded the Americans that Canada “always desired the perpetuation of that treaty” and that a majority of Canadians only wanted to “enlarge the treaty, on a fair and liberal basis.”¹³ Ultimately the Board decided upon the committee report for a commission to work with the State Department to negotiate a new treaty.

Public enthusiasm for the NBOT’s position on Canadian reciprocity came primarily from free trade interests in the west as well as from overseas observers. The *New York Tribune’s* foreign correspondent noted in October 1872 that the London press “generally praise the efforts of the American National Board of Trade” in pursuing reciprocity, an expected response given

¹⁰ National Board of Trade, *Proceedings of the Fifth Annual Meeting*, 119–120.

¹¹ *Ibid.*, 125.

¹² *Ibid.*, 126–127.

¹³ *Ibid.*, 130.

the free trade proclivities of English merchants at the time.¹⁴ Following the 1872 meeting the *Chicago Tribune* lauded the action of the NBOT, arguing that westerners had been “taxed most oppressively” by a tariff on lumber that prevented cheap Canadian lumber from entering the country. The paper also pointed out the necessity of keeping a “large and costly revenue force to prevent smuggling” along the border, a problem that had arisen due in no small part to the abrogation of reciprocal trade.¹⁵ By pointing out the problems of smuggling the Chicago paper linked the perceived unfairness and faultiness of trade barriers between the two countries, and suggested reciprocity as a way of restoring the balance of commercial interaction between the two countries while undermining the smuggling that flouted “unnatural” trade restrictions.¹⁶ A year later the *Tribune* continued to praise the NBOT and chastise those “public men” who stood by the “theory of protection” that stated no country would enter any trade agreement that did not overly advantage them, and suggested that legislators needed the “instruction and information which it is the particular province of the National Board of Trade to impart.”¹⁷

The focus of the reciprocal trade discussion began with Canada, but gradually the merchants of the NBOT widened the scope of possible trade arrangements to include other countries in the hemisphere that might serve as markets for American production. At the 1873 meeting in Chicago delegates from the New Orleans COC presented resolutions calling for Congress to also look into new trade agreements with the Spanish possessions of Cuba and Puerto Rico to provide a “market demand for all surplus commodities.”¹⁸ In February 1874 the

¹⁴ “Foreign News,” *New York Tribune*, October 22, 1872.

¹⁵ “Free Trade with Canada,” *Chicago Tribune*, November 5, 1872.

¹⁶ For an excellent discussion of the linkages of nationalism, tariffs, and free trade see Andrew Wender Cohen, “Smuggling, Globalization, and America’s Outward State, 1870-1909,” *The Journal of American History* 97, no. 2 (September 1, 2010): 371–98.

¹⁷ “Canadian Reciprocity,” *Chicago Tribune*, October 23, 1873.

¹⁸ National Board of Trade, *Proceedings of the Sixth Annual Meeting*, 1873, 269.

New York CTA entertained William A. Pile, ambassador to Venezuela, who imparted the “sympathy of that Republic with the United States and the universal desire to trade with us.”¹⁹ By the time of the seventh annual meeting of the Board in 1875 J.T. Heald, a merchant from the Wilmington BOT, was remarking to his fellow delegates that they “would be surprised at the growing trade between us and South America” and noting that the “people of this country . . . are not aware of the great importance of that growing trade, and of . . . fostering that trade in the future.”²⁰ The proximity of Canada and the shared cultural heritage between Canadians and Americans had supposedly made the two “natural” trading partners, but as merchant groups began organizing to prompt Congress towards a new agreement with Canada they also began to assert with more intent the necessity and, in some senses, the “right” of the United States to draw the rest of the hemisphere within its commercial orbit.

By the late 1870s the issue of reciprocity had moved beyond the simple discussion of Canada and the United States and had become a more fully-formed debate upon the possible benefits and consequences of reciprocal trade agreements in general, a debate that began to illuminate divisions between free traders and protectionists. The Board as a whole continued to push strongly for reciprocity in general but some cracks were appearing in the relatively common front; in April 1876, for example, the Executive Council of the Philadelphia BOT declined to support a circular from the Boston BOT calling for reciprocal trade with Canada and Mexico as the resolutions “leaned too much to Free Trade.”²¹ These differences came out more fully at the eighth annual meeting in June 1876. Invited guests from the Associated Chambers of Commerce

¹⁹ New York Board of Trade and Transportation, NY BOTT Minutes 1873-1883, NY CTA N.d. 1873-1880, February 10, 1874, 2, NY BOTT Records, NYHS.

²⁰ National Board of Trade, *Proceedings of the Seventh Annual Meeting*, 190.

²¹ Philadelphia Board of Trade, Minutes of the Executive Council, 1872-1878, April 14, 1876, 228, Philadelphia Board of Trade Records, HSP.

of Great Britain helped to open the meetings, and Frank Wright of Birmingham asserted to his American compatriots that trade between the two countries would increase if only “the great principles of commerce – the principles of free trade” were better understood on the American side of the Atlantic.²² John W. Candler, a Boston BOT delegate and future Republican member of Congress, spoke for his fellow New Englanders, explaining that they have a “sterile soil and . . . a cold climate,” but that they were cut off from the “legitimate customers” in Canada by “barriers . . . of an artificial nature,” explaining that there were many in New England “inclined to free trade.”²³ The majority agreed for a commission on reciprocity, but the primary dissenters made clear that their assent was not for free trade. J. Price Wetherill of the Philadelphia BOT was particularly adamant on that point, reminding the visiting British merchants of their protectionist past and doubting the “propriety of a business convention such as this, discussing abstract free trade.”²⁴ Pragmatism was the rule of the day according to Wetherill, no matter how fond some may have been of a free trade “millennium which no nation on the globe has yet, I believe, attained.”²⁵ Arguments over “natural” trade and “artificial” protection would become prominent in the shipping debate as well, illustrating the closeness of the overlap in merchant reasoning on the issues.

As the decade ended tensions between the two sides continued to simmer as supporters of reciprocity reiterated their position that political motivations undermined reciprocity while opponents of reciprocity attacked such treaties as non-remunerative for the country. The frustration of reciprocal trade supporters was laid out clearly by Boston’s Hamilton Hill in 1877 who reminded his fellow merchants that abrogation had been “in opposition to the strongly

²² National Board of Trade, *Proceedings of the Eighth Annual Meeting*, 39.

²³ *Ibid.*, 129–130.

²⁴ *Ibid.*, 146.

²⁵ *Ibid.*, 147.

expressed opinions and wishes of the business men of the country.”²⁶ Hill continued by claiming that the “policy deliberately adopted by Congress . . . had the effect to erect barriers between our Canadian neighbors and ourselves; to make ‘strangers and foreigners’ of them, rather than brethren.”²⁷ When the matter came up again in 1879, however, Philadelphia merchant George L. Buzby mocked the efforts of those who “endeavored to show us that we are a poor, benighted people who cannot discover what we ought to do” and defiantly claimed that Canada continued to protect itself by “laws which are opposed to us.”²⁸ Attempting to cut through the division was James Hodges of the Baltimore BOT who focused on the need for a “progressive” view of the issue. Rather than focus on the supposed wrongs of the past Hodges argued instead that they “keep our eyes upon the future, and to frame a policy that shall develop a large and increasing commerce between our country and the neighboring provinces . . . and all the nations of the world.”²⁹ The position of Hodges best exemplifies the opinion of the majority of Board on the issue of reciprocity; eager to embrace reciprocity, but only on the most favorable terms for the entire country.

The reciprocal trade issue resulted in very limited action at the federal level despite the persistence of the NBOT and its membership, but the debate over reciprocity in the 1870s and early 1880s exemplified one dimension of the merchant community’s perception of the role of the United States in the commercial relations of the Americas. Reciprocity symbolized a possible commercial future for the country as the dominant power in a continent (or even hemisphere)-spanning network of reciprocal trade agreements designed to harmonize economic relations between nations. Such a vision was difficult to bring to fruition, however, as the recurring

²⁶ National Board of Trade, *Proceedings of the Ninth Annual Meeting*, 120.

²⁷ *Ibid.*, 126.

²⁸ National Board of Trade, *Proceedings of the Tenth Annual Meeting*, 85.

²⁹ *Ibid.*, 98.

divisions amongst merchants over commercial policy and government inaction conspired to make the issue of reciprocity a perennial matter of debate instead of a realized goal. Many of the same elements of disagreement would recur in the debates over the other major issue of the period, the revival of American shipping, but with a difference. The debate over reciprocity was rooted in an idealization of a possible future, whereas the roots of the shipping debate were firmly planted in the romance of past commercial dominion.

American shipping, undergirded by American shipbuilding, had been a source of pride for America's merchants and a source of envy for the rest of the world prior to the Civil War. The quarter-century before the Civil War was a period of such expansion and dominance of the American shipping industry that it is standard for maritime historians to label it the "Golden Age of American shipping".³⁰ A growing economy, natural endowments in lumber, skilled craftsmanship, and favorable government policies all led to American dominance in shipping, but by the 1860s that dominance was slipping away. Historians have highlighted a number of factors as central to these changes including; America's relative slowness compared to England in shifting to iron ships, the removal of much of America's tonnage, either by the navy or through foreign sales, during the war, and the implementation of protective tariffs that affected the shipping industry heavily have all been given as causes of decline.³¹ Given that so many of the members of the NBOT were either directly invested in owning and running ships, or were connected to the shipbuilding industry, it is easy to see why the decline of shipping was seen as a central issue of importance for the merchant community. During the 1870s and early 1880s the

³⁰ For an overview of the period see John G. B. Hutchins, *The American Maritime Industries and Public Policy, 1789-1914: An Economic History* (Cambridge, Mass.: Harvard University Press, 1941); Robert A. Kilmarx, *America's Maritime Legacy: A History of the U.S. Merchant Marine and Shipbuilding Industry Since Colonial Times* (Boulder, Colo.: Westview Press, 1979); H. David Bess and Martin T. Farris, *U.S. Maritime Policy: History and Prospects* (New York: Praeger, 1981).

³¹ Bess, *U.S. Maritime Policy*, 23–26; Kilmarx, *America's Maritime Legacy*, 65–68.

shipping debate was defined by a deep split amongst NBOT members on the proper measures that the government should take, or not take, when it came to any specific industry. Shipping became a symbolic industry for both sides; those who sought to protect shipping characterized the issue as a matter of American honor and reputation to ensure “American ships under the American flag”, whereas free traders attacked the notion of subsidies and called for free and open competition to determine the fate of the industry.

These divisions were clear from the earliest debates in the 1870s, with Philadelphia merchants and Boston merchants squaring up against one another to defend protection and free trade respectively. Speaking for the protectionists at the 1871 annual meeting were J. Price Wetherill and Henry Winsor from the Philadelphia BOT. Wetherill, a chemist involved in the drug trade with an “obstinate” and hard-nosed personality, presented resolutions asking both for drawbacks (repayment of duties paid on imported goods) to allow for cheaper building materials for shipbuilders as well as direct subsidies to encourage new steamship lines, especially for the carrying of the mail.³² In answering the contention of “free ships” advocates Wetherill asserted that being forced to buy cheaper English ships to stock their merchant marine was a “position which I am sure every patriotic gentleman here would dislike to see us in.”³³ Winsor, a steamship owner himself, labelled the shipping problem as “exceptional” in that “it belongs to the ocean” and thus was not amenable to the typical strategies of protection, but he nevertheless hoped that the two sides could come to an agreement on a strategy for rejuvenating the merchant marine.³⁴ Materially, it made a difference to men like Wetherill and Winsor that the U.S. could continue to build ships for self-interested economic reasons as well as for national defense. Protectionists,

³² Albert J. Churella, *The Pennsylvania Railroad, Vol. I: Building an Empire, 1846-1917* (Philadelphia: University of Pennsylvania Press, 2013), 94.

³³ National Board of Trade, *Proceedings of the Fourth Annual Meeting*, 173.

³⁴ *Ibid.*, 176.

however, were also extremely forthright in their assertions that the diminution of American shipping was a matter of importance for American pride as well, as American ships flying the flag were a symbolic representation of America's commercial power abroad.

The free trade contingent within the NBOT, represented in this early period primarily by Boston merchants, cared less for the shipbuilding capacity of the nation and considered subsidies as an attempt to undermine the natural laws of competition. John W. Candler of the Boston BOT, the free trade advocate of reciprocity, defended the position by arguing that "cheap transportation is of more consequence than ship-owning" and stating that he did not see it "as correct, that it is necessary that we should transport our products in our own ships."³⁵ Candler's compatriot and well-known advocate of free trade Edward Atkinson placed the blame for the shipping crisis squarely on the idea of protection, claiming that "protection to iron and lumber and copper has destroyed ship building."³⁶ The root of the problem to Atkinson was the "great principle of liberty which lies at the foundation" of the free trade idea.³⁷ According to the free traders, it was the policy of protection which had undermined American shipping, and subsidizing a declining industry went against theories of free competition. Better to change laws to allow American merchants to purchase their ships more cheaply overseas and fly them under the American flag, the free trade argument suggested, than to artificially bolster a dying industry.

George Opdyke of the New York COC identified the crux of the issue in the peculiar position of shipping as an American industry and the antagonistic relationship of American shipbuilders and shipowners. Opdyke, hoping to offer a compromise, noted that the government's policy of protection, of which he was not especially in favor, had covered

³⁵ Ibid., 176–178.

³⁶ Ibid., 183.

³⁷ Ibid., 186.

everything “save that portion of our merchant marine which is engaged in foreign trade.”³⁸ Everyone agreed that a strong merchant marine was necessary, Opdyke argued, but the “ship-building interest is a very distinct interest from what is called the shipping interest.”³⁹ Put simply, those merchants engaged in or connected to shipbuilding (often located in the Mid-Atlantic region) were at odds with the shipowning interest along the eastern seaboard over what was the best possible remedy for the shipping crisis. Opdyke’s resolutions reflected these divisions by offering resolutions designed to appease both sides; first, changing registration laws to allow shippers to purchase foreign-built vessels and fly them under the American flag, and second, calling for subsidies to American shipping lines to carry the mail to various ports throughout the Atlantic and Pacific. The Board, at least initially, seemed too scared off by the notion of subsidies and lined up behind a proposal allowing for the registration of foreign-built vessels. A *Chicago Tribune* editorial commended the NBOT for its actions, noting that the body had concluded that setting “one man up in the steamship business at the public expense” was a poor rationale for action.⁴⁰ The issue, however, remained far from settled.

Similar arguments arose the following year as protection vs. freedom of trade remained the primary binary of the shipping question. The Executive Council pointed out legislation proposed in Congress to allow foreign ships and abate duties on materials imported for shipbuilding but noted that the “fair and liberal measure” failed to pass.⁴¹ Wetherill, repeating his case for protection, called upon the example of England to argue that the English had for two centuries utilized laws “as stringent and as rigorous” as possible to protect its trade, including

³⁸ Ibid., 193.

³⁹ Ibid.

⁴⁰ “No Title,” *Chicago Tribune*, December 11, 1871.

⁴¹ National Board of Trade, *Proceedings of the Fifth Annual Meeting*, 14.

subsidies to defray merchant costs of outfitting and running vessels.⁴² Free trade, so long as other European countries protected their trade, was “against the interests of American shipping” as it unfairly handicapped American shipbuilders attempting to compete.⁴³ George L. Buzby supported his fellow Philadelphia, relaying his observation from a boat trip in New York harbor the previous day of seeing the American flag flying as “a very insufficient triumph” and that he would rather like to “know that it was the genius and skill of my own country alone, fostered by benignant and proper laws” that could bring about American ships flying the American banner.⁴⁴ The real lesson of the examples given by Wetherill, Buzby argued, was that foreign nations “protect all branches of industry; they take hold of them in their infancy, carefully mature them . . . [until] they can come into fearless competition” with the rest of the world.⁴⁵ Despite the continued advocacy of subsidies by the Philadelphia contingent the rest of the Board shied away from such protection. Claiming to read the pulse of the rest of the nation Joseph S. Ropes of the Boston Board asserted that the “West and the East” were united against bounties and would not allow “the more central sections uniting in the endeavor to force them upon us.”⁴⁶ Neither side could come to a compromise on the matter and the Board postponed the issue for consideration to the following year.

Through the early and mid-1870s these divisions over the proper stance of the government towards the shipping question continued, and the only real firm stand taken by the Board during this period was against the direct subsidization of shipbuilders and shipowners. The New York *Observer and Chronicle* noted these divisions following the meeting of 1872,

⁴² Ibid., 151.

⁴³ Ibid.

⁴⁴ Ibid., 163.

⁴⁵ Ibid., 163–164.

⁴⁶ Ibid., 169.

pointing out that the “high tariff, free trade and subsidy men differed so widely” as to preclude definitive action.⁴⁷ By 1873 the *Chicago Tribune* observed that the Board’s debates had condensed the controversy down to three approaches; paying direct subsidies to shipbuilders, allowing shipowners to import provisions for outfitting their ships without paying duties, and allowing shipowners to register foreign-built vessels. The most objectionable suggestion continued to be the direct subsidy, and the *Tribune* applauded the Board’s stand against subsidies by stating it was “an assertion of the true principle of government, that each industry and occupation should stand on its own bottom.”⁴⁸ The subsidy idea fell under particular scrutiny during this period due to the Congressional investigation into the possible corruption of a number of members of Congress related to the increase of a yearly subsidy paid to the Pacific Mail Steamship Company. The tenor of opinion on the question by 1873 was best captured by George W. Stone of the Wilmington BOT who, speaking for his city’s shipbuilding interest, professed confidence that such help was “not desired at all” by shipbuilders and that the business could “take care of itself like all other businesses.”⁴⁹

By the late 1870s the primary areas of disagreement on the shipping question were based generally on similar understandings of the importance of having a competitive merchant marine, but often very different understandings of the condition and circumstances faced by American shipbuilders and shipowners. Some shipbuilding voices, such as Stone, were adamant that the cost advantages enjoyed by British builders for a number of years would diminish as the costs of labor and materials in America lessened due to the development of domestic iron production and a rising labor supply. Other shipbuilders, however, increasingly pointed out the advantages given

⁴⁷ “Financial and Commercial,” *New York Observer and Chronicle*, October 24, 1872.

⁴⁸ “American Shipbuilding,” *Chicago Tribune*, October 24, 1873.

⁴⁹ National Board of Trade, *Proceedings of the Sixth Annual Meeting*, 55–56.

to shipbuilders and shipowners by foreign governments through subsidies and argued that the United States needed to match those subsidies in order to compete. Shipowners were amenable to allowing certain materials into the country free of duties in order to help shipbuilders, but in exchange they wanted the freedom to purchase vessels in a free and open market without being forced to pay the higher costs associated with American ships. Nearly everyone involved in the debate conceded that the condition of American shipping was problematic and embarrassing, but the difficulty arose from the fact that there was little agreement on what was the exact nature of the problem.

When the shipping debate reemerged at the 1877 annual meeting economic depression gave greater impetus to both protectionists and free traders as both sides continued seeking to frame the issue to their advantage. E. P. Dorr of the Buffalo BOT spoke for those protectionists seeking to frame the matter in terms of economic nationalism in asserting that the “American ship is especially identified with the American people” and disagreed with those free traders claiming it was a “question of flag and not of keel” and if it was not “wise in our government, or in any government, to enact laws for the protection of the interests of its own citizens?”⁵⁰ James Buchanan, speaking for the Trenton BOT and its shipbuilding interest, pointed out all of the various coal, iron, and other related shipping interests fostered by protection and argued that allowing “free ships” would “cripple in all its ramifying branches American industry.”⁵¹ Wetherill, the stalwart Philadelphia protectionist, again cautioned his free trade opponents against falling for the illusion of free competition abroad in averring that they could not “be placed upon the same footing with foreign ship-builders, and with foreigners engaged in the

⁵⁰ National Board of Trade, *Proceedings of the Ninth Annual Meeting*, 55–56.

⁵¹ *Ibid.*, 80.

shipping business" without some sort of support.⁵² It was foolish, Wetherill noted, to think they could match what he claimed was \$60 million worth of foreign subsidies by various countries "merely by being allowed to go to the Clyde [in England] to buy our ships."⁵³ In the context of a depressed but still developing domestic economy protectionists increasingly highlighted the importance of a strong merchant marine in material and ideological terms while also providing evidence of foreign protectionism to undermine the arguments of their free trade opponents.

Advocates of free trade and "free ships" similarly couched their ideas of political economy in the material and the abstract, submitting their plans for allowing the registration of foreign ships both as a way to ease economic depression as well as breaking down artificial barriers restraining the natural course of trade. A.C. Raymond of the Detroit BOT, reflecting upon the hardships of the previous few years, suggested it was time the government "should say to American ship-owners: Go ye into all the world's markets and buy ships where they are cheapest . . . load them with American-manufactured goods, and . . . sail away to distant shores and find a market."⁵⁴ Raymond was joined by Joseph Ropes who continued his plea for open competition as the best course, asserting that the quality of American craftsmanship would show itself in time but that as a country they "must not begin by any petty attempt at monopoly, and think that if we can only spite our English neighbors we can do good to ourselves."⁵⁵ The gist of the free trade argument was summed up best by R.B. Bayard of the Baltimore Corn and Flour Exchange who proclaimed that if "ship-building must continue to decline from natural and inherent causes, no amount of legislation . . . is going to save it." "Commerce," Bayard continued, "like water, seeks and finds invariably its natural level. I do not believe that by any

⁵² Ibid., 76.

⁵³ Ibid., 77.

⁵⁴ Ibid., 58.

⁵⁵ Ibid., 74.

mechanism of political economy . . . you can pump commerce into abnormal channels.”⁵⁶ To the merchants supporting free ships it was unnatural and useless to continue to hide behind laws in order to revitalize shipping. The better, and more open and honest course, was to embrace a policy of free trade that would allow shippers to compete with other nations without the perceived albatross of supporting shipbuilding around their necks.

The 1880s began with this stalemate still in place, but by the end of the year some movement towards a more active government stance on the shipping issue emerged out of the actions of a number of NBOT member groups. The state of the matter was summed up well by a *New York Times* column in June of 1880 which lamented that “no headway has been made” due to the “diversity of opinion” on the issue, despite the fact that it “is admitted on all sides that our shipping interest is in a deplorable condition.”⁵⁷ In that same month the New York BOT, recognizing the divide on the problem, issued a call for a convention of interested parties to see if “it is not possible for their great interest to agree upon what legislation” was necessary to revitalize ocean commerce.⁵⁸ The call went out to a number of commercial groups, many of them affiliated with the NBOT. Satisfied with the response, the New York Board decided upon holding a convention in Boston in early October, coordinated by the Boston BOT and New England Ship Owners Association, and with delegates assigned according to NBOT apportionment rules.⁵⁹ The convention met with hopes high, as one New York paper wished the

⁵⁶ *Ibid.*, 75–76.

⁵⁷ “The American Shipping Trade,” *New York Times*, June 28, 1880.

⁵⁸ Philadelphia Board of Trade, Minutes of the Executive Council, 1878-1881, June 21, 1880, 167, Philadelphia Board of Trade Records, HSP.

⁵⁹ New York Chamber of Commerce, Series VII Correspondence 1804-1984, Sub-Series VII Subject Files 1804-1979, Box 226, Folder 3, August 23, 1880, 1–2, NY COC Records, Columbia RBM.

delegates well in trying to “solve a problem which has baffled solution for the last ten or fifteen years.”⁶⁰

The National Ship Owners Convention that met in Boston in October of 1880 was the first major postwar gathering to exclusively consider the shipping crisis, and its decisions shifted the terms of debate on the issue within the commercial community. The convention was filled with prominent members of the shipping community, including the largest shipbuilder in the world at the time John Roach.⁶¹ Captain Ambrose Snow of the New York BOTT, who also served as an NBOT delegate, opened the convention by imploring his fellow delegates to adopt a “breadth of thought that would be respected by the country at large” on the problem, and that at stake was a “principle of great interest to the country, and therefore, higher motives must move us than simply what will benefit this or that individual.”⁶² The convention met for three days and considered a variety of issues including the regulation of maritime labor practices, the various costs and practices related to outfitting and building ships, and of course the major issue dividing parties, the question of whether use of legislation to subsidize the shipping industry or to remove such legislation as impediments to free commercial intercourse.

Two members of the convention, both NBOT delegates as well, captured the way in which the merchants on both sides of the debate attempted to connect the shipping question to the character and progress of American economic development. William H. Lincoln, a shipping merchant from Boston, spoke for the free trade contingent when he argued that there were “two courses” open to them, either “adopt the principles of a semi-civilized age and impose

⁶⁰ “No Title,” *The Sun*, October 6, 1880.

⁶¹ “Our Shipping Interests,” *Maine Farmer* 48, no. 47 (October 16, 1880): 2.

⁶² New York Maritime Register, *Proceedings of the National Convention of Ship-Ownning and Other Commercial Bodies for the Encouragement of the Ocean Commerce of the United States, Held in the Board of Trade Rooms, Boston, Mass., October 6th, 7th, and 8th, 1880* (New York: The Burr Printing House, 1880), 4.

restrictions upon commerce,” or the more enlightened path “in accord with the progress of the age,” namely free trade.⁶³ “The ocean, the great highway of commerce, is free to all alike,” Lincoln explained, and all that they should ask was for “ships as cheap as other nations furnish them, and the same advantages in respect to maintaining them” and then to let the force of competition determine the rest.⁶⁴ Combatting this perspective was William H. Webb of the New York BOTT, who recounted the history of American support for shipping prior to the Civil War, support that had built up the merchant marine to a dominant position, and he railed against those westerners and southerners who fought subsidies for shipping while accepting government aid that benefited their interests.⁶⁵ The shipping crisis was, according to Webb, the “gravest domestic question” of the age, a “national weakness and disgrace which . . . must be a source of alarm and regret to every intelligent and patriotic American citizen.”⁶⁶ In order to achieve a revival of American shipping Webb suggested a number of measures including the establishment of new subsidized mail steamship lines, a remittance of duties on materials imported for shipbuilding, and the payment of a “liberal bounty” by the government on any tonnage built for the foreign trade. Both Lincoln and Webb focused on the revival of American shipping industry in the context of an idealized concept of what commerce meant to the country, but their opposition also illustrated how divergent the remedies for such a revival could be.

The convention eventually decided overwhelmingly to favor direct subsidization of the American merchant marine, a rebuke considered shocking by free traders, and though this did not end the debate it shifted the weight of commercial opinion towards the more protectionist and interventionist position within the merchant community. The vote taken on the resolution for

⁶³ Ibid., 47.

⁶⁴ Ibid., 49–50.

⁶⁵ Ibid., 63.

⁶⁶ Ibid., 64.

subsidies passed with a 63 to 14 vote, and the slate of resolutions passed were all strongly in favor of more aggressive governmental action to revitalize and reform American shipping.⁶⁷ The statement made by the convention was not lost on the press; as a correspondent for the *New York Tribune* noted it “shows, as has always been claimed, that American ship-owners do not, as a class, want free ships.”⁶⁸ Free trade supporters, however, were outraged; the *Louisville Courier-Journal* attacked the convention for voting to “impose a further tax on the American people for the purpose of bolstering up a few ship builders,” while the *New York Times* bemoaned that the “upshot of the convention’s recommendations” consisted of the notion that shipbuilding needed to be “put on the charity list by Congress.”⁶⁹ The resolutions passed by the 1880 convention by no means settled the shipping debate, but they did mark a fairly decisive move in the discourse of the NBOT and its constituent member groups towards the acceptance of some form of subsidization, a position deemed anathema for most of the 1870s.

The debate over shipping during the 1870s and early 1880s brought to the forefront issues of government power over business, economic paternalism, and restrictions of trade in the context of America’s growing position as an economic power of consequence in the world. Facing competition for its previously preeminent position as a shipping power provoked a variety of different opinions as to the proper way to encourage the revitalization of an industry considered by most to be crucial, both materially and symbolically, to the commercial reputation of the United States throughout the globe. At least initially, the NBOT leaned towards a position of removing restrictions and embracing a policy of “free ships” that placed its faith in the ability of American shipbuilders and shipowners to compete if the restrictions they labored under were

⁶⁷ *Ibid.*, 71–72.

⁶⁸ “The Convention at Boston,” *New York Tribune*, October 10, 1880.

⁶⁹ “A Bogus Restorative,” *Louisville Courier-Journal*, October 15, 1880; “The Shipping Convention,” *New York Times*, October 9, 1880.

removed. A strong contingent of shipbuilding interests, centered on Philadelphia, fought back against this rationale by making a plea for the economic and ideological importance of “American goods, American ships,” an aggressive form of economic nationalism. Their arguments focused on the unfair competition fostered by the subsidies granted by foreign governments to their shippers and the neglect experienced by Americans in the foreign trade compared to their domestic counterparts as justification for more government intervention to level the playing field and bolster the shipping industry through cheaper raw materials and direct subsidies. This basic division continued into the early 1880s, but slowly the weight of opinion within the commercial community began to shift more decisively towards more active protection of the shipping industry.

“To try to preserve the integrity of the old flag.”: Subsidy, “Free Ships,” and the Revitalization of American Shipping, 1881-1894

The shipping debate dominated the NBOT’s discussion of foreign trade through the 1880s and mid-1890s and grew in intensity as the issue of global markets more clearly entered into party politics. Major political issues during the 1880s such as the tariff raised the question of how best to balance the needs of domestic industry and foreign trade, making these issues a part of public as well as commercial discourse. The shipping debates gradually increased in intensity as merchant groups created new organizations to focus more explicitly on the issue and also continued to push the NBOT to agitate for federal legislation, efforts that included inviting congressmen to NBOT meetings for more direct insights into the positions of the commercial community. The pressure for subsidies increased over time, and as it did the conventional subsidy vs. free ships debate before the Board took on a distinctly sectional tone as eastern seaboard groups attacked westerners for not understanding the problems of foreign trade while

western merchants accused easterners of robbing the public purse for their own benefit.

Divisions over the exact nature of the shipping crisis, and the optimal way to deal with the problems of foreign trade connected to it, revealed a number of conflicting interpretations of political economy which the NBOT attempted to reconcile.

The subsidy vs. free trade divide developed over the 1870s and articulated in the shipping convention of 1880 emerged as a major issue of political debate within Congress in early 1881 over a number of issues related to revitalizing the merchant marine. In January 1881 a heated exchange occurred in the Senate between Senator James B. Beck (D-KY) and Sen. James G. Blaine (R-ME) on reviving American ocean commerce. Beck, citing that the committee he represented had been undecided on what legislation to offer after hearing from the “distinguished representatives of the National Board of Trade,” determined that he would go on record as an advocate of free ships, stating that he had no more respect for “obsolete navigation laws” than he did for “laws that burned witches.”⁷⁰ Blaine shot back at Beck by noting that while Congress had “passed ninety-two acts in aid of internal transportation by rail” during the previous twenty-five years it had not “stepped forward to do one thing for the foreign commerce of this country.”⁷¹ Commenting on the debate, the *New York Times* noted that it “foreshadows issues entirely different from those that have occupied the public mind” since the war, and that the subject was “intrinsically important, and will become relatively more so if the present progress of American commerce be not interrupted.”⁷² Such debates in Congress connected to the shipping problem became more common as the issue of tariffs and trade policy emerged as important matters of policy in the 1880s.

⁷⁰ 46th Congress, 3rd sess., *Congressional Record* 11, part 2 (January 27, 1881): S 955, 961.

⁷¹ 46th Congress, 3rd sess., *Congressional Record* 11, part 2 (January 27, 1881): S 961.

⁷² “The Emancipation of American Shipping,” *New York Times*, January 28, 1881.

These divisions continued to drive the debates before the NBOT as both sides struggled to find common ground on the issue as widespread support of subsidies made an appearance for the first time. At the 1882 annual meeting A. Foster Higgins of the New York COC presented resolutions calling for the creation of a first-class steamship line supported by the government as a remedy, a position that provoked strong opinions from both sides. In support of his resolutions Higgins outlined examples of direct aid given by the British to aid their shipbuilders and shipowners and that he “unhesitatingly” suggested similar aid from the U.S. government despite the “old war cry of its being a move to build up monopolist shipbuilders.”⁷³ John F. Henry of the New York BOTT supported his fellow New Yorker in arguing that he would “encourage by every legitimate means the, the building of American ships of American materials, by American laborers, with American money.”⁷⁴ As expected, such recommendations continued to face resistance from the supporters of free trade. Grain dealer W.T. Baker of the Chicago BOT claimed to speak for Chicago in asserting that they did “not come here to favor tariffs of subsidies,” and that any men wanting protection should make haste in “going West, raising corn and wheat and other articles, that do not need to be protected.”⁷⁵ The equitability of protection remained the main issue of contention between the two sides on the shipping issue. By more strongly linking subsidies to the idea of fair competition the protectionists were able to shift the grounds of debate in their favor. Whereas a decade earlier the majority of the Board was against the idea of direct subsidies, by the early 1880s the use of subsidies was well and truly on the table.

⁷³ National Board of Trade, *Proceedings of the Twelfth Annual Meeting*, 144.

⁷⁴ *Ibid.*, 158.

⁷⁵ *Ibid.*, 147.

The shipping debate acquired even greater attention in 1883 with the presence at the annual meeting of Sen. Nelson J. Dingley (R-ME), a legislator quickly gaining prominence for his interest in the revitalization of the merchant marine. A bill sponsored by Dingley to reform various aspects of American navigation laws was before Congress when he addressed the Board, and he explained his attendance as him wanting to “obtain such light as I may from the large number of intelligent gentleman” debating the matter.⁷⁶ Dingley succinctly captured the difficulties of crafting legislation which would be palatable to all sides when he argued that any relief given to shipbuilders or shipowners was a kind of subsidy, but that “the words ‘bounty’ and ‘subsidy’ have a very unpleasant sound to many people.”⁷⁷ He continued by giving the example of a part of the legislation that would pay a bounty to any builder constructing a ship for the foreign trade that was denounced as a “subsidy scheme,” the important distinction to Dingley being that subsidies enriching one party were unfair but those seeking to uplift the entire industry were perfectly satisfactory, and he deemed the animus against all subsidies as not “a very wise discrimination.”⁷⁸ With his final thoughts Dingley both acknowledged the importance of the NBOT and encouraged their continuing dialogue on the shipping interest in stating that in future Congressional sessions the NBOT could “aid us in advancing another step” towards shipping reforms, and that in the future they could “find me heart and hand with you in every measure looking to the relief of American shipping.”⁷⁹

The local groups making up the NBOT did not rely entirely upon the deliberations of national body alone and pursued independent action to attempt to shape the legislation proposed

⁷⁶ National Board of Trade, *Proceedings of the Thirteenth Annual Meeting of the National Board of Trade* (Boston: Tolman & White, Printers, 1883), 95.

⁷⁷ *Ibid.*, 103–104.

⁷⁸ *Ibid.*, 107.

⁷⁹ *Ibid.*, 109.

by members of Congress such as Dingley. The 1884 annual report of the Philadelphia BOT suggested a number of changes to legislation before the House of Representatives, including amending a section making foreign shipbuilding materials cheaper than domestic materials as “against the manufacturing interests of the country.”⁸⁰ The NY BOTT deliberated on the issue at two separate meetings in preparation for the January 1884 meeting of the National Board; the New York Board’s Committee on Ocean Transportation agreed with NBOT resolutions stating that it was “impracticable” to revive shipping until American “shipbuilders [were] upon an equal footing with foreign builders” at one meeting, and a few weeks later in response to a NBOT circular on shipping the New York Board reported that all of its members were “agreed as to the need of removing adverse legislation” but that they could not reach unanimity on the exact steps to take on the matter.⁸¹

Frustration over Congressional inaction and the inability of achieving compromise were evident at the 1884 meeting of the National Board as consideration of a set of resolutions illustrated how divided the commercial community remained on how to remedy the shipping crisis. The Executive Council issued a report outlining a number of compromise measures, including allowing both free ships and paying allowances to American shipbuilders to defray the costs of using foreign materials, sent to many of its constituent members in the hope that they might give “guidance in dealing with the subject of American shipping interests” at the next Congressional session.⁸² A split response to the compromise measures dashed these hopes, however, as the divisions between free trade and protectionist organizations grew even starker,

⁸⁰ Philadelphia Board of Trade, *Fifty-First Annual Report of the Philadelphia Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1884), 13.

⁸¹ New York Board of Trade and Transportation, NY BOTT Minutes Jan. 1884-Nov. 1886, Jan. 1884, January 9, 1884, 2, NY BOTT Records, NYHS; New York Board of Trade and Transportation, NY BOTT Minutes Jan. 1884-Nov. 1886, Jan. 1884, January 21, 1884, 1A, NY BOTT Records, NYHS.

⁸² National Board of Trade, *Proceedings of the Fourteenth Annual Meeting*, 12–14.

with western groups all favoring “free ships” and decrying shipbuilding allowances while eastern groups from Philadelphia, New York, and Providence refused to countenance any admittance of foreign vessels.⁸³ Lamenting this division in his introductory post-script to the convention proceedings, Board secretary Hamilton Hill noted that “while we fail to adopt any adequate measure for the restoration of our foreign carrying trade, and while we disagree among ourselves as to what ought to be done, the commerce of the world is going on without us.”⁸⁴ It was of serious concern to many Board members that continued inaction by the commercial community would only continue to exacerbate the problems of shipping, making any eventual solution even more difficult to achieve.

There was some progress made in Congress on the shipping issue in 1884 with the passage of the Dingley Shipping Act and the creation of a new Bureau of Navigation housed in the Treasury Department, but the fundamental differences between subsidizers and free ships advocates remained unresolved. Hotly debated in Congress, the Dingley Act passed in June 1884 abolished a number of fees related to running merchant vessels and employing seaman, but it crucially failed to address the issue of subsidies or free ships due to the vigorous protestations of both sides against provisions in the original legislation that dealt with such matters.⁸⁵ In July 1884 Congress passed legislation creating a new Bureau of Navigation headed by a commissioner, and in December 1884 the new Commissioner of Navigation Jarvis Patten issued his first report on the condition of American shipping. The report, while applauding the measures passed by Congress to help out shipowners, highlighted the continuing problem of unbalanced competition for American shipbuilders and argued that it was “important that this country should

⁸³ Ibid., 14–20.

⁸⁴ Ibid., vii.

⁸⁵ “The National Capital,” *New York Times*, June 23, 1884.

be prepared to compete for the supply of the world with ships, and equally important that our ships should start with the same advantages their competitors enjoy.”⁸⁶ Both of these actions by Congress helped to keep the shipping issue in the public eye, but neither satisfactorily resolved the issue for the commercial community. Patten’s report, however, did indicate the growing acknowledgement of the necessity for government intervention of some sort to solve the shipping problem.

When the National Board returned to the question in 1885 the supporters of subsidies strongly put forth European examples of assistance to their shipping industries, similar to those highlighted by Patten, as positive arguments for emulating such practices in the United States. Francis Thurber of the New York BOTT boiled the problem down to its essence by arguing that merchants must “recognize the fact that if they are to compete successfully they must do as their competitors do,” which included following the European model of subsidizing their shipping.⁸⁷ Thurber was supported by his fellow New Yorker A.B. Miller who made his case by citing the central role played in the decline by the English, highlighting their early start on building iron ships and how they made use of “the enormous capital that had been accumulating for centuries” to subsidize the ships driving Americans from the ocean.⁸⁸ J. Price Wetherill of Philadelphia continued his support for subsidies through his argument in support of proposed legislation following the “French system” of bounties which had, according to Wetherill, been “working well.”⁸⁹ Despite these arguments the matter was merely referred to the Executive Council for

⁸⁶ “Our Shipping Interests,” *New York Times*, December 29, 1884.

⁸⁷ National Board of Trade, *Proceedings of the Fifteenth Annual Meeting*, 72–74.

⁸⁸ *Ibid.*, 81–82.

⁸⁹ *Ibid.*, 102.

more consideration, and John Gano of Cincinnati spoke to the frustrations of those gathered that they should “be patient and persistent in our efforts” in continuing to pursue some resolution.⁹⁰

Surveying the state of the controversy in the winter of 1885, the New York COC captured the essence of the divide as a battle between different conceptions of the relative importance of the material and symbolic dimensions of America’s foreign commerce. Pointing out the near universal agreement on the “decay” of the American merchant marine, the Chamber examined the disagreement over remedies as connected to the question of “whether the American nation shall insist upon carrying its own foreign commerce, at a greater enhanced cost . . . or shall we permit the foreign shipbuilder and capitalist to do all this work for us so long as he continues to do it much cheaper . . . Is it merely a question of money?”⁹¹ The Chamber recognized that it was not so simple for the “commerce of a country had, during all ages, been regarded as an indication of its greatness and importance.”⁹² For some merchants, and particularly those not engaged directly in building or running ships, the ultimate cost of transportation was the only important consideration, and unsurprisingly this group including many merchants who had been heavily involved in the domestic cheap transportation movement in the 1870s. The other side, however, made a direct connection between the strength of the American merchant marine and the country’s commercial reputation. It would be easy to write this off as cynical rhetoric designed to mask economic self-interest, but these sentiments of economic nationalism also reveal how the merchant community conflated its own wellbeing with that of the country and attempted to make what was in the best interest of business the same as what was in the best interest of the country.

⁹⁰ Ibid., 106.

⁹¹ New York Chamber of Commerce, Series VI Committees 1822-1972, Sub-Series VI.2 General Comm. 1822-1973, Box 256, Folder 13, December 3, 1885, 5, NY COC Records, Columbia RBM.

⁹² Ibid.

The 1886 meeting of the NBOT was the tipping point for supporters of subsidies as the Board issued its strongest statement yet on protection, signaling a shift in the balance of the organization towards direct government intervention on the shipping problem. Ambrose Snow, a former free ship man turned supporter of subsidies, introduced resolutions based on a bill before Congress formulated by the Maritime Exchange of New York that would utilize a thirty cents per ton bounty for every thousand miles travelled by American-built vessels.⁹³ Snow also suggested that without such subsidies they would lose “the South American trade,” a veiled threat to America’s commercial sovereignty in the western hemisphere that protectionists would increasingly use to justify their position.⁹⁴ Henry W. Corbett of the Portland (OR) BOT supported Snow’s assertions, claiming that the country had “lost the Central American trade” to England due to timidity, and that it was in the “interest of the American people” to follow the English example and subsidize their ships.⁹⁵ NBOT president Frederick Fraley congratulated his fellow merchants on taking a “step in the right direction” after so many years of deliberation and achieving a “concurrence of opinion that we ought to try to preserve the integrity of the old flag.”⁹⁶

There was still opposition to subsidies, but this opposition was increasingly sectional in nature as support for free trade and free ships came predominantly from westerners upset with the idea of subsidizing foreign shippers while they dealt with the problem of trying to cheapen transportation to the seaboard. C.M. Loring, a flour manufacturer from the Minneapolis BOT, focused on this issue in arguing that “our foreign carrying trade is not a matter that demands much attention on the part of Congress, at least not so much attention as our domestic carrying

⁹³ National Board of Trade, *Proceedings of the Sixteenth Annual Meeting*, 16.

⁹⁴ *Ibid.*, 18.

⁹⁵ *Ibid.*, 24.

⁹⁶ *Ibid.*, 46–47.

trade.”⁹⁷ Loring was joined by fellow westerner William P. McLaren who complained that supporters of free ships have to “submit to being branded as unpatriotic and having no due regard for the American flag.”⁹⁸ Considering that these debates overlapped with those over interstate commerce reform it is unsurprising that westerners were reticent to urge upon Congress any issue that might detract from the regulation of domestic transportation. These objections ran deeper than that, however, and indicated a very real sectional split on how best to approach the issue of foreign trade. Isolated somewhat from the direct costs of overseas trade and already wary of the ambitions of transportation monopolists, western merchants were less willing to support a position that did not reflect their position in the commercial system.

An even more animated showdown between easterners and westerners occurred at the 1887 annual meeting as westerners questioned the overall benefits of protection to the country while easterners both promised prosperity for westerners if they supported subsidies as well as simultaneously chastising them for benefitting from governmental largesse through domestic infrastructure investments. William S. McCrea of the Chicago BOT claimed that western merchants were “suffering severely from the effects of a system which takes a great deal from them and gives them nothing in return,” and accused easterners of furthering “their own business interests at the expense of the Government, and . . . doing it under the guise of patriotism.”⁹⁹ Edward P. Bacon of the Milwaukee COC took a different tack, returning to the previously mentioned explanation that the “decadence of the foreign commerce” was due to the more profitable use of capital in investing in railroads and domestic commerce.¹⁰⁰ Easterners continued to proselytize on the common benefits of revitalizing the shipping industry; Orlando

⁹⁷ Ibid., 22.

⁹⁸ Ibid., 37.

⁹⁹ National Board of Trade, *Proceedings of the Seventeenth Annual Meeting*, 84–85.

¹⁰⁰ Ibid., 89.

B. Potter, former Democratic congressman and member of the NY BOTT, explained his support for subsidies due to his belief that the “restoration of our merchant marine, the reinvigoration of our commerce . . . will strengthen, encourage, support, and advance every American interest from the Gulf to the Kennebec and from the Atlantic to the Pacific.”¹⁰¹ J. Price Wetherill also reminded the western delegates asking for more “natural” free trade that their own internal trade system “was perhaps not created naturally altogether,” alluding to the subsidies granted previously to both the railroads and the lake trade.¹⁰²

Alongside the NBOT’s discussions of the shipping issue there also emerged a separate movement amongst the advocates of subsidies for more aggressive advocacy of bounty legislation before Congress. One of the more prominent movements was the organization of the American Industrial and Shipping League, a nationwide body that brought together shipbuilders and shipowners to discuss the problems of the merchant marine. The goal of the organization was to “obtain economic and patriotic legislation in behalf of the revival of American shipping” through the promotion of the thirty cents per ton bounty formulated by the Maritime Exchange a year earlier.¹⁰³ The group was in many ways a companion group of the NBOT as many of its leaders, such as Ambrose Snow, John F. Henry, Orlando B. Potter, and many others were NBOT delegates.¹⁰⁴ Almost all of the major advocates of subsidies before the NBOT in the 1880s were members of the organization, and the resolutions passed by such groups added to the movement for stronger government intervention into the shipping problem. Free ship advocates were not as well-organized as the proponents of subsidies, and their cause suffered for it.

¹⁰¹ Ibid., 70.

¹⁰² Ibid., 79.

¹⁰³ “To Revive American Shipping,” *Chicago Tribune*, June 27, 1887.

¹⁰⁴ “In Support of Our Ships,” *Washington Post*, January 18, 1888.

At the 1888 meeting of the National Board the advocates of subsidies firmly pressed their claims for the benefits of appropriations from the government by continuing to connect such subsidies to the common welfare of all industries through the competitive expansion of American commerce into overseas markets. Joseph N. Dolph, a Senator and delegate from the Portland (OR) BOT, asserted this position by arguing that the “interests of the farmer, the merchant, the mechanic, and the ship-owner are all intimately connected,” and all possessed a necessary interest in foreign trade due to ever increasing American production.¹⁰⁵ The problem was that although the trade of “Central and South America . . . naturally belongs to us,” the “liberal policy” of various European nations was allowing them to dominate that trade.¹⁰⁶ John F. Henry, fresh from the American Shipping and Industrial League meeting just a few days earlier, reported that convention’s finding that sustained the push for the thirty cent per ton bounty, arguing that with such a bounty they could “compete with any nation on the earth for the carrying trade.”¹⁰⁷

Two measures, one for subsidies and one for free ships, came before Congress in the spring of 1888, and the tenor of the reaction both within commercial community and in the press indicated that popular sentiment on the matter was strongly in the favor the subsidizers. A free ships bill sponsored by Rep. Poindexter Dunn (D-AR) and a tonnage bill sponsored by Rep. Amos J. Cummings (D-NY) both came under consideration by the House during the session. Though neither bill passed during the session the tonnage bill received the most support from outside the walls of Congress. Both the New York COC and Boston COC endorsed the principles embodied by such a bill in February and March respectively, with the Bostonians

¹⁰⁵ National Board of Trade, *Proceedings of the Eighteenth Annual Meeting*, 155.

¹⁰⁶ *Ibid.*, 157.

¹⁰⁷ *Ibid.*, 147.

arguing that the “decay of American shipping” had worked an “injurious effect upon all industries.”¹⁰⁸ The New York *Tribune* highlighted the New York COC’s endorsement, noting that it was a “fact that ought to be heeded by Congress.”¹⁰⁹ As for Dunn’s bill, the *Tribune* reported that its sponsor had been embarrassed by being accused by the American Shipping and Industrial League of presenting an “old Free-Ship bill delivered in England . . . a great many years ago” foisted upon him by his “English managers” to present as his own.¹¹⁰ Despite the failure of both bills, it was clear that the weight of commercial opinion was heavily in favor of bounty legislation.

By the early 1890s the battle between subsidy legislation and free ship advocates was a yearly affair in Congress as both sides continued to propose legislation embodying their particular ideas on political economy, and the NBOT continued to become more and more invested in pushing bounties and subsidies as the key to saving the American merchant marine. In 1892 A.K. Miller, prominent New Orleans shipping merchant and officer of the American Industrial and Shipping League, chastised the opponents of subsidy still remaining in the NBOT as too “far removed from salt water” to fully understand the matter and that “grass will grow in all our ship-yards” without support from the government.¹¹¹ Charles Parsons of the St. Louis Merchants’ Exchange, breaking from the dominant western position, recalled his youth as a sailor when the “American flag floated everywhere” and asserted his belief that every dollar spent on subsidy would pay back a “thousand fold” and would lead to foreign harbors full of

¹⁰⁸ New York Chamber of Commerce, Series VI Committees 1822-1972, Sub-Series VI.2 General Comm. 1822-1973, Box 255, Folder 2, February 2, 1888, 3–11, NY COC Records, Columbia RBM; Boston Chamber of Commerce, Boston COC Records, Vol. 1 General Records 1885-1891, March 8, 1888, 216, Boston COC Records, BLHC-HBS.

¹⁰⁹ “No Title,” *New York Tribune*, February 17, 1888.

¹¹⁰ “No Title,” *New York Tribune*, May 17, 1888.

¹¹¹ National Board of Trade, *Proceedings of the Twenty-Second Annual Meeting*, 93.

American ships with the “Star Spangled Banner floating” above them.¹¹² Opponents of subsidy such as Harry Weissinger of the Louisville BOT continued to characterize any plan for a bounty as “contrary to the genius and spirit of American institutions,” but understood that a “majority of the National Board are against the position that I conceive to be the correct one.”¹¹³ The resistance to subsidy within the National Board was by the mid-1890s effectively over.

From the 1880s through the mid-1890s the National Board’s debates over the shipping problem reflected the conflicting positions on the political economy of foreign trade within the commercial community. The most noteworthy development of the period was the emergence of a majority movement for government subsidization of the shipping industry, a position that very few supported during the 1870s. This movement was the creation of an extremely effective campaign by eastern shipbuilding and shipowning interests of connecting the health of the American merchant marine to the well-being of the entire American economy in which the state of American shipping became a bellwether for the country’s commercial position in the world. Their main opposition came primarily from western free traders who, focused more on the cheapness of transportation and domestic trade, professed themselves uninterested in whose flag flew over a ship so long as their goods were transported at a low cost. Ultimately, the combination of patriotic sentiment and the promise of the greater extension of American commerce into global markets through subsidies won the argument, despite the persistent inability of the politicians in Congress to come to an agreement on legislation.

¹¹² Ibid., 93, 95.

¹¹³ Ibid., 107.

Looking Outward: American Foreign Commerce at the Turn of the Century, 1894-1908

In the final years of the nineteenth-century and opening years of the twentieth the commercial community focused on a variety of issues related to the expansion of foreign trade. This was partially driven by external events such as the acquisition of foreign territories during the Spanish-American War, an event that gave new focus and impetus for Americans to contemplate their role in world affairs. For groups like the NBOT with a long history of dealing with the issues of foreign trade the position of the United States as an emerging commercial power was welcomed, but it also meant that the issues raised by the merchant community were all the more pressing. The push to revitalize American shipping remained at the core of the NBOT's focus on foreign trade but it was joined in this period by a renewed enthusiasm for pursuing reciprocal trade as well as a movement to reform the consular system. Reciprocal trade measures became a political football in the 1890s, playing a role in the debates surrounding the passage of the McKinley tariff of 1890 and the Wilson-Gorman tariff of 1894, and though it was a minor issue for the NBOT compared to shipping the group continued to push for reciprocity as a progressive measure for structuring trade relations. The movement for consular reform was the logical outgrowth of longstanding merchant concerns over the political control of commercial representation abroad. Originating in the early 1880s debates connected to civil service reform, the consular reform issue reemerged in the 1890s due to increased scrutiny over the perceived lack of qualifications of consular representatives as well as their status as political appointees.¹¹⁴

¹¹⁴ The best general overview of the consular reform issue is Thomas G. Paterson, "American Businessmen and Consular Service Reform, 1890's to 1906," *The Business History Review* 40, no. 1 (April 1, 1966): 77-97. The primary weakness of Paterson's argument lies in neglecting the roots of the movement in the late 1870s and early 1880s.

All of these debates demonstrated the NBOT's continuing commitment to increasing the power and authority of American commerce on the global stage.

Consular reform first emerged in the early 1880s before the NBOT, and in those early debates the members of the Board established the main criticisms of the service as undermined by politically-motivated appointees and general incompetence. In 1882 Philo Parsons of the Detroit BOT defended resolutions for reforming the consular system by referring to the illustrious history of American diplomats abroad in comparison to the present system which had fallen into "deplorable decadence" not befitting a country of their stature.¹¹⁵ A. Foster Higgins of the New York COC hit at the heart of the issue when he claimed that all of the problems of the service were a result of the "existing system of political rewards and patronage."¹¹⁶ Consular positions were treated as political spoils, and incoming administrations often handed them out with little regard for commercial experience. For merchants such a practice was destructive to the commercial reputation of the United States abroad and, latching onto the related movement of civil service reform, the NBOT pushed for a merit-based system and higher pay to attract better qualified candidates. Following this brief flurry of activity, the NBOT pushed consular reform to the fringes until the 1890s.

The consular reform debate resurfaced in a major way in the mid-1890s as the NBOT made a stronger effort to push for some modification of the system. At the 1894 annual meeting Jonathan A. Lane of the Boston COC explained the difficulty of changing the system as the Constitution gave consul appointing privileges to the President, but he also did not see why they could not ask the Department of State to run things in a "simple business way."¹¹⁷ Speaking in

¹¹⁵ National Board of Trade, *Proceedings of the Twelfth Annual Meeting*, 84.

¹¹⁶ *Ibid.*, 89.

¹¹⁷ National Board of Trade, *Proceedings of the Twenty-Fourth Annual Meeting*, 90.

support of reform at the meeting was then New York governor Theodore Roosevelt who used his experiences dealing with reforming the civil service of the state of New York to suggest a system of set grades and salaries to divide up the service. Roosevelt believed that such a system would allow them to treat the service “as any business firm would” and would help them find men that have the “qualities that will make them good servants abroad, of the American mercantile community.”¹¹⁸ The Board ultimately decided to form a committee of seven to deal with the issue going forward, and to correspond with Congress and the Department of State to pursue reform.

The next several years saw a significant amount of agitation on the consular reform issue in cooperation with other bodies as well as with both Congress and the State Department. In 1896 Jonathan Lane, head of the consular committee, noted with approval a message from Secretary of State Olney on creating examinations to fill new consular positions, and fellow Bostonian James R. Leeson filed a report of his evaluations of foreign consulates calling for a commission to determine the best course of further action.¹¹⁹ The following year Lane reported that due to their efforts Congress had passed an appropriations bill funding an investigation into the consular service proposed by President Cleveland, and further correspondence with the Secretary of State convinced Lane that the “business method” of running the service would prevail.¹²⁰ These hopes were dashed somewhat by the incoming McKinley who, despite hopes he would continue his predecessors actions on reform, proceeded to use the consul system as

¹¹⁸ Ibid., 99.

¹¹⁹ National Board of Trade, *Proceedings of the Twenty-Sixth Annual Meeting*, 56–75.

¹²⁰ National Board of Trade, *Proceedings of the Twenty-Seventh Annual Meeting*, 65–72, 73.

method of establishing his political favorites in office.¹²¹ Despite this setback, the NBOT and its membership continued to work to promote agitation for reform.

The Board achieved its greatest successes in the early years of the new century as its members fought for legislation before Congress, a fight that culminated in the NBOT-dominated National Consular Reform Convention in 1906, a crucial factor in leading to the passage of reform legislation. In Congress in early 1900 Sen. Henry Cabot Lodge (R-MA) and Rep. Robert Adams presented bills in their respective houses embodying most of the ideas developed by the NBOT, and at the meeting of the NBOT in 1900 Rep. Adams appeared asking for their endorsement of the measures as they “have a greater interest in it than any other portion of the community.”¹²² The NBOT continued to push for the Lodge and Adams legislation for several years without success, but the committee on consular reform in 1903 confidently stated the belief that just as “drop after drop of water wears away the solid rock” they would eventually “wear away the present outrageous system which controls our Consular Service.”¹²³ Spurred on by correspondence with congressmen advising them to increase awareness of the subject, in March of 1906 merchants from throughout the country organized the National Consular Reform Convention to coordinate action on the issue. The first vice-president, secretary, and nearly all of the executive committee were NBOT delegates, so it was no surprise when the convention reiterated the NBOT’s commitment to the bills still before Congress.¹²⁴ The Lodge Act, finally passed in April 1906, provided for the division of the consular service into salaried ranks and a mechanism for inspections. The key provision making appointments based on examinations was

¹²¹ Paterson, “American Businessmen and Consular Service Reform, 1890’s to 1906,” 90.

¹²² “For Consular Reform,” *New York Tribune*, March 11, 1900; National Board of Trade, *Proceedings of the Thirtieth Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1900), 118.

¹²³ National Board of Trade, *Proceedings of the Thirty-Third Annual Meeting*, 142.

¹²⁴ “Reform Convention Meets,” *New York Tribune*, March 14, 1906.

killed before the bill passed, but an executive order by the old friend of consular reform Theodore Roosevelt reinstituted the tests and examinations key to keeping the service nonpartisan.¹²⁵ By 1906, the NBOT had achieved most of the measures for consular reform that it had set out to accomplish a little over a decade earlier.

The reciprocity debate also reemerged in the mid-1890s as the NBOT focused on using reciprocal trade agreements to expand into overseas markets, with the added impetus of fears of overproduction brought about by the depression of the 1890s and competition from Europe. Congress enacted reciprocity with a number of South American countries under the McKinley tariff of 1890, a self-conscious strategy by then Secretary of State James G. Blaine to secure American dominion over commerce throughout the hemisphere.¹²⁶ Following the removal of these provisions with the Wilson-Gorman tariff of 1894, however, the NBOT jumped back into the fray on the issue. Merchants from the St. Louis Merchants' Exchange and the Cincinnati COC both spoke on their desire to restore reciprocity with a number of Latin American countries, with John A. Gano arguing that the loss of the reciprocity provisions was a "great mistake" by citing increased trade with Cuba along with a number of other countries.¹²⁷ A number of groups presented similar resolutions in 1896 which characterized the trade with Latin America as a "coastwise trade which should be made and kept our own against any competition" an explicit endorsement of using reciprocity as a form of protection against the competition of European powers.¹²⁸ George H. Anderson of the Pittsburgh COC identified the primary

¹²⁵ Becker, *The Dynamics of Business-Government Relations*, 95–96.

¹²⁶ For an overview of policies on reciprocity and Latin America see LaFeber, *The New Empire*, 106–121; David A. Lake, *Power, Protection, and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1939* (Ithaca: Cornell University Press, 1988), 108–118; for an overview of reciprocity and protection for the period covered here see Carolyn Rhodes, *Reciprocity, U.S. Trade Policy, and the GATT Regime* (Ithaca: Cornell University Press, 1993), 27–40.

¹²⁷ National Board of Trade, *Proceedings of the Twenty-Fifth Annual Meeting*, 137.

¹²⁸ National Board of Trade, *Proceedings of the Twenty-Sixth Annual Meeting*, 119.

motivations behind the resolutions in arguing that “we are producing more in this country than we can find convenient markets for at home” and that because “we do claim a sort of relationship with all the nations on this hemisphere” it made sense to pursue markets there.¹²⁹

The NBOT continued to push for reciprocity in Canada, Latin America, and Asia as outlets for foreign trade in response to tariff retaliation by European countries and as protection against any weakness in domestic demand. In 1901 a number of NBOT members attended a National Reciprocity Convention organized by the National Association of Manufacturers that called for the “maintenance of the principle of protection for the home market, and to open up by reciprocity, opportunities for increased foreign trade,” a strategy that sought to balance the principles and policies of protection with reciprocity.¹³⁰ This strategy was reaffirmed two years later at the 1903 annual meeting of the NBOT by Francis Thurber who cited former Secretary of State Blaine in arguing that “reciprocity is the handmaid of protection,” in that it provided for advantageous trade relations for the surplus productions of the country while not harming those interests that needed protection, in theory.¹³¹ This position was further elaborated on by Nathaniel French of the Illinois Manufacturers’ Association who cited former President McKinley’s position on reciprocity as promoting the “general welfare” as the policy of protection stimulated production in the home market and produced a large surplus, but if foreign markets were closed to American productions they would be forced to “stop the production of that surplus . . . [and] put the brakes on our prosperity.”¹³² Support for reciprocity was thus a

¹²⁹ Ibid., 122.

¹³⁰ Boston Associated Board of Trade, Boston COC Records, Vol. 34 Boston Ass. BOT Records, 1892-, December 9, 1901, 1, Boston COC Records, BLHC-HBS.

¹³¹ National Board of Trade, *Proceedings of the Thirty-Third Annual Meeting*, 207.

¹³² Ibid., 199–200.

product both of the proximate situation of the country's foreign trade position at the turn of the century as well as the longstanding NBOT position of support for reciprocal trade agreements.

The solution articulated by the National Board for dealing with trade agreements focused on the creation of a non-partisan tariff commission that could determine tariff levels and opportunities for reciprocity without reference to the perceived meddling of politics. In August 1905 the National Reciprocity Conference met in Chicago and, with a number of representatives from commercial groups present, called for a "dual tariff" system of maximum and minimum tariffs set by a non-partisan tariff commission.¹³³ The NBOT approved of this approach at its 1906 annual meeting, and continued to push for a tariff commission for the next several years in order to achieve what one delegate referred to as a tariff "drafted on business principles."¹³⁴ The Board would continue to do so even after the creation of a tariff board under the Payne-Aldrich Act of 1909, with many delegates deeming the board insufficient due to the fact that it was still under the control of the President.¹³⁵ The commission idea fit in perfectly with the long-held position of the NBOT that almost any economic policymaking process was best dealt with by taking the issue out of the realm of party politics and dealing with it in a straightforward "business-like" manner, and was yet another example of the commercial community arguing for its viewpoint as the best indicator of the position that would most benefit the "public welfare".

The reciprocity issue was not the most important in terms of time spent on debate in the NBOT's waning years, but it did demonstrate a level of consistency of thought on general foreign trade policy dating back to the beginning of the Board. Though times and circumstances

¹³³ "Dual Tariff Is Favored Remedy," *Chicago Tribune*, August 18, 1905.

¹³⁴ National Board of Trade, *Proceedings of the Thirty-Eighth Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1908), 190.

¹³⁵ National Board of Trade, *Proceedings of the Fortieth Annual Meeting*, 164–165.

changed immensely from the late 1860s to the early 1900s, the National Board maintained their position that reciprocal trade policies were the most beneficial in fostering mutually advantageous relationships with foreign trade partners. Whereas in the 1870s reciprocity was seen by merchants as a strategy for tying together the U.S., Canada, and the other countries of the hemisphere under the umbrella of reciprocal trade agreements, by the 1890s and beyond the tool of reciprocity was seen in conjunction with protection as a method of distributing the excess production of American agriculture and industry abroad while shielding certain American industries from adverse competition. Seen in this fashion, it is clear that the National Board was never an organization that was strictly for protection or for free trade but was rather an organization that sought a pragmatic approach to trade policy that was best aligned with placing the United States into a position of strength in the global marketplace.

The final issue of importance to the foreign trade debate in the final years of the NBOT was the continuing pursuit of a revival of American shipping. A new face emerged as the champion of American shipping before the Board in the figure of Elias S.A. de Lima, a member of the New York BOTT and a highly regarded figure in the Latin American trade during the period. In 1895 de Lima presented the alarming statistic to the NBOT that only twelve percent of American exports were carried in American ships as compared to sixty-five percent in 1861, and that one of the “most enlightened, enterprising, and liberal nations of the world” had allowed “its ship-yards to decay and its flag to disappear from the seas.”¹³⁶ De Lima continued the Board’s pressure for subsidization, though the pleas continued to fall upon largely deaf ears in Congress.

¹³⁶ National Board of Trade, *Proceedings of the Twenty-Fifth Annual Meeting*, 195.

The outbreak of a war in 1898 in which naval power played a large and conspicuous role gave added impetus to the debate over the American merchant marine by placing the issue of America's naval power front and center in the public mind. As Andrew Wheeler of the Philadelphia BOT noted at the 1898 meeting, the "events of the past year have given an impulse to the question which a generation could scarcely have accomplished," and he presented resolutions from the committee on the American merchant marine that the "new acquisitions for enterprise" from the war and the "rapidly increasing export trade" demanded attention for the problems of American shipping.¹³⁷ Denison B. Smith, a delegate of the Toledo BOT and a self-professed lifelong anti-subsidy Democrat, professed himself a changed man on the issue and explained that "Congress has worn out our ocean marine by a system of protecting everything else," and that once they started building their own ships again they would "assume a position of true National importance which has been obscured by the indifference to this important element of greatness."¹³⁸ To Smith, the war had forced the "irrepressible responsibility of expanding our ocean marine upon us" and with the new acquisitions they could focus on securing a "grasp on this Pacific commerce and regain what we have lost on the Atlantic."¹³⁹ For those longstanding advocates of subsidies the war had served their purpose by making the issue of foreign markets and the merchant marine to service such markets a matter of national import.

In the early years of the new century the NBOT and its member bodies supported a number of attempts to pass subsidy bills embodying their longtime goal of a competitive shipping industry. During the Congressional session in January 1900 Rep. Sereno Payne (R-NY) and Sen. William Frye (R-ME) introduced legislation for subsidizing shipbuilding. Hearings held

¹³⁷ National Board of Trade, *Proceedings of the Twenty-Ninth Annual Meeting*, 248–250.

¹³⁸ *Ibid.*, 262–263.

¹³⁹ *Ibid.*, 264.

over the legislation included testimony by longtime NBOT delegate Francis Thurber along with a number of other shipping advocates.¹⁴⁰ Meeting in Washington at the very same time the debate was occurring, the NBOT engaged in a spirited discussion of the matter with the committee on the merchant marine issuing a majority report in favor of the bill and a minority report strenuously arguing against it by pointing out the “great aversion to the principle of subsidies” shown by the American people.¹⁴¹ The debate over the legislation ran into the fall due to stiff resistance from free ship advocates as well as doubts from within Republican ranks due to the possible political fallout of subsidies going to interests connected to Standard Oil.¹⁴² The December 1900 meeting of the National Board again considered the issue but refused to specifically endorse the Frye bill and instead passed a resolution calling upon Congress to pass whatever “necessary legislation” to promote the merchant marine.¹⁴³ The Frye bill failed to make it through the House, but supporters of the legislation continued to push for similar legislation for the next several sessions of Congress.

A renewed effort to agitate on the issue was made by a number of member groups of the NBOT in 1903, an effort that culminated in a move by President Roosevelt to try to break the deadlock on the problem. In September 1903 the Boston COC held a special meeting on the state of American foreign trade at which they passed resolutions stating that American merchants “should not be dependent . . . upon the ships of European nations” and that a sincere effort should be made to develop “regular communication with South America, South Africa, Asia, and other distant countries” so that markets for American goods might be acquired.¹⁴⁴ During the

¹⁴⁰ “Shipping Men Favor Subsidy,” *New York Times*, January 14, 1900.

¹⁴¹ National Board of Trade, *Proceedings of the Thirtieth Annual Meeting*, 160.

¹⁴² “No Hope for Subsidy Bill,” *Chicago Tribune*, February 14, 1900.

¹⁴³ National Board of Trade, *Proceedings of the Thirty-First Annual Meeting*, 147.

¹⁴⁴ Boston Chamber of Commerce, Boston COC Records, Vol. 9, Miscellaneous Committee Records, 1901-1909, September 23, 1903, 959, Boston COC Records, BLHC-HBS.

same period the New York BOTT sent a circular to a number of commercial groups with facts and figures gathered on the foreign trade issue in order to “secure the freest and widest possible immediate discussion” of the problems of the merchant marine.¹⁴⁵ Finally, in December 1903 during his annual message to Congress President Roosevelt announced a plan for a commission to look into the “development of the American merchant marine and American commerce,” a problem left unsettled for too long due to the extremely divisive opinions on how to solve it.¹⁴⁶ The January 1904 meeting of the NBOT approved of the message and looked forward to the work of the commission.¹⁴⁷

The Merchant Marine Commission formed as a result of Roosevelt’s prompting was the most important effort made during the period to finally attempt to pass legislation in support of the merchant marine. The commission spent most of 1904 gathering testimony from across the country, and in early 1905 the commission made a report to Congress along with suggestions for a bill which would provide bounties for Americans vessels engaged in the foreign trade or fishing, increased subsidies for certain steamship mail lines, and an increase of tonnage taxes on foreign vessels, each of which was consistent with previous positions taken by the NBOT.¹⁴⁸ The NBOT even took credit for the commission at the 1906 annual meeting, arguing that the Merchant Marine Commission was “one of our early projects” and noting with satisfaction that the Commission’s report included a number of NBOT resolutions in support of their findings.¹⁴⁹ Much like earlier efforts, however, the legislation faced resistance in Congress and failed to pass,

¹⁴⁵ New York Board of Trade and Transportation, NY BOTT Minutes Sept. 1903-May 1906, Sept.-Dec. 1903, September 23, 1903, 4, NY BOTT Records, NYHS.

¹⁴⁶ “The Message of the President,” *New York Times*, December 8, 1903.

¹⁴⁷ National Board of Trade, *Proceedings of the Thirty-Fourth Annual Meeting of the National Board of Trade* (Philadelphia: Burk & McFetridge Co., Printers, 1904), 95.

¹⁴⁸ “Bill of the Shipping Commission,” *The Independent, Devoted to the Consideration of Politics, Social and Economic Tendencies, History, Literature, and the Arts* 58, no. 2928 (January 12, 1905): 60.

¹⁴⁹ National Board of Trade, *Proceedings of the Thirty-Sixth Annual Meeting*, 102.

though supporters continued to present legislation calling for subsidies and bounties for years afterward.¹⁵⁰

Though the merchants of the NBOT expended a great deal of time and energy on the merchant marine question in the final years of the Board's existence they failed to achieve legislation they viewed as commensurate to the depth of the problem, but they were successful in forging a constituency around the connection of the issues of trade expansion and the merchant marine. Even though a majority of the National Board had come around to the position of strong government intervention to aid the competitiveness of American shipbuilders and shipowners there was still enough resistance against the notion of subsidies and bounties to make the passage of any legislation difficult. Ultimately, it would take a crisis of even greater proportions to instigate emergency actions on the shipping problem, namely the outbreak of the First World War. By then the NBOT was no longer around, but the work that the organization put in laid the groundwork for much of the legislation that followed.

Conclusion

In reviewing the previous century of American history at the 1911 meeting of the National Board Edward R. Wood of the Philadelphia BOT noted with satisfaction the accomplishments of American merchants and traders in opening up commercial affairs in China, Japan, and other regions of the globe, arguing that the "nineteenth century owes its controlling features to the commerce of the North American continent."¹⁵¹ Wood did not simply look to the past, however, as he also had his eyes fixed firmly on the future. In surveying that future, Wood asserted with confidence that if the United States "which controls and produces one-fourth of the

¹⁵⁰ Bess, *U.S. Maritime Policy*, 36.

¹⁵¹ National Board of Trade, *Proceedings of the Forty-First Annual Meeting*, 73.

products of the Christian world” could bring “its commerce and the feelings and sentiments of its people face to face and hand to hand with the other nations of the world” then the nation would be able to “affect the twentieth century in the same way that American commerce affected the nineteenth-century.”¹⁵² Wood’s sentiments encapsulated forty years of intellectual argumentation and aspirational construction done by the members of the NBOT in seeking to establish American merchants as predominant force in the commercial affairs of the world.

Commercial organizations in the post-Civil War period were intensely focused on shaping the role that American commerce would play in the world. In the immediate postwar period these concerns were shaped largely by the perception of falling behind the other nations of the world in economic competition. Opinions differed tremendously as to how to deal with the issue. For some, the key to the commercial future was the promotion of free trade and reciprocal trade arrangements that would build on American strengths in industry and agricultural resources to tie together the nations of the western hemisphere into an American-led free trade zone that would stave off European competition. For others, the key was a revitalization of the American merchant marine through government intervention and support. The differences, some theoretical and some merely rhetorical, between these positions within the commercial community led largely to a stalemate and minimal legislative accomplishment.

Despite the limited success in gaining legislation on such matters the National Board was largely successful in engendering widespread debate and conversation on the subject of foreign commerce in the 1880s and 1890s. Partisan wrangling over the tariff dominated much of the public discussions related to foreign trade, but during this period commercial groups were having

¹⁵² Ibid.

their own internal conversation on the merits of protection and free trade, and which position was best suited to enlarging American economic power on the world stage. The issue of the state of the American merchant marine served as the testing ground for this conversation as the problems of American shipping came to serve as a kind of proxy for all of the difficulties of an industrializing nation coming to grips with a larger economic role in world affairs. The slow acceptance by a majority of the Board of the necessity of subsidizing the merchant marine demonstrated not only the power of persuasion of one particular group of interests, but also served as a representation of a decisive shift in the national conversation away from a fixation on domestic problems to a greater appreciation of the role that American commercial power played outside the country.

By the turn of the century the question of America's commercial reputation abroad was an issue of major political and economic importance due an increased focus on foreign trade brought about by depression and war. The NBOT had been discussing such issues for decades, but it was only in the 1890s that politicians and statesmen began to wrestle with problems of projecting American economic power in a consistent and determined fashion. Fears of overproduction flooding domestic markets, exacerbated by the depression of the 1890s and combined with the war against Spain, brought greater political scrutiny to such issues as the state of the American merchant marine, the American consular service, and reciprocal trade agreements. The NBOT and its constituent groups took this opportunity to push for legislation that would, in theory, provide the United States with the competitive edge to assert its rightful place in the global commercial system.

The National Board of Trade as an organization was deeply rooted in the building up and promotion of the domestic commerce of the country, but it was always an organization that

recognized that this commerce existed in a larger spatial and temporal dynamic. Merchants recognized their integral connections to the extensive forces of modern capitalism, and through their organizations they sought to shape and influence these connections. These merchants were also not bereft of a sense of the flow of historical progress, a notion very much subscribed to by the cosmopolitan commercial men of the period. That merchants would connect progressive ideals to American values and institutions was quite understandable considering the time and energy devoted by men of commerce trying to promote and protect their position as stewards of the republic. The National Board, as the embodiment of the hopes and ambitions of these commercial men, served as the vehicle for the transmission of these values in the form of contributing to the nation's ever-expanding commercial influence on the rest of the world.

Conclusion

“Can we not yet make the National Board of Trade the great central organization of the United States? Is it too late to bring into one great union the many important state, national and local associations of this country?”¹

Epilogue: The Fall of the National Board of Trade

Those words of doubt were uttered by J.J. Sullivan, a Cleveland merchant banker and president of the NBOT in 1906, and they illuminate the position that the National Board faced entering a new century. Looking upon the vast social and economic changes affecting the country at the turn of the twentieth-century Sullivan argued that the “effective commercial body of the future will be one allied to a strong national organization whose purpose is to teach that the interests of all are of first importance,” but he expressed a number of doubts as to whether the NBOT could, without alteration, continue to pursue such goals.² This was due partly to the fact that the structure and functioning of organizations had changed; when the NBOT was formed, Sullivan asserted, “the opinions of representative bodies were given more attention than they are to-day, and perhaps there was not then a necessity for that degree of persistency and aggressiveness that is now essential to organized efficiency.”³ The NBOT was very much of its time, a nineteenth-century institution informed by the values and character of a largely pre-industrial, pre-corporate, and pre-“organizational revolution” era. Sullivan was not the only member with doubts of whether the National Board could continue to prove its worth in an era when the organizational culture of economic interest groups was more corporate-driven and

¹ National Board of Trade, *Proceedings of the Thirty-Sixth Annual Meeting*, 4.

² *Ibid.*, 5.

³ *Ibid.*, 2.

reliant upon financial resources than the persuasiveness of structured debates, and the final years of the NBOT centered on how merchants might alter the Board to maintain relevance.

On September 23, 1901, Frederick Fraley, the first and only president of the National Board of Trade up to that time, died at his home in Philadelphia at the age of ninety-four. Due to ill health and his advancing age he had not attended an annual meeting since 1896, but he continued to play an active role in the NBOT's debates from afar. At the Board's annual meeting in January of 1902 Charles B. Murray, delegate of the Cincinnati COC and editor of the *Cincinnati Price Current*, delivered an eloquent address listing Fraley's many public honors and activities. Murray explained Fraley's fitness for the task of leading the NBOT because of his "judgment in public affairs, his store of commercial, financial, governmental, and historical information, " and his general mastery of all manner of issues affecting the commonwealth.⁴ Fraley had been one of the driving forces of the NBOT since its beginning, and his death in many ways marked the beginning of a new chapter for the organization. Fraley was the very model of the publically-engaged merchant capitalist that the NBOT and its constituent groups praised as the necessary representatives of the public interest in matters of political economy. His death both literally and symbolically signaled that the NBOT had entered a new era, one in which the future of the organization and its ideals were in doubt.

At the very same meeting that included the eulogy for Fraley the Board engaged with the issue of reorganizing the body to increase its influence. Prompting this discussion was a resolution from the St. Louis Merchants' Exchange to dissolve the NBOT, a situation that had only come up on one other occasion. The committee considering the status of the Board called

⁴ National Board of Trade, *Proceedings of the Thirty-Second Annual Meeting*, 23.

for a reinvigoration of the NBOT through the selection of a strong president, the construction of a new headquarters for the Board in Washington, D.C., and the creation of the new role of NBOT commissioner, a role that the National Board hoped would contribute to an increase in membership thought vital to the Board's future.⁵ Over the next year the new president Blanchard Randall and future president Frank LaLanne travelled across the country attempting to recruit new member organizations and raise awareness of the NBOT's continuing work.⁶ These efforts did bear fruit, and by 1907 the NBOT was larger than it had ever been with sixty-six member associations, and in 1908 the Board modified its constitution to allow single individuals, labelled "associate members," to join for the first time. In an age when every group imaginable was forming a national organization the members of the NBOT recognized that to stand still was an admittance of failure, and that the association needed to grow in order to remain relevant.

The merchants of the NBOT gained new hope of a closer relationship with the federal government, and hopefully greater influence, when Congress established the new Department of Commerce and Labor in 1903, one of the goals of the Board since its inception. Commenting on the creation at the 1904 annual meeting Edward R. Wood of Philadelphia BOT argued that the idea had come from the perception, present at the 1865 and 1868 commercial conventions, of the need for the "co-ordination of national and personal effort" between a national commercial board and a new department of government.⁷ It had taken decades, but persistent agitation by the NBOT in particular had kept the issue alive and eventually contributed to the new department's creation. The first secretary of the department George B. Cortelyou recognized as much by his visit to the NBOT's annual meeting during his first year. Addressing the Board and explaining

⁵ Ibid., 177–178.

⁶ National Board of Trade, *Proceedings of the Thirty-Third Annual Meeting*, 4.

⁷ National Board of Trade, *Proceedings of the Thirty-Fourth Annual Meeting*, 71.

the various duties given to the department, Cortelyou thanked the gathered merchants for their part in the creation of the department and promised that if there was any way “the department can be properly be helpful to you, you will find it ready to respond promptly and effectively.”⁸ Despite these overtures, however, in the years following its establishment the department remained disconnected from the larger commercial community.

In 1907 then Secretary of Commerce Oscar Straus attempted to rectify this disconnection by calling for the establishment of a National Council of Commerce, a group that would work directly with the Department of Commerce on economic policy questions. The NBOT sent a delegation to the conference held in Washington in December 1907 that organized the Council, and NBOT members in general were hopeful for the results that might emerge from this new relationship. Unfortunately, as Robert Wiebe has noted, the National Council leaned far too heavily on the leadership of Straus and made a number of unwise decisions, such as the wholesale embrace of free trade, which alienated the body from a number of local commercial associations.⁹ In some cases, such as that of the New York Produce Exchange, local groups saw a conflict between the two national organizations and declined membership in the Council.¹⁰ The NBOT had no plans to cease functioning either, a fact that weakened the National Council’s attempts to act as the lone national group attempting to coordinate action.

By 1909 there was enough of a current of dissatisfaction with the state of national commercial organizing for a significant movement for reform to emerge. This movement began with the Boston Chamber of Commerce and was led by prominent department store owner

⁸ Ibid., 250.

⁹ Wiebe, *Businessmen and Reform*, 34–35.

¹⁰ New York Produce Exchange, Vol. 29 Board of Managers Minutes 1906-1908, February 6, 1908, 223, New York Produce Exchange Records, NYHS.

Edward Filene. A memo prepared for Filene in July 1909 called for a communication to be sent to a number of commercial groups asking for their thoughts on a convention to form a more “efficient” national commercial organization and citing the failure of the recently formed National Council of Commerce due to a “faulty constitution.”¹¹ The specific reasons prompting this action by Filene are unclear, but this set in motion a lengthy conversation amongst a number of businessmen regarding the possibility of replacing the National Board of Trade as the representative of the commercial community.

The Boston Chamber sent letters to the presidents of a number of organizations in August 1909, and the dialogue established by these letters illustrate the state of opinion on the NBOT and commercial organizing as a whole at that time. The lengthiest and most analytical breakdown of the situation came from Ryerson Ritchie, a former NBOT delegate from Cleveland in the 1890s who had transformed himself into something of an expert on commercial organizations having served as an officer for groups in Cincinnati, Kansas City, Cleveland, Detroit, and finally Boston. Ritchie’s letter asserted that “commercial organizations of the country would not support a rival of the National Board of Trade,” but that such groups would not continue to sustain the NBOT unless it showed “more virility and adaptation to the modern and insistent demands for action.”¹² The “old methods,” Ritchie insisted, would not work as the more modern and “efficient” organizations had moved beyond them.¹³ The focus on efficiency raised by both Filene and Ritchie illustrates a subtle but important shift in perception regarding the standards by which businessmen were judging their organizations. The NBOT had always

¹¹ Boston Chamber of Commerce, Case 19, Folder 321-18, Formation of New Commercial Organization, July 6, 1909, 1–2, Boston COC Records, BLHC-HBS.

¹² Boston Chamber of Commerce, “Case 19, Folder 321-18, Formation of New Commercial Organization,” October 4, 1909, 1, Boston COC Records, BLHC-HBS.

¹³ *Ibid.*, 1–2.

been concerned with results, but its debates had also served as an important forum for establishing the boundaries of policy and finding a consensus. Such a structure, however, was inefficient in terms of results as measured by legislation, at least in comparison to the more aggressive lobbying organizations forming in the early twentieth century.

Based on the correspondence between the various groups the two that seemed most eager to replace the NBOT were the Boston COC and the Chicago Association of Commerce (AOC), a recent arrival on the local commercial scene and one that, unlike the Chicago BOT, had never been affiliated with the NBOT. Edward M. Skinner, the president of the Chicago AOC, wrote to James J. Storrow, president of the Boston Merchants' Association, in October 1909 that the time had come for a "unification of commercial and industrial interests of the country," and that his organization had sent a representative throughout the west to raise the issue with local groups.¹⁴ Writing to the Boston COC president in early 1910 Filene firmly put forth his opinion that he meant "no criticism of the National Board of Trade" but that the "times call for a new type of organization . . . made up of the leading efficient, deliberative Chambers of Commerce themselves."¹⁵ By March 1910 the NBOT had finally established a permanent office in Washington, D.C. to house the commissioner of the Board, but at this point it was too little, too late for some organizations.

Agitation for a new organization came to the head in 1911 with an official call from President Taft for a commercial association with closer ties to the government. Taft made this call due to the prompting of Secretary of Commerce Charles Nagel, who was himself influenced

¹⁴ Boston Chamber of Commerce, Case 19, Folder 321-18, Formation of New Commercial Organization, October 23, 1909, 1-3, Boston COC Records, BLHC-HBS.

¹⁵ Boston Chamber of Commerce, Case 19, Folder 321-18, Formation of New Commercial Organization, March 24, 1910, 1, Boston COC Records, BLHC-HBS.

by the many letters received from groups like the Boston COC.¹⁶ In April 1912 over seven hundred delegates from nearly four hundred commercial groups throughout the country gathered in Washington, D.C. to set about the task of creating a new national commercial association, and after two days the delegates had established the beginnings of the Chamber of Commerce of the United States.¹⁷ It is not possible to gauge the position of the NBOT on this new group because the annual meeting held in 1911 was the National Board's last, and for all intents and purposes the NBOT was defunct by the end of 1912.

The U.S. Chamber of Commerce (U.S. COC) replaced the National Board of Trade as the leading national commercial association in both function and spirit, but the NBOT's influence on the association was clear. The three main guiding principles established by the new U.S. COC in April 1912 reflected the ideals established by the National Board decades earlier; developing business opinion and consensus, working with government to develop policy, and attempting to shape public opinion.¹⁸ Unlike the NBOT, the U.S. Chamber was working with a much more established national business community with an organizational infrastructure already in place and considerably greater numbers of associations to work with. The structure of U.S. COC meetings was different as well, for unlike the broader field of subjects and open debates that typified NBOT meetings most of the work done by the U.S. COC was done in committees, and what time there was for debate was given over to addresses on a more limited range of subjects. It was in this manner that the Chamber exemplified the goal of a more "efficient" association, one of the central complaints from reformers concerning the weaknesses of the NBOT.

¹⁶ Wiebe, *Businessmen and Reform*, 36–37.

¹⁷ "Organization and Purposes of the Chamber of Commerce of the United States," *Nation's Business* 1, no. 1 (September 2, 1912): 8.

¹⁸ *Ibid.*

The National Board ended an over forty year reign as the only national commercial association in 1912 as the U.S. Chamber absorbed its constituent groups, and the NBOT held no further meetings after 1911. In the end the NBOT was simply unable to properly restructure itself as an organization to meet the greater demands of a number of local associations that sought a more aggressive lobbying group. The National Board had never been simply a lobbying organization; its merchant founders regarded their creation as something higher-minded than that, a forum where commercial men could engage in healthy debate to establish which economic policies best suited the country as a whole. Such an organization was somewhat old-fashioned by the standards of some of the newer groups of the early twentieth-century, and though the NBOT attempted to grow in order to remain relevant it remained unwilling to jettison those elements which had made the group unique in the first place.

Conclusion: Business Associations and Political Economy in the United States

Business associations have grown from modest beginnings to become organizations ubiquitous throughout the nation, from large national groups like the U.S. Chamber of Commerce down to small neighborhood associations of business owners. Such organizations consider themselves, and are often viewed by the public, as inextricably rooted to the economic well-being of the community they seek to represent. This relationship is rooted in the historical development of American capitalism at the local and regional level dating to the mid-nineteenth century, and to the conscious actions taken by a specific set of historical actors, namely the merchant community in the growing commercial centers of the United States. These merchants were very much concerned with their own self-interest, but they realized the possibilities that lay in cooperation and coordination and acted accordingly. The formation of such associations in practically every community that could sustain significant commercial activity provides a strong

case for the argument that such associations are one of the most important contributions made by the business community to American society.

The merchant capitalists of the nineteenth-century formed these associations, and these associations in turn reflected the values and worldview of their creators. Merchants of the mid-nineteenth century possessed an essentially republican view of political economy in which the economy functioned to balance the interests of producers, distributors, and consumers in harmony through a competitive balance maintained by necessary regulations and limits to accumulation and capitalist excess. In this regard commerce was a moral system as much as a material one, and the merchant community sought to present themselves as guardians and stewards of such a system, with commerce acting as an enlightening and democratizing force. This particular ideological stance developed into a form of commercial republicanism, a viewpoint that superseded partisan identifications and sought to align merchants together as a group behind a vision of continuous and harmonious economic growth that would enrich every community and by extension the commonwealth as a whole.

This was, of course, an ideal, and these early merchant groups squabbled amongst themselves over access to the most lucrative markets and for federal funds for their particular pet projects as much as they worked together in the early years of the 1840s and 1850s. Divergent sectional economic interests threatened cooperation the most, and while the crisis of disunion divided the southern business community from the north it also provided an opportunity for northern and western groups to cooperate more fully in their attempts to shape the economic policies of the federal government. The difficulties of such cooperation revealed the organizational weakness of the commercial community at a national level at the very moment when, due to the experiments in political economy undertaken during the war, the need for a

coordinated voice on national economic policies seemed most pressing. It was out of this crisis of leadership that the National Board of Trade emerged, a representative association of businessmen designed to stand alongside Congress as the voice of the nation's commercial leaders.

The National Board of Trade was a bold experiment in economic organizing and the first sustained attempt made by organized business interests to coordinate action at the national level in American history. The Board ambitiously set out to extract a consensus on issues from a membership of dozens of associations in as many cities representing thousands of business owners. This alone would be task enough if the Board had resigned itself to focusing on a single issue as many other groups that would emerge during the late nineteenth-century did. But the NBOT was not single issue organization, as its members understood the economy as a system with a number of interrelated parts, and it was this understanding that led the National Board to tackle such complex and divisive issues as transportation regulation, monetary policy, and the expansion of foreign trade alongside a number of other less pressing but still important issues such as public health regulations, civil service examinations, and the preservation of natural resources. Very few organizations during this period could match the variety of public issues tackled by the NBOT, and few could match the breadth of knowledge brought to bear on such problems either.

The central issues addressed by the National Board and the debates surrounding those issues serve to further illuminate the centrality of divisions over economic development to the social and political history of late nineteenth and early twentieth century America. Certain divisions did exist that give some credence to a "labor v. capital" interpretation of this period, but neither side was as monolithic as those terms suggest. Within the capitalist community of the

post-Civil War era there were increasingly growing tensions between corporate and non-corporate capitalists based on different conceptions of business structures and the importance of competition as opposed to consolidation. These tensions were evident in the highly critical response of many NBOT members to monopoly during this period, an example of how the republican political economy espoused by many NBOT members was coming into conflict with the emergence of corporate capitalism. This does not mean that the merchants of the NBOT were anti-corporate, but rather that the commercial community represented by the National Board was critical of the political and economic changes that corporate capitalism portended. Some of this resistance was born of simple self-interest, but to simplify the actions of organized merchants to the basic imperatives of *homo economicus* would be reductive and wrong. There existed a cultural and moral system of commercial activity that merchants consciously crafted to defend and justify their social position, and this system played a role in their criticisms and debates as well.

Examining the work of the NBOT and its constituent groups also further undermines the notion of an absence of government intervention and involvement in economic life during the nineteenth-century. Shaping public policy was an expressed goal of the commercial organization movement from its beginnings, a goal that illustrates that government intervention into the economy was taken as a given by the merchant community. This fits with the merchant understanding of political economy in a republican society, namely that representatives of the public will both inside and outside of government necessarily cooperated to bring about economic growth and harmony. Altering the regulatory structures of capitalism at the local, state, and national level was a central focus of the merchant community, and the commercial organizations created by this community gave form to this focus. Merchant groups did not

always believe that government intervention was necessary, but for the most part such groups saw government institutions as allies in their quest to harmonize the various interests participating in the economic system. Understanding the historical roots of business-government relations also undermines modern arguments for free-market economics based on traditional interpretations of the past.

The most direct and distinct legacy of the NBOT lay in its establishment of a template for organized business action and demonstrating that such action could achieve demonstrable results. Being an organization created and shaped by the values of the mid-nineteenth century meant that the NBOT found the transition to an economic and political system guided by corporate capitalism a difficult one, and ultimately the NBOT gave way to a group that a newer generation of businessmen felt was more reflective of their worldview. Nevertheless, the NBOT left a considerable mark on the political economy of its time by persistently raising important questions concerning legitimate economic behaviors, factors leading to economic instability, and the connections between economic growth and national prestige, among many others. These primary questions provided the foundations upon which later groups such as the U.S. Chamber of Commerce constructed their organizations. Groups like the U.S. COC also continue the tradition, embedded in the NBOT's actions from the very beginning, of assuming to speak not only for the business community but for the public welfare as a whole.

A fuller appreciation of the historical dimensions of capitalist organizing allows for a deeper interrogation of the relationship between capitalism and democracy in the American context. In recent times economic crises have reinvigorated the investigation of this relationship, and such investigations have revealed the dangers to the commonwealth inherent in the relatively unrestrained workings of capitalism when private gain is considered superior to the public

welfare. Even more insidious is the notion that such an idea as the public welfare no longer exists, or is indistinguishable from the pursuit of profit. Business organizations, if they understand their historical roots, should be at the forefront of curbing such excesses, not condoning them. By understanding the beginnings of business organizing in the U.S. it might be possible to figure out the future of American capitalism and democracy by taking some cues from the past.

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- Zakim, Michael. "The Business Clerk as Social Revolutionary; or, a Labor History of the Nonproducing Classes." *Journal of the Early Republic* 26, no. 4 (December 1, 2006): 563–603.

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Education

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M.A. University of Missouri-Columbia, History, 2005

B.A. University of Missouri-Columbia, History, 2002

Positions Held

Adjunct Professor of History, Department of History, University of Illinois at Chicago – Summer Semester, 2014; Fall Semester, 2014; Spring Semester, 2015; Summer Semester, 2015

Adjunct Professor of History, Department of History, DePaul University – Winter Quarter, 2014

Adjunct Professor of History, Department of History, Aurora University – Fall Semester, 2011

Adjunct Professor of Social Sciences, Aurora University – Fall Semester 2014

Academic Presentations and Conferences

Papers Presented

“What is Fair Competition?: Inequality and the Merchant Community’s Struggle with the Railroads, 1875-1886” – Business History Conference 2015 (Accepted for presentation)

“Making Markets Moral: Merchants and the Culture of Business in Nineteenth-Century America” – Business History Conference 2013 (March 2013)

“‘The world grows, and we must grow with it’: The National Board of Trade and the Developmental Politics of Commercial Capitalism in the Reconstruction Era” – 7th Biennial Conference on Policy History (June 2012)

“A ‘Business Congress’: The National Board of Trade, Economic Policy, and the Relationship of Business and Government in the Late Nineteenth-Century United States” – 2012 OAH/NCPH Annual Meeting (April 2012)

“Commercial Republicanism: Merchant Thought on the Relationship Between Business and Government in the Late Nineteenth-Century United States” – Business History Conference 2012 (March 2012)

“A Commercial Republic: The National Board of Trade and Political Economy in the Late Nineteenth-Century U.S.” – Power and the History of Capitalism, A Meeting of the Culture of the Market Network (April 2011)

“Building the ‘Business Congress’: Local Commercial Organizations and the Origin of the National Board of Trade, 1840-1868” – Business History Conference 2011 (March-April 2011)
Panel creator and organizer: Organized Business, Political Economy, and Knowledge

“Unions of Dollars, Unions of Men: Incorporation, Compulsory Arbitration, and the Organizational Ideology of Unions and Employers in the U.S. Progressive Era” - 2008 Midwest Labor and Working-Class History Colloquium (April 2008)

“Unions of Dollars, Unions of Men: Incorporation, Compulsory Arbitration, and the Organizational Ideology of Unions and Employers in the U.S. Progressive Era” - 51st Annual Missouri Valley History Conference (March 2008)

“Living within the Fire: Loyalty and Authority during the Guerrilla Conflict in Mid-Missouri, 1861-1865” - 46th Annual Missouri Conference on History (April 2004)

“Passion and Confusion: Citizens and Loyalty during the Civil War in Missouri, 1861-1865” - 4th Biennial Missouri History Graduate Students Association Conference (March 2004)

Discussant

“The United States in the World: Corporations, Property Rights, and National Identity,” Windy City Graduate History Conference (October 2012)

Teaching Business History: Insights and Debates – Attendee, Harvard Business School (June 2012)

Academic Publications

Journal Articles

“The Political Economy of Commercial Associations: Building the National Board of Trade, 1840-1868,” *Business History Review* 88 (Winter 2014): 761-783.

Encyclopedia Entries

Robert D. Johnston, ed., *Encyclopedia of U.S. Political History, Vol. 4: 1878-1920* (Washington, D.C.: CQ Press, 2010) -- Written entries: Industrialization, Depression of the 1890s, J.P. Morgan, Benjamin Harrison, The “New Freedom”

Robert D. Johnston, ed., *American Centuries: The Ideas, Issues, and Trends that Made U.S. History, Vol. 5: 20th Century* (New York: Facts on File, Inc., 2011) -- Written entries: Business/Industry, Economy

Melanie Gustafson, ed., *American Centuries: The Ideas, Issues, and Trends that Made U.S. History, Vol. 4: 19th Century* (New York: Facts on File, Inc., 2011) -- Written entries: Economy

Book Reviews

“Review: *Capitalizing on Change: A Social History of American Business* by Stanley Buder.” *Labor History* Volume 52, Issue 2 (2011): 242-244.

“Review: *In Hock: Pawning in America from Independence through the Great Depression* by Wendy Woloson.” *Enterprise and Society* Volume 12, Issue 3 (2011): 703-706.

Awards and Honors

John E. Rovensky Fellowship in American Business or Economic History – Awarded by the Business History Conference and Economic History Association, 2011

Robert V. Remini Scholarship – Awarded by the Department of History, University of Illinois at Chicago, 2011

Chancellor's Graduate Research Fellowship – Awarded by the Graduate School, University of Illinois at Chicago, 2011 and 2012

Oxford Journals Doctoral Colloquium in Business History, Graduate Liaison – Business History Conference, 2011

Alfred D. Chandler Travel Fellowship in Business History and Institutional Economic History – Awarded by the Harvard Business School, 2010

Balch Institute Fellowship – Awarded by the Historical Society of Pennsylvania, 2010-2011

University of Illinois at Chicago Provost's Award – Awarded by the University of Illinois at Chicago, 2010

Oxford Journals Doctoral Colloquium in Business History, Participant – Awarded by the Business History Conference, 2010

Teaching Experience

Adjunct Professor

Western Civilization I (To 1500)
Early America: From Colonization to Reconstruction
United States, 1800-1900
Modern America from Industrialization to Globalization
Introduction to Social Sciences

Teaching Assistant

Western Civilization to 1648
Western Civilization Since 1648
American Civilization to the Late Nineteenth Century
American Civilization Since the Late Nineteenth Century
Twentieth Century America
America in the 1960s

Research and Professional Service

2012-2013 Co-coordinator, History of Capitalism Reading Group, University of Illinois at Chicago

2012-2013 Research Assistant, Leon Fink, University of Illinois at Chicago

2010-2011 Research Assistant, Processing records of the Chicago Board of Trade and Mercantile Exchange, Daley Library Special Collections, University of

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2009 Co-organizer, Chicago Graduate Student History Conference, University of Illinois at Chicago

2008-2009 Research Assistant, Richard R. John, University of Illinois at Chicago

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Membership in Professional Organizations

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American Historical Association

Business History Conference (Member of the Emerging Scholars Committee, 2011-2014)

Appendix

PUBLICATION AGREEMENT FOR BUSINESS HISTORY REVIEW

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Author(s): Cory Davis_____ (Lead Author)

[If more than one Author, one should be designated Lead Author.]

Article: __ The Political Economy of Commercial Associations: Building the National Board of
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