THE INVESTMENT FRONTIER

New York Businessmen and the Economic Development of the Old Northwest

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To Cecily

Preface

Too often historical literature has overemphasized the importance of geographic location, soil fertility, farmers' quick adaptation to surplus production, and the booster spirit of frontier entrepreneurs in explaining the economic development of the American West. Certainly each of the above factors, both alone and in concert, were important to economic expansion, but I contend that eastern capitalists, operating from the country's financial centers at New York City and Boston and from a score of smaller cities, provided the capital and financial expertise which were essential to frontier economic development and to the integration of the West into the nation's economy. In order to test these assumptions, this book analyzes the business careers of New York City financiers involved in the Old Northwest's urban and agricultural expansion during the frontier period from approximately 1830 to 1845.[1]

Three financiers serve as principal examples: Isaac Bronson, Arthur Bronson, and Charles Butler. Isaac Bronson was the patriarch of a remarkable family which, in the early nineteenth century, was just taking its place among New York City's financial aristocracy. Isaac Bronson had accumulated a fortune through shrewd speculation in government securities and land purchases in western New York. More important, he articulated a conservative philosophy of banking and economic development which provided a theoretical base for the family's business operations, particularly those of his son, Arthur Bronson, who oversaw the family's western land interests in the 1830s. Charles Butler, on the other hand, was born into a political family. His older brother, Benjamin, was a close friend of Martin Van Buren, and consequently Charles Butler also associated with members of Van Buren's political circle. As a young man in the 1820s, Butler practiced law on the frontier of western New York

State. Even though he eventually worked his way into the ranks of New York City's economic and social elite, his years on the frontier imbued him with the booster spirit and with an investment mentality different from that of his close friend and frequent business partner, Arthur Bronson.

The New Yorkers exerted their greatest influence on the West of the 1830s, an area usually designated as the Old Northwest, encompassing the modern day states of Ohio, Michigan, Illinois, Indiana, and Wisconsin. From the end of the War of 1812 until 1832, this region was a curious blend of civilization and wilderness. At one extreme, southern Ohio was settled and possessed a relatively balanced economy. To a lesser extent, this was also true of southern Illinois and Indiana. But with the exception of the outpost of Detroit, Michigan was still a wilderness as were northern Illinois and Wisconsin. Chicago and Milwaukee were only meeting places for the occasional exchange of furs between Indians and whites. Yet settlement slowly pushed westward. The Erie Canal opened the agricultural hinterland of western New York by 1825 and encouraged, within a few years, the movement of people further West by lake steamboats or over barely passable roads linking Buffalo with Cleveland and Detroit. By 1830, the pace of economic change had increased substantially. The southern cotton trade and the continued growth of agricultural surpluses in the East yielded good profits which stimulated further urban and agricultural development along the East Coast and in the interior, particularly in the New York City region. These developments led eastern businessmen to establish banks and trusts companies in order to create more credit and to support new investments. Meanwhile eastern capitalists, farmers, and urban dwellers were driven further West in the search for new opportunities. All these groups, therefore, participated in one of America's most spectacular booms in the years from 1832 to 1837.

During this economic boom, the entire region bordering the Great Lakes was transformed. Chicago grew from a fur trade village and military post of 250 in 1832 to a city of 4,470 citizens with numerous financial, educational, and religious institutions in 1840.[2] Nearly every state embarked on railroad and canal projects to link the surplus-producing agricultural hinterlands with burgeoning cities and outside markets. The boom came to an abrupt halt in 1838, though, and the entire region was plunged into a long and difficult depression. When the Old Northwest emerged from the depression in the mid-1840s, its financial leaders were sobered by the realities of economic loss, but they possessed a growing population, healthy markets for agricultural products, effective transportation links with the East and South, and stable urban centers such as Chicago, Milwaukee, and Detroit. By 1845, then, the Old Northwest had clearly passed through the frontier stage.

A number of problems confront the historian attempting to assess the eastern financier's impact on the West. The economy of the Jacksonian era was unorganized, and individuals, rather than institutions, often directed the movement of funds into various enterprises. As a result, historians lack statistical data on the movement of capital which would reveal the easterners' total investments in western banks, agricultural lands and city lots. Economic historians therefore must depend on the manuscript records of individual entrepreneurs in order to build generalizations.[3] Eastern businessmen of this period further complicated the historian's task because they preferred anonymity to publicity when conducting economic exchanges and particularly when influencing governmental and financial institutions. Eastern capitalists adopted a variety of strategies for concealing their presence in the West. Original land entries were made by their western agents to avoid charges of absentee ownership and onerous tax levies. Stock subscriptions to western banks and transportation companies as well as expenditures for improvements to their land were arranged through western citizens for similar reasons. They lobbied in territorial, state, and national legislative bodies for favorable laws relating to public lands and commerce, usually through subtle pressure on a sympathetic senator or representative.

Because the Bronsons and Charles Butler were hidden from public view, historical studies accorded more attention to their western agents, such as Lucius Lyon, Micajah T. Williams, and Charles Trowbridge.[4] In a 1969 article on land speculation in the Wisconsin Territory, for example, Paul Gates acknowledged that Arthur Bronson had been the largest single land purchaser in 1835 and 1836, yet Gates did not investigate Bronson's influence on the territory. Instead he commented that

> Too much emphasis should not be placed upon eastern capital investments in western land. One of the outstanding facts about the western land business is that westerners, men of initiative, imagination, and shrewdness, and perhaps some capital, early took the lead in buying and selling lands, representing others in the management of their property, laying out towns, subdividing property, renting town lots, houses, farms and exploiting mineral lands.[5]

Conceptual approaches to frontier history also hindered an accurate appraisal of the eastern financier's influence. Beginning with Frederick Jackson Turner's essay "The Significance of the Frontier in American History," historical scholarship concentrated on the farmer and his role in agricultural expansion.[6] Eastern capitalists usually entered the story as villians whose greed prevented farmers from securing their rightful claims to America's landed wealth. For years, historians, writing from a

NYLTC, established in 1830, reflected the special interests of its incorporators—New York's financial elite who petitioned the legislature for a charter. New York City bankers dominated the list which included John Mason of the Chemical Bank, John Hone and Lynde Catlin of the Merchant's Bank, Garrit Storm of the Phoenix Bank, Abraham Bloodgood of the City Bank, and Philip Hone of the Bank of America. The directors of the Bank of New York were heavily represented along with merchants and land investors, such as John Jacob Astor and Robert Troup.[6] Isaac Bronson figured prominently in the company's founding. He helped write the institution's charter and assisted William Bard, the company's first president, in securing the state legislature's approval.[7]

The trust company's incorporators were primarily conservative financiers upset by the liberal credit policies of commercial banks and the state's inability or unwillingness to regulate them. They envisioned the trust company as an agency for pooling their capital with that of hundreds of other investors both from within the state and from overseas. The trust company, then, was essentially a savings institution for the wealthy, a characteristic which the incorporators mentioned to the legislature when applying for a charter. The trust company's proponents did not request the power to issue notes because they assumed that the responsibility for note redemption would conflict with the company's primary investment function. The New Yorkers anticipated the trust company's taking over the role of moving capital into long-term investments, thus enabling New York's commercial banks to specialize in financing trade. They further hoped that this specialization in economic institutions would encourage financial stability throughout the country and return comfortable dividends to the stockholders and depositors.[8]

To ensure that the NYLTC would accomplish its purpose, Isaac Bronson and other key incorporators devised a charter that allowed them to select the board of trustees and the stockholders. To control effectively the company's operations, the organizers felt that the board of trustees had to represent the "right" people since the board was charged with appointing officers and formulating policy. When submitting the charter to the legislature, therefore, the New Yorkers named thirty of their number as the first board of trustees, thus avoiding the usual procedure of election by the stockholders. In order to guarantee control by a select few, the charter also stipulated that each trustee hold a minimum of $5000 in stock. The board of trustees also was structured as a self-perpetuating body since terms of office were indeterminate and vacancies were filled by the remaining trustees.[9]

Table 1 is a list of the company's trustees in 1833. It demonstrates the domination of New York City financiers, although several men—

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TABLE 1

NEW YORK LIFE INSURANCE AND TRUST COMPANY TRUSTEES, PLACE OF RESIDENCE, 1833

William Bard	New York City
James Kent	New York City
Thomas J. Oakley	New York City
Gulian C. Verplanck	New York City
John Mason	New York City
James McBride	New York City
John Duer	New York City
Stephen Whitney	New York City
Thomas Suffern	New York City
Nathaniel Prime	New York City
John G. Coster	New York City
John Jacob Astor	New York City
Isaac Bronson	New York City
Nicholas Devereux	Utica
William B. Lawrence	New York City
Jonathan Goodhue	New York City
Samuel Thompson	New York City
Peter Remsen	New York City
John Rathbone, Jr.	New York City
Peter Harmony	New York City
H. C. De Rham	New York City
Erastus Corning	Albany
Isaiah Townsend	Albany
Benjamin Knower	Albany
Benjamin F. Butler	Albany
Stephen Van Rensselaer	Albany
Thomas W. Ludlow	New York City
Peter G. Stuyvesant	New York City

SOURCE: New York State, Senate, *Communication from the Chancellor, Relative to the New York Life Insurance and Trust Company*, Senate Doc. 59, 57th Session, 1834, II: 16.

Benjamin F. Butler, Benjamin Knower, and Erastus Corning—represented the Albany Regency, the dominant faction in state politics. The board included both Whigs and Democrats in order to avoid charges that the company favored a particular political party. The trustees were also upper class and wealthy; of the twenty-two New York trustees, twenty appeared on either Moses Beach's list of wealthy New Yorkers or Edward Pessen's more recent tabulation. Almost all were either merchants or bankers. Those New Yorkers who did not appear on the lists, Thomas Oakley and John Duer, were well-known lawyers. Of the six trustees living outside New York City, all were either very wealthy or, like Benjamin Butler and Benjamin Knower, politically influential.[10]

Such close control was not unusual among the directors of nineteenth century banks. Whether accepting a trust for widows, dependents, or a wealthy customer, the organizers believed that the company's success partially depended on the public's confidence. Such confidence, they

TABLE 4
NEW YORK LIFE INSURANCE and TRUST COMPANY, FOURTEEN LEADING COUNTIES of MORTGAGE INVESTMENT, 1833, 1835, and 1837

1833		1835		1837	
County	Amount Invested	County	Amount Invested	County	Amount Invested
Albany	$125,019	Albany	$124,492	Albany	$ 132,262
Cayuga	84,192	Cayuga	82,729	Chautauqua	102,108
Chautauqua	70,944	Chautauqua	93,780	Erie	343,162
Erie	278,183	Erie	331,658	Genesee	354,276
Genesee	234,789	Genesee	329,642	Livingston	165,193
Livingston	122,859	Livingston	160,007	Monroe	361,626
Monroe	312,480	Monroe	318,676	New York	1,037,445
New York	596,922	New York	896,617	Niagara	343,847
Niagara	182,252	Niagara	315,902	Oneida	96,630
Onondaga	72,754	Onondaga	78,560	Onondaga	86,438
Ontario	109,756	Ontario	125,017	Ontario	132,412
Orleans	170,995	Orleans	373,742	Orleans	413,360
Tompkins	80,746	Tompkins	92,446	Tompkins	101,721
Wayne	133,948	Wayne	123,682	Wayne	125,503
Total	$2,575,839	Total	$3,446,950	Total	$3,795,983
Percentage of Mortgage Investments	77.5	Percentage of Mortgage Investments	77.1	Percentage of Mortgage Investments	66.1
Percentage of Total Investment Capital	62.1	Percentage of Total Investment Capital	53.7	Percentage of Total Investment Capital	56.1

SOURCES: New York State, Senate Doc. 59, 1834, II: 3-6; New York State, Assembly Doc. 143, 1836, III: 3-6; and New York State, Assembly Doc. 353, 1838, VI: 3-7.

and Benjamin F. Butler in Albany, who further checked for any encumbrances on the title and then drew up the mortgage. Once the counsels had checked the application, it came before a committee of the trustees which either approved, disapproved, or requested additional information.[23]

Because the western agents were so important to the company's operation, they were chosen with great care. The company preferred that agents possess legal training, and knowledge of land values, and that they hold positions of prominence in the local community. Many were former agents of land investors. The company also considered an agent's political preference, selecting both Whigs and Democrats in order to avoid charges of political favoritism. Agents were commonly located in cities and towns near potentially prosperous farming areas. There were, for example, agents in Buffalo, Lockport, Geneva, Utica, and Troy. Lot Clark, who represented the company in Lockport, Niagara County, was a land speculator as well as the principal stockholder of the Lockport Bank. Later in the 1830s, he would join with Arthur Bronson and Charles Butler in founding the Ohio Life Insurance and Trust Company.[24] Frederick Whittlesey, the agent at Rochester, had previously purchased land for Isaac Bronson and in 1839, he became president of the Bank of Monroe. Although Clark was a Democrat, Whittlesey was a Whig. The agent at Geneseo, Livingston County, was Philo Fuller, another former land agent. In the 1830s, he too served as a Whig representative in the legislature. In 1836, he moved to Michigan where he assumed the presidency of a railroad bank controlled by New York capitalists.[25]

No agent was more important than Charles Butler, and a part of Butler's influence was directly related to his early background. Charles Butler was born into a middle–class family in 1802 at the village of Kinderhook Landing on the Hudson River, sixteen miles north of Albany. Charles's father was a merchant with considerable political interest who served both as a state senator and as judge of Columbia County. Charles was educated at an academy in Greenville, New York, and then followed in the footsteps of his older brother, Benjamin, as a clerk in the law office of Martin Van Buren.[26] In 1822, he became deputy clerk of the New York State Senate, a crucial position for a young man contemplating a career in law and politics. After he was admitted to the bar, Charles Butler chose to practice in western New York. His decision to move West likely represented a desire to escape the shadow of his brother, Benjamin, who had become an intimate friend of Martin Van Buren and an important lawyer in Albany. Moreover, Charles Butler looked forward to new financial opportunities in the small boom towns along the path of the Erie Canal.[27]

As Ohioans searched for a permanent solution to capital shortages, the legislature's proposal for a state bank attracted attention because of the absence of movement among private capitalists to fill the void. The plan called for the creation of a state bank with capital borrowed from the East and with the state's credit pledged as security. The bank would establish branches throughout the state in order to meet local community needs. Subsequently, Governor Duncan MacArthur and the incoming governor, Robert Lucas, both advocated this plan in December 1832. Widespread public support seemed assured after an Ohio Senate committee reported that the total bank capital in the state was only $2 million, a mere fraction of the state's minimum requirements.[8]

Although sentiment had appeared to coalesce behind some type of state bank, the legislative session of 1833-1834 revealed the presence of opposing forces. In the first place, several groups of financiers requested charters for private companies and therefore opposed the state bank proposal. In 1833, these forces blocked any action on the state bank proposal in the legislature. At the same time, they secured immediate help for Cincinnati by approving a charter for the Franklin Bank of Cincinnati and by increasing the capitalization of the Commercial Bank of Cincinnati.[9] But the supporters of the state bank were not defeated, and Governor Lucas returned to the legislature in December 1833, with a slightly altered plan and a new issue. Lucas supposedly had strengthened his case by specifying that only Ohio residents could purchase stock. This move activated the westerners' fear of "foreign" capital controlling state institutions. Lucas's supporters argued that eastern capitalists already held a substantial majority of the state's bank stock, and they raised the possiblity of even further economic domination without a state bank.[10] Lucas further asserted that his proposition would save the money which Ohio citizens normally spent for interest payments on borrowed foreign capital. The *Ohio Monitor* estimated a net savings of $300,000 per year because the state would negotiate for loans from the East and from Europe, thereby acquiring a competitive rate of perhaps 4 percent. Without a state bank, the newspaper explained, private banks might secure foreign capital through stock subscriptions, but would pay dividends of 7 to 10 percent.[11]

Throughout the debate over the state bank, the arguments reflected a curious ambivalence of public officials and legislative bodies who were in desperate need of funds, but who were fearful of the political and economic influence which might be exerted by outside entrepreneurs. But it was a false issue often utilized to excite popular sentiment or to hinder an opponent's progress. Few members of the Ohio legislature in 1833 could really have believed that the construction of roads and canals had occurred without foreign capital. The essential debate was not *whether* to attract

foreign capital, but how best to accomplish it: either through private banks or through a large state bank.

A resolution of Ohio's banking problem came in the legislative session of 1834. The legislature defeated the state bank bill in a close vote, and it then proceeded to charter ten new banks with a combined capitalization of $4.4 million—$2 million of which was held by a single institution, the OLTC, located in Cincinnati.[12] Despite their rhetoric against foreign capital domination, then, the Ohio legislature, both Whig and Democratic members, had chartered the West's largest financial institution and one in which outside capitalists controlled two-thirds of the stock.

Acquiring a charter for the OLTC was a masterpiece of careful planning and a skillful job of political lobbying. Charles Butler initiated the idea of a trust company in Ohio and then stirred the interest of Isaac and Arthur Bronson. Together they sought the support of other New York capitalists who would assist in raising capital and preparing a charter.[13] Charles Butler, who directed the operation in its early stages, recruited members of the Albany Regency, such as his brother, Benjamin F. Butler, then attorney general of the United States; Martin Van Buren, Vice President of the United States; Thomas W. Olcott, president of the Mechanics and Farmers Bank of Albany; and William L. Marcy, governor of New York. Although their names added luster to the project, many of the politicians played only minor roles. Martin Van Buren, for example, wrote letters of recommendation for Charles Butler to facilitate his lobbying efforts in Ohio.[14] The Ohio venture was not an exclusively Democratic project, however, for Arthur Bronson recruited additional partners primarily from New York City's merchant and banking communities and from stockholders of the NYLTC. All the people most closely connected with the Ohio enterprise were known as the "associates," and they included, for example, Gould Hoyt, John Ward, Jonathan Goodhue, Stephen Whitney, James B. Murray, James King, Benjamin F. Butler, and Lot Clark.[15]

Charles Butler had insisted on a careful selection of the "associates" because he realized that disagreements among the promoters could wreck the enterprise; nevertheless, Lot Clark, the NYLTC's agent at Lockport, New York, briefly threatened to split the New Yorkers. Butler had initially excluded Clark from the inner circle because of his reputation for divisiveness, but Clark had pieced together the plan after a casual conversation with Isaac Bronson in the offices of the NYLTC. No sooner had Clark forced his way into the venture than he challenged Charles Butler's strategy for obtaining a charter in Ohio. Butler intended to request a new charter from the Ohio legislature, whereas Clark felt that they could obtain control of the Franklin Bank of Cincinnati and convert it into a jealousies, which Mr. Williams alludes to."[32] Bronson and Butler set out in August 1833, intending to visit Williams in Cincinnati after traveling through Michigan and northern Illinois to look over possible land purchases. Repeated delays and a sudden illness which struck Arthur Bronson, however, forced them to return to the East without stopping in Ohio.[33]

Charles Butler, though, felt that a trip to Ohio was essential. After a grueling two-month tour of the West in July and August, therefore, he set out again for Cincinnati in October 1833. Accompanied by his brother-in-law, Mahalon Ogden, and with letters of introduction from Thomas Olcott and Martin Van Buren, Butler left his home in Geneva, New York, traveling by wagon to Buffalo where he secured passage on a lake steamer. Forced off Lake Erie by a storm, he then took a stage to Cleveland and another from there to Columbus. At Columbus, Butler spent several days meeting local businessmen and presumably talking about the trust company. He next stopped at Chillicothe where he spoke with the state representative from that district.[34] Butler also tried to find Governor Robert Lucas, stopping first at his farm near Piketon but not overtaking the Governor until after a church service in Portsmouth, Ohio. Certainly the two men discussed the proposed trust company, although Lucas withheld his support since he backed the state bank plan. Governor Lucas, however, gave Butler additional letters of introduction to Cincinnati politicians. Since Cincinnati was the intended location of the trust company, Butler spent nearly two weeks there conversing with its leading politicians and businessmen. For example, he talked with David T. Disney, a Democrat and then president of the Ohio Senate; Jacob Burnet, a Whig and former senator; and John McLean, a Jacksonian Democrat and recent appointee to the Supreme Court. Many of Butler's contacts later became the company's most ardent supporters and members of the first board of trustees.[35]

Throughout his trip, Butler conscientiously kept a diary in which he noted Ohio's agricultural potential, its transportation improvements, and its influential people. Always with an eye to future investments, he missed few important points. Departing from Ohio in November, Butler was convinced of the OLTC's future success because of Ohio's economic potential. In characteristically booster prose, Butler observed that "I have left the State of Ohio, with deep impressions of its present & future greatness. The capacity of its soil—the character of its population—its commercial and agricultural resources—all . . . indicate at some future & no distant day it must become a star of the first magnitude in the galaxy of the States."[36]

Butler returned to his home by way of New York City and Albany in

order to speak further with financiers and politicians. Certainly he must have communicated his enthusiasm for the Ohio enterprise. In New York City, he stayed at the U.S. Hotel where he spoke twice with Martin Van Buren. He also met with William Bard, president of the NYLTC. Finally he journeyed to Albany where he visited with his brother, Benjamin, who was then preparing to depart for Washington to assume his duties as attorney general. When he arrived back in Geneva, Charles Butler must have been pleased with the trip. He had met with Ohio political officials and smoothed the way for the trust company. Moreover, the sentiment against foreign capitalists had not surfaced in Ohio among those people he had visited.[37]

While Charles Butler laid the political groundwork for the trust company, Arthur and Isaac Bronson assumed responsibility for preparing the company's charter. They asked their lawyer and close friend, Roger Sherman of Fairfield, Connecticut, to write the first draft using the NYLTC's charter as a model.[38] At the same time, they requested input from other New York associates. Charles Butler, for example, insisted that the company should be capitalized at $3 million. He remembered the attacks against the NYLTC because it controlled too much capital, and he obviously hoped to obtain a large capitalization before any backlash developed within the Ohio legislature. Butler also felt that a large capitalization would permit the institution to purchase Ohio internal improvement bonds for resale in foreign markets.[39] Thomas Olcott and Lot Clark, on the other hand, were more concerned with the OLTC's possessing the right to charge 7 percent interest on loans, thereby increasing the profits and making it an attractive investment to nonresident capitalists.[40]

Isaac and Arthur Bronson showed a draft charter to the New York City associates in June 1833. The new institution differed in several ways from the NYLTC, but the essential change was that the Ohio trust company possessed the powers of a commercial bank, that is, the power to issue notes and to deal in bills of exchange. Three years earlier, the Bronsons had supported the NYLTC because it divorced capital investment from note issue, but Jackson's veto of the recharter of the BUS had changed their approach. Isaac Bronson was convinced that without the restraining hand of the BUS, commercial banks would expand their note issues and lend their capital, encouraging speculation and inflation. The OLTC, he hoped, would show the nation that a large financial institution could invest its capital stock in land mortgages while simultaneously issuing notes to facilitate trade. For Isaac Bronson and his son, the Ohio institution represented a workable compromise between merchants desiring credit for short-term exchanges and farmers needing long-term capital. The Bronsons also knew that the charter's banking clause would appeal to

Considering that there were twenty-three original associates, Arthur Bronson needed to recruit many additional capitalists in order to distribute $1,500,000 of stock. Ordinarily this would have been an easy task, except that the associates wanted to carefully screen prospective stockholders because the stockholders eventually selected the board of trustees and the company's officers. Arthur Bronson first contacted all the associates to fill their stock requests. Frederick Bronson, Arthur's younger brother, visited the New York offices of Prime, Ward, and King, and they subscribed for 1000 shares. Similarly Gould Hoyt took 2,000 shares. By late May 1834, the Bronsons had parceled out 10,000 of the 15,000 available shares. Even with 5,000 shares remaining to be sold, Frederic Bronson indicated no intention to relax the standards of selection: "The residue of the stock not yet subscribed for can be disposed of without difficulty should it be indiscriminately offered to the public, but the gentlemen who have already subscribed think it would be more for the interest of the Company that the stock should be given to those who would probably take it as a permanent investment & not for speculation."[50]

To secure additional stockholders, the Bronsons took several steps. A general letter describing the OLTC was sent to selected eastern financiers. The Bronsons also wrote to political officials, such as Secretary of War Lewis Cass, to offer him an opportunity to purchase stock.[51] The Bronsons saw benefit in courting Cass because of his close ties to Jackson's administration. Cass also was influential in the Michigan Territory where he had served as territorial governor and where Arthur Bronson owned thousands of acres of land. In some cases, Arthur Bronson assisted potential stockholders by lending them the funds for the stock purchase. Charles Butler, for example, obtained fifty shares after borrowing the purchase money from Arthur Bronson.[52] By June 1834, the Bronsons had completed the distribution of stock in the East.

Table 5 is a list of the OLTC's eastern stockholders, and it reveals the effectiveness of the Bronsons' screening process. New York City's elite merchants and financiers, such as Peter Harmony, Isaac Carrow, Gould Hoyt, Goodhue and Company, and George Griswold, dominated the list. Moreover, Arthur Bronson had enlisted representatives of foreign and domestic investment firms such as Prime, Ward and King; John Ward and Company; and Nevins, Townsend and Company. The Bronsons thus had mobilized over $1,500,000 of eastern money for investment in the West in addition to linking the state of Ohio to foreign and domestic capital markets. The Bronson family held 1,050 shares, a sure indication of their intention to oversee the company's management. Despite his efforts in acquiring the charter, however, Charles Butler held only 50 shares. Most likely Butler's limited interest resulted from a chronic short-

age of money due to his penchant for investing in diverse promotional schemes.[53]

TABLE 5

EASTERN STOCKHOLDERS OF THE OHIO LIFE INSURANCE AND TRUST COMPANY, 1834

Stockholder	Shares	Stockholder	Shares
Anderson, Henry James	300	Lydig, D.	200
Battell, I., Jr.	200	Marshall, Charles	80
Beekman, Henry	100	McCracken, J. L.	150
J. D. Beers & Co.	100	McIntyre, A.	50
Belden, H.	50	Mead, Walter	50
Belden, Henry	50	Monroe, James	100
Berney, Robert	200	Mott, Valentine	50
Bowne, Walter	1,000	Mott, William	50
James Boyd & Co.	100	Murray, James	100
Bronson, Arthur	300	Nevins and Townsend	150
Bronson, Frederic	150	Oakley, Thomas	100
Bronson, Isaac	500	Abraham Ogden & Co.	100
Bronson, Oliver	100	Ogden, David	50
Butler, Benjamin	50	Olcott, Thomas	100
Butler, Charles	50	Osborne, Thomas B.	50
Carrow, Isaac	500	Paine, Elijah	50
Clark, Lot	250	Phelps, Thad	50
Clarkson, David	200	Power, Tyrone	50
Coster & Carpenter	200	Prime, Ward & King	1,000
Gruger, John	50	Rankin, Henry	100
Denison, C.	50	Redmond, William	200
Depau, Francis	150	Renalds, Thomas A.	100
DeRham, H. C.	250	Sedgwick, Robert	100
Dimon, Ebenezer	150	Sheaf, M.	120
Duer, John	200	Sherman, Roger	100
Gibbes, Thomas S.	100	Short, William	200
D. A. Glover & Co.	100	Spofford, Tileston & Co.	50
Glover, John	100	Stephens, Benjamin	250
Goodhue & Co.	200	Stephens, John	150
Goodhue, Iona	50	Suydam, John	150
Griffin, Francis	50	Talamadge, N.	50
Griswold, George	200	Tallmadge, James	100
Harmony, Peter	200	Throop, E.	500
Hoyt, Gould	2,000	Tibbits, Elisha	250
Jay, Peter	100	Tomlinson, D.	200
Jones, George	50	Tracy, Frederick	100
J. L. & S. Joseph & Co.	100	Waddington, J.	100
Lawrence, William B.	100	Ward, Henry	200
Leroy & Perry	100	John Ward & Co.	200
Lord, Rufus	200	Willett, Marinus	50
Lorillard, Peter	300	Total Shares	15,000

SOURCE: List of Stockholders to the Ohio Life Insurance and Trust Company, 23 July 1834, BP, 203. Since this list was a handwritten record of stock pledges, the final amounts given to individuals might have varied somewhat. It is also possible that the list includes a few Ohio citizens since the Bronsons might have distributed occasional shares to western citizens. The percentage of stock controlled by out-of-state residents, however, did not vary. See *The Second Annual Report of the Ohio Life Insurance and Trust Company* (Cincinnati: Looker, Ramsay & Co., 1836), p. 19.

The distribution of the 5,000 shares of stock in Ohio was apparently no more open than it had been in the East. Arthur Bronson had urged Williams to recruit the "right" Ohioans. Williams followed that advice and

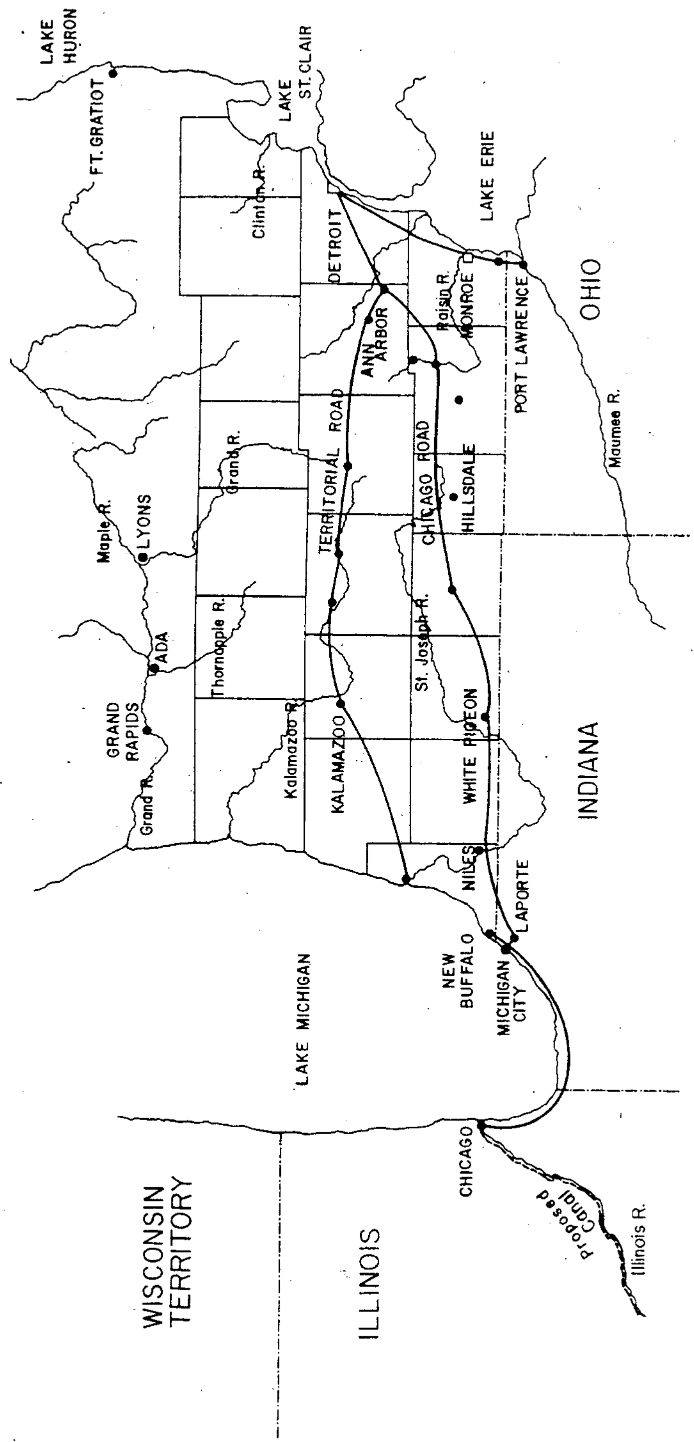

Fig. 2. Michigan and Northern Illinois in 1836 [This map is based on maps appearing in Robert J. Parks, *Democracy's Railroads: Public Enterprise in Jacksonian Michigan*. (Port Washington, New York: Kennikat Press, 1972), pp. 35, 51, and 132; and S. Augustus Mitchell, *Map of the States of Ohio, Indiana and Illinois With the Settled Part of Michigan* (Philadelphia: S. Augustus Mitchell, 1832 and 1838.]

Further West, Detroit was a more substantial outpost because of its early settlement as part of France's North American empire, yet persistent economic problems slowed its growth after the War of 1812. Detroit's residents were isolated because lake travel was infrequent; moreover, the city lacked a thriving commerce and a substantial agricultural hinterland. Its inhabitants, especially the French, were more interested in the fur trade than in the relatively sedentary occupations of merchant and farmer.[1]

West of Detroit, civilization had made only an occasional intrusion into the wilderness. In 1815, therefore, travelers avoided the unsettled areas of southern Michigan and took boats northward from Detroit on Lakes St. Clair and Huron. Mackinac was a strategic point as it guarded the passage between Lakes Huron and Michigan. Green Bay was the only substantial settlement on either the eastern or western shore of Lake Michigan. It had 250 inhabitants, most of whom were of English and French extraction and still loyal to the British government. Further south, Milwaukee, (then unnamed) was an occasional rendezvous point between the fur traders and the Indians. Wherever rivers flowed into the lakes, such as at present-day Kewaunee, Manitowoc, Sheboygan and Grand Haven, the sites were marked for trade but were unaffected by permanent settlements. Chicago had been the location of Fort Dearborn before the War, but its inhabitants had fled in the face of Indian attack during the War. Prairie du Chien, a small fur trading and mining settlement, was located across the territory on the Mississippi River marking the frontier's outer edge.[2] Strategic towns, then ringed the Northwest, but these were only frontier outposts and not harbingers of an emerging agricultural or commercial society.

After the War of 1812, though, the federal government had taken the first steps in the settlement process. Responding to the advice of frontier officials, the government began building forts in 1816 to guard strategic communication arteries. The forts were intended to prevent British participation in the fur trade and to curtail their contact with the Indians and fur traders at interior posts such as Green Bay. They were placed at the juncture of important routes of travel, such as Fort Shelby (Detroit), Fort Gratiot (Port Huron), Fort Mackinac (Mackinac), Fort Brady (Saulte Ste. Marie), Fort Howard (Green Bay), and Fort Dearborn (Chicago). Over the years, the military was also invaluable in the exploration of the country's interior, the collection of scientific data, and the construction of roads.[3]

Military policy was linked to the government's Indian policy. At most military posts, the federal government established Indian agencies whose agents were responsible for pacifying, educating, and, in general, introducing the Indians to Anglo-Saxon culture. Indian agents also regulated the fur trade since it was the principal contact between Indian and white cultures. Eventually Indian policy concentrated on the acquisition of Indian lands and the removal of whole tribes to areas further West in anticipation of agricultural settlement.[4] From 1815 to 1833, therefore, military and Indian policies had prepared the way for settlement even if they had not directly brought about economic expansion.

Throughout these years, the fur trade was the region's principal economic activity. John Astor's American Fur Company dominated the trade with its headquarters at Mackinac and a string of posts at central locations like Chicago, Detroit, Green Bay, and Prairie du Chien.[5] The Indians were an essential part of the trade since they obtained the furs and then sold them for liquor, beads, hardware, and clothes. The fur trade was a profitable enterprise for only a brief period, approximately from 1816 to 1832. When the Indians sold their land to the federal government and moved West, the American Fur Company lost its cheap labor supply, and the fur trade business was transformed. Many individuals continued to trap animals and sell pelts to local merchants, but by 1833 the fur trade was no longer an important economic activity in the emerging frontier society. The fur trade, moreover, had not generated any appreciable economic development in the Old Northwest.[6] It was an extractive business which stifled "spin-off" enterprises that would have led to urban and commercial expansion. The population of the leading trade centers, for example, had not increased significantly in twenty years. In addition, the fur trade generally bankrupted it participants. At Green Bay, Chicago, and Prairie du Chien, the leading traders were forced to surrender their land claims to the American Fur Company in order to pay off existing debts. The fur trade, thus, had been a stage of frontier development with few ties to the later settlement period.[7]

In 1832, several factors indicated that the Old Northwest was on the verge of great changes. There were already pockets of settlement far in advance of later population movements. Detroit and its surrounding hinterland were relatively settled, and across southern Michigan and northern Indiana occasional farms and villages dotted the landscape. These settlements, however, were the vanguard, and their number declined the further west one traveled. In 1830, for example, Michigan's western counties of Berrien and Van Buren had 325 and 5 people respectively.[8] Yet these western counties soon would fill with farmers and townspeople, for the federal government had purchased most of the Indian lands in the path of settlement. Some lands were even surveyed and readied for sale.[9] The defeat of the Sac and Fox Indians in the Blackhawk War of 1832 dispelled any lingering fears that Indians blocked access to the Old Northwest. Finally, favorable economic conditions in

the East coalesced with hundreds of more subtle personal factors to start the great western migration of the 1830s.

Arthur Bronson and Charles Butler were among the leaders of this movement. The two men first discussed a western trip in 1832 during one of Charles Butler's frequent visits to New York City on business for the NYLTC. Already involved in a trust company in New York City and planning for another in Ohio, the easterners were conscious of the fact that the Old Northwest was the next frontier of investment. The Blackhawk War in 1832 had alerted them to the region and to the availability of land. Throughout the winter and into the spring of 1833, Bronson and Butler gathered information about the western territories. Arthur Bronson spoke with General Winfield Scott, a family friend, who had commanded American troops at the conclusion of the Blackhawk War. Scott had traveled through a large portion of northern Illinois and southern Wisconsin in his elusive pursuit of military action, and he advised Arthur Bronson that Chicago stood at a critical location for trade in the new country.[10] Additional information about Chicago was secured from Daniel Jackson, a New York City merchant, who supplied goods for the western Indian trade. Through Jackson, Arthur Bronson was introduced to Robert A. Kinzie, a former Indian agent, fort sutler, and member of the best-known and most important family in early Chicago. John Kinzie, Sr. had been an employee of the American Fur Company and later an Indian agent at Chicago. After his death in 1828, his sons, John and Robert, followed their father's career as fur traders and Indian agents.[11] From Robert Kinzie, Bronson secured information on the territory surrounding Chicago plus an offer from Kinzie to sell portions of the family's holdings in Chicago. Bronson tentatively agreed to the purchase for $5,500 contingent on his personal inspection during the summer of 1833.[12]

Assisted by maps and descriptions of the Old Northwest found in John Farmer's *The Emigrant's Guide*, Butler and Bronson set out for the West in late June 1833.[13] Butler left from Geneva, New York, with his wife and a few friends and met Arthur Bronson at Rochester, New York, on June 28. At Niagara Falls, they spent a relaxing day with their friends before the two men headed south to Buffalo where they boarded a steamboat bound for Detroit. On board, Butler passed the tedious hours by keeping a diary and writing letters home, and these sources revealed his somewhat parochial and nativistic attitudes. Unimpressed by his fellow passengers, who were mainly Swiss emigrants, for example, Butler referred to them as "... naturally filthy and stupid, and hardly one removed from the natives."[14] At Cleveland, the steamboat stopped for a brief period, and here Blackhawk, chief of the Fox and Sac, boarded the ship for the trip to

Detroit. Although this was not the first time that Butler had encountered an Indian, his comments reflected a deep prejudice. It was ironic that Butler and Bronson came to Detroit in the same steamboat that carried Blackhawk, who had just completed negotiations with the federal government that required his people to move further West.[15]

On landing at Detroit on July 4, Bronson's and Butler's first reactions were unfavorable; their feeling resulted from the crowd which gathered to see Blackhawk and which engulfed the travelers as they left the ship. After a few days, however, the city seemed more hospitable. Part of Detroit's attractiveness was due to its transitional character. Even though it possessed many characteristics of a frontier outpost—a transient population and a primitive economy—Detroit was also sufficiently settled to offer the amenities of urban life such as a hotel and the pretensions of a society. Smaller settlements—Pontiac, Mt. Clemens, and Ann Arbor—surrounded Detroit adding to the country's settled appearance.[16] Detroit's strategic location for commerce particularly impressed Butler, and he wrote that "This place is destined to become a very great city and now its location is unequalled by that of any other place in the union; it has a great back country to contribute to its wealth, & prosperity; the whole territory comprising as fertile a tract of land as can be found in any part of the United States contributes to the business and trade of Detroit . . . ."[17]

Although the New Yorkers had intended to remain in Detroit only a few days before departing for the potentially more rewarding opportunities at Chicago, they extended their stay to explore the city's investment possibilities. Bronson and Butler contacted resident businessmen and explored with them the purchase of city lots and farm land. Information came easily because Butler and Bronson were celebrities in Detroit society. The city's economic elite entertained them, leading Butler to remark "we have had at least four or five parties on our account, & we feel that we should clear out soon to save our credit & relieve the city."[18] Although their extended stay in Detroit was a pleasurable experience, it was also a business trip. Butler kept a record of everyone they met and noted their economic and political position within the territory. His diary included the names of the city's principal politicians and businessmen: Elon Farnsworth, Charles Trowbridge, Oliver Newberry, Major Thomas Forsyth, Thomas Sheldon, and Governor John Porter. From these initial meetings, Bronson and Butler later selected two land agents for the Detroit area, Charles Trowbridge and Elon Farnsworth.[19]

Besides establishing economic and social relationships in Detroit, Butler and Bronson visited other towns and inspected farm lands in the area. On July 9, they rode approximately thirty miles into the interior to look over agricultural lands, and on July 12, they secured passage on a

steamboat bound for Fort Gratiot on Lake Huron.[20] Although several small settlements existed along the St. Clair River, few settlers had come as far north as Fort Gratiot even though a military road had been completed from Detroit in late 1832.[21] Although planning only an overnight trip, the party was stranded eighty miles from Detroit at the juncture of the Black and St. Clair rivers when the boat's rudder broke. While waiting for repairs to be completed, they explored the region in the vicinity of Fort Gratiot. Charles Butler, who would later plat a village at this site, noted the region's characteristics:

> We occupied the afternoon in a visit to the Fort, and a ramble along the shore of Lake Huron. The scenery is beautiful beyond description; but it was like a great ocean, of blue water in the midst of a solitary desert; the fort is the only settlement (except for a little settlement beginning at the Black Creek) in all the country . . . . At Black River there is a small settlement of perhaps 8 or 10, log & frame houses all connected with a very extensive steam mill which has lately been put in operation there . . . .[22]

Lacking suitable equipment for further exploration and bored with the prospect of spending several days at Fort Gratiot, the group abandoned their vessel and crowded into a schooner hauling lumber to Detroit. Thirty-five miles into the voyage, a storm forced the small craft to seek shelter off the lake. After an overnight stay in a small cabin on shore, the travelers resumed their voyage, even though the rain and high winds continued. That evening, they again sought shelter. Butler found some consolation in the incongruity of their predicament: two refined and wealthy easterners trapped in a small boat on a lake in the West. In writing to his wife, Butler described their difficulties: "You would have been amused to have seen us in our forlorn plight; wet and jamed [sic] together in this little cabin & hungry & cold. We were glad to take up with the captain's fare, a bit of pork & sour bread. It relished very well, I assure you. Mr. Bronson ate of it with avidity."[23] The storm finally broke, enabling the New Yorkers to arrive back in Detroit on Wednesday, July 17.

Having decided to leave for Chicago the following week, Butler and Bronson filled their final days in Detroit with business meetings and social events. They had an additional interview with Governor Porter and attended an evening party where they conversed with the explorer and Indian agent Henry Rowe Schoolcraft. Later they met with Chicagoan John Kinzie, who had stopped at Detroit. Discussions with Kinzie most likely centered on the property which he had for sale in Chicago. They also talked with the former governor, Lewis Cass, who was then Secretary of War. The conversation covered a number of topics including politics and investment opportunities. Cass was an invaluable source of information since he had led exploring expeditions throughout the Old Northwest. Cass also owned valuable lands near Detroit which would surely become part of the city when it expanded. Bronson and Butler discussed the possible purchase of this parcel.[24] Finally they met Lucius Lyon, Michigan's territorial delegate and a former land surveyor, who owned a considerable amount of real estate in Michigan's interior which he desired to sell to the New Yorkers. Lyon impressed both men, and later he was employed as Arthur Bronson's land agent.[25]

Thus Bronson and Butler made good use of the three-week stay at Detroit. They met most of the territory's leading political and economic leaders. They also acquired an in-depth knowledge of the region's most favorable investment possibilities. In mid-July 1833, Butler expressed the New Yorkers' excitement over Detroit: "While Buffalo and Cleveland have engrossed speculators, Detroit's a place ten thousand times more important than either, [and] has escaped—simply because it is in a territory, there is however the germ of speculation existing here, & an intimation would develop it. Mr. Bronson and myself have come here at a fortunate time."[26] Rather than lose the advantage of their early arrival and excellent contacts, Bronson and Butler changed previous plans to delay all land purchases until they had completed the journey. On July 19, Butler instructed his law partner in Geneva, New York, to call in any outstanding debts and to convert all his assets to cash. "I shall desire to sell," Butler wrote with characteristic zeal, "all that I own in the world (except my house) including bank stock . . . to invest it & all my earnings into property here."[27] Butler and Bronson, then, formed a partnership with Detroiters Elon Farnsworth and Charles Trowbridge for the purchase of city lots and surrounding farm lands.[28]

With their business nearly completed, they then prepared for the overland trek to Chicago. For two easterners, a three-hundred-mile horseback ride across southern Michigan was an arduous undertaking. To ease the difficulties, they purchased several horses, outfitted a wagon with provisions, and acquired the appropriate dress—hats, leggings, and saddlebags.[29] Butler, nevertheless, was uneasy about the trip even though Detroiters "talk of a ride to Chicago as we talk of a visit to Buffalo, and I suppose when we get to Chicago that the people there will advise us to go to the Rocky Mountains."[30] Yet the scores of emigrants who daily poured into Detroit on their way West partially allayed Butler's fears. He wrote that "I met with people from all sections here; the Americans are literally a stirring, & travelling people; they want to see every nook & corner of the country. Everybody is going to Chicago, & we shall doubtless meet with hundreds on the same pilgrimage with ourselves tho with very different objects."[31]

In 1833, there were two overland routes to Chicago. The territory had authorized the building of a road in 1829, and even though it was not officially completed, many travelers used it in the early 1830s. The Territorial Road ran southwest from Detroit to Ypsilanti, then turned north and west through the modern-day cities of Ann Arbor, Jackson, Battle Creek, and Kalamazoo. Then it turned southwest through Van Buren County to St. Joseph on Lake Michigan. But in 1833, the Chicago Road was the preferred route because it ran through more settled territory. It had been designed as a military thoroughfare connecting the military posts at Detroit and Chicago. The Chicago Road ran west from Detroit to Ypsilanti, then veered south and west to Tecumseh passing through the lower tier of counties west to Coldwater and White Pigeon, and south around Lake Michigan to Chicago.[32] Even though Bronson and Butler selected this route, they took periodic side trips both north and south of the road.

The New Yorkers left Detroit on July 24 accompanied by Gholson Kercheval, a sub-Indian agent at Chicago, who acted as guide. They quickly rode through southeastern Michigan passing the small villages of Saline, Clinton, and Jonesville. Although they described the terrain as pleasant, neither man was impressed with the topography as it compared to regions of western New York.[33] Upon entering Branch County, however, the New Yorkers first sighted the prairie region of southern Michigan, and they slowed the journey's pace in order to investigate the possibility of purchasing land. After passing the smaller prairies of Coldwater and Sturgis, they approached a large prairie surrounding the village of White Pigeon. Butler remarked that

> White Pigeon is a pleasant little village . . . situated in the center of an extensive & beautiful prairie 6 or 7000 acres: What is a prairie? It looks like the great ocean, for there is nothing to obstruct or intercept the view except here & there a house; a perfectly level plain without a tree or bush or stone; encircled in the background with the dense & noble forest which looks like the frame of the picture.[34]

At White Pigeon, the financiers stopped for three days to explore the area more thoroughly. White Pigeon was a small town of approximately 600 inhabitants and the temporary site of a federal land office. The surrounding region had attracted many farmers because of its fertile lands and its accessibility from the Chicago Road. Approximately 3000 people each lived in St. Joseph and Cass Counties.[35] While Charles Butler ventured south into Indiana, Arthur Bronson explored the area to the north. He rode twenty-five or thirty miles into Kalamazoo County and onto the Big Prairie Ronde, the largest of Michigan's prairies encompassing 130,000 acres. Most likely, Bronson's route was dictated by prewith John Ward of Prime, Ward and King, and with Lucius Lyon. Thomas W. Olcott, president of the Mechanics and Farmers Bank of Albany and a frequent partner in Bronson's land investments, and Garrett V. Denniston, an Albany lawyer, held the other 50 percent interest.[66]

The eastern partners at first made a substantial effort to make the site attractive to politicians and settlers. In 1835 and 1836, they sent approximately $35,000 to the resident agent, Lyman Daniels, for building construction and street repairs. Some of this money financed the migration of carpenters and masons from New York City to hurry completion of the buildings to accommodate the possible meeting of a territorial legislature. Bronson simultaneously worked on a lithographic map which marked out each lot and block and named the streets after the town's proprietors: Arthur, Frederic, Prime, Ward, and Denniston Streets. Bronson, Olcott, and Denniston also made a time-consuming, although unsuccessful, effort to seize the stock control of the Bank of Wisconsin in order to move it to Cassville. They lost this battle to other eastern capitalists such as John Jacob Astor and John Martin, who were pushing Green Bay as the site of the territorial capital.[67]

Losing the bank charter was the least of Bronson's worries at Cassville, for in 1835 and 1836 he faced a serious challenge to his legal title. Bronson had originally purchased a part of the plat from a local settler, Richard Ray, who held a preemption claim to the tract. Bronson then had routinely applied to the General Land Office for a patent. But Bronson's ownership was challenged by another local resident, William Weyman, who claimed that he had a half interest in Ray's preemption. When confronted with conflicting claims, the commissioner of the General Land Office and ultimately the President had to decide whether to approve a final patent.

Throughout the spring and summer of 1836, Arthur Bronson tried to resolve the contested legal claim. This effort was not characteristic of Bronson's behavior since he had withdrawn from other investments at the slightest indication of economic or political difficulty. In this case, though, he carried on an extensive correspondence with officials of the General Land Office and even the President. At one point, Bronson went to Washington to present his case before land office officials and the attorney general. A main point in his argument was that local officials tentatively had confirmed his title. With such assurances, Bronson pointed out that he had spent a considerable amount of money in providing facilities for the legislature to meet at Cassville.[68] Attorney General Benjamin F. Butler, however, issued the government's opinion that tentative assurances from the local land office or even the General Land Office did not constitute a legal title. Realizing that his position was tenuous,

Bronson settled with the other parties contesting the preemption. He bought out Weyman's claims, thus establishing his ownership and ending rumors of defective titles harmful to Cassville's image.[69]

Along with the entanglement over the Weyman claim, Bronson experienced numerous problems with his agent, Lyman Daniels. Daniels had piqued Bronson's patience in early 1834 when he had avoided several scheduled meetings. Daniels also failed to submit his semiannual accounts. Bronson once complained that Daniels had not sent him a land title in over a year nor had he accounted for over $20,000 intended for Cassville's improvement. During the crucial months in the summer of 1836, moreover, considerable responsiblity for Cassville's promotion fell to Daniel's young and recently employed assistant, Nelson Dewey.[70]

Cassville's promoters also stumbled in trying to exert political influence on local politicians. In the final meeting of the Michigan Territorial Council at Green Bay in January 1836, the delegates had recommended to Congress the creation of the Wisconsin Territory with a capital at Cassville. Lyon, who was senator-elect from Michigan, tried to strengthen that recommendation by asking George Jones, the territorial delegate-elect from Wisconsin, to insist that Congress name Cassville as the capital in the bill creating the Wisconsin Territory. Bronson even suggested that Jones might be offered a share in the Cassville site. But in March 1836 charges surfaced that Cassville was controlled by eastern financiers, and territorial politicians, fearing the adverse effect of such allegations on the creation of the territory, agreed to a bill which left the selection of a capital to the governor and the people.[71] Undaunted, Lyon offered lots at Cassville to John Horner, the leading candidate to be named secretary of the Wisconsin Territory, and Horner agreed to move to Cassville in order to assist in its promotion. When Horner was subsequently named secretary of the Wisconsin Territory, he immediately opened the territory's executive offices at Cassville in the absence of the newly appointed governor, Henry Dodge, who was in Washington. Lyon and Horner obviously hoped that the temporary location of territorial offices in Cassville would improve its chances of becoming the capital.[72]

In this endeavor, Bronson and his associates were outsmarted. Governor Dodge left the final decision of naming a capital to the first session of the territorial legislature which was to meet in the fall of 1836. This legislative session turned out to be more a congress of real estate promoters than a legislative body. Although the easterners had sent Garrett Denniston and John Horner to lobby for their interests, several other towns had enlisted their own supporters. But Denniston and the others were no match for the promotional skills and political clout of the wily territorial politician James Duane Doty who presented a plan for a capital were his agents limited by contract, but also the New Yorker specified the type of investment, the location, and the amount. A constant stream of correspondence moved from East to West as Bronson monitored the westerners' more liberal approach to land and city speculations. Moreover Arthur Bronson or some other member of the family made yearly trips to the West to inspect land purchases and to maintain a personal supervision of their agents. In order to understand the needs of the western economy and to make proper business decisions, Bronson also read numerous western newspapers, reviewed state internal improvement documents, checked appropriate state and national laws affecting land titles, and kept an elaborate account for each agent and each parcel of land purchased. Arthur Bronson, thus, does not fit the image so popular in historical literature of the eastern land speculator subservient to the actions and plans of western agents.[89]

It was perhaps Bronson's basic conservatism, however, that most distinguished his attitudes from those of his western agents, led to his change in investment practices in 1835 and 1836, and protected him from the deflation of land values in 1837. Based on his extensive knowledge of national banking practices and his awareness of the history of previous land booms, Bronson decided that the nation's economy was in trouble and that the value of town property and some agricultural land had inflated beyond its intrinsic worth. He closed several partnerships and sold those lands that appeared too speculative—such as lots at Grand Rapids, Detroit, Chicago, and Lyons. Of course, he held onto some lots and even purchased additional farm land, but more and more he chose to lend money to farmers taking land as security and obtaining an annual interest. Understandably his western agents—Trowbridge, Farnsworth, Kinzie, and Lyon—regarded him with dismay. In the middle of burgeoning western communities and caught up in the booster spirit, they used all their capital and credit to purchase Bronson's share, buy other lands, and undertake internal improvements. These differing judgments about land values reflected the conservative and liberal approaches to western development and later provided some explanation for patterns of financial success and failure among individuals.

6. An Eastern Promoter: Charles Butler and the Economic Development of the Old Northwest, 1835-1837

This chapter describes the western investments of Charles Butler during the years of economic expansion. Butler was a promoter, a risk-taking entrepreneur who sought the "main chance" and who never doubted the West's potential for uninterrupted economic growth. Possessing only modest capital resources in the early 1830s, Butler had shared in Arthur Bronson's investments, but by 1835 he had established a financial base that enabled him to embark upon his own business ventures. The ambitious New Yorker organized or participated in many partnerships and stock companies to buy agricultural land and town lots, and he was an important broker in mobilizing eastern capital for investment in western railroads and banks. Whereas Arthur Bronson withdrew his capital from western townsites in 1835 and 1836, Butler chose that period to undertake massive development projects at Chicago, Illinois; Toledo, Ohio; and Port Huron, Michigan. Butler's career, then, was in stark contrast to that of a conservative investor such as Arthur Bronson.

Charles Butler climbed rapidly in the political and financial world during the early 1830s. He participated in the New York Life Insurance and Trust Company and the Ohio Life Insurance and Trust Company, and few men possessed a better understanding of the role of banks in facilitating economic development. His western investments in partnership with Arthur Bronson returned a substantial profit, and this success probably fired Butler's desire for more extensive undertakings. In addition to his financial expertise, Butler was politically influential. His brother, Benjamin, was the Attorney General of the United States and his Albany friends, like Edwin Croswell, the editor of the *Albany Argus*, provided easy access to Democratic politicians in New York State. Butler also knew Martin Van Buren, and, on one occasion, they shared land there with the Indians, and Detroiters regularly tapped the abundant lumber supply in the surrounding region. The military had established Fort Gratiot there in 1814 to guard access to both the upper lakes of Huron and Michigan and the lower lakes of St. Clair and Erie. The military's presence eventually led to congressional approval in 1827 for the construction of a road from Detroit to the fort. Despite this military and economic activity, Butler found a sparse settlement when he visited in 1833. In addition to the eighty–man contingent at Fort Gratiot, the population consisted of only eight families totaling perhaps fifty people. Local citizens, hoping for a population influx in 1834 and 1835, drew up several city plats both north and south of the Black River, but little economic development resulted until Butler planned a city in the region.[37]

Butler again combined individual and corporate investments at Huron. In 1836, he purchased land north of Fort Gratiot for $125,000. Even though the tract was entered in his name, it was held in trust for the Huron Land Company, a stock firm composed of eastern capitalists, many of whom also held shares in the American Land Company. Joining Butler as the principal stockholders were William Bard and Edward Nicoll, president and cashier of the New York Life Insurance and Trust Company. Other New Yorkers included Benjamin F. Butler, Erastus Corning, Joseph Beers, a Wall Street banker, and Thomas Suffern, a merchant. There were also Boston stockholders, such as John McNeil, former commander at Fort Gratiot, Samuel Hubbard, and John Borland. Butler also acquired land south of Fort Gratiot bordering on the Black River, and the American Land Company bought agricultural lands in the general area.[38]

Butler supervised the site's development. He first warned his eastern partners to avoid visiting the region for fear of alerting their local competitors. Meanwhile, he began a search for a reliable agent, and in the late summer of 1836, he contacted Nicholas Ayrault, a resident of his former hometown, Geneva, New York. Stressing Huron's potential for retail businesses, Butler offered to pay Ayrault's expenses for a journey there and promised him a share in the entire plat. Shortly after his visit, Ayrault agreed to manage Butler's affairs there plus the accounts of the Huron Land Company and the American Land Company.[39]

In 1836, Butler oversaw the writing of two promotional pamphlets on Huron designed to attract settlers and investors. No sources better illustrated the New Yorker's promotional mentality and unbounded enthusiasm for the West. According to Butler, Huron was destined to become a key trade center standing between the trade of the upper lakes—Michigan, Huron and Superior—and the lower lakes—Erie and Ontario. The narrow channels of the Detroit and St. Clair Rivers prevented the free movement of large ships into the upper lakes, Butler explained, and thus Huron would become both a point of trans–shipment and of original shipment between the two tiers of lakes. Given this belief, it is not surprising that Butler's plat consisted of 8,000 lots, sufficient for a city of 40,000 inhabitants.[40]

But the New Yorker had even greater hopes for Huron. He believed that it had the potential to become a gateway city, the principal transfer point for goods and people moving from East to West. At that time, travelers heading for Chicago or destinations further West took lake steamers north on Lake Huron through the straits of Mackinac and then down Lake Michigan's western shore to Chicago. A more difficult overland trek was also possible from Detroit across southern Michigan to Chicago. Yet the publications about Huron suggested a possible alternative route. Butler envisioned a combination of lake and railroad conveyances which would shorten the distance and the time between East and West. Embarking by lake vessel from Oswego on Lake Ontario, for example, the emigrant could travel to the head of Lake Ontario at Hamilton. From Hamilton, a railroad would carry travelers across Canada, stopping at London enroute to Point Edward near Sarnia, Ontario. Sarnia, located directly across the St. Clair River from Huron, was a short trip by ferry. This route, combining lake and railroad travel, avoided the longer, more tedious itinerary from Buffalo on Lake Erie to Detroit and then north to Huron. Readers were assured that the Canadian government had recognized the advantage of diverting travelers into Canada to reach northern Michigan and stops further West. Butler cited numerous reports written by the Canadian government which indicated that plans were underway for a railroad from Hamilton to Sarnia.[41]

The brochures also suggested that Huron would become the principal transfer point for travelers heading further West. In 1837, Michigan was committed to a railroad running across the northern counties linking Lake Huron and Lake Michigan. If Huron were selected as the railroad's eastern terminus, it would guarantee the viability of the townsite and a steady stream of emigrants to the state's northern counties. Yet Butler also projected that the railroad would connect with ferries across Lake Michigan to enter Chicago or Milwaukee, thus obviating the need for the more southerly route across lower Michigan. One pamphlet concluded with the following observations on Huron's potential as a strategic trade and transportation center:

> These considerations of shorter and easier routes of travelling, . . . address themselves to all classes of persons, who are desirous of investing at the West, and especially to emigrants, who must look at the fact, that the State of Michigan by the construction of the Great

Although disappointed that his program had not reached Congress before Cambreleng's distribution scheme, Isaac still requested Whittlesey quietly to seek the opinions of powerful congressional leaders and members of the administration. Whittlesey's response was not only a caustic evaluation of the country's political leadership but also a signal that the fiscal agency was doomed. Of President Jackson, Whittlesey observed that "he only thinks through (Amos) Kendall . . . and is grossly ignorant of the details and principles of currency and banking . . . ." In any case, Whittlesey said, Jackson "is as the king on his death bed, and all look to his successor. No one cares what Jackson thinks now." Whittlesey, though, left little hope that Martin Van Buren would be favorable to the New Yorker's plan: "Van Buren knows perfectly well the absolute incapacity of the present deposit banks, to carry on the business of the government with safety to themselves, the people, & the government; but he dares not move an inch to the right or left, until after the election . . . ."[23]

Despite Whittlesey's report, the Bronsons embarked on an intensive lobbying campaign. They asked Lucius Lyon, who served as Michigan's Democratic senator, to use his influence with members of Congress.[24] Charles Butler wrote to his brother, the attorney general, and urged him to accept the idea. But Benjamin F. Butler refused, explaining that the administration was still involved in a life and death struggle with Biddle's bank which had acquired a charter from the Pennsylvania legislature after the expiration of its congressional charter. The Attorney General further warned his brother to "avoid all entangling alliances with those persons and classes whose habits, feelings, and principles . . . " were not in favor of popular government.[25]

Although unable to sway his brother, Charles Butler still journeyed to Washington in the company of Arthur Bronson to lobby for the proposal. Arthur Bronson first presented the plan to the President, and then he met with Senator John Calhoun. Calhoun, though, refused his support because he no longer believed that the country needed another national bank.[26] Butler, meanwhile, visited Churchill C. Cambreleng in order to reinforce the message contained in a series of letters which Isaac Bronson had already addressed to him. Isaac Bronson had warned Cambreleng that the country was headed for a depression unless the administration changed its economic policy. Cambreleng, though, told Butler that political considerations prevented any drastic changes.[27] His patience exhausted and frustrated by years of inaction, Isaac Bronson bitterly attacked Cambreleng's statement that politics determined the administration's financial policies:

> . . . Everybody knows already who knows anything that the system must be changed, and that the commercial storm will terminate in shipwreck if something is not timely done to allay its fury. It is not within the reach of my comprehension to perceive how this plain business like transaction can have anything more to do with party politics, or political questions of any kind, then if it had for its object the extrication of a stagecoach from a slough which had been upset by unskillful drivers.[28]

The Bronsons realized from the beginning that the political climate was unfavorable to action on their proposition. Isaac Bronson believed that Van Buren and the Albany Regency politicians intended to use the Pet Banks and the distribution of the Treasury surplus to insure support in the 1836 election. The Bronsons had gambled that they could back Van Buren into a corner by gaining the support of key Regency politicians surrounding him, but Van Buren proved a worthy adversary. Sensing defeat in April 1836, Isaac Bronson spared few kind words for politicians. He harbored a special dislike for Van Buren claiming that if Biddle had not mismanaged the Bank of the United States ". . . Mr. Van Buren would not now have had the public revenues under his control for the purpose of electioneering and stock jobbing enterprises nor would he have been any nearer the President's chair than I am."[29] When Congress passed an act for the distribution of the government's surplus funds to the states, the Bronsons temporarily suspended their campaign to alter government policy. Most supporters of a national bank now looked for certain financial disaster. The Bronsons, for example, curtailed their land investments and warned their western agents of the approaching financial storm.

Although the Bronsons temporarily withdrew from further effort at the national level, their struggle for banking reform continued in the states. In Michigan they attempted to influence the state's laws related to banking. Before admission into the Union, the Michigan Territory held a constitutional convention from May to June 1835, at which Arthur Bronson's agent, Lucius Lyon, chaired the committee on banking. At Lyon's request, Isaac Bronson sent copies of his various bank proposals and even suggested wording for proposed articles in the Michigan constitution. When Lyon's committee issued a report, it bore the unmistakable imprint of Isaac Bronson. The report criticized the country's banking system claiming that the excessive issue of notes was the chief defect. The report recommended that Michigan should require all banks to issue notes only for sixty or ninety days and that all banks should invest their capital in land mortgages. Lyon's justification for these proposals merely paraphrased Isaac Bronson's ideas:

> By retaining, for merchants, the facilities and advantages usually derived from the *credit,* and giving, on good security, to farmers and

as Thomas Olcott and Arthur Bronson initially accommodated these requests, and thus they supported the fragile credit arrangements between East and West. When the depression worsened, falling property values combined with the unpaid interest and principal on his obligations again threatened Butler's financial position. He countered by surrendering more and more property to secure his existing notes, and by 1838 he occasionally gave up parcels of land in order to cancel a debt. By late 1838 Butler exhausted his available specie and therefore resorted to the complicated transfer of his debtors to his creditors. For example, Charles Trowbridge and Elon Farnsworth together owed Butler in excess of five thousand dollars secured by mortgages on Detroit property. Butler made the Detroiters' obligation payable to Arthur Bronson who then cancelled a part of Butler's outstanding debt to him. Trowbridge and Farnsworth, of course, were now obligated to Arthur Bronson.[8]

In addition to his unsettling financial problems, Butler was also faced with severe personal problems. His misfortunes began with the death of his second son, Arthur Bronson Butler, in 1835, followed by his wife's serious illness. Tragedy struck again in June 1838, with the death of another son, Charles. Given the economic and psychological strain, it is not surprising that Butler himself was stricken with a serious throat and lung ailment in 1838. At this point, physicians recommended an ocean voyage and a change in climate, and the New Yorker, in the company of family and friends, left for England in July 1838. Although he originally planned to return in two months, he found little relief from his illness in England and went on to France. Eventually, his travels took him to Italy where he stayed throughout the winter of 1839. This sojourn apparently had its beneficial physical and psychic effects, for Butler returned to the United States in June 1839, and immediately plunged into salvaging his financial affairs.[9]

The effort would take all the spirit he could muster, for in the spring of 1839, Butler's creditors were both numerous and angry. At minimum, he owed $8,686 to the New York Life Insurance and Trust Company; $3,000 to his former law partner, Bowen Whiting of Geneva, New York; $19,000 to Joseph Beers, a New York merchant and banker; and $30,000 to the Bronson family.[10] He was also indebted to Thomas W. Olcott's Mechanics and Farmers Bank for $30,000 and to Erastus Corning's Albany City Bank for an equally large sum. To further complicate the situation, Butler's debts affected many other people who were either partners or endorsers on his notes. William B. Ogden had cosigned several notes when purchasing land for the American Land Company, and in 1840 Ogden feared that these notes would ruin both him and Butler. On the notes to Olcott's bank, Martin Van Buren and Benjamin F. Butler were

secondarily responsible. Ironically, this fact probably helped Butler because Olcott was anxious to keep President Van Buren's name off the bankruptcy pages of the newspapers.[11]

Butler's extended trip to Europe and his inability to pay his debts naturally threatened his reputation even with his old friend Arthur Bronson. When rumors circulated that Butler teetered on the brink of bankruptcy and that he had settled some debts but not others, Bronson doubted whether his friend ever intended to reimburse the Bronson family. Butler's obligations included a $10,000 note to the estate of Isaac Bronson, a $5,000 note to Oliver Bronson, and a $23,000 defaulted mortgage on which Butler was secondarily responsible. Before other creditors moved against Butler, Bronson instructed a Chicago law firm to obtain a writ attaching Butler's property in Chicago as security for debt payment. Bronson's letter to his Chicago lawyers indicated the strain in his relationship with Butler: "I feel that I have been ill used by Mr. Butler & believe that he is conscious of not having done justice to me. I have however no disposition to injure him in any way . . . . But I am bound in justice *to myself* and to those for whom I act, to protect my & their interest, even if the feelings of others should thereby become hostile and unfriendly to me."[12]

Butler, however, scurried to avoid such legal action, conscious that any hint of bankruptcy would besmirch his reputation and completely ruin his chances for recovery. In 1840, he issued a document publicly acknowledging the outstanding debts which he owed to each of his major creditors. At the same time, he informed the noteholders that he had borrowed a sum of $100,000 from his brother, Benjamin F. Butler, which would be used, beginning in 1843, to repay his debts. In effect, Charles Butler asked his creditors for a three year extension in return for his legal declaration of indebtedness and a guarantee that funds existed for payment. Arthur Bronson, as well as Butler's other creditors, realized that the document represented little additional legal or economic security since neither cash nor property had been exchanged. They, nevertheless, accepted Butler's promise since it was more advantageous to receive late or reduced payments than to force Butler into bankruptcy.[13]

In subsequent years, Butler took other steps to reduce his indebtedness. He often surrendered property, even though of limited market value, in order to liquidate specie debts. In other cases, he would agree to make periodic payments in exchange for an immediate reduction in the debt's principal. Occasionally, Butler allowed his creditors to take the security pledged for specie debts. For example, Butler was secondarily responsible for a $23,000 mortgage secured by Chicago city lots. So long as the original debtors and Butler were unable to pay, the property could

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