

## CHAPTER XVIII

## THE BUSINESS OF SPECULATION

HAMILTON THINKS CLINTON PENURIOUS

MAN OF AFFAIRS

ASTOR AND CLINTON DEVELOP GREENWICH VILLAGE

WASHINGTON AND CLINTON IN PARTNERSHIP

BESETTING SIN OF THE GENERATION

CLINTON AND THE MACOMB SCANDAL

GEORGE CLINTON had a ruggedness of character, a stern integrity, a high degree of political courage, and a refreshing confidence in democratic institutions, which won men as few figures in public life have been able to do. He had, however, one trait which was less admirable—an inordinate fondness for his account book.

His bourgeois love for investments and speculations and his personal thrift, that often verged on parsimony, grew more marked as he grew older. His contemporaries knew this and, with many, his popularity suffered accordingly. Men like Knox, who lived far beyond his means to make his courtly household worthy of the Federalist hey-day; or like William Duer, who speculated like a Jay Gould, lived like a prince, and dragged scores with him into bankruptcy, did not approve of the economical old governor. Hamilton, who had very definite views as to what the dignity of high office demanded, thought that Clinton was not only frugal but penurious, and that by saving he neglected what was due the decorum of the governorship. Hamilton stated that in the six years subsequent to 1782 Clinton must have saved half of his salary which totaled over £8000. This, with his interest and his speculations, must have given him a fortune of nearly £20,000.<sup>1</sup> Yet,

<sup>1</sup> *Works*, Lodge ed., III, 113-30. The governor's salary was £1500 a year.

the first families of New York and Philadelphia complained, he seldom entertained and he maintained only a modest household.

Clinton's accounts show occasional mild extravagances, such as his maintenance of a coach and coachman in the 1790's, his purchase of a gold watch for £35/16 in 1793, and frequent sizeable entries for wines and liquors. Most of the accounts, however, are a bewildering series of loans and borrowings and land purchases and dealings with his men of affairs.<sup>2</sup> John McKesson, legislator and law partner of DeWitt Clinton, was the most faithful of George Clinton's business managers. His own son-in-law, Matthias B. Tallmadge, was another. In his dealings with his factotums and his tenants, and especially with those of his debtors who were in arrears, Clinton was business-like and insistent upon his rights. Typical is a letter that he wrote to John Pierce on April 19, 1784:<sup>3</sup>

Sir: After your repeated promises in the first instance and your letter afterwards it has not been without great surprise that I have seen the payment of the money you borrowed from Captain Rutgers and for which I was considered as answerable deferred so long. Besides the very great inconvenience the delay has occasioned the gentleman who lent it to assist the public it has put me in a very disagreeable situation by being repeatedly called on for the money without having it in my power to pay it—I must therefore beg, Sir, that there may be no longer delay in this matter and that not only the amount borrowed but the interest on it may be immediately discharged, . . . I am Sir Your Most Obedient Humble Servant Geo. Clinton.

By means of economical living and a succession of moderately successful business ventures, George Clinton managed to amass a respectable fortune. After his death his personal estate was estimated at about \$100,000 and his property in real estate at \$125,000 more. In addition, he had advanced a good deal of money to his children including over \$25,000 to Cornelia and Edmond Genêt, an amount that was carefully deducted from Cornelia's portion by the executor of the estate, Matthias

<sup>2</sup> Clinton's account books and considerable correspondence regarding his business affairs are in the Clinton Papers at Albany.

<sup>3</sup> MS letter, Buffalo Historical Society. The Wisconsin State Historical Society has Pierce's letter of January 17, 1784, to Clinton promising to have the money paid without delay.

B. Tallmadge.<sup>4</sup> An estate of a quarter million was of course a substantial one for that time and quite large enough to account for the increasing conservatism of Clinton's later years. Yet it was not enough to rank him with the great patroons of the Hudson or the ranking merchants and bankers of New York.

Clinton might occasionally invest in the stock of such ventures as the Manhattan Company, the Phoenix Fire Company, or the Air Furnace Company, but most of his investments were in mortgages, direct loans, and real estate speculations. As early as 1766 he was petitioning for a thousand acres in the Captain John Evans tract.<sup>5</sup> During the later years of the Revolution he was salting away in land whatever funds he could obtain from the state on his salary or in repayment of the advances that he had made the state during the war. Philip Van Rensselaer was his partner in several of these purchases.<sup>6</sup> His farm and grist and saw mills on the New Windsor hillside overlooking the northern entrance to the Highlands of the Hudson, which Clinton never occupied after the British invasion of 1777, he rented throughout the following decade and sold with the assistance of his brother James in 1790 for £1500—a good price.<sup>7</sup> He received revolutionary bounty lands from the public domain. He paid General Lamb £1000 for lands in Albany County in 1793. Other properties that he bought were located in J. Banyar's patent, in the town of Sharon on the Schoharie, in Deerfield, and in those classical townships, Solon, Homer, Scipio, Virgil, Cicero, Lysander, Cincinnatus, Fabius, and Tully. In 1802 he was renting the house at 65 Pearl Street in New York City to a certain James Hunt.<sup>8</sup>

It was also during his last term as governor while his household was temporarily established at Albany that he decided to exploit the pleasant farm at Greenwich in the eighth ward of New York City. A certain young native of Baden, Germany, had migrated to America in 1784, settled in New York, and become a merchant of some

<sup>4</sup> Affidavit and other papers in Clinton Papers, Vol. 31.

<sup>5</sup> *Calendar of Land Papers* (Albany, 1864), 406.

<sup>6</sup> *Public Papers*, VI, 251-53, 825.

<sup>7</sup> Sold to Hugh Walsh, April 26, 1790. See James Clinton to DeWitt Clinton, April 19, in DeWitt Clinton Papers and George Clinton to James Clinton, April 27, 1790, in State Museum, Newburgh. The property consisted of 350 acres.

<sup>8</sup> Account Book; letters of November 11 and December 3, 1802, Samuel Osgood to Clinton, Vol. XXVII.

reputation. In 1805 this man, John Jacob Astor, who knew the Clintons well and agreed with them in politics, struck a deal with the governor. He bought a half interest in Clinton's great Greenwich Village estate for \$75,000. The two men planned to lay out the property, put through the necessary streets, and divide the resultant city blocks between them by lot. This was done, but unfortunately a legislative commission provided for another survey and an entirely different system of subdivisions, and the result was such confusion that it took a special act of the legislature to straighten out the tangle when George Clinton died intestate. Whatever the outcome, Astor's \$75,000 must have done much to add comfort to Clinton's last years, even though John Jacob was not always prompt in meeting his payments. Nor did Astor himself regret the purchase, for some of the lots which he sold soon after Clinton's death brought him a tidy profit of over 200%.<sup>9</sup>

None of Clinton's investments in real property was extensive when compared with those of the really great contemporary barons of speculation, and most of them were in suburban areas or areas soon to be settled where they could easily and quickly be made to yield a return by subdivision, sale, or rental.

For some years before the Revolution George Clinton was one of two American agents who administered the lands of his distinguished but distant cousin, Sir Henry Clinton. As early as 1767 he wrote Sir Henry that he owed that gentleman's father, the first Governor George Clinton, a debt of gratitude for the clerkship of Ulster County and would therefore be glad to help him with his 4,000 acres in Ulster and his smaller estate in Dutchess. Sir Henry lost his estates during the War and all of the good wishes of George Clinton, who wrote him a friendly but discouraging letter in 1790, were not enough to recover them.<sup>10</sup>

The best known of George Clinton's ventures was his purchase of a 6,000 acre tract in the Mohawk Valley in partnership with Washington. In July 1783 Washington was at Newburgh waiting for news

<sup>9</sup> K. W. Porter, *John Jacob Astor*, II, 921, 924, 1061; An Act for the Relief of the Heirs of the late George Clinton, Esquire, deceased. Passed March 12, 1813; MS book New York Hall of Records, Liber Conveyances 70, 106, 145 and 220.

<sup>10</sup> See correspondence in William L. Clements Library, especially George Clinton's letters of October 14, 1767, and January 3, 1790, and his memorandum of November 7, 1799, regarding the properties of the late Sir Henry Clinton.

of the definitive treaty of peace. He decided to improve the idle weeks by exploring northern New York that he had never seen. "I have therefore concerted with Governor Clinton to make a tour," he wrote Schuyler, "and will start on July 18th." It was a momentous trip for it left both Washington and Clinton enthusiastic advocates of canal and highway systems to open the west to settlement. Washington saw that in the Mohawk Valley New York had a westward course that was comparable to his own Potomac-Ohio route.

They went by boat to Albany; northward on horseback to Fort Edward and Lake George, by boat again to Crown Point on Lake Champlain, and back by way of what became Saratoga Springs to Schenectady. They then went west through the Mohawk Valley to Fort Stanwix, where Rome stands today, and followed the route of the later Erie Canal to Oneida Lake. Returning by approximately the same route with diversions to Cooperstown and Duaneburg, they arrived at Newburgh Headquarters on August 5.<sup>11</sup> They had covered 750 miles. Both men were inveterate land speculators but they tried in vain to buy the springs at Saratoga and the area on which Fort Schuyler was located. They did succeed, however, in purchasing jointly "6,071 acrs. on the Mohawk River (Montgomery Cty.) in a Patent granted to Daniel Coxe on the Township of Coxeborough & Carolina." These fertile acres were located between the present New Hartford and Clinton a few miles southwest of Utica.

The purchase was financed entirely by Clinton, who had, it seems, already lent Washington £2000 in New York currency for the purchase of the Dow estate near Alexandria, Virginia.<sup>12</sup> Clinton lent Washington £2500 at six and a half or seven per cent in December, 1782, and this money was probably drawn upon to meet Washington's half of the purchase price of the Mohawk land. Before his death Washington had almost doubled the money he had invested in the project, and he still had one thousand acres worth five or six dollars each! It was

<sup>11</sup> U.S. Bicentennial Commission, *History of the George Washington Bicentennial* (3 vols. Washington, 1932), I, 407 (map); III, 442; E. E. Prussing, *Estate of George Washington Deceased* (Boston, 1927), 306-07; A. C. Flick, ed., *History of the State of New York*, V, 72-74; Anon., *Revolutionary Relics or Clinton Correspondence*, 7-8.

<sup>12</sup> *Ibid.*, 377-79, 308f.; Clinton, *Public Papers*, I, 188; J. C. Fitzpatrick, ed., *Diaries of Washington*, II, 356.

a profitable venture! Governor Clinton had been the business manager, receiving the necessary authorization from Washington and transmitting the profits from time to time to his partner.<sup>13</sup> The partners seem always to have been in complete harmony.

Yet the debt pressed heavily upon the Father of his Country. As late as 1786 Washington told Mercer that his debt to Clinton, "who was so obliging as to borrow and become my security for £2500 to answer some calls of mine," might compel him to sell land and negroes. He had engaged to repay the sum within twelve months after the peace but he found himself in 1786 still paying interest on about £800 of it at seven per cent, more than his credit could properly bear. Even Washington admitted that this was a high rate of interest.<sup>14</sup>

Speculation was the besetting sin of the generation. The revolution was no exception to the rule that wars breed speculation. Freed of imperial restraints and of many of the Indian tribes which had been pro-British in the war, the new nation began to look forward to rapid westward expansion that would fill the public coffers and, more to the point, line many a private pocket. Francis Vanderkemp on a tour of western New York in 1792 saw clearly what was taking place:

The increasing population, the rage of speculation in land, by Americans, Dutch and Englishmen, double actually the value of the lands. An acre sold four years since, from one to six shill., is now valued at ten. I speak of woodland; cultivated farms have risen from £4 to 6, and this prize is doubled in the neighborhood of villages. . . . The Western parts of this State Sir! are now generally considered, as its very richest and most valuable part, which spurs every forehanded man, to appropriate a part of it to himself or his children. . . . The families of Livingston, Beeckman, van Renselaer, van Cortland, Schuyler, in one word, all the powerful families of this State, merchants excepted, acquired their actual wealth and respectability by the purchase of new lands, and their judicious settlements on these.<sup>15</sup>

<sup>13</sup> A manuscript of Washington's dealings with Clinton, in the former's hand, for 1782-1785, is in the Huntington Library. The land was sold in small parcels, for the most part from 100 to 300 acres.

<sup>14</sup> *Pennsylvania Magazine of History and Biography*, IV (1880), 256-57. On June 9, 1787 Washington wrote Clinton he had arranged to discharge his debt to him by paying him \$840. Photostat in Manuscript Division, Library of Congress.

<sup>15</sup> Publications of the Buffalo Historical Society, II, "Vanderkemp Papers," 42 and 45.

The new American bourgeoisie, having in mind the great landed families of the colonial era, were now attempting to carve out landed fortunes for themselves. They were also busily engaged in making fortunes in securities of all kinds, in soldiers' certificates, treasury warrants, continental paper, loan office certificates and state as well as federal obligations. Such manipulations were of course most rife during the hey-day of Hamilton's financial policies. But many of the finer figures of the period, including George Washington and George Clinton,<sup>16</sup> seem generally to have avoided speculation in paper and to have confined themselves to ventures in real estate.

"Terraphobia" or land-jobbing was almost universal. Among the outstanding plungers of the period were William Duer, Alexander Macomb, Francis Lewis, and Robert Morris. Judge William Cooper of Cooperstown employed Hamilton to extricate him and his partner from the legal consequences of acquiring lands in Otsego "by questionable methods."<sup>17</sup> Hamilton put much of his own fortune into lands. Jay had purchased lands in New Jersey as well as in New York. Duane, also Federalist in politics, was a plunger, and James Kent was so sanguine about certain of his purchases in 1795 that he planned to retire in two or three years to the country.<sup>18</sup>

It has been said that throughout the course of American history, those of the Federalist-Whig school have been more ardent expansionists and plungers into land speculations than those in the opposing political camp. That was true in the era following the Revolution; but it cannot be said that all the Republicans neglected to put their money into good virgin lands when opportunity offered and when money was to be had. Among the Republicans Aaron Burr invested in the Holland Company and other enterprises, Melancton Smith in the Ohio Company, Patrick Henry in Georgia lands, and even Tom Paine in the Indiana Company. General James Clinton was always

<sup>16</sup> Charles A. Beard, *Economic Interpretation of the Constitution of the United States* (New York, 1929), does not list Clinton as a security holder. There seems to be no foundation for the statement referred to in John McConaughy, *Who Rules America?* (New York, 1934) that Clinton made \$5,000,000 by speculation. His papers and the correspondence of his heirs do not show that Clinton was even once a millionaire.

<sup>17</sup> A. T. Volwiler, *George Croghan* (Cleveland 1926), 329-30.

<sup>18</sup> Letter to Moses Kent, March 1, 1795, Kent Papers, Library of Congress.

ready for a tempting deal in land and he surveyed many of his own properties.<sup>19</sup>

It was in 1791 and 1792 that the "reign of speculators" reached its zenith and that George Clinton was drawn into the malodorous game. "Bank bubbles, tontines, lotteries, monopolies, usury, gambling, and swindling abound," according to a contemporary, with "poverty in the country, luxury in the capitals, corruption and usurpation in the national councils."<sup>20</sup> Three of the greatest of the New York manipulators, William Duer, Walter Livingston, and Alexander Macomb, became involved, dragging many into bankruptcy, and Duer himself was thrown into jail. The Republicans blamed the crisis on Hamilton's funding and assumption measures, and in New York the Federalists countered with claims that Governor Clinton had showed favoritism in allowing some of his friends, including Macomb, to buy public lands in huge quantities at nominal prices. This, as we have seen, became an issue in the campaign of 1792 and it was dug up and used against Clinton again in 1801.<sup>21</sup>

If Governor Clinton was responsible for the sale of over 3,600,000 acres of public lands to Alexander Macomb at 8 d. each, on easy terms, he was unwise. But there is no evidence to show that he was corrupt or was influenced by corrupt motives. In 1791 the legislature had authorized the Commissioners of the Land Office, of whom the governor was an *ex officio* member, to dispose of public lands without restriction as to price and quantity. The commissioners were therefore well within their legal rights. Macomb was not an intimate friend of the governor's and he later took oath before the Federalist mayor of New York, Richard Varick, that the governor had no interest, direct or indirect, in the much criticized sale.

It was said in the governor's defense that the Macomb purchase contained many acres of rough and mountainous land, which reduced the value of the whole, and that Massachusetts had recently sold 3,000,000 acres of its lands in western New York for only 7 d. an acre, less than

<sup>19</sup> Letters of April 19, 1790 and November 8, 1798 to DeWitt Clinton, DeWitt Clinton Papers. General James Clinton took a long surveying trip in Northern New York as late as 1798.

<sup>20</sup> *New-York Journal*, quoted in Alexander, *New York*, I, 53.

<sup>21</sup> *Daily Advertiser*, April 16, 18, 20, 1792; March 23, April 20, 1801.

Macomb was to pay. Yet the Federalists naturally made the most of the situation. Late in the winter session of 1792, just before the elections, a vicious resolution condemning the commissioners was introduced in the state Assembly. Apparently, however, the Federalists intended that no action should be taken on this resolution until after the elections, when a vindication would be of much less value to the commissioners; but the champions of the governor and the commission offered a substitute motion approving the action of the commissioners, forced a vote before adjournment, and upheld the governor by the substantial majority of 35 votes to 20.<sup>22</sup>

There were other charges against the governor's land policy, but they were vague and brazenly partisan. The New York Historical Society has in its great collections a little memorandum in Peter Elmendorf's handwriting that accuses Clinton of squeezing a grant of 50,000 acres out of the legislature for the benefit of a speculator who in turn made over 9,000 acres to the governor. But some worker in dusty manuscripts has taken the sting out of the accusation by clipping to it the following: "I think this is the only insinuation I ever saw against the honesty of Clinton."

Certainly the land policy of the commissioners had been eminently successful. The state received in the one year, 1792, \$325,000 from the sale of public lands, and half of the state's revenue for the years 1790 to 1795 was to come from that source.<sup>23</sup> We can well believe that the governor, with an eye to storing away a generous surplus in the state's treasury and with his boundless confidence in the future of western New York, yielded too readily, but without improper motive, to Macomb's offers. It was Clinton's weakness that he did not realize that speculators like Macomb were as predatory and baneful an influence in American life as those who sought to corner wheat during the Revolution or collected soldiers' certificates in the era that followed.

<sup>22</sup> G. D. B. Hasbrouck, "Gov. George Clinton," *New York State Historical Association, Quarterly Journal*, July, 1920, p. 159; D. C. Sowers, *Financial History of New York*, 39-40; "Prices of Land . . . 1791," *Documentary History of New York*, III, 1070; "Decius" and "Lucius" in *Daily Advertiser*, April 18 and April 20, 1792; Hammond, *New York*, I, 58-61.

<sup>23</sup> Sowers, *op. cit.*, 39.