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“A Great Machine” or a “Beast of Prey”

A Boston Corporation and Its Rural Debtors in an
Age of Capitalist Transformation

TAMARA PLAKINS THORNTON

“I met with no class in the United States so anxious about the means of living as the farmers of New England,” wrote Harriet Martineau in 1837. “In Massachusetts the farmers have so little property besides their land, that they are obliged to mortgage when they want to settle a son or daughter, or make up for a deficient crop.” Martineau singled out one source of mortgages as especially burdensome. “The great Insurance Company at Boston is the formidable creditor to many,” she continued. “This Company will not wait a day for the interest. If it is not ready, loss or ruin ensues.” Martineau’s ominous reference was to the Massachusetts Hospital Life Insurance Company (MHLIC), established in 1823 by members of Boston’s social and economic elite to administer family trusts and invest their money, and soon to become the largest financial institution in New England. In the 1820s and 30s, wealthy Bostonians invested roughly the same amount of capital in the MHLIC as they did in their new, signature source of wealth, textile manufacturing. Eventually the Company became the major provider of capital for the mills, but in these earlier decades, it invested most of its deposits in mortgage loans, the bulk of which were made to farmers in the western part of the state.¹

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1. Harriet Martineau, *Society in America*, 3d ed. (2 vols., New York, 1837), 1: 293, 294; Gerald T. White, *A History of the Massachusetts Hospital Life Insurance*

As Martineau suggested, the relationship between the MHLIC and Massachusetts farmers was often tense, with conflict focusing particularly on issues that marked these mortgages as modern debtor-creditor arrangements: formal procedures, written contracts, and, above all, the necessity of punctual payments, enforced by the threat of lawsuits. These often vexing business relations thus illuminate the process whereby the practices and values associated with capitalism took hold in New England. Borrowing money from the Company involved an encounter with a particular kind of capitalist enterprise—the business corporation. During the years the MHLIC lent money to farmers, waves of political protest targeted corporations as bastions of privilege spawning inequality and dependence. In Massachusetts the Lowell mills might have seemed like the logical exemplar of corporate power, but to a farmer from the western part of the state they were a distant reality. Not so the MHLIC. It signed contracts with thousands of farmers in dozens of western towns. And whereas textile mills employed dependent young women, the MHLIC did business with landholding farmers, heads of household who risked their independence when they mortgaged their property. No wonder that many in the Massachusetts countryside feared the economic power of such a corporation, or that when they expressed their fear in legislative action and electoral dissent, their political activities drew strength as much from the unnerving stream of legal forms, notices, and letters threatening foreclosure as from ideology. Exploring the relations of power between Massachusetts farmers and the Boston corporation offers a deeper understanding of what shaped anticorporate sentiment in a swiftly changing region of New England.

Within the vast literature on America's "transition to capitalism," rural areas such as the Massachusetts countryside have received pride of place. However they define capitalism, and whether they represent it as being contingent or inevitable, embraced or resisted, historians generally posit that capitalism involves not only particular economic activities or social relations but also an accompanying and undergirding set of attitudes and behaviors. Scholars have explored the adoption of this capitalist mentality among the farming population, but have paid less attention to its

Company [hereafter *MHLIC*] (Cambridge, MA, 1955), 7–62; Robert F. Dalzell, Jr., *Enterprising Elite: The Boston Associates and the World They Made* (Cambridge, MA, 1987), 81, 103–8.

presence among urban elites like those who ran the MHLIC. In part this is because many have assumed that, as the capitalist mentality is the inherent corollary of capitalist economic activity, certain values and practices come naturally to capitalists and do not require historical analysis. Historicizing the capitalist mentality is further complicated by the fact that it comprises many component parts. Among individuals, it involves competitive individualism, acquisitiveness and profit maximization, and habits of risk and calculation. Among capitalist enterprises, it takes on a different valence, suggested less by Benjamin Franklin, whom Max Weber cited as the exemplar of the "spirit of capitalism," than by what Weber argued was the only form of authority hospitable to rational capitalism, namely bureaucracy. The defining characteristic of a bureaucracy, Weber argued, is that "'the law,'" or "'rules and regulations' which represent abstract norms" are the ultimate authority. The head of the bureaucracy merely executes the "impersonal duties of office . . . free of arbitrariness and unpredictability . . . following rational rules with strict formality."²

It is not difficult to associate Weber's bureaucracy with Martineau's "great Insurance Company at Boston" that would "not wait a day for the interest." Indeed the men behind the MHLIC adopted the rigid and

2. Useful historiographical reviews of the transition to capitalism include Allan Kulikoff, "The Transition to Capitalism in Rural America," *William and Mary Quarterly* 46 (Jan. 1989), 120–44; Christopher Clark, "Economics and Culture: Opening up the Rural History of the Early American Northeast," *American Quarterly* 43 (June 1991), 279–301; Michael Merrill, "Putting 'Capitalism' in Its Place: A Review of Recent Literature," *William and Mary Quarterly* 52 (Apr. 1995), 315–26; Gordon S. Wood, "The Enemy Is Us: Democratic Capitalism in the Early Republic," *Journal of the Early Republic* 16 (Summer 1996), 293–308; and Joyce Oldham Appleby, "The Vexed Story of Capitalism Told by American Historians," *Journal of the Early Republic* 21 (Spring 2001), 1–18. On the "tendency to stereotype capitalists as 'rational economic men' who are outside history and culture," see Naomi R. Lamoreaux, "Rethinking the Transition to Capitalism in the Early American Northeast," *Journal of American History* 90 (Sept. 2003), 439–40. Max Weber, "The Spirit of Capitalism," and "The Three Types of Legitimate Domination," in *Essays in Economic Sociology*, ed. Richard Swedberg (Princeton, NJ, 1999), 53–56, 99–100. These texts originally appeared in Weber's *The Protestant Ethic and the Spirit of Capitalism* (1904–5) and as an essay published in 1922, respectively. For a recent historical treatment of the bureaucratic aspects of modern capitalism, see Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, MA, 2005), 101, 161–64, 181–83.

impersonal execution of rules as not only standard business procedure but also a full-blown ideological vision. This was a new development. Mercantile elites, such as the one that established the MHLIC, had long operated in an unpredictable and intensely personal world. Nor was this development inevitable, driven by an inherent logic or imperative of capitalism. An examination of the Company's practice and principle of rule-bound regularity reveals urban capitalists as creatures of history and their economic culture as subject to change.³



Despite its name, the MHLIC sold few life insurance policies. Its primary business was investing trust accounts on behalf of the Boston elite. The Company invested in loans to Boston merchants and industrialists, but the bulk of loans in these years were on the mortgage of land. These went overwhelmingly to farmers in areas with few banks or private lenders, the credit-poor counties of western Massachusetts. The MHLIC offered rural mortgages because of their reputation as safe investments. Farmland held its value. Mortgage loans yielded an unspectacular but steady 6 percent, the rate set by state law, and consistent with the MHLIC's policy to keep "always in view the safety of the Capital, rather than the greatness of the income." The Company claimed this cautious approach reflected its responsibility to the "helpless class of citizens" it was created to protect. We are "well aware," read one Company report, "that the hopes, and comforts, the weal or woe of many widows and orphans depend on the judicious conduct of the officers of this Institution." In truth, the beneficiaries of Company trusts were not women and children who would otherwise face poverty, but members of Boston's most prominent families. Company director John Lowell got it right when he described the MHLIC as "*eminently the Savings bank of the wealthy.*" But the Company was not disingenuous when it stressed the caution with which it invested money. Its trust business sought to pre-

3. Toby L. Ditz, for example, argues that the precariousness of reputation among eighteenth-century merchants can be linked to both "the competitiveness and volatility of markets" and "the difficulties of defining a reputable self within the world of patronage and connection that still structured market relations." "Shipwrecked; or, Masculinity Imperiled: Mercantile Representations of Failure and the Gendered Self in Eighteenth-Century Philadelphia," *Journal of American History* 81 (June 1994), 51.

serve the fortunes of elite families, a goal that required as much circumspection as the husbanding of a poor widow's mite.⁴

Prudence dictated that no single individual make investment decisions. Western farmers seeking loans applied to the Company's regional agents, who collected the relevant information and forwarded the applications to Nathaniel Bowditch, the Company's chief executive (or "Actuary") in Boston. In the case of small loans, Bowditch made the decision by himself, but larger loans required a meeting with the Committee of Finance. To further reduce risk, the Company set up stringent procedures and criteria for awarding mortgages. Inquiries might be made of the sheriff. Sureties could be demanded. (In the case of the few female applicants, sureties were practically imperative, given the difficulty of holding women legally accountable for their debts.) Mortgaged land had to be free of legal encumbrances. Loans could be made on no more than a third of the value of the property. And to protect against deterioration in property values, land, not buildings and nonagricultural assets, formed the primary basis of the appraisal.⁵

The Company's regional agents, all attorneys prominent in their communities, were key figures in this screening process. Their on-the-ground knowledge of land ownership, property values, and local reputations was indispensable. They researched land titles and found reputable men to appraise estates. Above all, in an age before credit ratings—these would not come until the 1840s—they provided evaluations of the applicants' characters. They evaluated many traits—work habits, spending habits, drinking habits—each ultimately referring to the key consideration, punctuality. "It is of considerable importance to the Company to

4. White, *MHLIC*, 9, 17–19, 20–22, 28–54; Dalzell, *Enterprising Elite*, 103–8; *Proposals of the Massachusetts Hospital Life Insurance Company to Make Insurance on Lives, to Grant Annuities on Lives and in Trust, and Endowments for Children* (Boston, MA, 1823), 14; Report of the Committee Appointed by the Board of Control of the Massachusetts Hospital Life Insurance Company [hereafter Board of Control Report], Jan. 4, 1833, and Dec. 31, 1834, A-7, Papers of the Massachusetts Hospital Life Insurance Company [hereafter MHLIC Papers], Baker Library, Harvard Business School, Boston, MA; John Lowell to Samuel Appleton, Dec. 26, 1834, quoted in White, *MHLIC*, 200n.

5. White, *MHLIC*, 25–43–45; Nathaniel Bowditch to Rejoice Newton, Apr. 16, 1828; Bowditch to Elijah Alvord, Mar. 8, 1824; Bowditch to Abijah Bigelow, Mar. 4, 1824; Bowditch to Frederick Packard, Mar. 24, 1825, Bowditch to Alvord, Mar. 26, 1825, Bowditch to Newton, Sep. 30, 1828, LA-1, MHLIC Papers.

deal with men of steady, correct habits, who will be punctual in their payments,” wrote Bowditch to one of his agents. The Company would lend only to “punctual & good sort of men,” he advised another, not those “who will cause us trouble in collecting the interest.” And to a third: “Loans would be refused to men of intemperate habits, or very idle wasteful persons from whom we should not expect much punctuality.” The agents’ reports carried tremendous weight with the Company. “The company have no wish to let their money to careless or dissipated persons,” wrote Bowditch to his agent in Northampton, “but they would probably be willing to let a considerable sum to such persons as you would be willing to recommend from your own knowledge or from information you can depend upon.” By the same token, a negative assessment was the kiss of death. When Elijah Alvord, the agent for the westernmost counties, described one applicant as “intemperate, perhaps not habitually so, but to an extent which will ultimately in all probability destroy him,” he need hardly have added that “his land is said to be excellent.” The application was rejected.⁶

Company policy regarding payments functioned as a further screening device. Interest payments were due annually, at the MHLIC office in Boston, and in “Boston money,” that is, bills or regional bank checks accepted at par by the Suffolk Bank of Boston. Repayment of the principal generally had to be a lump sum. Agent Frederick Packard of Springfield argued that the Company would do more business if it permitted debtors to pay back principal in installments. “Poor farmers *cannot* ordinarily raise four, or five, or even *three* hundred dollars at a time without great difficulty & they generally fail in the attempt,” he explained. But the MHLIC saw it in its interest to lend only to men whose moral and financial credentials allowed them to meet rigid repayment provisions. It was tough to do business with the MHLIC; that was the idea.⁷

6. Bowditch to Lewis Strong, Apr. 24, 1824; Bowditch to Bigelow, Mar. 4, 1824; Bowditch to Packard, Dec. 11, 1824; Bowditch to Strong, Mar. 27, 1824, LA-1; Alvord to Bowditch, Mar. 24, 1824, Box 2 (AB-2), MHLIC Papers. On credit reports, see Bertram Wyatt-Brown, “God and Dun & Bradstreet, 1841–1851,” *Business History Review* 40 (Winter 1966), 432–50; Christopher Clark, *The Roots of Rural Capitalism: Western Massachusetts, 1780–1860* (Ithaca, NY, 1990), 214–20; and Sandage, *Born Losers*, 99–188.

7. Bowditch to Alvord, Mar. 4, 1824; Bowditch to Alvord, Mar. 23, 1824; Packard to Bowditch, Mar. 3, 1825, LA-1. See also Newton to Bowditch, May 17, 1824, LB-1, Case 5, MHLIC Papers.

The MHLIC may have thought its screening process would preclude any trouble with its western debtors, but the relationship between the Company and its borrowers was often tense. There was first the matter of paying in Boston money. Some borrowers were unsure of what exactly that was and had to consult those with greater expertise. Enclosing thirty dollars in bills, Enos Lincoln indicated that "Esqr Doolittle pronounced the money good." Others could not get their hands on it: "I could not get Boston money to send but I thought this would awnser [sic] as I could not do Enny [sic] better." One borrower sent a partial payment, promising the remainder later. "I presume you are insencible [sic] of the scarcity of Money in the country," wrote Samuel Henry, barely concealing his irritation. But the issue of punctuality was the most frequent source of friction. In Bowditch's dealings with western debtors, no problem plagued him more than the late arrival of interest payments and the many requests to extend payment deadlines. Borrowers offered all manner of reasons why their payments were or would be late: postage costs, a bad case of "Influency," even blizzards. The "delay has been caused by the unusual inclemency & backwardness of the season," explained Russell Gibbs, "which had prevented my sheep (as I am a grower of wool) being shorn at the usual period." Others barely offered any excuse. Liberty Bartlett simply stated that "I should have sent this before but have been absent on a Journey and it sliped [sic] my mind before I left." Another wrote, "I send the money due my interest which ought to ben [sic] sent before if any thing wrong I will make it wright your most obedient Cyrus Stearns."⁸

Perhaps these tardy debtors did not know better. They may have been accustomed to the traditional creditor-debtor relations associated with rural areas, where locally incurred debts were carried on the books for years, often paid off only at death or when the parties owed each other roughly equal amounts. Unlike most such debts, mortgages offered by wealthy individuals to their less prosperous townsmen carried interest, but as with other local debts, suing neighbors for overdue payments

8. Enos Lincoln to Moses L. Hale, June 22, 1830; George Babcock to Hale, Feb. 29, 1832; Samuel Henry to the President of the MHLIC, Mar. 4, 1830; Joseph Bridgman to Hale, Dec. 1, 1830; Elijah Brigham to Hale, Jan. 13, 1832; Roswell Bentley to Hale, Mar. 9, 1829; Russell Gibbs to Hale, June 25, 1832; Liberty Bartlett to Hale, July 19, 1835; Cyrus Stearns to Hale, Apr. 18, 1830, LB-1, Case 5. Hale was Secretary of the MHLIC.

was discountenanced well into the nineteenth century. Some Company borrowers probably did not grasp the necessity of making interest payments on a specified day, thus explaining the seeming lack of embarrassment at offering flimsy excuses, or, as in the case of Edmund Joyner, for posing naïve questions. To avoid the cost of postage, Joyner had arranged with his state representative to hand carry the payment to Boston, but the legislator had forgotten to run the errand. Would it “make any difference with the co.,” asked Joyner, “if it should not be paid until the Summer Session” of the General Court? A young married man, Joyner was just getting started as a farmer, and, ranking in the sixth decile of wealth, was one of the poorest of the dozen borrowers from the town of Egremont. Egremont itself was relatively poor, ranking twenty-second among Berkshire County’s thirty towns in ratable property. Apparently Joyner was unsophisticated in the ways of corporate mortgages.⁹

On the other hand, some debtors would have had some familiarity with the wider world of modern business transactions. Company debtor John C. Kline, Edmund Joyner’s wealthy neighbor, was himself a mortgage lender, and, although none of the Company borrowers in Egremont owned turnpike shares, the town’s assessors did inquire into that category of property in making their valuations. Even poor towns were familiar with what passed for high finance in the 1820s. Some Company debtors dealt with the MHLIC according to the rules of long-distance exchange, enclosing extra sums to cover the cost of exchanging country money for Boston money, or calculating and remitting compounded interest on late payments.¹⁰

The Company wanted to lend to financially reliable and successful

9. Clark, *Rural Capitalism*, 28–38; Jeanne Ellen Whitney, “‘An Art that Requires Capital’: Agriculture and Mortgages in Worcester County, Massachusetts, 1790–1850” (PhD diss., University of Delaware, 1991), 180–220; Edmund Joyner to the MHLIC [with a copy of the reply appended], Mar. 17, 1829, LB-1, Case 5; Mortgage Deed, Feb. 25, 1826, Book 60, Page 133 (Berkshire County Registry of Deeds, Great Barrington, MA); Tax Valuations, 1825, Town of Egremont (Town Hall, Egremont, MA); *Inscriptions*, “Town Hill Cemetery,” Egremont, Berkshire Co., Mass. (typescript, Berkshire Athenaeum, Pittsfield, MA); David Dudley Field, *A History of the County of Berkshire, Massachusetts* (Pittsfield, MA, 1829), 176.

10. Mortgage Deed, Feb. 24, 1826, Book 60, Page 129; Tax Valuations, 1825, Town of Egremont; G. T. Bulkeley to Hale, Nov. 21, 1827; George Frost to “Sir,” Nov. 21, 1833, LB-1, Case 5.

individuals, so some financial sophistication should be expected among the debtors. In his study of the MHLIC, Gerald White claimed that credit-poor western Massachusetts provided the Company with the "opportunity to 'cream' the mortgage market," and an examination of the roughly five hundred borrowers from Berkshire County bears him out. The Company made its largest loans to those at the top of the economic ladder, the bulk of its loans to those somewhat further down, and with few exceptions, steered clear of those who would have been least familiar with formal debtor-creditor relations, men on the bottom rungs. Among the borrowers we find the owners of a few substantial factories and modest rural mills, as well as a sprinkling of small-town professionals, merchants, tradesmen, and innkeepers. But most were middling and well-to-do farmers, married and with children, who owned their land. Some were experimenting with agricultural commodities, like sheep husbandry, that involved them in a larger world of trade.¹¹

11. White, *MHLIC*, 43. The exact number of Berkshire loans was 523, though some loans were made to multiple individuals and some individuals took out more than one mortgage. Included are loans made between 1824, the first in the county, and 1840, after which the Company essentially ceased to offer rural mortgages. The list was compiled from the mortgage deeds in which the MHLIC appeared as the grantee, as recorded in the three district offices of the Berkshire County Registry of Deeds in Great Barrington, Pittsfield, and Adams, Massachusetts. The discussion of borrower property holdings and wealth is based on an analysis of tax valuations in four sample towns: Egremont, Savoy, Sheffield, and West Stockbridge, Massachusetts. These tax records are held at the Town Offices of South Egremont, Savoy, and West Stockbridge, and the Sheffield Historical Society. These towns were selected as farming communities (a) for which tax valuation records were available, along with a critical mass of other sources of information, including census records, vital records, and cemetery records, and (b) representing different economic bases and levels of wealth, as detailed in Field, *Berkshire*, and Henry Colman, *Second Report of the Agriculture of Massachusetts. County of Berkshire, 1838* (Boston, MA, 1839). Deciles of wealth were computed for the following years, based on the availability of records and the dates of most MHLIC loans: Egremont (1825); Savoy (1823 and 1832); Sheffield (1824); West Stockbridge (1825). Tax valuations, which varied in detail from town to town, were examined for the following years, again based on the availability of records and the dates of the loans: Egremont (1825-30); Savoy (1823, 1827-39); Sheffield (1829, 1831, 1836-41); West Stockbridge (1825-31). Information on the economic activities of borrowers was compiled from mortgage deeds, tax valuation records, and local history sources including Field, *Berkshire*, 91-93, 227, 268, 352, 371-72, 376, 433-34; Hamilton Child, *Gazetteer of Berkshire County, Mas-*

When the MHLIC was offering mortgages in western Massachusetts, punctuality was becoming an everyday reality. In 1830, for example, the Hudson and Pittsfield stage line published its schedule in the *Berkshire Journal*, adding that “the public will readily perceive that as the Proprietors are now determined to run their Line of Stages by a *time bill*, it will be impossible for them to go off the road to receive or leave passengers—(as has been done heretofore).” Along with the necessity of being on time came the perception of its virtue. “Method is the very hinge of business; and there is no method without punctuality,” read an article in the *New England Farmer* in 1824. “When a debt becomes due, pay it at the time, whether your creditor wants it or not,” advised the same periodical five years later, adding that “punctuality is a key to every man’s chest.” Some of the Company’s western borrowers learned that lesson. Elijah Alvord described one applicant as “a man who prides himself much upon his punctuality in his dealings,” while borrower John Billings, anxious to correct the misimpression that his payment was late, wrote “I considder [sic] my self able and metes (?) be punctable [sic] in sich bisness [sic].”¹²

sachusetts (Syracuse, NY, 1885), 292, 340; H. G. Rowe and C. T. Fairfield, eds., *North Adams and Vicinity Illustrated* (North Adams, MA, 1898), 16–17; David D. Field, *A History of the Town of Pittsfield, in Berkshire County, Mass.* (Hartford, CT, 1844), 18–20, 73; Edna Bailey Garnett, *West Stockbridge, Massachusetts, 1774–1974* (Great Barrington, MA, 1976), 9, 17, 46–49, 73–74; and Charles J. Taylor, *History of Great Barrington (Berkshire) Massachusetts, Part 1, 1676–1822* (Great Barrington, MA, 1928), 297, 316, 318–19, 322, 355–56, 362–65, 372. Information on age, marital status, and family makeup was derived from mortgage deeds (almost all included dower waivers); U.S. Census entries for 1830 and 1850 for borrowers in the four sample towns; Jay Mack Holbrook, *Massachusetts Vital Records: Egremont, 1838–1897* (Oxford, MA, 1988); Holbrook, *Massachusetts Vital Records to 1850: Savoy, 1736–1854* (Oxford, MA, 1983); Holbrook, *Massachusetts Vital Records: Sheffield, 1726–1897* (Oxford, MA, 1988); *Vital Records of West Stockbridge, Massachusetts, to the Year 1850* (Boston, MA, 1907); Cynthia T. Hoogs, comp., *Death Notices from the Berkshire Courier, 1834 through 1890* (Great Barrington, MA, 1995); “*Town Hill Cemetery*,” Mary L. and Diane Fratalone, eds., *Early Burial Grounds in Egremont, Mass.* (n.p., n.d.); and *Tombstone Inscriptions of the Town of Savoy, Massachusetts* (typescript, Berkshire Athenaeum).

12. *Berkshire Journal* (Lenox, MA), July 29, 1830, 4; “The Importance of Punctuality,” *New England Farmer* 3, Dec. 10, 1824, 160; “Hints to Young Farmers,” *New England Farmer* 8, Dec. 11, 1829, 168; Alvord to Bowditch, May 7,

The Company hammered home the message of punctuality at every opportunity. Mortgage applications stated the terms: "It is understood the interest is to be punctually paid at the Office of the Company by the day it falls due; or the note, or mortgage, or both, at the pleasure of the Company, will be forthwith put in suit." (See Figure 1.) Printed notices reminded borrowers when their payments fell due and warned that "if the interest on any loan made by the Company be not paid on the day it becomes due, it shall be the duty of the Actuary to hand the Note or Bond to the Solicitor of the Company, for him to commence forthwith an action for the same." These letters, with their threats in advance of any actual wrongdoing, annoyed borrowers. "I have recd a notice that the Interest on my mortgage is due fore last of April," wrote Sewell Sergeant. "I do not forget such things & do not ever wish you to trouble yourself to notify me," he concluded. "Sir, I do not wish to trouble you to write for this money unless it is your general custom," wrote Ralph Owen, "as I think I shall remember my obligation and will be punctual." Sergeant and Owen restrained their irritation, but many borrowers openly bristled. "Sir, Yours of the 12th inst. is this moment recd," wrote J. C. Bates. "I am not ignorant of the amt of my note, nor of the time of payt, and in the future will thank you to spare me the trouble of this form of notice in advance." Bates resented the suggestion that he might not be punctual, but more than feelings were involved, since it was the letter's recipient who had to pay the postage. It was unnecessary to "take the trouble and to occasion me the expense of a letter," wrote Joseph Albee, "as I shall not forget the time." "I would with pleasure receive letters on this Subject Post paid," wrote Ezra Williams, "but no more without they are." Fed up with forwarding reminder letters to the dead-letter office in Washington, one postmaster wrote the Company that "the annual notices sent to this office are not taken out by those to whom they are addressed as they know the contents & I suppose do not want to pay postage."¹³

Tardy borrowers received letters from Company agents and solicitors

1824, Box 2 (AB-2), MHLIC Papers; John Billings to Hale, Apr. 10, 1829, LB-1, Case 5.

13. Printed mortgage application form, Box 2 (AB-2); MHLIC to Edward Everett (printed form letter), Oct. 26, 1830; Sewall Sargeant to Bowditch, Mar. 22, 1832; Ralph Owen to Hale, July 1829; J. C. Bates to Hale, Apr. 16, 1825; Joseph Albee to Bowditch, Aug. 31, 1831; Ezra Williams 2d to Hale, May 19, 1827; W. Hastings to Hale, July 15, 1831, LB-1, Case 5.

**Proposals to the Massachusetts Hospital Life Insurance Company,
for a Loan of Money on Mortgage.**

I (~~we~~) *Bethuel Slate* of *Gill* in the County of *Franklin* wish to procure from the THE MASSACHUSETTS HOSPITAL LIFE INSURANCE COMPANY, a Loan of *six hundred* dollars, for *one* year, and as collateral security therefor, offer to mortgage to the Company, the parcels of Estate, containing ~~the~~ number of acres mentioned below, situated in the Town of *Gill* in the County of *Franklin* viz my farm containing about sixty acres of ~~substantially~~ all mowing and tillage in the best state of cultivation for that town. bounded south by lands of *John McHard*; East by *Committee River*. north by lands of *John A. Tenney* and *Elizabeth Mann*, and west by land of *John J. Worley*.

The following is a true description of the buildings on the above described premises, and their estimated value:

Wagon worth \$9.00	Barn & Sheds worth \$160
Corn house worth \$25	Wood house & shop \$100

The said Estates, exclusive of the buildings, being valued as follows: — *the sum of two thousand dollars*

The Estate came from *Reuben Worley* who held it by deed from my father *Ebenezer Slate*; except 8 1/2 acres a part thereof which came to me by deed from *Nathan Williams*.

The Estates are free of all incumbrances except a mortgage deed to my father to secure the performance of the condition of a certain bond for his maintenance during his life and the maintenance of his wife who is since the making of said bond & mortgage dead. The penalty of said bond is five hundred dollars; and the term of my said father seventy three years.

I am (~~we~~) married, and the name of my ~~only~~ wife is *Sally* and the Dower will be released in the mortgaged premises. And insurance against fire will be made on the buildings to the amount of _____ dollars, to cover the whole time of the Loan, and in case the Principal is not paid at the day it falls due, the said Company are hereby authorized to reinsure the premises at my (~~or our~~) expense, for a term of time sufficient to cause the Company during the existence of the Loan and Mortgage, with foreclosures or redemptive.

It is understood that the terms of the Company are as follows: — That all the Expenses of examining the title, (by the Solicitor of the Company, or by a person to be appointed by the Company,) and preparing the papers, recording the deeds, and cancelling the mortgage, are to be at my (~~or my~~) expense; and it is understood the interest is to be punctually paid at the Office of the Company by the day it falls due; or the note, or mortgage, or both, at the pleasure of the Company, will be forthwith put in suit. To all which terms, I (~~we~~) do hereby agree.

Bethuel Slate

Greenfield Feb. 25
1824

Figure 1: Mortgage application submitted by Bethuel Slate of Gill, Massachusetts, Feb. 25, 1824. The form warned potential borrowers that an interest payment made even one day late would trigger a lawsuit “at the pleasure of the Company.” Credit: Massachusetts Hospital Life Insurance Company Collection. Baker Library, Harvard Business School.

warning them to pay up immediately or they would be sued. But late payments did not represent a major financial drain for the MHLIC. If anything, Company debtors tended to pay early, because notices were mailed to them about a month before payments fell due. From 1832–38, Bowditch recorded the total overdue interest at between 1.7 percent and 7.0 percent of total interest payments due, with almost all this interest being collected within a matter of weeks or months. Nevertheless, rural borrowers commonly faced the threat of a lawsuit. In Berkshire County, at least a quarter of borrowers received a warning letter at some point, and, to add insult to injury, they had to pay for the dunning notices. The usual fee was two dollars, but the cost could run higher. "Charge him enough to make him remember that he must be more punctual in [the] future," Bowditch instructed Elijah Alvord in one case. "Give his memory a *jog* with one of your highest priced letters," he wrote of another debtor. Make him pay "smart money," he prescribed for a third, referring to the sting of such letters.¹⁴

With few exceptions, the men who received these notices were not skulking from their creditors, or on the brink of insolvency, with its taint of personal moral failing. The letters were triggered not by imminent failure, but tardiness. Indeed, the Company was stretching the definition of tardiness, since it expected payments on the date the loan had been issued, rather than received, and the two dates could be weeks apart. Certainly a small cadre of hardcore defaulters had not paid their interest in years: John Anthony, for example, had "failed," and John Harris "ab-

14. Late interest payments: "Schedule of Notes and Mortgages," GA-1; "Schedule of Mortgages, 1831–1900," EC-1; "Letters Written to Defaulters, 1832–1861," GF-1, MHLIC Papers. Warning letters: Company records list fifty-nine individuals from Berkshire County who received letters from the Company solicitor between 1832 and 1840, representing a quarter of the 237 individuals who borrowed money from the Company in that period. This is likely an undercounting of those who received dunning letters, because the list does not include individuals who received separate letters from the Company's local agent, Elijah Alvord. Since the list also does not include the names of eleven of the sixteen (69 percent) of the Berkshire individuals sued by the Company in the same period, we can conclude that the undercounting is significant. "Letters Written to Defaulters"; Entries under "Mass. Hospital Life Ins. Co. versus," Court of Common Pleas, Berkshire County, Index, 1761–1854, microfilm copy, Berkshire Athenaeum. Dunning letter fees: Bowditch to Alvord, Oct. 7, 1826; Bowditch to Newton, Nov. 3, 1826; Bowditch to Alvord, Sep. 30, 1829, LA-1.

sconded.” But almost all tardy borrowers paid fairly quickly, as they probably had intended to all along—once the sheep were shorn, the illness had passed, or the legislator headed for Boston. They would not have perceived themselves as irresponsible, but like John Billings, “able” and “punctable in sich bisness.” For them, the Company’s letters were less irritating, or frightening, than insulting.¹⁵

Suspicion and hostility extended beyond the debtors themselves. During these years, the MHLIC faced political challenges. The epicenter of dissent was Berkshire County, the westernmost region of Massachusetts. The “Berkshire people have in several instances made complaints which have been considered by the Company as unreasonable,” Bowditch wrote Elijah Alvord in 1826, “a *fuss* about notifications &c.,” but “particularly what lately took place in the House of R. by Sornborger,” a Berkshire legislator and MHLIC debtor. “I was much surprized at Mr. Sornborger’s allowing such an assertion to go uncontradicted in the House of Representatives, that the office took 15 to 20 p. Ct.,” Bowditch wrote. “I should like very well to know what this extra expense was in that county which they have made such a *fuss* about,” he continued, imagining it would be “pleasant to rebut their *offhand* lying charges with *positive facts & statements*.” By 1829 the issue was not usury, but the more dire threat of foreclosure. The “Berkshire delegation in the Gen. Court complain that we are going to absorb all their estates,” reported Bowditch that May. “When we look at the jealousy of these loans shewn by the Berkshire members of the Legislature we cannot hesitate to believe it is best . . . to decline making any more loans *in that County*.” August found Bowditch still in a pique—Berkshire debtors were less punctual than others, he wrote, and its legislators “seemed to be opposed to making more loans among them”—but he allowed that the Company would not refuse a particularly good loan.¹⁶

In June 1829, a month after Berkshire legislators had lodged their

15. Alvord to Bowditch, June. 17, 1835, LA-2, MHLIC Papers; J. Crane to Bowditch, Oct. 23, 1827; [Illegible] to Hale, Nov. 24, 1828, LB-1, Case 5. On the cultural meanings of business failure, see Edward J. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America* (Chapel Hill, NC, 2001); Bruce H. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence* (Cambridge, MA, 2002); and Sandage, *Born Losers*.

16. Bowditch to Alvord, June 30, June 26, 1826, May 6, Aug. 28, 1829, LA-1. See also Bowditch to Alvord, July 15, 1826, LA-1.

complaints, the state house of representatives charged its Committee on Finance to consider taxing the capital stock of the MHLIC and to "examine the records and doings of said Insurance Company." Turning on its head the image of a company endangering the citizenry and threatening to "absorb all their estates," the Committee report represented the MHLIC as a benign institution that contributed to the public good. "Their business is, as the title of the company imports, the Insuring of Lives, granting annuities and other similar transactions where the contracts are made to depend on the duration of human life," it stated. "Excepting the investing their funds, in the manner pointed out in their Act of Incorporation, this is their sole business." But that "exception" constituted the major business of the MHLIC, as even a cursory glance at the Company's books must have shown. In 1829, the Company had close to eight hundred trust accounts totaling over four million dollars, but only seventy-six insurance policies and thirty-three annuity accounts, representing about fifty thousand dollars worth of business.¹⁷

The role the MHLIC played in sustaining elite fortunes, however, did not interest the Committee. They focused instead on the Company's connections with the Massachusetts General Hospital, whereby the MGH received a share of Company profits and held Company stock. In an age when the privilege of incorporation was still associated in the public mind with the public welfare, the association of the MHLIC with this "most conspicuous charitable institution" held considerable political value. Concluding that any tax on Company stock would "operate with nearly as much severity on the Hospital as on the Insurance Company," the Committee recommended against such "pecuniary demands." This reasoning had some basis, since the hospital owned 10 percent of the Company's stock, but the report was silent on the other 90 percent, which in 1829 yielded its wealthy owners a healthy 8 percent dividend.¹⁸

17. House of Representatives, Commonwealth of Massachusetts, "Report of the Committee on Finance who were instructed to enquire into the expediency of imposing a Tax upon the Capital Stock of the Massachusetts Hospital Life Insurance Company," H.R. No. 5, Jan. 22, 1829, 1-2; Report of the Actuary to the Board, Jan. 12, 1829, 17-18, A-5, MHLIC Papers; White, *MHLIC*, 192.

18. "Report of the Committee," 3; Report of the Actuary to the Board, Jan. 12, 1829, 18; White, *MHLIC*, 20-21. On corporations and the public welfare in the early republic, see Oscar Handlin and Mary F. Handlin, "Origins of the American Business Corporation," *Journal of Economic History* 5 (May 1945), 1-23; Pauline R. Maier, "The Debate over Incorporations: Massachusetts in the Early

The resentments and suspicions of the Company articulated by Berkshire legislators reflected broader political controversies. Along with debt laws, banks, and the hours of factory labor, corporate engrossment of farmland emerged as a target of Democratic and Workingmen's movements against corporate privilege and power. Even a centrist leader like Governor Levi Lincoln warned in 1827 that as corporations accumulated real estate, the Commonwealth's "high minded and independent yeomanry" stood in danger of being replaced by "a humble and dependent tenantry," working the land as the "Lessees of Corporations." Speaking before an audience of western farmers in 1830, Workingmen leader Samuel C. Allen singled out corporate mortgages as a special cause "of alarm . . . bringing the yeomanry of the country into a state of dependence and peril." Corporate capital, unlike local lenders, "belongs to no country," and because it is impersonal—corporations "never die"—"there is no moral tie that binds it." Allen saw corporations "swallowing up all the land in the country, and bringing in a new sort of aristocracy." Four years later, when Democratic newspaperman Abel Cushing addressed a meeting of the "Democratic Working-men," he included the MHLIC

Republic," in *Massachusetts and the New Nation*, ed. Conrad Edick Wright (Boston, MA, 1992), 73–117; and William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton, NJ, 1997), 41–77. The origins of the MHLIC lie in a scheme in 1814 to raise funds for the Massachusetts General Hospital through the sale of annuities. By the time it received its corporate charter from the Commonwealth in 1818, the Company had added the sale of life insurance to its business activities as well as the goal of private profit for its stockholders. The MGH was to receive one-third of the net profits from the life insurance business. The MHLIC was unable to attract investors, and therefore began operations, however, until early 1823, when Ebenezer Francis, an MGH trustee and MHLIC director, brokered an agreement whereby the MGH would receive a share of profits from *all* Company operations, but calculated only after stockholders had received interest on their shares. By June, the Company had obtained an amendment to its charter empowering it to enter the trust business. Finally, in December, a further agreement was reached whereby profit-sharing would not commence until 1829. Shareholders were protecting their economic interests, but they were not indifferent to the success of the MGH, an institution established and run by the elite as an expression of their public benevolence. Indeed, many of the prime movers behind the MGH—including Ebenezer Francis, Thomas H. Perkins, Josiah Quincy, and John Lowell—were also heavily involved in MHLIC affairs. White, *MHLIC*, 7–10, 20–22, 33–34; N[athaniel] I[ngersoll] Bowditch, *A History of the Massachusetts General Hospital* (Boston, MA, 1851), 11–12]

in his tirade against "rich capitalists," "monied power," and "special privileges." There is "a corporation, called in the city, and among the rich, the *Life Office*," he stated, "because its business is to insure men's lives; and give the stockholders good dividends." (Even Cushing did not identify the Company's real business as the long-term preservation of elite fortunes.)¹⁹

"But in the country," he continued,

among the poor farmers, it is called the *Death Office*; because its immense capital, which is more than five millions, being loaned upon real estate, devours their lands like a beast of prey. It has mortgaged to it, more value, in real estate, than would buy one of your interior counties—and if it should ever be obliged to take possession, for non-payment of the money, how would the matter stand? Why any man can see how it would stand. It would carry on the farming business by its corporate power, and if such powers should not appear in the letter, yet some cunning Bank lawyer, well skilled in constructive charter privileges, will devise that the powers are necessarily implied—and the work is done—and then will be set up in the land, one lordly domain, in which the power of the people will be forever blotted out; and the once hardy democracy forced to submit to the insolence of corporate agents, and like the operatives in our factories, go to their daily toil at the sound of the bell!²⁰

19. Levi Lincoln, veto message, Feb. 16, 1827, in *Resolves of the General Court of Massachusetts . . . 1824–1828* (Boston, MA, 1828), 474–76; Samuel C. Allen, *An Address, Delivered at Northampton, before the Hampshire, Franklin, and Hampden Agricultural Society, October 27, 1830* (Northampton, MA, 1830), 27–28; Abel Cushing, *Oration Delivered at the Celebration of the Democratic Working-Men, in Milford, Mass., July 4, 1834* (Providence, RI, 1834), 10, 11, 12. On Democratic opposition to monopoly privilege, see Lawrence Frederick Kohl, *The Politics of Individualism: Parties and the American Character in the Jacksonian Era* (New York, 1989), 26–62 passim, 128–29, 192–93, and Ronald P. Formisano, *The Transformation of Political Culture: Massachusetts Parties, 1790s–1840s* (New York, 1983), 272–76. On the Workingmen's movement in Massachusetts, see Clark, *Rural Capitalism*, 204–9, and Formisano, *Transformation of Political Culture*, 222–44.

20. Cushing, *Oration*, 12. Perhaps with Cushing's attack in mind, MHLIC officer John Lowell submitted his own draft of that year's annual report for Bowditch's consideration. "I have endeavoured to *avoid* the idea of a defence *ag^t*. Calumny," he wrote privately to Bowditch, "but to take the field, fearlessly, *ag^t*. the enemy, & put him on the defensive." In his report, Lowell claimed that Company loans had been devoted to "the encouragement of agriculture" in a manner

Cushing's accusations highlighted the troubling realities of economic change in New England. Foremost among these were the unprecedented scale and anonymity of corporate power and the erosion of economic independence. Referring to the "operatives in our factories," Cushing alluded to one touchstone of these realities, but in western Massachusetts, the MHLIC and its debtors would have provided another at once more disturbing and immediate. In the textile mills run by the Boston elite, most operatives were young women from New England farms, and whether or not mill work was oppressive it did provide greater economic independence than experienced by unmarried females living in their fathers' households. But for the western Massachusetts men who borrowed money from the MHLIC, the opposite was true. Mortgaging their farms risked the very property that gave them economic independence and their standing as citizens and as men.

Then too, the Lowell mills were miles away, while the MHLIC was everywhere in western Massachusetts. The readers of the *Berkshire Star* saw Elijah Alvord's advertisements for "MONEY" that announced his lending tours of the county. Unlike the local gentlemen who occasionally lent money to farmers, the Company made hundreds of loans. In Berkshire County, it loaned money in every town, with some 6 per cent of all Berkshire households in debt to the Company. In Richmond, only five of the town's 150 families mortgaged their land to the MHLIC, but in Sandisfield, a town with about 230 dwellings, thirty-three men borrowed from the Company. In the isolated mountain town of Florida, fourteen of the eighty families were indebted to the MHLIC.²¹ Such a substantial presence may well have seemed ominous. Stringent appraisals of assets and habits, formal contracts and postage-due letters with printed warnings, two-dollar letters penned by a "cunning Bank lawyer," all fore-

both advantageous to and accommodating of the farmer ("he is sure of not being called upon in pressing times"). John Lowell to Bowditch, Dec. 23, 1834, AA-1, Case 1, MHLIC Papers.

21. *Berkshire Star* (Stockbridge, MA), June 8, 1826, 4; Whitney, "Mortgages," 180-220; Field, *Berkshire*, 14, 303, 334, 460-61. Five loans to five individuals in Richmond, thirty-three loans to thirty-three individuals in Sandisfield, and fifteen loans to fourteen individuals in Florida are recorded in the Berkshire County Registry of Deeds between 1826 and 1838. The 6 percent figure assumes 523 mortgages (see fn15) and uses the number of Berkshire polls given by Field (p. 14) as a rough proxy for number of households.

warned economic and political dependence. If they had not yet lost their autonomy, farmers could see what the future might hold not just for the women in Lowell but for the yeomanry of New England.

In fact, Abel Cushing's depiction of the "Death Office" was wrong. The Company was not out to amass a "lordly domain." Had it so desired, it could have insisted on repayment of the principal at the contractually specified date, then snatched up the land of those unable to do so. Yet as long as the interest was punctually paid, the Company was content to continue the loan. It tolerated delinquency for years, preferred to assign bad mortgages to other creditors rather than seize the mortgaged property for itself, and largely avoided legal proceedings. Company reports acknowledged "the odium which is generally excited by a resort to collateral security for payment," in other words, "dispossessing a poor debtor." Bowditch knew lawsuits damaged the Company's public image. On one occasion, for example, he acknowledged that "the company might lose on account of some unpopularity if they should commence any action," but since that instance involved a particularly egregious case of outright fraud, he pressed for court action. When it came to tardy borrowers, he regularly reminded his agents "that the Company do not want to have suits carried on in the name of the Office if it can probably be avoided," so lawsuits and foreclosure were rare. Of 645 individuals who received warning letters between 1832 and 1840, for example, the Company recorded suits against four and foreclosures on eight. The records of the Berkshire County Courts document somewhat more frequent lawsuits—sixteen during these years—but even this represents only 3 percent of the Berkshire borrowers.²²

Nevertheless, Bowditch and his secretary kept telling borrowers that

22. Extending loans: White, *MHLIC*, 44–45; Hale to James Bagg, Aug. 9, 1830, LA-1. Indeed the Company preferred to extend the loans, so as to avoid the trouble of locating another borrower and any interruption in the steady 6 percent returns. That practice had long been common among creditors who loaned money primarily as a steady source of income. White, *MHLIC*, 46–47; Mann, *Republic of Debtors*, 17. Treatment of delinquent debtors: Bowditch to Alvord, Apr. 21, 1828, Sep. 30, 1829, LA-1; "Letters Written to Defaulters"; Entries under "Mass. Hospital Life Ins. Co. versus." Avoidance of dispossession and lawsuits: Board of Control Report, Dec. 31, 1838, Dec. 31, 1836, A-7; Bowditch to Strong, Nov. 23, 1829; Bowditch to Strong, June 23, 1829; Bowditch to Alvord, Apr. 21, 1828, LA-1. The figure of 645 is for the Company's mortgage debtors in the entire state.

the Company would sue at the drop of a hat, because they wanted nothing to interfere with the *perception* of the due date as inviolable. When Rufus Gorham paid his interest one month late, the Company informed him that the interest “must be punctually paid in future, or the usual course will be taken therewith—it was a mere accident that prevented a suit in the present instance.” The Company was bluffing. In private correspondence, the MHLIC secretary admitted that the Company took no action on late payments for three days, and Company records indicate that most warning letters were not sent for weeks, sometimes months. But the Company wanted to appear uncompromising. “To be sure it may be imprudent to let the practice be known,” the Company told agent Alvord regarding the unofficial grace period, “for fear that none would be paid punctually.” The Company had a point. Explaining one borrower’s tardy payment, Alvord wrote, “Tabor Jones says he has no excuse except it was more convenient to wait till this time, and that once before he did the same and you found no fault.”²³

Concern for the bottom line might explain the MHLIC’s fixation with punctuality; late payments meant lost profits. But dollars and cents were apparently not the Company’s primary concern, because its agents and solicitors, rather than the Company itself, pocketed the fees imposed for dunning letters, and the MHLIC levied no additional sums on payments made even years late, thereby foregoing the money it could have earned on punctual remittances. The Company could have compounded the interest on late payments to make up for lost revenue, and some tardy western debtors offered to pay compounded interest, but Bowditch would have none of it, reasoning that debtors would simply add a few cents or dollars to late payments *in lieu of* punctuality. The profits might have been secured, but the principle of punctuality would have been compromised.²⁴

23. Hale to Rufus Gorham, Nov. 24, 1830; Hale to Alvord, Apr. 17, 1833, LA-1; “Letters Written to Defaulters”; Joseph Tilden to Alvord, May 26, 1838, LA-2; Alvord to Bowditch, May 11, 1832, LB-1, Case 5.

24. George Frost to “Sir,” Nov. 21, 1833, LB-1, Case 5; Hale to Edward Burrall, Dec. 1828; Bowditch to Alvord, Oct. 21, 1831, LA-1. Company policy stipulated that warning letters sent to tardy debtors should cost more than compounded interest would have cost, but that the agents and the solicitor should pocket those fees. “The only object of our making the parties pay the Solic. Fees,” explained Bowditch, “is to make them punctual in their payments.” Bowditch to Alvord, May 14, 1835, LA-1. See also Hale to Strong, Apr. 14, 1829, LA-1.

Company policies on dunning letter fees and compound interest reveal how its fixation with punctuality went beyond profit maximization and economic rationality. Historians have noted how the issue of punctuality served as both a touchstone for cultural change and a flashpoint for cultural conflict in this era. In his examination of the Hudson Valley, Martin Bruegel details the development of a modern time consciousness, as farm families increasingly produced for long-distance exchange and relied on timepieces. Farmers came to understand that they had to deliver their goods to river vessels running on fixed schedules and that time spent in leisure was time away from productive labor. Meanwhile, factory laborers were introduced to industrial time discipline. Julia Ott has argued that even before the quickenings in commercial life and industrial enterprise, the spread of credit, with the concomitant notion of the time value of money, created an awareness of the press of time and a fixation with promptness. Freightboat schedules, factory bells, and payment due dates required punctuality, and those who did not acquire it for themselves would be taught by moral essayists writing in schoolbooks and newspapers, or, more forcibly and consequentially, by disgruntled business associates, angry factory bosses, and impatient creditors.²⁵

The MHLIC wanted to teach its rural debtors the necessity of punctuality, with annual reminders as regular lessons, and its threatening letters disciplining recalcitrant pupils. But such instruction may not have been an education in "capitalism," because capitalism itself was changing. Punctuality, after all, had not always been the watchword of capitalist enterprise. Urban elites like those who founded the MHLIC had been capitalists for a long time, but had not always regarded payment due dates as inviolable. Just a decade or two earlier, when the wealthy men of port cities still focused primarily on maritime commerce, the exact timing of loan repayment could be a matter of negotiation. Defaulting on a loan was out of the question, of course, but solvent borrowers who found payment on a particular date inconvenient might request a postponement and then pay compound interest on the extension. In 1810,

25. Martin Bruegel, "Time That Can Be Relied Upon": The Evolution of Time Consciousness in the Mid-Hudson Valley," *Journal of Social History* 28 (Spring 1995), 547-64; Julia Ott, "Reading Hamilton's Clocks: Time Consciousness in Early National and Antebellum Urban Commercial Culture," a paper presented at the 2001 American Studies Association conference, <http://epsilon3.georgetown.edu/~coventrm/asa2001/panel9/ott.html>.

Boston merchants James and Thomas Handasyd Perkins made such a request of the Salem marine insurance company where Bowditch was then actuary. The company's secretary quickly relayed approval, adding: "As I expect to be in Boston in a few days, [I] shall defer the adjustment till I have the pleasure of seeing you." Even refusing such requests required some explanation and accommodation. In 1811, Bowditch explained to merchant Israel Thorndike that, due to recent insurance losses and an upcoming dividend, he needed payment on two premiums, now four months overdue. He had sent a notice to Thorndike three weeks earlier, Bowditch noted, tactfully suggesting that Thorndike had probably not received it. Thorndike quickly paid up, but wanted Bowditch to delay cashing the check. "If it is possible to keep back the check till the 15th June I will do it with pleasure," answered Bowditch.²⁶

Such flexibility was possible in the social milieu of maritime commerce. The business environment of seaboard elites in the early republic resembled the face-to-face exchange of rural communities. Merchants dealt largely with other merchants, sea captains, supercargoes, and factors they knew personally, many linked by blood or marriage, some by friendship, others by well-worn rivalry. Even when business dealings prompted mistrust, it was between men engaged in tense but personal relationships, who understood business conflicts in those terms. Working with overseas agents introduced some uncertainty, but sending out relatives or selecting men of good reputation could alleviate concerns. In the main, merchants pursued opportunities on their own account or as principals in small-scale partnerships, so that business dealings were a matter among individuals acquainted with one another. Even banks and marine insurance companies functioned similarly, providing financial services to fellow members of local commercial elites. Such circumstances made it possible to be accommodating—and difficult to be impersonal—in business affairs.²⁷

26. J. and T. H. Perkins to Leonard Kimball, Nov. 6, 1810; Kimball to J. and T. H. Perkins, Nov. 8, 1810; Bowditch to Israel Thorndike, May 29, 31, 1811; Thorndike to Bowditch, May 31, 1811, B1, F4, Essex Fire and Marine Insurance Company Papers (Phillips Library, Peabody Essex Museum, Salem, MA).

27. Kenneth Wiggins Porter, *The Jacksons and the Lees: Two Generations of Massachusetts Merchants, 1765–1844* (2 vols., Cambridge, MA, 1937), 1: 88–98; David Hancock, *Citizens of the World: London Merchants and the Integration of the British Atlantic Community, 1735–1785* (Cambridge, MA, 1995), 83–84, 139–41; Lamoreaux, "Rethinking the Transition," 446–49; Ditz, "Shipwrecked," 56–57.

Rural mortgages, however, emerged from a new institutional context and created a new set of social relations. Since the 1780s, elite Bostonians had used the corporate form to pursue profits in banking, insurance, internal improvements, and small-scale manufacturing. These enterprises generally involved doing business with a known cast of characters—fellow members of the elite. The near simultaneous establishment of the MHLIC and the vast mill complex in Lowell, however, found Boston corporations transacting business with strangers from the hinterlands, and brought the old style of flexibility into question. Nothing in the corporate form per se mandated an impersonal bureaucracy. The meetings where Bowditch and the Finance Committee reviewed loan applications, for example, would have had a certain intimacy and informality: four people in the room, all well known to each other socially and professionally. The Committee could act *entre nous*, and did so when loaning money to other wealthy Bostonians. Here the distinction between the MHLIC as an abstract entity and its individual constituents disappeared, and the Company functioned essentially as a small commercial community. It loaned money to its officers and stockholders, sometimes with laughably inadequate or even legally proscribed assets as collateral, extending payment dates by compounding the interest due. In the Panic of 1837, it even allowed several elite borrowers to terminate loans early so they could cash in the collateral, a favor the beneficiaries found most “gratifying.”²⁸

To rural mortgage debtors, however, the MHLIC presented itself as an impersonal and inflexible bureaucracy. Farmers were strangers and social inferiors. Factory operatives were too, of course, but these young women could perhaps best be approached in the spirit of paternalism. Property-owning farmers, on the other hand, could be prickly about their independence and dignity and were less likely to be deferential. Farmers from the western counties, a region associated with the unruly debtors of Shays’s Rebellion, as well as political radicals and religious dissenters, were of particular concern, as was confirmed by the tone of irritation

28. Maier, “Incorporations”; White, *MHLIC*, 47–54; Dalzell, *Enterprising Elite*, 105–6; Daybook, CA-1, MHLIC Papers; Report of the Actuary to the Board of Control, Dec. 26, 1837, A-5. On the widespread practice of such arrangements among elites, see Naomi R. Lamoreaux, *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England* (Cambridge, UK, 1994).

many farmer-debtors adopted in their letters, not to mention the confrontational tactics of their legislators. Small wonder, then, that the MHLIC adopted an unyielding business demeanor when doing business with such men. The Company represented itself as the impersonal agent of an abstract entity, never deviating from Company bylaws, and demanding strict adherence to the rules.²⁹

Bowditch might have been ahead of his times; he apparently wanted a degree of regularity beyond that sought by the Company. The Committee of Finance may have been willing to bend the rules, as when it approved a substantial loan to the Berkshire Medical Institution with nothing more for collateral than a tiny plot of land “with the large dwelling house and college buildings standing thereon,” but when the school defaulted, Bowditch grumbled, “I never liked that loan.” Bowditch’s approach even to wealthy Bostonians could be unusually peremptory. In August 1825, for example, he contacted stockholder Benjamin Guild about a late payment. Undeterred that Guild was on vacation at the seaside, Bowditch sent the letter to Guild’s hotel, to the recipient’s astonishment and irritation. “It is true that the day had been forgotten, but not the fact that the payment was to be made,” Guild wrote, explaining that he planned to pay in a few months’ time. “I spoke one day to [Company director] Mr. Francis on the subject,” Guild continued, “& intended to have gone to you but some one called me away & I left town without thinking of it again. . . . I supposed . . . that as the payment was secure & interest from the time it was due would be acquired, that punctuality was not of much importance.” This was the way elite Bostonians usually conducted business among themselves—informally, through personal contacts, as the need arose.³⁰

Bowditch anticipated a new model of business conduct in which all transactions would adhere to fixed rules, regardless of the persons involved, but for now he was ruffling feathers, and not just Guild’s. Between 1826 and 1828, as a Fellow of the Harvard Corporation,

29. Richard D. Birdsall, *Berkshire County: A Cultural History* (New Haven, CT, 1959), 75–102, 223–30; Formisano, *Political Culture*, 152, 154, 166–67; Leonard L. Richards, *Shays’s Rebellion: The American Revolution’s Final Battle* (Philadelphia, PA, 2002), 14–15, 30–41, 55.

30. Mortgage Deed, May 8, 1827, Book 70, Page 270 (Berkshire County Registry of Deeds, Pittsfield, MA); Bowditch to Alvord, Aug. 8, 1828, LA-1; Benjamin Guild to Bowditch, Aug. 20, 1825, LB-1, Case 5.

Bowditch spearheaded an investigation into the college's financial affairs. He was horrified by the laxity and disorder he discovered. Without mincing words, he accused the college's steward and president of gross managerial incompetence. He forced their resignations, shocking many elite Bostonians at his treatment of the two gentlemen. Harsh critiques of Bowditch appeared in the public prints, while Charles Francis Adams confided to his diary that "some men have no delicacy." That Harvard's affairs were a mess was not disputed, but men like Adams were used to thinking that, even in business, it mattered who one was. Even after his death, Bowditch's eulogist, almost certainly referencing this episode, conceded that "it may have been thought by some, that he carried this love of order to an extreme, and sometimes visited too harshly the deviations from the straight line of his directions."³¹

Bowditch was indeed unusual, distinguished above all by an obsession for mathematical accuracy and a fascination with system and regularity. Alongside his business career in the East India trade, marine insurance, and finally the MHLIC, he had become a sophisticated—and entirely self-taught—mathematician and astronomer. By his own admission he lacked originality, but he was unsurpassed as a calculator, and was one of but a handful of American contemporaries capable of grasping the latest in European mathematics. Bowditch first achieved fame as the author of the *New American Practical Navigator* (1802), the most original and significant feature of which were the tables used to determine one's position at sea by astronomical observations. Bowditch had not generated these tables *de nova*, but spent years calculating and recalculating each value in them, correcting no fewer than eight thousand errors. (It was precisely this mind-numbing task that inspired Charles Babbage to invent his "calculating engine," an early computer, in the early 1820s.) The work engaged not just Bowditch's genius for computation but also his appreciation for the inviolability of natural laws. Because the *Naviga-*

31. Ronald Story, *The Forging of an Aristocracy: Harvard & the Boston Upper Class, 1800–1870* (Middletown, CT, 1980), ch. 3; Nathaniel Bowditch, "College History," 1828, ms. (Harvard University Archives, Cambridge, MA); Charles Francis Adams, *Diary of Charles Francis Adams*, ed. Aida DiPace Donald and David Donald (2 vols., Cambridge, MA, 1964), 2: 226, entry for Mar. 3, 1828; Alexander Young, *The Varieties of Human Greatness: A Discourse on the Life and Character of the Hon. Nathaniel Bowditch, LL.D., F.R.S.* (Boston, MA, 1838), 68.

tor's tables are based on the regular and therefore predictable movements of the moon and stars, for the mariner, the sky is a precise timepiece that pinpoints his position at sea. Then, in what he considered his major achievement as a mathematician, the translation and annotation of Pierre Laplace's *Mécanique Céleste*, Bowditch abandoned the world of practical applications for the abstract beauty and perfection of a clockwork universe. Savoring the vision of regularity underlying celestial navigation and mechanics, he found any degree of imprecision, any deviation from the rules, profoundly disturbing.³²

Although exceptional, Bowditch was attuned to the world of the Boston elite. They recruited him precisely for his unusual qualities. The Company's Board of Control identified "perspicuity, order, and system" as just what they "expected from the well known character of the Actuary, Dr. Bowditch." Elite Bostonians thought Bowditch's scientific work "peculiarly suited to form habits of exactness and precision," and quickly came to appreciate these traits in his running of the Life Office. While Company debtors would have been most familiar with Bowditch's insistence on punctuality, for Company officers and stockholders, his salient quality, evident at every annual audit, was the order and system he brought to office procedures.³³

32. Nathaniel Ingersoll Bowditch, "Memoir," in Nathaniel Bowditch, *Mécanique Céleste by the Marquis de la Place, Translated with a Commentary, by Nathaniel Bowditch, LL.D.* (Boston, MA, 1839), 148; Tamara Plakins Thornton, "'The Intelligent Mariner': Nathaniel Bowditch, The Science of Navigation, and the Art of Upward Mobility in the Maritime World," *New England Quarterly* 79 (Dec. 2006), 609–35; Nathan Reingold, "Nathaniel Bowditch," *Dictionary of Scientific Biography*, 18 vols. (New York, 1981), 2: 368–69; Doron Swade, *The Difference Engine: Charles Babbage and the Quest to Build the First Computer* (New York, 2000), 12–18.

33. Board of Control Report, Jan. 19, 1825, A-7; Young, *Varieties of Human Greatness*, 67–68. William J. Ashworth has drawn attention to an almost exactly opposite situation, in which a group of English merchants, stockbrokers, and accountants sought to reform the conduct of scientific research according to the values associated with the conduct of business—vigilance, calculation, and precision. Ashworth attributes the congruence between astronomy and business to the growth of capitalism, with its demands for ever greater control and manipulation of both the physical and the socioeconomic worlds. Rather than considering capitalist development as an abstract imperative with a predetermined outcome, I consider how Boston's capitalists developed novel practices and values under the pressure of social and economic change. William J. Ashworth, "The Calculating

Naomi Lamoreaux has argued that businesses of this era were actually quite unbusinesslike in their operations. Bookkeeping, for example, rarely approached the textbook ideal of double-entry and regular balancing. But the MHLIC kept the books in accordance with the strictest accounting methods, with transactions recorded and rerecorded in ledgers, journals, and waste books. Bowditch personally balanced the cash account every day at two o'clock. Yearly audits accounted for income and expenditures to the penny. Profits and losses were calculated annually. Bowditch's standardization of documents also departed from the norm. Almost his first act as head of the MHLIC was to have mortgage loan forms printed up, which he continually hounded his agents to use instead of handwritten applications. Once Bowditch was so disgusted by the physical appearance of an application—it was, he wrote, "very badly written . . . on a little nasty piece of paper"—that he considered denying the loan. He personally checked every document issued by the Company, "and frequently his minute and careful scrutiny would detect some clerical error, which had escaped all who had preceded him." He also took unusual care to organize documents, assigning each loan a number, and insisting that loan applications for different individuals be separate. He even specified how he wanted the papers folded, so that the loan number could be penned on the outside of the document and all documents with the same number could be bundled neatly together. He instructed his agents to refer to each loan separately in their letters, taking care to write on only one side of the paper, so that he could cut up the "letter & put the part relative to each loan in its proper bundle." Filing systems would not appear until mid-century, but Bowditch set up a striking precursor.³⁴

Eye: Baily, Herschel, Babbage and the Business of Astronomy," *British Journal of the History of Science* 27 (1994), 409–41.

34. Lamoreaux, "Rethinking the Transition," 442–45; White, *MHLIC*, 24–25; Bowditch, "Memoir," 86, 94–95; "Schedule of Mortgages, 1831–1900," EC-1, MHLIC Papers; Bowditch to Alvord, Feb. 9, Mar. 18, 29, 1824, Jan. 12, 14, 1826, Sept. 14, 1829; Bowditch to Packard, Dec. 11, 1824, LA-1. On office practice innovations dating from mid-century, see JoAnne Yates, *Control through Communication: The Rise of System in American Management* (Baltimore, MD, 1989), 25–39, and Michael Zakim, "The Business Clerk as Social Revolutionary: Or, a Labor History of the Nonproducing Classes," *Journal of the Early Republic* 26 (Winter 2006), 576–85, 593. The overall evaluation of Company office practices is based on an examination of the relevant materials in the MHLIC Papers,

Year in and year out, the Board of Control praised Bowditch's methodical practices. In 1834, for example, they complimented "the beautiful simplicity, order, exactitude and method with which the accounts and books of the Corporation are managed." But if the Board admired Bowditch's office procedures, they found his "rigid adherence to established rules" most inspiring. A posthumous biographical memoir celebrated the rigor with which he enforced Company rules even, indeed *especially*, in the cases of prominent men. The story is told of "one of the wealthiest citizens of Boston, himself a members of the Board of Control," who wanted to deposit a check for \$10,000 in a trust account on a Saturday, but whose bank account contained only \$9,700. The gentleman explained that he would deposit the additional three hundred on Monday, but Bowditch insisted that to accept the check would violate Company rules. "It is my duty," Bowditch asserted, "to enforce this rule against the most powerful and influential, as well as the most humble, individual who deals with the institution." The board member reportedly "was at first not a little astonished at such a novelty as the refusal to trust him for three hundred dollars for one day." But Bowditch replied, "I am happy, sir, that it has become necessary to enforce this rule in an extreme case. Having been once applied to yourself, no one else can ever object to a compliance with it."³⁵

Bowditch did not just implement the rules; as a Newtonian scientist, he embraced rule-bound regularity as an abstract principle. His reply to the board member points to one of the reasons elite Bostonians were drawn to his practices and ideas. For just who might the "humble" people objecting to Company rules *be*, if not querulous western debtors and their ilk? Responding to the public hostility toward the "Death Office" and the political challenges to Company power, elite Bostonians emphasized the impartiality with which the MHLIC enforced its rules. Appeals to fairness had political value. "In the principles adopted for the regulation of loans upon property pledged to their security," read a Company report in the thick of the Panic of 1837, "the very appearance even of

especially Board of Control Reports (A-5, A-7), Company Ledgers (B series), Journals (C series), Daybooks (CA series, called "Waste" to 1842), and Schedules of Notes and Mortgages (GA series). Company correspondence refers repeatedly to the annual balancing of the books each December.

35. Board of Control Report, Dec. 31, 1834, Dec. 31, 1838, A-7; Bowditch, "Memoir," 86-87.

oppression and hardship is avoided when the day of payment arrives," hardly the scenario described above by Harriet Martineau that blamed "loss and ruin" on MHLIC collection policies. What rural borrowers and their political advocates interpreted as the cold-blooded and menacing exercise of power, the Company represented as the dispassionate application of impersonal procedures. If Bowditch made it clear to farmers that the interest would "not wait a day," he had made the same point to vacationing stockholder Benjamin Guild. If farmers received payment reminders with a threat of lawsuit appended, so too did Congressman and Boston worthy Edward Everett. If rules were enforced "among the most powerful and influential," then those without power and influence could hardly complain of harsh treatment. Surely the Company's stance had a broader audience, since elite business affairs increasingly involved relations with men and women of little economic power, such as western farmers and mill operatives, who understood the meaning of inequality and had protested against it. The image of even-handedness, what Bowditch's memoirist described as "exact and equal justice," answered such criticisms. It may even have answered any self-questioning engendered among elite Bostonians themselves.³⁶

Bowditch's devotion to rule-bound regularity extended an Enlightenment scientist's vision of the physical universe to the world of business. Toby Ditz has argued that eighteenth-century merchants disguised the reality of negotiation and contestation when invoking "custom" as an external standard that set particular business practices in stone. Bowditch "naturalized" business practices even more literally and powerfully, by establishing natural law at their heart. The rules of business conduct appear as inviolable as the laws of his beloved celestial mechanics. When one rural borrower asked permission to send in his payment late, the Company responded, "The interest on your note must be paid immediately—the officers of the Co. have no power to suspend the By-Law," as if it were a law of physics. Similarly, Company directors described busi-

36. Board of Control Report, Jan. 9, 1838, A-5; MHLIC to Everett, Oct. 26, 1830; Bowditch, "Memoir," 92. For analogous arguments regarding the ideological uses of the "science" of double-entry bookkeeping, see Bruce G. Carruthers and Wendy Nelson Espeland, "Accounting for Rationality: Double-Entry Bookkeeping and the Rhetoric of Economic Rationality," *American Journal of Sociology* 97 (July 1991), 31–69, and Michael Zakim, "Bookkeeping as Ideology: Capitalist Knowledge in Nineteenth-Century America," *Common-place* 6 (no. 4, 2006).

ness affairs in language associated with the Newtonian universe, with Bowditch cast as the divine Author. “Perfect order prevails,” read the Company’s 1838 annual report, “and this great machine is moved with the regularity and harmony of clock-work, and is one of those noble indexes that exhibits the mind of the distinguished Actuary.”³⁷

Given that the Company’s business was the long-term preservation of wealth, this Enlightenment vision of reliability and predictability held strong appeal. Apart from the fiduciary task of the MHLIC, wealthy Bostonians of this era generally forewent risk in favor of security. Antebellum businessmen throughout America operated within a boom-and-bust environment that was enough to disquiet anyone, whether pursuing a steady income or the main chance. Panics were aptly named. Wealthy individuals foundered, and institutions regarded as secure proved unstable. “We have twenty six machines running a race in the manufacture of money,” wrote Boston businessman J. J. Dixwell of his city’s banks in March 1839, “with no fly wheel or regulator to control their movements.” Compare this image of mechanical and economic chaos to the “great machine” and the “perfect order” of Bowditch’s business universe. During the Panic of 1837, when Boston banks suspended specie payments, the MHLIC announced an 8 percent dividend and met its trust and annuity obligations. “In the regularity of the income, and in the certainty of its payments,” commented the annual report, “they who are dependent on it for their annual support, are in a very great degree relieved from those fluctuations which are so common in all commercial communities.” Amidst these unnerving oscillations, the Newtonian scientist as executive offered reassurance that the mighty mechanism of business, like the clockwork universe of Enlightenment science, was stable, predictable, and benign.³⁸



37. Toby L. Ditz, “Formative Ventures: Eighteenth-Century Commercial Letters and the Articulation of Experience,” in *Epistolary Selves: Letters and Letter-Writers, 1600–1945*, ed. Rebecca Earle (Aldershot, UK, 1999), 63–65; Joyner to the MHLIC, Mar. 17, 1829; Board of Control Report, Jan. 9, 1838.

38. Dalzell, *Enterprising Elite*; J. J. Dixwell to Joshua Bates, Mar. 6, 1839, quoted in N. S. B. Gras, *The Massachusetts First National Bank of Boston, 1784–1934* (Cambridge, MA, 1937), 101; Report of the Actuary to the Board of Control, Dec. 26, 1837; Board of Control Report, Jan. 9, 1838.

The MHLIC's mortgage lending in the countryside took both parties into new territory. The farmers of Massachusetts were undergoing the difficult transition from a household to a market economy, and the Company's presence as a large, eastern corporation exacerbated the tensions that accompanied this change. The Company's economic power and business practices frightened and alienated many of its debtors and generated a broader-based political discontent. In Berkshire County, every town had its debtors, each of whom paid a lawyer to process the mortgage application, signed a formal contract, and received an annual reminder letter that spelled out the legal consequences of delinquency. Many then endured the indignity of once more paying a lawyer, this time to receive a letter threatening lawsuit. Such experiences fueled the anticorporate sentiment that found expression in the resentful letters debtors sent to Boston, and in political allegations of usury and mass foreclosure.

At the same time, Boston's wealthy men made their own adjustments to a new era of corporate capitalism. Their tight community of maritime traders had given way to manufacturing and mortgage financing, and they now conducted business as corporations with people they did not know, might not trust, and could not consider social equals. They faced such unforeseen events as labor strikes, political challenges, and economic panics. Novel interactions and changed circumstances provoked a new economic culture, manifest in new economic practices and ideologies. The MHLIC's insistence on punctuality arose from the need to conduct business with unfamiliar kinds of economic actors. The Company positioned itself as an impersonal mechanism, irrevocably fixed in its method of operation, against what it perceived as an unreliable and assertive yeomanry. The elite Bostonians' allegiance to rule-bound regularity emerged as a particular response to new political pressures and a new atmosphere of economic insecurity. Capitalist culture evolved with the changing experiences and needs of the capitalists. The "great machine" was as new to Boston as the "beast of prey" was to the countryside.