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Abstract
Founded in 1786 by former officers of the Continental Army to promote an orderly expansion of American society westward, the Ohio Company soon succumbed to the desire of many of its investors to make money. The aims of settlement warred with the desire to make a profit through land speculation; eventually the company dissolved, a casualty of its inability to reconcile the varied interests of shareholders and to manage westward development.

Keywords
Ohio Company, Officers' Petition, Western Expansion, Post-Revolutionary America, Emigration, Articles of Association

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The Ohio Company and the Meaning of Opportunity in the American West, 1786–1795

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THE Ohio Company was on the verge of collapse in the autumn of 1791. An Indian war in the Northwest Territory threatened Marietta, the company's settlement at the confluence of the Muskingum and Ohio Rivers, while a financial panic in New York depleted the company's treasury. Those problems, however, paled in comparison to the internal divisions wracking the company. Eastern and western stockholders were fighting over the disposition of company funds, and both sides were levying accusations of malfeasance at the company's officers. Daniel Story, one of the stockholders living in Marietta, reported to company secretary Winthrop Sargent that "it appears that the Proprietors in the Atlantic States are very uneasy, particularly, those in Massachusetts, Connecticut, & Rhode Island; in each of which States they have chosen Agents to examine into the proceedings of the Directors and Agents on this side [of] the mountains, to settle with Congress & obtain a deed for the purchase, divide the funds, & in fact dissolve the Company as soon as may be."[1] Story's words revealed just how much the interests of the Ohio Company's stockholders had diverged since its founding a few years earlier. Once joined in the common pursuit of purchasing and developing

The author would like to thank T. H. Breen, Jeffrey P. Brown, Andrew R. L. Cayton, Peter S. Onuf, and Robert H. Wiebe for their comments on early drafts of this essay.

[1]Daniel Story to Winthrop Sargent, 22 October 1791, from the microfilm edition of the Winthrop Sargent Papers, 4 reels (Boston: Massachusetts Historical Society, 1965), reel 2. Quoted by permission of the Massachusetts Historical Society, Boston.

western lands, they were now clamoring for the company's dissolution.

As a business venture, the Ohio Company closely resembled many other eighteenth-century land speculations. It raised capital and assigned shares through a joint-stock organization and used the political influence of its investors to secure a vast land purchase in the trans-Appalachian West. Like most other land companies, it operated on a shoestring: lands could be paid for only after a quick profit was realized on their resale. As historians have recently argued, however, the Ohio Company's agenda extended beyond purely financial motives. Founded in 1786 by a group of veteran officers of the Continental Army seeking recompense for their wartime services, the Ohio Company worked closely with the federal government to promote orderly and nationalistic western expansion.[2] Yet, as the size and scope of the company's operations increased, so too did the variety of ambitions it attempted to incorporate. Emigrants to the company's purchase pursued the social and economic development of their settlement, while those investors who remained in the East became more concerned with speculative land and securities markets. Geographical distance, a changing economy, and fluctuating personal fortunes all contributed to a divergence of individual interests that the Ohio Company struggled to contain. That struggle illustrates the changing perceptions of western opportunity in post-Revolutionary America.

When the veteran officers of the Continental Army left their service, they were at odds with both the Continental Congress and the civilian population. During the war's final years officers had actively lobbied for military pensions, and

[2]See Andrew R. L. Cayton, *The Frontier Republic: Ideology and Politics in the Ohio Country, 1780–1825* (Kent: Kent State University Press, 1986), pp. 1–80; Peter S. Onuf, *Statehood and Union: A History of the Northwest Ordinance* (Bloomington: Indiana University Press, 1987), pp. 1–66; and Andrew R. L. Cayton and Peter S. Onuf, *The Midwest and the Nation: Rethinking the History of an American Region* (Bloomington: Indiana University Press, 1990), pp. 1–24.

when their efforts failed, some had even considered mutiny.[3] Civilians, already strapped by wartime taxation and suspicious of military authority, resented such actions. Rufus Putnam, one of the Ohio Company's founders, noted that in his native Massachusetts "a general prejudice does at present, especially among the lower class of people, prevail against the officers of the army."[4] The officers' military fraternity, the Society of the Cincinnati, aroused such universal opposition that several state legislatures considered outlawing it altogether.[5] Confronted by a population reluctant to share its resources and lacking their own, the veteran officers moved quickly to assert their claim to the western lands that they had helped win from Great Britain.

Many precedents existed for the officers' interest in these western lands. The British government in the Seven Years' War and the United States government in the Revolutionary War had offered land bounties as incentives for military service.[6] Rufus Putnam, for example, had previously been involved with the Military Company of Adventurers, an enterprise organized by Seven Years' War veterans to locate their bounties in the Florida territory.[7] On the eve of the Continental Army's disbandment in June 1783, 288 officers seized the initiative by petitioning Congress for a grant of land northwest of the Ohio River. In a document drafted by Put-

[3]L. Clinton Hatch, *The Administration of the American Revolutionary Army* (New York: Longmans, Green, & Co., 1904), pp. 142–96; Charles Royster, *A Revolutionary People at War: The Continental Army and American Character, 1775–1783* (Chapel Hill: University of North Carolina Press, 1979), pp. 296–368; and Richard H. Kohn, "The Inside Story of the Newburgh Conspiracy: America and the Coup d'Etat," *William and Mary Quarterly*, 3d ser. 27 (April 1970): 187–220.

[4]Rufus Putnam to Henry Knox, 23 October 1783, from the microfilm edition of the Henry Knox Papers, 56 reels (Boston: Massachusetts Historical Society, 1960), 15:96. Quoted by permission of the Massachusetts Historical Society.

[5]Wallace Evan Davies, "The Society of Cincinnati in New England, 1783–1800," *William and Mary Quarterly*, 3d ser. 5 (January 1948): 5–15.

[6]Rudolf Freund, "Military Bounty Lands and the Origins of the Public Domain," *Agricultural History* 20 (January 1946): 8–18.

[7]Rufus Putnam, *The Memoirs of Rufus Putnam and Certain Official Papers and Correspondence*, comp. Rowena Buell (Boston: Houghton, Mifflin, and Company, 1903), pp. 36–54, 223–32, and S. P. Hildreth, *Biographical and Historical Memoirs of the Early Pioneer Settlers of Ohio* (Cincinnati: H. W. Derby, 1852), pp. 88–95.

nam, Timothy Pickering, and Jedidiah Huntingdon, they requested land and aid for emigrating veterans in exchange for their existing bounty claims and future military service on the frontier.[8] An attempt to gain security against an uncertain future, the Officers' Petition promised rapid settlement of its signers' outstanding claims on Congress as well as the chance to join in an organized emigration west. As such, the proposal combined the officers' speculative interests in western lands with a larger corporate purpose grounded in their common military experiences.

Dissatisfied with Congress's inaction on the Officers' Petition, Generals Rufus Putnam and Benjamin Tupper decided to form a joint-stock company. They placed advertisements in the Massachusetts newspapers "to inform all Officers and Soldiers who have served in the late War" of their plans, and eleven delegates representing eight counties attended the first meeting held in March 1786. Of those eleven, five were signers of the Officers' Petition and nine were members of the Cincinnati.[9] Such connections were common among the Ohio Company's early leaders. Putnam and Tupper were veterans of both the Seven Years' and Revolutionary Wars. General Samuel Holden Parsons, General James Varnum, and Major Winthrop Sargent, all officers of the Ohio Company, were also veterans of the Continental Army. All five of these men shared membership in the Society of the Cincinnati. Of the company's early leaders, only the Reverend Manasseh Cutler did not share this military experience; he learned of the enterprise through his acquaintance with Sargent.[10]

The Articles of Association adopted at the company's first meeting converted the Officers' Petition into a business enterprise by replacing military service with stock ownership

[8]Octavius Pickering, *The Life of Timothy Pickering*, 4 vols. (Boston: Little, Brown, & Company, 1867–73), 1:546–49.

[9]Archer B. Hulbert, ed., *The Records of the Original Proceedings of the Ohio Company*, 3 vols. (Marietta: Marietta Historical Commission, 1917–18), 1:1–6.

[10]Hildreth, *Pioneer Settlers of Ohio*, pp. 17–20, 53–59, 167–72, 195–214, 217–223, and Hulbert, *Records of the Ohio Company*, 1:lvii.

as the prerequisite for membership. The articles set the cost of a share at $1,000 in continental securities at face value, plus $10 in gold or silver, and invited anyone with the necessary capital to participate. They also stipulated that stockholders would divide themselves into groups of twenty shares each and that each group would elect its own agent to attend company meetings. Agents, in turn, would elect the company's executive officers: five directors, a treasurer, and a secretary. Within this corporate structure, the company's founders took steps to ensure that investment would remain open to fellow veterans. They established a five-share limit on ownership to prevent professional speculators from buying up the stock, and they allowed joint ownership by "those who cannot, or chuse not to adventure a full share."[11] Like the Officers' Petition, the Articles of Association also earmarked funds to aid less fortunate emigrants to the company's lands. Overall, the company's founders envisioned an enterprise that, while remaining democratic and open to those with only modest resources, would turn the depreciated continental securities of its investors into the profitable asset of land.

Correspondence between the company's directors and agents indicated that its early investors intended to emigrate west. Rufus Putnam wrote to his nephew John Matthews, surveying in the Ohio territory in 1787, that he could expect a "Numerous and rapid emigration to that Country."[12] Manasseh Cutler confidently observed in September 1787 that company shares "have been in great demand . . . and principally to such people as intend to go into the Country." He predicted that more than one thousand families would emi-

[11]Hulbert, *Records of the Ohio Company*, 1:8. The company's Articles of Association are reprinted on pp. 6–11, and in Shaw Livermore, *Early American Land Companies: Their Influence on Corporate Development* (New York: Commonwealth Fund, 1939), pp. 309–11.

[12]Rufus Putnam to John Matthews, 30 May 1787, Putnam and Parsons Letters, The Manasseh Cutler Collection, Special Collections Department, Northwestern University Library, Evanston, Ill. Quoted by permission of the Special Collections Department, Northwestern University Library.

grate by the end of 1788.[13] Agents attributed this "rage for going into the Country" to the uncertainty of New England's postwar economy.[14] Cutler called his subscribers "men of very considerable property" who intended to emigrate "owing in great measure to the general stagnation of business" at home.[15] Cutler also recognized many farmers in his agency who were "under the necessity of migrating" because of growing populations and limited lands.[16] A subscriber in Winthrop Sargent's agency added two further reasons for the stockholders' restlessness: "to get clear of paying taxes and . . . to live in a Country where they can maintain their families . . . better than where they now live."[17]

Social tensions within New England also contributed to the emigration sentiment among Ohio Company stockholders. Since the war's end, the veteran officers had become increasingly disenchanted with the nation's lack of civil authority. Many felt threatened by the social fluidity of postwar America and the population's disregard for their wartime service.[18] Writing to Samuel Holden Parsons in 1785, Henry Knox lamented the lack of republican "Sentiment" and "Manners" in America and warned that the "aspirations of the people of America after money are so strong that I tremble to think of the consequences."[19] In late 1786, when debt-ridden farmers began to arm themselves and forcibly close courts in western Massachusetts, the veteran officers feared a total breakdown of the social order. The Massachu-

[13]Manasseh Cutler to Henry Knox, 3 May 1788, Knox Papers, 22:32; W. P. Cutler and J. P. Cutler, *Life, Journals and Correspondence of Rev. Manasseh Cutler, LL.D.*, 2 vols. (Cincinnati: R. Clarke, 1888), 1:330.

[14]Cutler, *Life, Journals and Correspondence*, 1:333–34.

[15]Charles S. Hall, *The Life and Letters of Samuel Holden Parsons* (Binghamton: Osteningo, 1905), p. 497.

[16]Cutler, *Life, Journals and Correspondence*, 1:193.

[17]Elnathan Haskell to Winthrop Sargent, 28 February 1786, Sargent Papers, reel 2.

[18]Sidney Kaplan, "Veteran Officers and Politics in Massachusetts, 1783–1787," *William and Mary Quarterly*, 3d ser. 9 (January 1952): 40–57, and Davies, "Society of the Cincinnati in New England," pp. 21–23.

[19]Henry Knox to Samuel Holden Parsons, 29 March 1785, Knox Papers, 18:14.

setts Cincinnati passed resolutions condemning the insurgents, and General Benjamin Lincoln raised a volunteer force to march against Daniel Shays.[20] The leaders of the Ohio Company shared this reaction. Parsons called the rebellion a "Fire" spreading through Massachusetts and Vermont into Connecticut.[21] Cutler wrote to Sargent that the insurgents' "principle object . . . is most assuredly to annihilate Govt," and he described Massachusetts as "on the borders of complete anarchy."[22]

In such an unstable environment, emigration became an attractive alternative. Parsons contemplated a move west from Connecticut as a "Safe Retreat from the Confusions & Distress into which the folly of our Country may precipitate Us."[23] In a letter to Knox at the time of the rebellion, Sargent mentioned his own intentions to leave New England "in Favor of the Western World, while there are so many disposed to accompany me."[24] Ever the businessman, Cutler thought such disturbances would "promote our plans & incline well disposed persons to become adventurers—for who would wish to live under a Government subject to such tumults & convulsions."[25] In a 1787 promotional pamphlet, Cutler appealed to this emigration sentiment by stressing that in the Ohio country "there will be no *wrong* habits to combat, and no inveterate systems to overturn . . . no rubbish to remove, before you can lay the foundation."[26] Such remarks

[20]See James M. Bugbee, *Memorials of the Massachusetts Society of the Cincinnati* (Boston: Massachusetts Society of the Cincinnati, 1890), pp. 43–44; and David P. Szatmary, *Shays' Rebellion: The Making of an Agrarian Insurrection* (Amherst: University of Massachusetts Press, 1980), pp. 19–87.

[21]Samuel Holden Parsons to Henry Knox, 6 November 1786, Knox Papers, 19:42.

[22]Manasseh Cutler to Winthrop Sargent, 6 October 1786, Sargent Papers, reel 2.

[23]Samuel Holden Parsons to Winthrop Sargent, 26 June 1786, Sargent Papers, reel 2.

[24]Winthrop Sargent to Henry Knox, 30 December 1786, Knox Papers, 19:107.

[25]Manasseh Cutler to Winthrop Sargent, 6 October 1786, Sargent Papers, reel 2.

[26]Manasseh Cutler, *An Explanation of the Map which Delineates that Part of the Federal Lands Comprehended between Pennsylvania's West Line, the Rivers Ohio and Scioto, and Lake Erie* . . . (Salem: Dabney and Cushing, 1787), p. 20; reprinted in Cutler, *Life, Journals and Correspondence*, 2:393–406.

from Cutler, Parsons, and Sargent reveal that the western ambitions of Ohio Company stockholders in the late 1780s included social stability as well as economic security, both of which they found lacking in their native New England.

Emigration also offered the chance to perpetuate the status veteran officers had enjoyed during wartime. Agents used the Society of the Cincinnati and Freemason lodges to sell shares throughout New England, and once emigrants arrived within the company's purchase, they organized western chapters of these associations.[27] Several veteran officers involved in the Ohio Company also competed intensely for public offices in the Northwest Territory. Such appointments provided much needed income as well as the sort of social status that the officers were finding hard to achieve in New England. "I need wealth and like others of my Aquaintance am *undoubtedly* fond of Honours—there is nothing I would not adventure to acquire them," Sargent wrote to Knox in 1789.[28] Sargent, Samuel Holden Parsons, and James Varnum all received federal appointments in the Northwest Territory, making the leadership of the Ohio Company and the territory almost identical. Such a partnership pleased both the company and the government, for it encouraged the cooperation of individual initiative and federal policy in developing the West.[29]

The most compelling reason for emigration among the company's stockholders appears to have been financial security.[30] Most of Marietta's early settlers were veteran officers

[27]See Manasseh Cutler to Winthrop Sargent, 29 December 1787, Sargent Papers, reel 2; Winthrop Sargent to Jeremiah Fogg, March 1788, Putnam and Parsons Letters, Cutler Collection; Hulbert, *Records of the Ohio Company*, 1:xlii–xlv; and Bugbee, *Massachusetts Society of the Cincinnati*, pp. 50–51.

[28]Winthrop Sargent to Henry Knox, 16 March 1789, Knox Papers, 23:133.

[29]Israel Ward Andrews, *Washington County, and the Early Settlement of Ohio* (Cincinnati: P. G. Thomson, 1877), p. 74.

[30]Biographical information on associates of the Ohio Company was drawn from three sources: Hulbert, *Records of the Ohio Company*, vols. 1–2; Joseph Barker, *Recollections of the First Settlement in Ohio*, ed. G. Jordan Blazier (Marietta: Marietta College, 1958); and Hildreth, *Early Pioneer Settlers of Ohio*. Additional information on western stockholders came from Ohio Adjutant General's Department, *The Official Roster of the Soldiers of the American Revolution Buried in the*

who had found it difficult to reestablish themselves in New England. Many were farmers unable to attain credit in a cash-starved economy; others had failed in postwar business ventures.[31] All decided that the company's western lands promised the best possible return on their depreciated continental securities. They expected to find markets for their goods and services in the West, and they attached their fortunes to the company's efforts to develop its purchase rapidly. It was this alignment between the Ohio Company's corporate purposes and the individual ambitions of its stockholders that enabled it to mobilize the resources necessary to purchase and settle its lands.

The conditions that originally created and promoted this alignment, however, changed as the scope of the Ohio Company's operations widened. Negotiations for its land purchase revealed different levels of speculative interest within the company that divided its leaders from its stockholders. The founding of Marietta in 1788 also split the proprietorship into eastern and western portions separated by distance and different priorities for company policy.

From its inception, the Ohio Company had difficulty balancing the speculative interests of its stockholders. All were "adventurers" in the sense that they invested their continental securities in hopes of realizing a greater profit through company stock, but their intentions varied from settling to

State of Ohio, 3 vols. (Columbus: F. J. Heer Printing Co., 1929–59). Bugbee, *The Memorials of the Massachusetts Society of the Cincinnati* provided information on the eastern stockholders. From these sources I was able to identify 121 associates representing approximately 150 shares. According to a list dated 1 February 1796, the company consisted of a total of 584 stockholders representing 792 shares (see Hulbert, *Records of the Ohio Company*, 2:235–42).

Of the 121 associates I identified, 92 appeared on that stockholders list. The remaining 29 may be identified as either non-proprietor emigrants (most likely relatives of stockholders) or stockholders who had sold or forfeited their shares prior to February 1796. My sample included 72 residents of the company's purchase and 49 non-residents. Information assembled on residents and non-residents alike included: age, residence, military experience, occupation, fraternal ties, and position within the Ohio Company. Information tended to be more complete on resident associates, since both Hildreth and Barker based their histories in Marietta.

[31]Barker, *Recollections of the First Settlement in Ohio*, pp. 29–35.

leasing to reselling their lands.[32] The company's founders had been suspicious of the professional speculators with whom they competed for Ohio lands, and they had determined to restrict that influence by setting the five-share limit on stock ownership.[33] As Cutler realized, stockholders of "small property" were the company's most valuable adventurers, "as it depends on them to cultivate the Country and render it valuable."[34] Tensions developed, however, whenever one portion of the proprietorship suspected another of using company monies to an unfair advantage. While all stockholders sought to profit from their lands, few could tolerate methods deviating from or success greater than their own.

Differences among the stockholders' intentions first became apparent when the company negotiated its land purchase. Cutler, the company's agent before Congress, met with poor luck when he arrived in New York in the spring of 1787. Important members of Congress were attending the Constitutional Convention in Philadelphia, and those delegates still in New York appeared uninterested in the venture. Cutler's luck changed when he met William Duer, a New York financier and Secretary of the Board of Treasury, who offered him the chance to attach his efforts to the speculative interests of "a number of the principal characters in the city."[35] Duer's political connections provided Cutler with the influence he needed, and a few days later Congress passed a resolution allowing the Board of Treasury to complete a land sale with the Ohio Company. The resulting contract provided for the sale of 1.5 million acres of land to the Ohio Company for one million dollars in continental securities at

[32]For discussions of the meaning of "adventurer" in eighteenth-century land speculation, see Hulbert, *Records of the Ohio Company*, 1:xxvii, and Onuf, *Statehood and Union*, pp. 33–36.

[33]Putnam, *Memoirs of Rufus Putnam*, pp. 215–46, and Pickering, *Life of Pickering*, 1:504–12.

[34]Cutler, *Life, Journals and Correspondence*, 1:381.

[35]Cutler, *Life, Journals and Correspondence*, 1:295. For Cutler's negotiations with Congress, see Cutler, *Life, Journals and Correspondence*, 1:214–306, and Hulbert, *Records of the Ohio Company*, 1:lv–lxxvii.

face value. The Company would pay for its land in two equal installments, the first after signing the contract and the second after surveying the purchase.

The Ohio Company's association with Duer did not end there. Cutler and Winthrop Sargent, who had followed Cutler to New York, joined with Duer in forming the Scioto Group of Associates, another speculation involving land adjacent to the Ohio Company's purchase. Acting as private investors, Cutler and Sargent signed a second contract with Congress that gave them an option on 3.5 million acres north and west of the company's purchase. With Duer, they split the Scioto option into thirty shares representing 150,000 acres each; Cutler and Sargent controlled thirteen shares, Duer another thirteen, and the remaining four were earmarked for sale abroad.[36] Duer then distributed his shares among his associates in other speculations, including Andrew Craigie, Henry Knox, and Joel Barlow.[37]

The Scioto Group permanently altered the course of the Ohio Company. While Cutler's association with Duer did allow him to tap the political influence necessary to negotiate with Congress, it also attached the Ohio Company's venture to the activities of nationally prominent land speculators. Cutler insisted that the Scioto option was a "private speculation" that did not affect the Ohio Company's pur-

[36]For the Ohio Company and Scioto Group contracts, see Clarence E. Carter, ed., *Territorial Papers of the United States*, 26 vols. (Washington, D.C.: Government Printing Office, 1934), 2:80–88. Also see Walter Lowrie, ed., *American State Papers: Public Lands*, 8 vols. (Washington, D.C.: Duff Green, 1834–61), 1:23–24, and Hulbert, *Records of the Ohio Company*, 1:29–37.

[37]See Archer B. Hulbert, "The Methods and Operations of the Scioto Group of Speculators," *Mississippi Valley Historical Review* 1 (March 1915): 502–15, and 2 (June 1915): 56–73. Hulbert depicted Cutler and Sargent as innocent associates of the Scioto speculators, and he concluded that they acted only in the best interests of the Ohio Company and without knowledge of Duer's questionable business practices. For a more accurate assessment of the Ohio Company's involvement with the Scioto Group, see Robert F. Jones, "William Duer and the Business of Government in the Era of the American Revolution," *William and Mary Quarterly*, 3d ser. 32 (July 1975): 404–12. Many of Duer's associates in the Scioto Group also invested in the Ohio Company proper, including Alexander Hamilton, Henry Knox, Henry Jackson, Richard Platt (who served as treasurer for both groups), Joel Barlow, and Andrew Craigie.

chase, but those speculators who invested in both enterprises soon confused them.[38] Ohio Company stockholders cried foul when they learned of the Scioto contract, and Rufus Putnam reported rumors that charged Cutler and Sargent with "an unreasonable advantage of the Companys moneys" and "a breach of trust."[39] Cutler recruited the support of key company officers such as Putnam, Tupper, and Parsons by assigning them portions of his Scioto shares, but a group of Rhode Island stockholders led by James Varnum, who had joined the company too late to take advantage of the Scioto deal, harassed Cutler about his association with Duer at every opportunity.[40] The majority of the Ohio Company's stockholders remained outside of the Scioto Group in both purpose and identity, and they suspected that company officers who were gravitating toward professional speculation might use company funds to benefit a small clique of insiders.[41]

After Cutler and Putnam sold 148 forfeited Ohio Company shares to Duer in 1790, stockholders called meetings in both the East and West to investigate the company's officers. A letter stating the grievances of the eastern stockholders charged the agents and directors with falsifying subscription records, exercising undue influence at meetings, and grabbing the best lands.[42] The Meigs memo, a letter submit-

[38]Cutler, *Life, Journals and Correspondence,* 1:305.

[39]Rufus Putnam to Winthrop Sargent, 8 October 1787, Sargent Papers, reel 2.

[40]For correspondence concerning Varnum's complaints against Cutler and Sargent, see Richard Platt to Manasseh Cutler, 13 November 1788, Samuel Holden Parsons to Manasseh Cutler, 17 December 1788, and Manasseh Cutler to Rufus Putnam, 9 April 1789, Correspondence, vol. 1, Cutler Collection. Also see John May, *Journal and Letters of Col. John May, of Boston, Relative to Two Journeys to the Ohio Country in 1788 and '89,* ed. Richard S. Edes and William M. Darlington (Cincinnati: Robert Clarke & Co., 1873), pp. 63–66, 110–13; and Cutler, *Life, Journals and Correspondence,* 1:330–32, 412, 446–47.

[41]For examples of stockholders' discontent with the Scioto Group, see Manasseh Cutler to Winthrop Sargent, 19 November 1788, and Daniel Story to Winthrop Sargent, 22 October 1791, Sargent Papers, reels 2 and 3; Cutler, *Life, Journals and Correspondence,* 1:142; Rufus Putnam to Manasseh Cutler, 3 February 1790, Correspondence, vol. 1, Cutler Collection; and Manasseh Cutler to Rufus Putnam, 4 November 1791, General Collection, vol. 1, Cutler Collection.

[42]Benjamin Haywood, Daniel Clay, and Col. Foster to Rufus Putnam, 23 December 1790, Putnam and Parsons Letters, Cutler Collection.

ted at a western meeting in August 1791, called for an investigation into "any negotiations had with the Scioto proprietors, so called, either in purchasing Lands or for selling Lands to them."[43] Meanwhile, Cutler denied all charges, insisting that "I have never directly, nor indirectly, advanced to the Scioto Company one single farthing on any acct whatever—& I further declare there never has been, to my knowledge, one farthing of property of the Ohio Company, in any way employed for the use of the Scioto Company or any person concerned in it."[44]

The perpetual distrust that hung between the company's stockholders and its officers derived in part from its corporate structure. The agency plan set forth in the Articles of Association never materialized. Instead of dividing stockholders into agencies of 20 shares each, the company's leaders apportioned most of its stock amongst themselves and resold it to individual investors. They then took responsibility for representing those stockholders in company business. Representation at company meetings became a matter of which agents controlled the most voting proxies, determined by the number of shares in their agencies. The western emigration of many stockholders after 1788 also decreased representation by often increasing the distance between agents and stockholders. Representation at company meetings peaked in March 1788, when seventeen agents representing a total of 1,000 shares gathered in Providence. Thereafter, both the number of agents and the number of shares they represented at any given meeting declined. Nor did agents control an equal number of shares. Cutler and Sargent commonly represented over 150, while smaller agencies, such as those of John May and Ebenezer Sproat, averaged only 40.[45]

[43]Hulbert, *Records of the Ohio Company*, 2:106–7.

[44]Manasseh Cutler to Samuel Wyllys, 27 August 1791, Correspondence, vol. 1, Cutler Collection.

[45]Attendance records usually consisted of the number of shares represented at a meeting and only occasionally included a breakdown of the agents present and the number of shares they represented. These records are spread throughout Hulbert, *Records of the Ohio Company*, vols. 1–2; see esp. 1:21–22, 43–44, 54, 115, and 2:1–2, 127–128, 130, and 153–55.

The small group of directors and agents who monopolized company meetings often operated with priorities different from those of the majority of stockholders. Unlike other eighteenth-century land speculations of similar scale, the Ohio Company had a large proprietorship that extended beyond a handful of wealthy and politically powerful men.[46] While Cutler and Sargent were quite comfortable engaging in the grand speculations pursued by Duer and other prominent financiers, many of the company's investors occupied themselves with the more mundane tasks of emigrating to or disposing of their allotted lands.

The Ohio Company also divided along geographical lines. The administrative power of the company shifted west between July 1788 and April 1792, when almost all of its meetings convened in Marietta among a fairly consistent group of resident agents. Eastern agents voted by proxy until a resolution passed in 1789 undercut the practice by allowing western stockholders to call meetings without advance notice.[47]

The best illustration of this split was the company's long and frustrating attempt to establish a land division policy. Company agents originally passed a division plan in November 1787. Meeting in Providence the following March, they randomly divided the entire purchase among the 1,000 shares of stock they represented, all before one settler had even set foot on the company's lands.[48] The agents distributed the purchase completely in order to facilitate its rapid settlement and resale by the stockholders. They randomly assigned lots to ensure that lands developed by resident

[46]Among eighteenth-century American land companies, the Ohio Company was an unprecedented attempt at organizing a large proprietorship base on limited investment. In his study of such companies, Shaw Livermore called the Ohio Company an "almost exact replica of a modern joint stock association" and a "true corporate enterprise." In comparison, the Ohio Company of Virginia never had more then twenty members and the Grand Ohio Company, or Vandalia scheme, limited its shares to seventy-two (Livermore, *Early American Land Companies*, pp. 134–35, 75–82, 119–22).

[47]Hulbert, *Records of the Ohio Company*, 1:116.

[48]Hulbert, *Records of the Ohio Company*, 1:14–21, 38–43.

stockholders would be mixed with undeveloped lots and thus provide for a uniform increase in the value of company lands.

Once stockholders arrived within the purchase, however, they immediately revised eastern policy. At a meeting held in Marietta in December 1788, agents representing only 140 shares repealed the Providence division.[49] In its place they implemented plans that allowed western stockholders, who were primarily concerned with defense and community building, to form compact settlements and gain easier access to the best lands.[50] The western stockholders also set aside lands to attract non-proprietor emigrants to the purchase. Agents living in Marietta feared that Indian hostilities would cause the abandonment of the company's settlements. In order to attract and keep settlers who were not Ohio Company stockholders, they established a donation system, whereby one hundred acres were granted to any emigrant willing to live on the assigned lot for five years, make certain improvements, and render appropriate military service.[51]

The western stockholders clearly stated their preferences in 1790 when they devised the "Ultimate Grand Division" of the company's purchase. This new plan allowed residents to form their own divisions, which would be given priority in the survey and assignment of lots. It also tightened restrictions on absenteeism and established guidelines for the preemption of desirable nonresident lots.[52] The scheme, however, suffered from the usual difficulties caused by Indian hostilities and inadequate surveying, and western and eastern stockholders continued to wrangle over land division until the company's dissolution in 1796.

The distance between the eastern and western stockholders affected company business in other ways as well. As long

[49]See Putnam, *Memoirs*, p. 108; Hall, *Life and Letters of Parsons*, p. 543; and Hulbert, *Records of the Ohio Company*, 1:70–71.

[50]Hulbert, *Records of the Ohio Company*, 1:83.

[51]Hulbert, *Records of the Ohio Company*, 1:70–81 and 2:81–86, 89–104, 147–52.

[52]Hulbert, *Records of the Ohio Company*, 2:33–47.

as the company's administrative powers stayed in Marietta, residents appropriated company funds to settle and defend the purchase. When an Indian war broke out in the Northwest Territory in 1790, western stockholders immediately ordered the company to employ guards in the settlements. Putnam later estimated that the Indian war cost the Ohio Company over $11,000.[53] In addition to the donation grants, western stockholders established loans for "such Worthy industrious Persons as wish, but are unable to remove to this Country" and "all persons employed in Erecting Mills of any kind . . . or any other Business which in the Opinion of the Directors will be of Public Utility."[54] Ohio Company meetings in Marietta expanded beyond business matters to include numerous government functions, such as overseeing local revenues, city planning, and organizing a militia.[55]

Western stockholders grew more confrontational with officers controlling company policy back east. At a meeting held in Marietta in the fall of 1789, they ordered the company's directors to submit quarterly financial statements. In June 1790 they became even more assertive and created a subtreasury within the company's purchase. Stating that "the distance of the Companys Treasury from this settlement" had often resulted in the loss of large sums of money destined for Marietta, the western stockholders stipulated that the subtreasurer would be a resident of the purchase and in charge of all company funds appropriated for use there.[56] Such demands revealed the extent to which the Ohio Company was splitting into two distinct enterprises, the first concerned with the costs of building and defending its settlement and the second with the speculative value of its western lands.

[53]Hulbert, *Records of the Ohio Company*, 2:58–59, 85–86; Putnam, *Memoirs*, p. 117.

[54]Hulbert, *Records of the Ohio Company*, 2:64–65.

[55]See Andrew R. L. Cayton, "'A Quiet Independence': The Western Vision of the Ohio Company," *Ohio History* 90 (January 1980): 16–26.

[56]Hulbert, *Records of the Ohio Company*, 1:129–30, 2:30–31.

While meetings convened in Marietta, the eastern proprietorship underwent a metamorphosis that accentuated this difference. After Massachusetts ratified the Constitution in February 1788, Cutler noticed a "sudden start" in the value of continental securities.[57] This increase caused a corresponding rise in the real cost of the company's outstanding balance on its contract with Congress as well as in the outstanding balances owed by stockholders to the Ohio Company on their shares. Cutler lobbied successfully within the company to have the deadline for completing payments on its shares extended until June 1789, explaining that once the price of securities fell to a more normal level, "we should meet with no difficulty in collecting the remainder of our money."[58] Nevertheless, when payments closed, the company declared 148 shares forfeited, with Cutler's agency holding four times more forfeitures than any other.[59] Cutler and Putnam tried to recoup the company's loss on these shares by reselling them to William Duer in 1790, but even he was unable to make his payments.

In August 1791 Cutler wrote to Sargent that shares "have taken a sudden rise, & are no[w] purchasing up, by speculation, from one to two hundred pounds per Share in Specie."[60] The Constitution's ratification and Hamilton's Assumption Plan improved New England's economy, and the Ohio Company attracted new investors interested less in emigrating and more in speculating on the value of their shares.[61] Shares also moved out of New England and into the nation's financial centers. Initial efforts at recruiting investors from outside of New England had met with little success. By 1795, however, most of the eastern stockholders

[57]Cutler, *Life, Journals and Correspondence*, 1:381.

[58]Manasseh Cutler to Rufus Putnam, 9 April 1789, Correspondence, vol. 1, Cutler Collection.

[59]Hulbert, *Records of the Ohio Company*, 2:16–22.

[60]Manasseh Cutler to Winthrop Sargent, 27 August 1791, Sargent Papers, reel 3.

[61]According to Hulbert, less than one-third of Ohio Company stockholders eventually emigrated to their lands (see *Records of the Ohio Company*, 1:xlv).

in Sargent's agency were from New York City and Philadelphia.[62]

The changing circumstances of the Ohio Company's stockholders after 1788 permanently altered their perceptions of western opportunity. Once isolated from each other by the Alleghenies, both groups changed their priorities for company business. Emigrants to the purchase occupied themselves with clearing the land and governing their community. Eastern stockholders took heart in New England's improving economy, and their interest in emigration declined as they heard reports of Indian hostilities. Each side became less interested in the doings of the other, and the corporate structure of the Ohio Company became a cumbersome means of advancing diverse individual ambitions.

In April 1792 the company convened a meeting in Philadelphia that reflected the remarkable changes that had taken place in its proprietorship. Of ten agents representing 750 shares, only Rufus Putnam was a resident of the purchase. Three other agents were original members of the company: John May, Eliphalet Downer, and Manasseh Cutler. The six remaining representatives were names new to the company meetings: Elbridge Gerry and Caleb Strong of Massachusetts, Benjamin Bourne and David Oliphant of Rhode Island, Benjamin Tallmadge of Connecticut, and Robert Underwood of New York. Cutler, Gerry, Strong, Bourne, Oliphant, and Tallmadge controlled 603 shares, slightly over eighty percent of those represented at the meeting.[63] This meeting, called in response to a financial panic in New York, took the first measures toward dissolving the Ohio Company.

The financial panic had ruined the Scioto Group and de-

[62]For early efforts at recruiting investors outside of New England, see Richard Platt to Winthrop Sargent, 30 May 1786, and Robert Morris to Manasseh Cutler, 12 May 1786, Sargent Papers, reel 2. For Sargent's agency in 1795, see Rufus Putnam to Winthrop Sargent, 10 July 1795, General Collection, vol. 1, Cutler Collection.

[63]Hulbert, *Records of the Ohio Company*, 2:127–29.

pleted the Ohio Company's finances. Richard Platt, treasurer for both the Ohio Company and Scioto Group, went bankrupt while in debt to the Ohio Company for $80,000. William Duer went to jail still owing the company for the forfeited shares he had purchased from Cutler and Putnam in 1790.[64] Platt's and Duer's downfall prompted a fresh wave of accusations against company officers, which Cutler did his best to fend off while distancing himself from the Scioto Group.[65] Stockholders in both the East and West feared that the speculative over-indulgences of their officers had endangered the company's contract with Congress, on which it still owed the second payment. Without making the payment, the company would be unable to secure title to its lands, and eastern stockholders would be unable to attain the deeds necessary to lease or resell their property.[66] Western stockholders, still in the middle of the Indian war, feared that emigrants would desert the settlements if they were not assured ownership of their parcels.[67] By the time the agents gathered in Philadelphia, stockholders on both sides of the mountains were threatening to relieve company leaders of their offices if they did not quickly resolve the outstanding business with Congress.

Representatives appointed by the agents in Philadelphia petitioned Congress to renegotiate the contract at a lower price, which would enable the company to secure title to the entire purchase with monies already paid to the Board of Treasury. A congressional committee appointed to review the contract rejected that proposal but made recommendations generally favorable to the company. It allowed the

[64]Hulbert, *Records of the Ohio Company,* 2:106–8, 123–24, 128–29.

[65]See Manasseh Cutler to Winthrop Sargent, 27 August 1791, and Daniel Story to Winthrop Sargent, 22 October 1791, Sargent Papers, reel 3. Also see Manasseh Cutler to Samuel Wyllys, 27 August 1791; Manasseh Cutler to Rufus Putnam, 4 November 1791; Rufus Putnam to Manasseh Cutler, July 1792; and Manasseh Cutler to Royal Flint, 8 May 1792, General Collection, vol. 1, Cutler Collection.

[66]Manasseh Cutler to Rufus Putnam, 4 November 1791, General Collection, vol. 1, Cutler Collection, and Cutler, *Life, Journals and Correspondence,* 1:470–77.

[67]Putnam, *Memoirs,* pp. 112–16, 122–23, and Hulbert, *Records of the Ohio Company,* 2:58–59, 85–86, 89–91, 140–43.

company to keep all lands for which it had already paid. It also made additional grants to guarantee donation lands assigned during the Indian war and to honor military bounty claims held by its stockholders. Congress cancelled the second payment and, in the final tally, granted the Ohio Company title to better than two-thirds of the territory encompassed in the original purchase.[68]

In the West, review boards disposed of the donation grants and provided for the defense of the settlements. In the East, agents liquidated the company's assets and distributed any revenues among the stockholders. The settlement of outstanding business occupied most of 1794 and 1795: land division and assignment in the West, untangling the company's finances in the East.[69] At a series of meetings held in Marietta in late 1795 and early 1796, stockholders auctioned the company's remaining property and agreed to final lot assignments.[70]

The Ohio Company dissolved so quickly because its stockholders no longer needed to perpetuate its corporate structure. Eastern and western stockholders shared little beyond their desire to see the purchase completed. After 1792, shareholders in the East had their security of title and could pursue their business unhindered. It took longer for the company to disintegrate in the West, where it continued to provide services to residents of the purchase. When the Indian war ended in 1795, so too did the state of emergency in Marietta, and the Ohio Company's importance in civil affairs faded soon thereafter. Like their eastern counterparts, western stockholders now went about their business individually, disposing of their lands and shares as they saw fit.

[68]Cutler, *Life, Journals and Correspondence*, 1:481, and Hulbert, *Records of the Ohio Company*, 1:cxxx–cxxxii, 2:126–38.

[69]Hulbert, *Records of the Ohio Company*, 2:136–52. For troubles encountered in trying to settle the company's accounts, see Cutler, *Life, Journals and Correspondence*, 1:492, and Benjamin Tallmadge to Rufus Putnam, 4 April 1796, 1 October 1796, and 24 October 1796, Putnam and Parsons Letters, Cutler Collection.

[70]Hulbert, *Records of the Ohio Company*, 2:153–226.

The Ohio Company's experience illustrated the difficulties that large-scale corporate enterprises encountered in America's trans-Appalachian West. Its founders had hoped that the Ohio Company would unite investors of common backgrounds and purposes, but it proved incapable of containing the variety of private ambitions it spawned. Time, distance, and a rapidly changing postwar world splintered its proprietorship until the company existed only to guarantee the security of its individual shares. The orderly and profitable development of the nation's western resources, such as that envisioned by Cutler and articulated in the Northwest Ordinance of 1787, was untenable since both the federal government and eastern private enterprise lacked the means necessary to control western settlement. A corporate structure the size of the Ohio Company moved too slowly in advancing its members' interests and quickly became dominated by a few powerful individuals. While it did attract a large number of investors and mobilize a great deal of capital, the Ohio Company was unable to channel successfully into a single corporate enterprise the individual pursuit of western opportunity.

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