THE BUSINESS ELITE OF NEW ORLEANS BEFORE 1815

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The function of an elite depends upon the fostering society, its customs and traditions—or its historical value structure—and evolving needs which may or may not clash with historic patterns. An elite is able to affect the lives of others—in whatever milieu it operates—through its control of decision-making apparatus. While individual members of an elite may radiate authority as charismatic individuals, the powers of a secular elite are normally exercised within and through political and corporate institutions. From the viewpoint of a business elite there should ideally be a considerable sharing of personnel between the economic and political spheres. In a complex society and a highly developed economy, such mobility may be impractical and result in the evolution of other devices which guarantee the economic elite continued access to the locus of political power. In New Orleans during the first decade of American rule, society was neither so complex nor the economy so highly developed as to rule out the possibility of participation in both spheres of power by the community's leaders.

American possession of New Orleans and the resulting incorporation of New Orleans and its hinterlands into the world's largest free trade empire opened up an apparently unexampled future for the city. Economic barriers to growth were lowered or removed. The establishment of representative government; the application of United States laws and procedures such as the appellate court system; the arrival of the fourth estate in force—all these developments fostered the birth of a host of interests and provided forums from which they struck out on their own behalf.[1]

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[1] Institutional requirements for economic development applicable to New Orleans are summarized in Wilbert E. Moore, "The Social Framework of Economic Development" in Ralph Braibanti and Joseph J. Spengler, eds., *Traditions, Values, and Socio-Economic Development* (Durham, N.C., Duke University Press, 1961), p. 71: "If one were to attempt a one-word summary of the institutional requirements of economic development, that word would be mobility. Property rights, consumer goods, and laborers must be freed from traditional bonds and restraints, from aristocratic traditions, quasi-feudal arrangements, paternalistic and other multi-bonded relations."

The elite which emerged in New Orleans between 1803 and the War of 1812 possessed power and responsibilities unprecedented in the almost 100-year existence of the city.

There is no intention here to claim for the elite such power as was held by the business elite at the conclusion of the nineteenth century. Decisions of this earlier elite were not nearly so laden with consequences as were those of the 190 leaders studied by William Miller in 1949. Yet Miller may be on shaky ground when he writes that such "fateful decisions . . . were communicated to and carried out by . . . organizations that would scarcely have been understood by early nineteenth century entrepreneurs . . . ."[2] Entrepreneurs in New Orleans were introduced to corporate organization between 1803 and 1815 in the fields of banking, transportation, insurance, and public utilties. While the total capitalization of the local corporations—some three million dollars—was only seven percent of the smallest firm treated by Miller and three-tenths of one percent of the largest, the significance of policy decisions must be measured against the size of the universe that will feel it.

An elite existed in New Orleans prior to 1803. During the French period, 1718 to 1763, the elite consisted of crown-appointed administrator-soldiers. Ranking below the governors and intendants were the members of the Superior Council, largely colonists but restricted in their roles to an advisory capacity and certain judicial functions. Below the Council, a handful of merchants and planters achieved some prosperity and social status but exercised no leadership role. Outlets for leadership ability were few and parceled out to those with influence rather than capacity.

Spanish institutions, particularly the Cabildo or city council, and the pragmatic application of Spanish commercial law by local officials vastly extended the field of commercial enterprise for ambitious individuals. The responsibilities of the Cabildo were monumental compared with those of the Superior Council, and the Spanish properly filled this body with the colony's most prominent residents. The city existed for the first time as a corporate entity; the Cabildo existed as a potential reward for prominence. Cabildo members were preeminently merchants, and the mercantile community—swollen by the large influx of Anglo-Saxons into the city—availed itself of legitimate and illicit trading opportunities to advance rapidly in wealth.

[2] William Miller, "American Historians and the Business Elite," *The Journal of Economic History*, IX (November, 1949), p. 188.

By the 1790s the solid nucleus of an American elite operated in New Orleans, joining with French merchants to provide the basis for a ruling commercial class by the turn of the century.[3] Immigrants arriving between 1800 and 1803 provided additional personnel for an elite which assumed control of the most strategic sectors of economic life in New Orleans subsequent to the Louisiana Purchase.[4] This elite group remained fairly stable in composition from 1805 to 1815.

It is easy enough to say that a business elite functioned in New Orleans prior to the Peace of Ghent. It is quite another matter to define its functions and characteristics or to catalogue its members. In an effort to do so an attempt will be made to isolate and describe the public spheres in which an elite might operate and then measure the intensity of participation in those spheres by various citizens of New Orleans.

Basically, three spheres of activity in New Orleans were open to those who sought to advance their economic status. Of these, the mercantile sector was the traditional area of operation for the cityman. This sector, of course, antedated the Louisiana Purchase but experienced a dramatic rise in numbers of units and volume of business after 1803, partly as a result of American occupation of the entire Mississippi Valley, and partly as a result of opportunities presented by the Napoleonic wars. Moreover, the nature of this sector began to change. Robert Roeder, in an article "Merchants of Antebellum New Orleans," has written that up to 1815, "aside from speculating in wild lands, the obvious domestic opportunities open to the New Orleans merchant lay in generalized and small-scale mercantile activity."[5]

It is not quite so clear-cut as this. Not only is there some indication that specialization and the limitation of function were present in New Orleans before 1815 but also two new fields of activity were open to mercantile participation and potential control. One was the field of corporate capitalism; the second was membership on an elective city council.[6] These seem to be the critical areas

[3] Americans would include Evan Jones, Oliver Pollock, James Mather, George Morgan, William Hulings, Daniel Clark, Jr., and Joseph McNeil; Frenchmen would include Francis Duplessis, Michel Fortier, Nicholas Girod, and Paul Lanusse.

[4] Immigrants would include Thomas and David Urquhart, Richard Relf, William Kenner, Beverly Chew, and Samuel Winter.

[5] In *Explorations in Entrepreneurial History*, X (April, 1958), p 113.

[6] Other political opportunities included territorial, state, and Federal elective and appointive positions Emphasis will be given to the city government

of service in terms of defining an elite. If it can be shown that a relatively small group controlled the corporations, exercised weighty influence in city politics, and owned the largest commercial firms in the city, then that small group may be designated as the elite

An analysis of 77 councilmen who served at least one year between 1805 and 1814 reveals that most were merchants, that 28 held directorships in one or more of the private corporations during those years, and that 23 of the 28 held directorships and council posts concurrently.[7] In the ten-year period roughly 100 councilor positions were available; 77 men filled those posts; 23 director-aldermen filled 72 percent of the total positions. Not only did merchants control the council—not surprising in a pre-industrial and commercial city—but merchants who held policy-making positions in the newly created corporations were the dominant group.

Between 1804 and 1812 eight corporations operated in New Orleans, including the New Orleans branch of the First Bank of the United States. The others were three banks—the Bank of Louisiana, chartered in 1804; the Bank of Orleans, 1811; and the Louisiana Planters Bank, 1811—and the New Orleans Insurance Company, 1805; the New Orleans Navigation Company, 1805; the New Orleans Water Company, 1811; and the Mississippi Steamboat Navigation Company, 1812. The water company and the steamboat company will be excluded from the following discussion, which will deal with four banks, an insurance company, and an internal improvements company.

In the seven-year period, 1805 to 1811, 69 individuals held all the directorate positions. Of the 69, 23 were concurrently aldermen and directors while 5 others sat on the council at one time or another. The 23 aldermen-directors filled 59 percent of all the directorates available for a decade (209 positions filled; 351 positions available).[8] To narrow the field further, 11 aldermen-directors—16

[7] It is believed that the figure 77 includes most, if not all, of the aldermen serving during this period. Some planters with city residences and some professional men also sat on the council. Merchants who owned and operated plantations were categorized as merchants. The data for this discussion were gleaned from such a variety of sources that citation would be impossible.

[8] Four corporations were established in 1805 and two more in 1811 The figures in the text are confined to the period 1805–1811, since the membership of each board of directors is known for each year and because 1811 represents the first year in which new administrative and investment opportunities were available to men who reached New Orleans after 1805. Between 1805 and 1811, 351 corporate positions were filled by 69 men.

percent of all directors—controlled 45 percent of all board positions and 37 percent of all the council seats.[9]

It is revealing to look at the relationship between the board of directors of certain of the corporations and the personnel of the council. Excluded from the discussion are the Bank of the United States, which did have at least one director on the council from 1806 to the expiration of its charter in 1812, and the Louisiana Planters Bank, with no representatives on the council.[10]

Between 1805 and 1817, 31 men sat on the board of the Bank of Louisiana for at least one year. During that interval, 17 directors were aldermen for at least one year, of whom 14 served concurrently. For the same period, 21 men served as directors of the New Orleans Insurance Company with 10 sitting at least one year on the council, while 7 held both positions concurrently, and 21 men directed the New Orleans Navigation Company from 1806 to 1810, of whom 13 served at least one year on the council with 12 serving concurrently.[11] During the five years 1806–1810—the interval in which the personnel of all three boards are known—the three corporations were guided by 39 men; fifty-four percent of them were councilmen.

While the incidence of concurrent service is sufficiently high to justify speaking of potential influence and potential conflicts of interest, the actual import of the figures is conjectural so far as the bank and the insurance company are concerned. For the navigation company, however, evidence suggests that pressure was exerted on the city government through the medium of navigation company directors serving on the council.

Chartered in 1805 for the purpose of providing a system of navigable waters in and around New Orleans, the company's relationship with the city was direct, long lasting, and frequently less than amicable.[12] Only one area of tension will be mentioned—by

[9] The 11 men and their years on the council and the number of directorates held in that order are: *Benjamin Morgan* (6–22); *James Pitot* (2–21); *Paul Lanusse* (3–19); *Joseph McNeil* (3–16); *Nicholas Girod* (3–15); *Richard Relf* (2–15); Francis Duplessis (5–11); *Samuel Winter* (5–10); Joseph Soule (2-11); J. Blanque (5–8); and *P. F. DuBourg* (1–11).

[10] The personnel of the boards of the two local banks is not known in 1814 and 1815.

[11] The directors of the navigation company are unknown for 1811–1815.

[12] "An Act for Improving the Inland Navigation of the Territory of Orleans, July 3, 1805," *Acts Passed at the Second Session of the Legislative Council of the Territory of Orleans . . . In New Orleans . . . One Thousand Eight Hundred and Five . . .* (New Orleans, printed by James M. Bradford, printer to the Territory, 1805), pp. 4–30.

necessity rather than choice—that involving conflict over the city's sewer system. Company construction stopped up the sewers in 1806 and intermittently through 1810. In 1810 James Pitot, president of the navigation company, informed the council that work on the navigation system required a change in the drainage ditches of the city. A company offer to construct new ditches at its expense was rejected by the council, which passed by an 8 to 1 vote a resolution condemning the company for its poor performance. The lone dissenter was Benjamin Morgan, one of two navigation company directors on the city council. Several months later, in December 1810, the company proposed the appointment of a joint committee to iron out the difficulties. This proposal followed a city election in which five company directors were elected to the council. The vote was five to four in favor of a conference committee, a decision tested and confirmed in May, and an agreement favorable to the company was formulated in the same month.[13]

The company blocked the sewers, packed the council, and steamrollered a settlement which suited company purposes. To add insult to injury, the company won several legal suits against the city which severely weakened the taxing powers of the municipality. Of the 11 aldermen-directors controlling 22 percent of all board positions and 37 percent of aldermanic seats, 7 were directors of the navigation company.[14] The company was well-equipped to protect its interests within the council chamber.

Active participation as a member of either the city council or the board of directors of one of the corporations has thus far been assumed to reflect a capacity for leadership, proven influence with the voting public of the city or the stockholders of the corporation, and, since only stockholders could be directors, the possession of and the willingness to invest funds in institutions that served as vehicles for economic growth in the city as well as potential sources of profit. To this point we have looked at city councilmen and found that most were merchants and that many were also representatives of corporate capitalism. We will now analyze the mercantile community.

[13] City Council Session, August 13, 1806. New Orleans City Council, Proceedings of Council Meetings, 1806–1807. Vol. 1, No. 3, p. 102. New Orleans Public Library; Sessions, March 3, 12, and 24, 1810. *Ibid*, 1809–1810. Vol. 2, No. 2, pp. 160–166; Session, April 7, 1810, *Ibid.*, pp. 171–172; Sessions, May 30, June 6, and 13, 1810, *Ibid.*, pp. 189–199; Sessions, December 19 and 26, 1810, *Ibid.*, pp. 254–257; Session, February 23, 1811, *Ibid.*, 1811–1812. Vol 2, No. 3, p 11; Sessions, May 11, 18, and 29, 1811, *Ibid.*, pp. 44–49.

[14] For the seven see those names italicized in footnote 9 above

Some information is available relative to the careers of 149 businessmen operating in New Orleans between 1803 and 1815. This is a significant although unstatistically arrived at sample, since the 149 represent 5 percent of the white male population over age 16 of Orleans Parish. Of the 149, 19 percent were operating prior to 1800 while 22 percent entered business between 1800 and 1803; thus 41 percent were in business at the time of the transfer. At least 31 percent continued their businesses after 1815, while the lure of the plantation attracted 13 percent prior to that year. From the total group, 25 percent held either elective or appointive positions in the city or state government prior to 1815, while 38 percent held one or more directorships in one or more of the corporations established after 1804.

For purposes of analysis, the original list of 149 was divided into two groups. Group one was composed of all individuals serving as directors or aldermen, totaling 64. Group two, after cuts due to lack of data, totaled 56 merchants. A comparison between the two groups uncovered differences additional to and perhaps explanatory of the initial distinction utilized in constructing the lists.

Merchants in group one established their businesses in New Orleans considerably earlier than those in group two.[15] Fifty-five percent of group one were operating prior to 1803 compared with 25 percent from group two. Twenty-five percent of the individuals in group two arrived in New Orleans after 1809 compared to three percent of group one. Merchants in group one were more likely than those in two to be in on the organization of the corporations as original investors and to retain their positions of leadership at least through 1815.

Moreover, the merchants in group one seem to include the largest establishments in the city. Since there was no way of knowing the annual dollar volume of any of the firms, it was assumed that size could be determined by focusing attention on the number of business services rendered and the kinds of ventures engaged in. Six functions were utilized in the ratings; storeowner, shipowner, export-import on commission, export-import on own account, negotiation of notes and letters of exchange, and agent for one or more overseas firms.

[15] The number of firms involved is less than the number of individuals. Both are fluctuating numbers because of deaths, changes in partnerships, failures, retirement, and the like. More data were available regarding some men than others.

None of the firms in group two engaged in all of the functions; only two engaged in five; and only one in four. Fourteen of the firms were exclusively commission houses. Relevant to the larger proportion of commission merchants in group two is the fact that over 40 percent operated as agents for overseas firms. Of the firms in group one, five engaged in all six functions while 11 others engaged in at least four.[16] Forty-five percent of those in group one were shipowners compared to 25 percent in group two.

Merchants in group one were less specialized in their functions than those in group two. Operating as they did across a wider spectrum of business activities, the houses in group one were in touch with more areas of profitable enterprise than the more specialized and smaller businessmen in group two. Profits derived from such enterprise enabled the older and larger merchants to invest heavily in corporations as well as in land and slaves. For instance, merchants in group one subscribed 58 percent of the original stock issue of the New Orleans Insurance Company in 1805 and held 44 percent in 1816. Less than 20 percent of the shares were in the hands of merchants in group two during that period. Three out of four of the merchants who also owned plantations were included in group one. Merchants in that group arrived in New Orleans earlier, took more risks, probably made more money, and were heavily involved in extracurricular economic and political activities. The nucleus of an elite exists in group one.

It was noted earlier that 69 individuals held all of the board positions between 1805 and 1811 for an average of five directorates per man.[17] Since this was the dynamic area of economic growth in New Orleans and since such positions implied both wealth and influence, membership on a board of directors was regarded as the most critical area in which the urban elite might operate. The list of directors and councilmen, or group one, was narrowed further by removing those who occupied less than the average number of directorships. The resulting list of 21 names, while not presuming to identify *the* elite, is an objective and representative selection of men who incontestably *belonged to* the elite.[18]

Certain characteristics of the group of 21 may be compared with

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[16] The five included Chew & Relf, Kenner & Henderson, Shepherd, Brown and Company, T. & D. Urquhart, and Samuel Winter.

[17] See above, p. 97.

[18] Several men come to mind who, holding fewer than the required number of directorships, belonged to the establishment as surely as those listed.

those in group one as a whole and group two.[19] Sixteen of the 21 were established in business prior to 1803, the remaining five by 1805. All of those engaged in the six functions referred to earlier are among the 21, while only seven engaged in less than four of the functions. Eleven served on the city council, while several others served in such posts as territorial legislator, mayor of New Orleans, parish judge, and Collector of U.S. Customs.[20]

By taking certain partnerships into account, the degree to which corporate enterprise was controlled by relatively few individuals is accentuated. Beverly Chew and Richard Relf of Chew & Relf filled six percent of all available corporate positions, as did William Nott and Thomas Callendar of Amory, Callendar & Company. Benjamin Morgan, an inactive partner of Kenner & Henderson, and William Kenner controlled 33 positions or nine percent. Three houses controlled 21 percent of such positions. If the positions held by members of Shepherd, Brown, and Company, Winter and Harmon, T. & D. Urquhart, James Pitot, Paul Lanusse, J. B. Labutat, and Joseph McNeil are added, partners in or owners of ten firms occupied 54 percent of all the directorships between 1805 and 1811. Chew & Relf were represented on the boards of both local banks, the insurance company, and the navigation company in 1808, 1809, and 1810. Five directors from the branch Bank of the United States—all from the above group—shifted to the nine-man board of the Bank of Orleans in 1811.

The investment commitment of the individuals and firms included in the group of 21 and the ten firms noted above is known only for the insurance company, amounting to ownership of over 50 percent of the stock during the period. A very tentative and minimal investment projection for the 21 merchants can be made, since it is known that directors of the local banks were required to own at least ten shares of stock. Assuming this to be the case for the navigation and insurance companies, the 21 merchants owned at least $210,000 in stock of the five companies. The amount

[19] The 21 include the 11 in footnote 8 above and Thomas Urquhart, William Kenner, J. B. Labutat, William Nott, Rezin D. Shepherd, Thomas Callender, Joseph Tricou, Beverly Chew, A. Cavalier, Jr., Michel Fortier, and J. F. Livaudais.

[20] Thomas Urquhart served in the territorial House of Representatives, the territorial Constitutional Convention in 1812, and the United States Senate. His brother, David, sat on the city council for three years. James Pitot and Nicholas Girod were mayors. Peter DuBourg was Collector from 1813 to 1815. Beverly Chew held several positions: judge, territorial postmaster, and Collector from 1816 to 1829.

was undoubtedly more, but even the minimal approximation represents 10 percent of the nominal capitalization of the 5 local corporations.[21]

Few men in New Orleans were possessed of greater economic or political power than these 21 merchants and several of those from the earlier list of aldermen-merchants. Most were established prior to 1803 and were either sufficiently eminent at that time or enjoyed such influential backing in the United States to merit the attention of the new sovereign.[22] As directors, the men guiding the companies were intent upon maximizing profits and exploiting the services offered by the companies. The local banks were not established as an outlet for surplus capital but to deepen the well of credit available to the investors and thus augment the working capital of each investor. Banking and insurance decisions affected both individual merchants and the community, endowing the position of director with great importance.

Compared with New York, Philadelphia, or Boston, the capital resources of New Orleans were small indeed. Still, merchants in the city invested over two million dollars in corporate development. The wealth of these merchants is unimpressive if compared with Stephen Girard of Philadelphia or Alexander Brown of Baltimore but, unlike the Eastern cities, New Orleans was just beginning to experience sustained economic growth. A small input is as consequential in a small universe as a large input in a large universe. A very small group of men controlled the input in New Orleans during the first American decade.

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[21] It must also be noted that the actual capitalization based on paid-up shares was lower than the nominal figure, which would increase the investment share of the 21 merchants.

[22] In 1804 Collector of Customs H. B. Trist recommended 15 individuals as possible directors of the branch bank including Chew*, Kenner*, Callendar*, Morgan*, Fortier, Lanusse, and DuBourg, and A. Cavalier, Jr.* H. B. Trist to Albert Gallatin, Customs House, Collector's Office, New Orleans, 9 June 1804. Correspondence of the Secretary of the Treasury with Collectors of Customs, 1789–1833. Letters to and from the Collectors at New Orleans, La., October 11, 1803–April 11, 1833. (The National Archives Microcopy No. 178, Roll No. 16.) Those marked by an asterisk were chosen along with Joseph McNeil and John Palfrey. Others from the list of 21 or associated with them in business were chosen at later dates. Morgan was president in 1811 and in 1816 was selected to head the branch of the Second Bank of the United States.