Enslaved Financing of Southern Industry: The Nesbitt Manufacturing Company of South Carolina, 1836–1850

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Incorporated on the eve of the Panic of 1837, the Nesbitt Manufacturing Company of South Carolina owned and hired enslaved individuals to labor in their ironworks, but they also leveraged the market value of this enslaved property by exchanging them for shares of company stock and offering them as collateral in loan contracts. These slaveholders actively experimented with increasingly sophisticated financial tools and institutions in order to facilitate investment, market exchange, and profit maximization within the system of enslavement. Although historians have examined the role of enslaved labor in industrial concerns, they have largely ignored their role in the financing of these operations. Understanding the multiple ways that southerners were turning enslaved property into liquid, flexible financial assets is essential to understanding the depth and breadth of the system of enslavement. In doing so, we can move beyond questions of whether slavery was compatible with industrialization specifically and capitalism more broadly, to an understanding of how slavery and capitalism interacted to promote southern economic development in

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the antebellum period. At the same time, the experience of the Nesbitt Company reveals the limits of enslaved financing. The aftermath of the Panic of 1837 demonstrated that the market value of enslaved property was much more volatile than enslavers cared to admit. Although southerners could often endure this volatility in the case of enslaved laborers working on plantations or in factories, it made the financialization of slavery a much riskier endeavor for an emerging industrial regime.

Keywords: finance, US 19th, industrial slavery

Introduction

In December of 1842, Dr. James H. Taylor began preparing a shipment of enslaved people from his brother-in-law Franklin H. Elmore's cotton plantation near Montgomery, Alabama. Elmore had contracted to hire out about two dozen of his 132 bondspeople with the Nesbitt Manufacturing Company, an ironworks near Spartanburg, South Carolina, in which Elmore was a major investor. In implementing Elmore's instructions, Taylor readily admitted that this transfer of people would result in a major disruption of family and community life on the plantation. He would need to trick the affected individuals to avoid strong or sustained resistance to the plan. "In truth," he reported to Elmore, "I have been obliged to deceive them as to their returning here and it will be necessary that they continue to believe they are to return until they reach their destiny." His strategy was to enlist the support of a few of the most respected enslaved men regarding the necessity of what he dishonestly proposed was a temporary journey to South Carolina. "I will see Isaac on the way home tomorrow and inform him of the arrangements." He predicted that both this forty-year-old carpenter, as well as the twenty-seven-year-old field hand Andrew, would initially "take to the woods … but I must trust them otherwise the rest might be doubtful as to the arrangement."[1]

Taylor had reason to be concerned. The twenty-two enslaved men and women selected to make the journey came from fifteen different families on the Elmore plantation. Several of these were unmarried sons who were in (or approaching) their prime, such as eighteen-year-old ploughboy Castello and his sixteen-year-old brother Minus, who would leave behind their four sisters and thirty-eight-year-old "diseased" mother Big Clarissa. However, the majority of breakups

1. Letter from James H. Taylor to Franklin H. Elmore, 29 December 1842, Business Correspondence, Box 4, Elmore Papers; "List of Negroes," 19 January 1843, Bills & Receipts, Box 10, Elmore Papers.

would involve young families. "Those of your negroes who have wives" who would be left behind—which included Andrew as well as Neptune, Jim, Jubiter, and Leander—Taylor "under scored" for Elmore in the letter. Not only would the transfer separate these five men from their wives and at least nine children aged two to thirteen, but it would also inhibit the birth of new enslaved property. Leander's wife Sarah, Neptune's wife Kitty, and Andrew's wife Hannah were all in their mid to late twenties, and all three had given birth within the previous four years. Only Ishmael and his wife, Dinah, would get to stay together as a couple, traveling to South Carolina with their teen-aged siblings Joe and Moses.[2]

Part of the problem for Taylor was that very few women were needed in the ironworks, although he gave select families—for unspecified reasons—the option of including them on the journey. For example, nineteen-year-old ploughboy, Hector, would make the trip with his brothers, twenty-year-old Jacob, and fourteen-year-old Little Ben. Even though their sixty-five-year-old grandmother, Old Sarah, was "superannuated" or too old to work, Taylor offered to include both her and the boys' seventeen-year-old sister, Salina, on the trip. The women, however, "were unwilling to go"; perhaps they did not want to leave behind ten-year-old Paul, who was not included in the discussion. Taylor "therefore gratified them" by allowing the women to stay in Alabama. Similarly, twenty-two-year-old Little Dinah, wife of Big Charley, was "unwilling to go" and thus was permitted to stay behind with her sister and nephew.[3] It is unclear if this was an opportunity for her to escape an unhappy marriage, if her extended family obligations on the plantation were more important, or if she had other reasons for her decision.

Whereas most of the enslaved workers came from Franklin Elmore's plantation, Taylor also selected Stephen, a nineteen-year-old "prime young fellow" from the estate of Franklin's recently deceased brother, Benjamin Thomas Elmore, and twenty-one-year-old Dick from the plantation of Franklin and Taylor's mutual brother-in-law, Albert Rhett.[4] Although Dick was "a great runaway," he was also "good

2. Letter from James H. Taylor to Franklin H. Elmore, 29 December 1842, Business Correspondence, Box 4, Elmore Papers; "List of Negroes," 19 January 1843, Bills & Receipts, Box 10, Elmore Papers; "List of Negroes," 1 October 1841, Bills & Receipts, Box 11, Elmore Papers.

3. Letter from James H. Taylor to Franklin H. Elmore, 29 December 1842, Business Correspondence, Box 4, Elmore Papers; "List of Negroes," 19 January 1843, Bills & Receipts, Box 10, Elmore Papers; "List of Negroes," 1 October 1841, Bills & Receipts, Box 11, Elmore Papers. For the use of women at ironworks, see Dew, *Bond of Iron*, 26; and Bezís-Selfa, *Forging America*, 95–96.

4. Franklin and Benjamin Elmore were the sons of General John Archer Elmore, a legislator from South Carolina who relocated to Alabama in 1819.

looking and active" and "a prime Hand," who Taylor believed "at your Iron Works will be valuable." He proposed swapping Dick for Little Dave's wife Malinda, who was just "an ordinary field hand." Malinda was originally supposed to join Little Dave at the ironworks, but "upon consultation" Taylor determined that she was "perfectly willing to leave her Husband to become a Ladies maid" to Rhett's wife (and Taylor's sister), Sally, in Columbia, South Carolina—about one hundred miles south of the ironworks. Taylor also made a point of noting that as "a non bearing woman"—someone he presumed to be infertile—the twenty-three-year-old Malinda's separation from Little Dave would not negatively affect the natural growth of Elmore's enslaved property. "I think Malinda would suit Sally and the exchange an advantageous one to all parties"—except, perhaps, for the bondspeople themselves.[5]

Notwithstanding the unusual detail about the opinions and relationships among these enslaved individuals in the records, the silences of their experiences are still deafening. We do not know if they saw through Taylor's lies or took him at his word. We do not know why some enslaved individuals were given more agency over their fates than others. We do not know if those who went with little resistance hoped for better working conditions or sought to escape a cruel overseer, and if those who chose to stay feared that the unknown could be even worse than their current lived reality.[6] Regardless of their limited input, by early January Taylor had arranged for these two dozen enslaved individuals—along with six more from the estate of another deceased brother-in-law, John G. Brown—to begin the journey by wagon back east. An agent of the Nesbitt Company would meet Taylor's agent at West Point, Georgia, on the Alabama border, who would then "convey and deliver" them to the South Carolina ironworks.[7]

Reversing the usual direction of the domestic slave trade, this physical movement reflected the flexibility of employing an enslaved labor force.[8] However, the flexibility of enslavement went beyond the ability

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Dr. James Taylor was the son of South Carolina governor John Taylor, who served in that office from 1826 to 1828. His sister Harriet Chesnut Taylor married Franklin Elmore. Another sister, Sarah (Sally) Cantey Taylor, married Albert Moore Rhett. A third sister, Rebecca Ann Taylor, married John G. Brown. O'Neall, *Biographical Sketch*, 88, 170, 501–502; and "John Taylor," 99.

5. Letter from James H. Taylor to Franklin H. Elmore, 29 December 1842, Business Correspondence, Box 4, Elmore Papers.

6. For more on the idea of the erasure of enslaved voices, see Fuentes, *Dispossessed Lives*, 1–12; Smallwood, *Saltwater Slavery*, 98; and Rosenthal, *Accounting for Slavery*, 196–198.

7. "Memorandum about Negroes," Bills & Receipts, Box 10, Elmore Papers; Receipt of W. Tanner, 19 January 1843, Business Correspondence, Box 4, Elmore Papers.

8. On the flexibility of enslaved labor, see Kaye, "Second Slavery," 638.

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to shift bodies to new occupations or locales in response to changing market needs. While bondspeople formed a critical component of the workforce at Nesbitt, which reached approximately 195 enslaved laborers by 1845, they were even more central to the financing of the operations.[9] Instead of advancing specie, many investors chose to pay for their stock subscriptions with enslaved property, which they transferred from plantations throughout South Carolina and other parts of the South. This helped with the labor requirements of the ironworks, but it still left the firm short of liquidity in the form of specie or banknotes needed to fund the expensive construction and operation of the works—especially as the Panic of 1837 rippled through the country, and the economy descended into a depression. Thus, in addition to enslaved bodies forming both the labor force and the equity capital of the firm, they also became the collateral security offered for loans negotiated with a variety of financial institutions in South Carolina, the Northeast, and Europe. Despite the inauspicious timing of its incorporation, the firm managed to sustain operations for more than a decade, largely due to its flexible, multilayered use of enslaved people as abstract financial assets. However, with the firm's ultimate foreclosure and sale at midcentury, the enslaved themselves faced further upheaval at the hands of the company's creditors.

An immense body of scholarship produced by both economic historians (beginning in the 1970s) as well as historians of capitalism (more recently) has coalesced into a consensus that slaveholders were profit-seeking capitalists who embraced the tools of an emerging market economy.[10] Whereas the economic historians have focused largely on demonstrating the efficiency and profitability of the plantation system, the historians of capitalism emphasize the pervasive presence of slavery in all aspects of American economic and social relations, as well as the violence necessary to achieve this profitability. A related but much smaller body of scholarship demonstrates that enslavement was also compatible with the nascent industrial development of the South, although these latter studies tend to focus purely on the use of the enslaved as laborers within industrial concerns.[11]

9. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

10. A small sampling of the more recent scholarship includes Wright, *Slavery*; Olmstead and Rhode, "Biological Innovation"; Barnes, Schoen, and Towers, *Old South's Modern Worlds*; Zakim and Kornblith, *Capitalism Takes Command*; Baptist, *The Half Has Never Been Told*; Beckert, *Empire of Cotton*; and Beckert and Rockman, *Slavery's Capitalism.*

11. Starobin, *Industrial Slavery*; Lewis, *Coal, Iron, and Slaves*; Dew, *Bond of Iron*; Vollmers, "Industrial Slavery"; Bezís-Selfa, *Forging America*; Delfino and

In contrast, few economists and historians have examined the financial modernization of enslavement in depth.[12] However, as Stephen Mihm emphasizes in his 2016 essay "Follow the Money: The Return of Finance in the Early American Republic," capitalism is more than just the interaction between "production and wage labor on the one hand, and commodities and consumption on the other." Central to these relationships is a sophisticated financial system that serves as "the connective tissue of capitalism, the invisible infrastructure that underwrites enterprise and fuels the speculative, creative, and at times, destructive, aspects of capitalism." In order to fully understand the depth and breadth of enslavement in the United States, we need to unmask the relationship between slavery and the "institutions, practices, and people that collectively constitute a tangled web of money, investment, credit, and debt."[13] Understanding the multiple ways that southerners were turning their enslaved property into flexible financial assets is essential to understanding the depth and breadth of the system of enslavement. In doing so, we can move beyond questions of *whether* slavery was compatible with industrialization specifically and capitalism more broadly, to an understanding of *how* slavery and capitalism interacted to promote southern economic development in the antebellum period.

Unlike the extant archival records of most nineteenth-century firms, the financial history of the Nesbitt Manufacturing Company is much more complete than its operating history. In fact, the archives reveal remarkably little about its production record, customer base, marketing efforts, or management, even though they remained in operation for a decade. Incorporated on the eve of one of the most severe economic downturns in American history, this unfortunate timing instead reveals the extensive, complicated, and (at times) convoluted efforts of the management to keep the ironworks financially afloat. Moving in a roughly chronological fashion through the history of the firm, this essay will examine three distinct methods by which that corporation financialized enslavement. First, they raised the initial capital for their operations by transforming enslaved lives into equity shares of corporate stock. Second, by fixing the valuation of enslaved individuals across a minimum number of categories based on gender and skill, they turned

Gillespie, *Global Perspectives*; Follett, *Sugar Masters*; Kaye, "Second Slavery"; Hahn, *Making Tobacco Bright*; and Barnes, "Industry and Its Laborers."

12. Kilbourne, *Debt, Investment, Slaves*; Murphy, "Securing Human Property"; Kilbourne, *Slave Agriculture and Financial Markets*; Martin, "Slavery's Invisible Engine"; Baptist, "Toxic Debt"; Schermerhorn, *Business of Slavery*; Rothman, "The Contours of Cotton Capitalism"; Rosenthal, *Accounting for Slavery*; and Forret, "'How Deeply They *Weed* into the Pockets.'"

13. Mihm, "Follow the Money," 784–785.

them into standardized commodities that could be traded more efficiently in the marketplace. Third, by converting enslaved lives into debt collateral, they obtained loans for the continued operation of the firm. A final section will examine the liquidation of the firm and the impact of foreclosure on these same enslaved lives.

One of the most salient features of a modern financial system is the willingness and ability of participants to leverage assets—borrowing against the market value of an asset in anticipation of repaying the debt either from future profits or the appreciation in value of the asset itself. The Nesbitt Company owned and hired enslaved individuals to labor in the ironworks, but they also leveraged the market value of these same enslaved lives by exchanging them for shares of company stock and offering them as collateral in sophisticated loan contracts. As this corporate case study reveals, enslavers did not merely engage with and embrace a developing capitalist system of largely northern origins. They actively experimented with increasingly complex financial tools and institutions in order to facilitate southern investment, market exchange, and profit maximization within the system of enslavement. At the same time, the experience of the Nesbitt Company reveals the limits of enslaved financing. As had been the case after the Panic of 1819, the aftermath of the Panic of 1837 demonstrated that the market value of enslaved property was much more volatile than enslavers cared to admit. Although southerners could often endure this volatility in the case of enslaved laborers working on plantations or in factories, it made the financialization of slavery a much riskier endeavor for an emerging industrial regime.

Capitalization: Leveraging Enslaved Lives

The Nesbitt Manufacturing Company received its charter from the state of South Carolina in December of 1836, at the height of the 1830s economic boom. Located on the "Broad River, at the head of the Ninety-nine Islands, and just above the Cherokee Ford,"[14] it was one of several ironworks chartered during the antebellum period to take advantage of the valuable iron ore found in the north-central part of the state between Spartanburg and York.[15] The corporate charter permitted the company to raise $300,000 of capital funds (about $8.6 million in 2020) by selling stock at $500 per share (about $14,400), and to increase this capital at any time up to $1 million by issuing additional stock or

14. "An Act to Alter the Name," 451–453; Form letter from Franklin H. Elmore used for soliciting loans, December 1838, Business Correspondence, Box 3, Elmore Papers.

15. Lander, "The Iron Industry," 337–338.

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borrowing money.[16] As was common with most corporate charters, it also allowed for subscribers to pay for this stock in several instalments.[17] The first third ($166.67 per share, or about $4,800) was due when stockholders initially subscribed in 1837. The remaining two-thirds ($333.33 per share, or about $9,600) would then be due in three equal instalments of $111.11 per share (about $3,200) over the next three years, if and when the board of directors placed a call for it.[18] The stockholders all hoped that the enterprise would quickly begin turning a profit, rendering calls for later instalments unnecessary. A successful enterprise would also mean that they would earn dividends on their initial investment and that their stock shares would increase in market value.

The original twelve incorporators of the company subscribed for the entire six hundred shares. They represented a who's who of South Carolina's political and slaveholding elite. In the words of one historian of South Carolina iron manufacturing, "No manufacturing corporation in South Carolina had enjoyed a more auspicious beginning; none could boast of a more renowned group of stockholders."[19] Former U.S. Congressman Wilson Nesbitt, who was the company namesake and would serve as its first president, provided the initial 6,303 acres of valuable ore and timber-rich land in exchange for one hundred shares of company stock worth $50,000 (about $1.4 million).[20] Benjamin T. Elmore (former state comptroller general) took another one hundred shares. His brother Franklin (newly elected U.S. congressman) subscribed for forty shares, while Franklin's brother-in-law, Colonel James G. Brown, took another eighty. Sitting Governor Pierce M. Butler took fifty, and Wade Hampton II (son and namesake of the wealthiest planter in the United States, who had recently passed in 1835) subscribed for forty. The other subscribers were James M. Taylor (cousin of Dr. James H. Taylor, who would later orchestrate the transfer of slaves from Franklin Elmore's Alabama plantation), William Clark, William E. Martin, Edward W. Harrison, General Joseph S. Shelton, and iron-master Moses Stroup.[21]

16. All dollar amounts converted to 2020 equivalents using the calculator at http://www.measuringworth.com.

17. For examples of this practice of purchasing stock in instalments, see Watson, "North Carolina and Internal Improvements," 52–57; Ng, "Free Banking Laws," 880–881; and Wright and Kingston, "Corporate Insurers," 452–453.

18. "An Act to Alter the Name," 451–453; Letter from Franklin H. Elmore, December 1838, Business Correspondence, Box 3, Elmore Papers.

19. Lander, "The Iron Industry," 343.

20. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

21. Letter from Franklin H. Elmore, December 1838, Business Correspondence, Box 3, Elmore Papers.

Several of these stockholders never intended to contribute specie to the firm but instead, "with the permission of the Company … transferred negroes in payment of their stock, the value of the negroes or the price agreed on in each instance exceeding the third part of the amount of stock held by them respectively." Unlike other corporate charters of the period, the Nesbitt charter did not define what forms of payment—such as in specie or banknotes—would be acceptable for their stock, opening up this unique financing option.[22] General Shelton, for example, transferred three enslaved individuals in payment of the $3,333.33 he owed on the first instalment of his twenty shares.[23] Shelton was leveraging his enslaved property in the hope that their productive labor for the ironworks would turn a profit for the firm, making future instalment payments on the stock unnecessary and essentially tripling his investment in the slaves. Alternatively, Shelton could have sold his enslaved property for cash and used that cash to purchase stock, which the firm could then use to purchase enslaved labor. However, not only was this latter scenario less efficient, but it would have forced both the enslavers and the company to deal with the unpredictability of the market for enslaved lives instead of negotiating a mutually agreed upon value. Of course, the risk of leveraging assets was that some or all of their value could be lost. If the stock depreciated, or if the board called for further instalment payments, Shelton would need to come up with specie or banknotes (or more enslaved laborers) just to shore up this initial investment of slaves. If the ironworks failed and the stock became worthless, the company would have to sell the enslaved property to pay off creditors—leaving Shelton with nothing.

This acceptance of enslaved individuals as capital funds made logical sense, as one of the firm's first actions was to procure additional enslaved labor for the ironworks. With their infusion of money (specie and banknotes) from the first instalment payment on the stock, the company purchased an additional 1,252 acres of desirable land adjoining the Nesbitt property for $6,700 (about $187,000), and acquired 135 enslaved individuals valued at $105,930 (about $3 million) from seven different enslavers. Stockholders Nesbitt, Harrison, Butler, and Brown sold seventy-nine of their enslaved people worth $70,930 (about

22. For example, the 1836 charter of the Charleston Insurance and Trust Company permitted payment in specie or in "the notes of specie paying banks of the State of South Carolina" but "prohibited" other forms of "bank checks." The 1835 charter of the Charleston and Liverpool Line Packet Company required "specie, or current banknotes of this State." The 1836 charter for the Georgetown Bank expected subscriptions "in specie, or bills of specie paying banks," whereas the 1835 Bank of Hamburg charter only permitted specie.

23. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

$2 million), although little cash initially traded hands even in this agreement.[24] Nesbitt, for example, allowed the firm to pay for his thirty-three enslaved individuals (initially valued at $31,800, or about $900,000) over several years. Making about a dozen separate payments to Nesbitt between September 1837 and October 1840, the firm finally paid $39,217.50 (including interest) for this purchase (about $1.2 million).[25] The other three stockholders traded several of their bondspeople in exchange for partial payment on their stock. At least six of Butler's fifteen slaves were "credited" to his stock payment.[26] The firm acquired the remaining fifty-six enslaved laborers, worth $35,000 (about $1 million) from South Carolina Superior Court Judge Baylis John Earle, his youngest brother Samuel Maxey Earle, and their widowed sister Damaris Miriam Earle Mays—the siblings' mother was stockholder Wade Hampton II's first cousin.[27]

In an effort to minimize monetary outlays, the company primarily financed this latter purchase from the Earle siblings through a combination of loans and the transfer of stock. On December 28, 1836, Governor Butler agreed to purchase twenty-one enslaved people from Mrs. May for $10,000, payable in three equal instalments on January 1, 1838, 1839, and 1840. On July 5, 1837, Governor Butler borrowed $5,000 from the local branch of the Bank of the State of South Carolina. He paid Mrs. Mays this partial sum, and "the negroes were sent to the Iron Works," at which point the company "agree[d] to take them from P. M. B[utler]. on the same terms." Because they were now the property of the firm, the company paid back the debt to the bank on January 1, 1838, but were unable to pay the balance of the instalments due to Mrs. Mays on time. By debt financing their labor force, the company assumed that the profits from this enslaved labor would more than pay for the principal and interest on the various loans, but they always found themselves short. They "settled with Mrs Mays" for the remainder due ($6,768.31) on March 24, 1841, by issuing two new promissory notes for $5,500 (due 1841 and 1842) and transferring to her forty-five shares of Franklin Elmore's own stock in the Commercial Bank.[28] Nevertheless, in 1844 Samuel Earle still needed to sue the company (on behalf of his sister) for

24. Ibid.

25. The Nesbitt Manufacturing Company in 1/c with Wilson Nesbitt, Bills and Receipts, Box 8, Elmore Papers.

26. Facts as to P. M. Butler's a/c, [undated, 1844?], Bills and Receipts, Box 11, Elmore Papers.

27. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers. Damaris Mays's husband James B. Mays, had recently died while fighting in the Seminole War, and Mrs. Mays had relocated from Florida to live with her brother, Baylis, in Greenville, South Carolina.

28. "Statement," [undated], Bills and Receipts, Box 8, Elmore Papers.

payment of these bonds, threatening to seize and sell several of the firm's enslaved people in payment of the debt.[29] As late as January 1846, this debt to Mrs. Mays remained unpaid.[30]

Like their sister, brothers Baylis and Samuel Earle viewed the ironworks as a profitable outlet for their enslaved property. Busy with his duties as a South Carolina Supreme Court justice, the forty-three-year-old Baylis explained to Franklin Elmore that his "main purpose was to place my negroes in good hands and in a business which would not require my own personal supervision." His twenty-three-year-old brother Samuel, who was uninterested in pursuing a career as a planter, sought "to dispose of his negroes without selling them in the West where they were unwilling to go, and to provide himself with present funds on which he could be employed." The brothers agreed—or at least thought they agreed—to *sell* their thirty-five bondspeople in exchange for a combination of stock shares and money (specie or banknotes). For example, for Samuel's fifteen enslaved people, valued at $11,500, he expected to receive $7,500 and eight shares of stock worth $4,000. It was their "clear and explicit understanding that we were to be paid immediately in hand the surplus of the price of our negroes over the instalment due from us."[31] The brothers were willing to leverage the value of the enslaved property partially with stock, but they also expected a partial cash payment.

The company, however, interpreted this agreement differently. The vaguely worded contract, which Samuel and Baylis initially signed with the company in 1836, stated only that the brothers would "transfer assign and deliver to the said company the negro slaves enumerated in the schedule annexed to this agreement in payment of the portion of the stock by them subscribed."[32] President Wilson Nesbitt transferred twenty-four shares—worth $12,000—of his original one hundred shares to Samuel.[33] Given that Nesbitt's shares were all fully paid for with land, someone would need to reimburse him for this $12,000, but that issue was temporarily put aside. Baylis received another fifty shares—although it is unclear if these were newly issued shares or were transferred from another stockholder. The firm then recorded the

29. R. J. Gage to Franklin H. Elmore, 5 February 1844 and 4 March 1844, Business Correspondence, Box 4, Elmore Papers.

30. President's Report to the Members of the Nesbitt Manufacturing Company, [undated, January 1846?], Bills and Receipts, Box 11, Elmore Papers.

31. Letter from Baylis J. Earle, 7 December 1838, Business Correspondence, Box 3, Elmore Papers.

32. Agreements of Samuel M. Earle and Baylis J. Earle with Wilson Nesbitt, 26 December 1836, Business Correspondence, Box 2, Elmore Papers.

33. Meeting minutes, [undated], Business Correspondence, Box 6, Elmore Papers.

$25,000 worth of slaves as the first instalment on seventy-four shares of company stock worth $37,000.[34] Because the first instalment due on these seventy-four shares should only have been $12,333.33, perhaps the brothers expected to receive the difference in cash, but that was never the firm's intention. Additionally, Nesbitt did not receive any payment in return for his twenty-four transferred shares. Money was scarce, and the firm needed all of it to get the works up and running. The board of directors understood that dollar-for-dollar purchases of assets were not possible. By trading stock shares for enslaved laborers—at a three-to-one ratio—they could leverage the future promise of success against the current needs of production.

This dispute over whether the brothers had *sold* their enslaved property for cash (receiving partial payment in company stock) or rather *purchased* stock (using the enslaved to pay the first and even second instalments) continued for the next two years. Finally, in December of 1838, Baylis asserted his belief that they had sold the enslaved individuals outright and demanded a just resolution. Although "the mere nonpayment of the money" was not "so serious an inconvenience" for the judge, the young Samuel had "intended immediately to embark in some kind of employment" with the money and "had actually made arrangements with that view." The company's delay threw "him entirely out of employment for two years." At a minimum, Samuel could have used the money and "have purchased an equal number of negroes of equal value"—although why he might have wanted to purchase more enslaved property after selling those he already had to the ironworks was unclear. Either way, the brothers wanted out of the company. They proposed to transfer the stock back to the company, taking "back our negroes at the original valuation" and receiving as fair compensation only what the enslaved individuals would have earned if they had been hired out to the firm on an annual contract.[35]

The board of directors, however, insisted that the agreement had been to purchase stock using the enslaved as partial payment. Thus, in response to their request, the board resolved to "purchase" back the Earle stock shares by offering "in payment therefor" to return the original thirty-five enslaved individuals. The Earle's would have "to agree to relinquish … all claim to interest or hire up," and Baylis would "bear alone the loss which has arisen from the death of any of the negroes of his gang." In this interpretation of the original agreement, the company

34. "Memorandum of an Agreement," 24 December 1839, Business Correspondence, Box 3, Elmore Papers.

35. Letter from Baylis J. Earle, 7 December 1838, Business Correspondence, Box 3, Elmore Papers.

benefited from two years of enslaved labor for only the price of housing, clothing, and feeding the workers, while the Earle brothers were deprived of both the labor of their bondspeople and the value they would have received from hiring them out during that time; the Earles would be financially punished for breaking their stock purchase contract. Finally, in order to avoid a sudden disruption in the labor supply at the ironworks, the agreement required that Baylis's enslaved property would "remain in the employment of the Company on reasonable hire" for a full year, although Samuel would "be allowed to take his negroes, as soon as he chooses."[36]

Baylis Earle was one of the top legal minds of South Carolina. His confusion over the nature of the original agreement with the company indicates how novel was this use of enslaved property in the purchase of stock for an industrial concern. The closest model was the chartering of plantation banks during the 1820s and 1830s. The stock for these banks was secured with a mortgage on the plantations and enslaved property of the stockholders. The banks then issued bonds secured by these mortgages in order to obtain specie from the Northeast and Europe to use for its lending operations. But, in the case of plantation banks, the mortgaged slaves themselves always remained in the possession of their enslavers, unless the bank defaulted on its bonds and needed to foreclose on the property.[37] The physical use of enslaved bodies by the Nesbitt stockholders to pay for their subscriptions was an even more sophisticated financialization of the slaves, who were simultaneously being employed as abstract financial capital (equity) in the formation of the firm and as the labor needed to turn a profit on that capital.

Despite the discrepancies in the contracts, Judge Earle grudgingly conceded that he lacked a valid legal claim against the company. The brothers reluctantly accepted the lopsided agreement offered by the board—in which they conceded to breaking a contract to purchase stock—as the best deal that they could hope to receive.[38] The Earles then immediately contracted to hire these same enslaved individuals back to the company at "such reasonable hire as may be agreed on" as well as all "needful clothing food and other comforts" so that the ironworks could "retain in their employment all the negroes formerly transferred to the company by the said Earles and which have this day

36. Resolutions of December 18, 1838, Business Correspondence, Box 3, Elmore Papers.

37. On plantation banks, see Schermerhorn, *Business of Slavery*, 95–121; and Baptist, "Toxic Debt."

38. Agreements of Samuel M. Earle and Baylis J. Earle, 21 December 1838, Business Correspondence, Box 3, Elmore Papers.

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been resold and reconveyed to the said Earles."[39] In hiring the Earle slaves, rather than purchasing them in exchange for stock, the firm now had to pay scarce money in exchange for their labor, although this hiring fee was still less than the price of purchasing enslaved laborers outright. By repurchasing the shares, the firm also "became responsible to pay Col. Nesbitt the amount of said shares or $12,000." Whereas the company had always been indebted to Nesbitt for the value of the land —at least until they called for the payment of the second, third, and fourth instalments on the stock—the shifting of the shares to the Earles and back "separates that sum of twelve thousand dollars from the Land debt so far as the same is payable in stock & makes it a debt payable in money." Knowing the cash-strapped nature of the company that bore his name, Nesbitt was willing to accept a bond for the future payment of this debt with interest, postponing a monetary outlay at least for a time.[40]

The following year, on December 24, 1839, the company resold the same seventy-four stock shares "heretofore held by Baylis J. Earle & Samuel M. Earle" to stockholder James M. Taylor. He would owe to the firm two-thirds of their value ($24,666.66) and repay the Earles for their initial instalment of $12,333.33.[41] This purchase occurred just one day after the directors had called for the payment of the fourth and final instalment of payments on all stock—although most of the payments from the second instalment were still outstanding and "payment" on the third and fourth "has not yet been enforced & may not be."[42] Taylor then agreed to sell "his gang of negroes in number between fifty & sixty" to the Nesbitt Company. Still lacking funds, the firm entered into a mortgage with Taylor for these enslaved individuals, agreeing to pay him annual interest with the final principal payment due as a lump sum on January 1, 1843. Taylor would deliver the enslaved property to the ironworks early in 1840 "to begin laboring for the Company," but he clearly stipulated that the firm would have "no right of property or title in said negroes" until the final payment in 1843. If the company subsequently enforced any of the calls for stockholders to pay their instalments, Taylor could instead "pay" his portion by reducing the amount of principal due on the mortgage. The enslaved themselves served as

39. Agreement between Samuel M. Earle, Baylis J. Earle, and the Nesbit[t] Manufacturing Company, December 1838, Business Correspondence, Box 3, Elmore Papers.

40. Statement of Nesbitt's account, [undated, fall 1840], Business Correspondence, Box 6, Elmore Papers.

41. "Memorandum of an Agreement," 24 December 1839, Business Correspondence, Box 3, Elmore Papers.

42. Statement of Nesbitt's account, [undated, fall 1840], Business Correspondence, Box 6, Elmore Papers.

the collateral "to secure the purchase money," with Taylor retaining the first lien on them.[43] This was an important consideration, because the enslaved workers at Nesbitt were valuable assets that the company sought to exploit not only as laborers but also as collateral for several bank loans. By retaining the first lien, Taylor ensured that other creditors could not claim his enslaved property during any foreclosure proceedings.

Ten months later, Taylor—who was now president of the Nesbitt Manufacturing Company—requested that the company rescind this mortgage and sale agreement. Instead, he offered just twelve slaves for hire for up to four years ("he agreeing to clothe the same") at the rate of $120 per year, with this amount paid "by giving me credit on the stock book of the said Company."[44] This change made financial sense for both parties. It removed the balloon payment for the enslaved individuals, which would be due January 1, 1843, while the annual hiring payment (applied to what he owed for the stock purchase) would be virtually identical to the annual interest payment for purchasing the slaves.[45] Also, it was the enslaved males that were most valuable for the ironworks, worth more than half the total value of his mortgaged slaves, which remained employed under the hiring contract.[46] Taylor also benefited from the change, as it enabled him to turn around and leverage these enslaved individuals through a new mortgage with someone willing and able to advance him money in specie or banknotes. He had already paid the Earles $1,000 on February 1 and again on October 1, but he needed more financial liquidity. On January 1, 1841, the firm paid him $3,678.82—his salary as president—which was the exact payment he made to the Earles on the same date. On May 9, 1842, he mortgaged his fifty-two enslaved individuals to his cousin Thomas Taylor. They together used this mortgage to obtain a loan of $5,000 from the Columbia branch of the Bank of the State of South Carolina, a $2,200 loan from the Commercial Bank, and a $3,000 loan from the Camden Bank. He applied these loans to two final payments totaling $9,200 to the Earle brothers in November 1842 and July 1844. In the end, Taylor paid them $14,876.24, which was the amount of their first

43. "Memorandum of an Agreement," 24 December 1839, Business Correspondence, Box 3, Elmore Papers.

44. "Extract from the Minutes of the Company," 28 October 1840, Business Correspondence, Box 3, Elmore Papers.

45. Twelve slaves at $120 per annum for hire equals $1,440. In 1843, Taylor estimated his fifty-seven Negroes to be worth $22,800 (an average of $400 each). At 6.5 percent interest, the firm would owe Taylor $1,482 per year. James M. Taylor statement of liabilities, Bills and Receipts, Box 9, Elmore Papers.

46. List of J. M. Taylor's Negroes, 25 November 1842, Bills and Receipts, Box 9, Elmore Papers.

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instalment plus interest.[47] Although the corporate record is silent on this point, it is probable that the Earle's were, in turn, using this money to repay the $12,000 owed to Nesbitt for his original transfer of stock.

The initial capitalization of the Nesbitt Manufacturing Company was accomplished with a minimum of actual money in the form of specie or banknotes. Whereas one of the main benefits of incorporation is the ability to sell ownership or equity shares (stock) in the company to raise funds, firms can also issue stock shares as a method of payment for goods and services. With so much of the South's wealth tied up in landed and enslaved property, it made sense for the firm to "pay" for their initial inputs—ore and lumber-rich land and an enslaved labor force—by giving an ownership share in the company. Not needing to pay wages to the enslaved laborers was a particular benefit, even if they would still need to feed, clothe, and shelter the enslaved individuals. If the company could quickly turn these resources into marketable pig iron, money would begin to flow and the liquidity pressure would ease. The initial incorporators were willing to take this risk because the potential reward of leveraging their landed and enslaved property was so great. Entering into this investing experiment at the height of the 1830s boom indicated their confidence in the financial potential of enslaved assets, even as economic conditions quickly turned against them.

Valuation: Commoditizing Enslaved Lives

Whether they purchased enslaved laborers outright, or exchanged the enslaved for their equivalent value in stock shares, the company needed an accurate appraisal of this property. The people best equipped to determine a fair market value of a given slave were local enslavers themselves. When James M. Taylor mortgaged his enslaved property to the company, they were to "be appraised at their real value by three disinterested persons, one to be chosen by the Board of Directors of the company, one by said James M Taylor & the other by the two then chosen, their valuation to be final & conclusive."[48] This valuation needed to take into consideration both their contributions as laborers in the ironworks or as producers of food on the neighboring plantations, as well as their market value if sold. Because many of the enslavers were leveraging their bondspeople in anticipation of the

47. James M Taylors a/c, [undated, 1844?], Bills and Receipts, Box 9, Elmore Papers; and Payments for Earle Negroes, Bills and Receipts, Box 9, Elmore Papers.

48. "Memorandum of an Agreement," 24 December 1839, Business Correspondence, Box 3, Elmore Papers.

future success of the ironworks, the agreed upon assessment would be magnified in the value of their stock; a small difference in current valuation could result in a big difference in future stockholder gain or loss.

These valuations were therefore the subject of some dispute. For example, General Joseph S. Shelton transferred Reuben, Harken, and Milton to the ironworks to cover the initial instalment of $3,333.33 on his twenty shares of stock. Aged eighteen to twenty-one, the three labored for the company raising limestone, carting wood, and working as a wagoner (respectively).[49] In August 1837, Shelton submitted to the company the appraisals of these men by Mr. D. Caldwell and Mr. Chickle. Although their final assessments are not extant, they were above $1,300 each, which Shelton believed was "high enough" to suit his needs. However, upon comparing them with other "boys of their description" at the ironworks who "are valued at thirteen hundred dollars," the company disagreed with this estimation. Shelton initially decided not to insist on the higher valuation "though I well know that my boys would have brought the am[oun]t of Caldwells valuation" in the slave market. In particular, the one he described as "the yellow boy"—meaning one with a significantly lighter complexion—would "command some two hundred dollars more than either of the others."[50] Of course, Shelton's interest in continuing negotiations with the firm rather than selling the enslaved men outright was a tacit admission that this favorable assessment was not likely a reflection of actual market conditions.

As Caitlin Rosenthal argues, antebellum slaveholders increasingly tried to standardize the valuation of their bondspeople, so that they became tradable commodities little different from cotton, corn, wheat, or tobacco.[51] This was true of both industrial enslavers and plantation owners. When Dr. James H. Taylor sent Franklin Elmore a list of Benjamin Elmore's 81 and Franklin's 132 slaves on their Alabama plantations in 1841, he sorted them into family groups and then described each by name, age, and quality or grade. Prime field hands were marked "full hands," while he assigned "¾ to those who do ¾ of an acre pr day in the crop." Others he designated as one-half or one-quarter hands, and "those who do not work, there ages are only given." Benjamin's estate had 23 full hands and 22 partial hands (for an equivalency of 37.5 full hands). The remaining 26 slaves were mostly young children.

49. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

50. Joseph S. Shelton to Baylis Earle, Chairman of the General Committee, 19 August 1837, Business Correspondence, Box 3, Elmore Papers.

51. Rosenthal, *Accounting for Slavery*, 126–127.

Franklin's plantation contained 55 full hands and 20 partial, or the equivalent of 62.25 full hands. In addition to a handful of "superannuated" slaves who were too old to work, the remainder were young children.[52]

Shelton's negotiations with the company reflected this mentality of grading enslaved lives across a limited number of categories, with the added step of then assigning a particular value to that category. Although the private appraisal of his three enslaved individuals had been above $1,300, he recognized that "my negroes are worth no more than" the bondspeople of other stockholders "of the same description," which was remarkably similar language to that used later in the century in the grading of wheat for futures contracts on the Chicago Board of Trade, or (as Daina Ramey Berry points out) meat grading by the USDA.[53] Shelton claimed he would be "perfectly satisfied" to accept a valuation of $1,300, "which negroes of that description are valued at."[54] Given the going market value of slaves, Shelton certainly should have been satisfied with these high assessments. Prices for "prime male" field hands in the lucrative New Orleans market had been on a steep rise throughout the 1830s, peaking in 1837 at around $1,300.[55] In the closer Charleston market, "prime male" slave values peaked around $1,200 that same year.[56]

Nevertheless, Shelton was not actually "perfectly satisfied" with this one-time assessment, and he pushed the company to consider an even more modern financial concept. When the enslaved were primarily valued as property and labor, their precise market value was only truly relevant for the enslaver at the moment of purchase and the moment of sale. The enslaver might record annual changes in the value of his labor force (along with his real estate, buildings, and livestock), but this was merely an estimate of his net worth. Once enslaved people became abstract financial assets, precise valuations at any given point in time became much more critical. Thus, as Shelton tried to explain to the company, although his three slaves were "of the same description" as others who had been valued in December 1836, "the unprecedented high prices of negroes" in the summer of 1837 meant that all of them had increased in market value. As financial assets being used to pay for stock shares, the appreciation in value of the December purchases

52. "List of Negroes," 1 October 1841, Bills & Receipts, Box 11, Elmore Papers.

53. Berry, *Price for Their Pound of Flesh*, 68; Cronon, *Nature's Metropolis.*

54. Joseph S. Shelton to Baylis Earle, Chairman of the General Committee, 19 August 1837, Business Correspondence, Box 3, Elmore Papers.

55. Conrad and Meyer, *Economics of Slavery*, 76. More recent assessments show similar results for the New Orleans market. See Kotlikoff, "Quantitative Description."

56. Phillips, *Life and Labor*, 177.

should have been credited to those stockholders' accounts so that they might be "placed upon an equal footing with those who put in negroes" later, when prices were higher. Rather than artificially lowering the value of his three negroes, he instead suggested (but did not demand, not wanting the company "for a moment" to "think this dictatorial") that "if there be any whose negroes of equal value are not valued as high as others, to equalise them" by increasing their value as credited against the stock subscription.[57] Although not in so many words, Shelton was endorsing the use of an emerging accounting principle known as mark-to-market, in which the value of assets must always reflect their most current market price.[58]

As long as enslaved prices continued to rise rapidly, a mark-to-market valuation structure would have worked to the detriment of the company, by continuously reducing the balance due on stockholder instalments. Thus, the company ignored this latter suggestion. However, Shelton's implication that enslaved valuations could be standardized, they thought was "a just rule to govern us.… We have taken the negroes bought and appraised by the Company in which all are satisfied as the standard of value in all other cases. Surely nothing can be more fair than that negroes of the same description at the same and for the same use should be valued among friends, at the same price." Much to Shelton's chagrin, they settled this "fair price" to be $1,200 (about $34,000) for the average male slave—which was the average price for a "prime male" hand in the Charleston market—and $900 (about $25,000) for the average enslaved female. The firm assessed Harken, Milton, and Reuben as average and "taken at $1,200 each."[59] Although this $3,600 total assessment was sufficient to cover the first instalment on Shelton's twenty stock shares, it was well below what he believed them to be worth and he refused to accept the assessment. By the spring of 1838, still "no price has been agreed on" between Shelton and the firm.[60] However, despite Shelton's obstinacy, the iron manufactory had actually set their assessment valuations at a premium level in the hopes of enticing slaveholders to employ their enslaved property at the works. Such a high valuation cost the firm nothing in the short term, as they were merely trading the enslaved laborers for company stock. In the long term, the management confidently assumed that profits from iron

57. Joseph S. Shelton to Baylis Earle, Chairman of the General Committee, 19 August 1837, Business Correspondence, Box 3, Elmore Papers.

58. Rosenthal, *Accounting for Slavery*, 127.

59. Committee report, undated [fall 1837], Business Correspondence, Box 3, Elmore Papers.

60. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

production and the continued appreciation of enslaved valuations would make this a wise financial investment.

The committee likewise decided to apply the same standardization principle to a valuation of Wilson Nesbitt's slaves. Nesbitt had "placed the negroes under the charge of the superintendant [*sic*] of the Company and considered them as sold to the Company," but they had never agreed on a valuation. They assessed the most skilled enslaved individuals at the ironworks, such as Charles (a forgeman) and Will (a rollerman), at $2,500—reflecting the difficulty of replacing such highly knowledgeable ironworkers.[61] They rated other skilled slaves, such as Isaac (a wagonmaker) and Henry (a blacksmith), at $2,000, and Paul (a furnaceman) at $1,500. Three adult men and seven women received the standard assessment of $1,200 and $900, respectively. They valued most of the remaining enslaved people at discounted amounts based on their age (many were children) and ability, for a total valuation of $31,800 (about $900,000).[62] When the firm issued a report the following spring detailing the value of all their enslaved laborers, they increased Nesbitt's assessment to $34,130 (about $1 million). They placed several highly skilled slaves, such as Isaac and Henry, on the same footing as the most essential laborers, at $2,500 each, while they increased blacksmiths Samuel and George, and wagoner David, all above the standard to $1,300. The assessments of several enslaved adults who they had initially valued below the standard, including Alex (a shoemaker) and Prudy (Charles's wife), were now brought in line. Among the adults, the company employed these standard assessments regardless of age; fifty-year-old Prudy, forty-year-old Tena, and twenty-five-year-olds Melissa and Amy were each worth $900 in the eyes of the firm.[63]

This report from the spring of 1838 applied the same logic to all the firm's enslaved laborers. Of James G. Brown's twenty-nine slaves, they valued two men at $1,200, five women at $900, and two married couples at $2,100 ($1,200 plus $900). The slaves receiving these standard valuations ranged in age from twenty-five to forty-five. The firm valued seventeen more of Brown's enslaved people in five family groups, with the total amounts consistent with these standard assessments. Only Jack, aged fifty, received a lower valuation of $1,000. The Earle brothers contributed ten enslaved adult males to the ironworks. The firm

61. For explanations of the skills required for iron manufacturing, see Dew, *Bond of Iron*, 31, 101; and Bezís-Selfa, *Forging America*, 27–38.

62. Committee report, undated [fall 1837], Business Correspondence, Box 3, Elmore Papers.

63. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

assessed eight—aged twenty to thrity-two—at $1,200 and two others—ages thirty-two and seventeen—at $1,000. The firm valued their three adult women, aged twenty-one to twenty-seven, at $850.[64] The committee charged with assessments separately concluded that the valuations of the Earles' slaves "conform to the standard adopted as near as can be."[65] Among Governor Butler's nine enslaved adults, they assessed four men and three women at the standard. Jake initially assessed at $1,300, but they later revised his assessment down to $1,200. Only Betsy remained below average at $800, although this was an improvement from her initial $700 valuation.[66]

Company directors applied these standards to both nonskilled laborers in the ironworks as well as the enslaved labor employed on the plantations which supplied food for the workers. Although the enslaved individuals from Franklin Elmore's Alabama plantation had been carefully selected as the most useful to the manufactory, most of the enslavers who contributed slaves delivered a mix of men, women, and children. Those unsuited for the various tasks associated with the foundry, the company instead employed at "several plantations" located near the complex. The directors reported in the spring of 1838 that these plantations were "under judicious cultivation, and the crops of corn are promising. And we understand that there will be nearly enough produced for the next years consumption."[67] The fifteen enslaved people Governor Butler sold to the company included "keeper at furnace" Jacob and David, furnace "filler" Mims, and "wagoner" Jordan, but he also included eleven women and children designated for work on the plantation. Similarly, the list of Mrs. Mays's bondsmen included those occupations associated with the ironworks, such as "beating limestone," "hauling wood," or "filler at Furnace," whereas her bondswomen labored on the plantations. Twenty-five of Nesbitt's thirty-three enslaved individuals worked at the "N. Plantation," while twenty of Brown's twenty-six slaves were at "Leek Place." Two-thirds of these plantation workers were women, and the company assigned the standard valuation of $900 to most of them.[68]

64. Ibid.

65. Committee report, undated [fall 1837], Business Correspondence, Box 3, Elmore Papers.

66. Committee report, undated [fall 1837], Business Correspondence, Box 3, Elmore Papers; General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

67. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

68. Committee report, undated [fall 1837], Business Correspondence, Box 3, Elmore Papers.

This standardization of labor value was even more apparent in the hiring rates of the enslaved at the ironworks. In January 1837, the company hired twelve slaves from five local enslavers on annual contracts, at rates of $108 to $120 per annum (about $3,000–$3,400). They hired fifteen more in July and August from seven different enslavers, all at $120 per annum.[69] Three years later, when James M. Taylor entered into a hiring contract with the firm for twelve of his enslaved people, they likewise agreed on an annual rate of $120 per worker.[70] This consistency in valuing the labor of each of these enslaved adults—regardless of age or ability, and across numerous enslavers—at $120 per year reflects the standardization of the labor the firm expected them to perform at the ironworks. Like northern factory workers, they were becoming interchangeable cogs in the industrial machinery.

The Nesbitt Company set its hiring rates at even more of a premium level than its assessments. Although exact hiring rates vary widely by region and industry, few estimates reach this high at any point in the antebellum period. Claudia Goldin estimates average male hiring rates in 1840 for Georgia, Mississippi, North Carolina, and Tennessee at between $54 and $60.[71] A more recent study estimates male hiring rates in Virginia at $90 in 1840.[72] By 1860, when average slave prices in New Orleans peaked again near $1,800, Alfred Conrad and John Meyer still only estimate average hiring rates for males in South Carolina at $103.[73] However, it is possible that the ironworks needed to pay this premium to obtain their desired workforce. For example, in 1819, when slave prices had reached an earlier peak of $1,100, the owners of the Buffalo Forge in Virginia complained about having to pay $120 each to hire four slaves for their ironworks.[74]

Unfortunately, the company could not have chosen a more inauspicious time to establish an iron manufactory and standardize assessments. By the time the legislature granted its charter in December 1836, London credit markets had already begun to tighten, and global cotton prices were in decline. From March to May 1837, the three major New Orleans merchant bankers principally responsible for the cotton trade with England closed their doors, sending shockwaves through the financial community. Banks throughout the nation began suspending specie payments, further contracting the money supply.

69. "Names of Hands," November 1837, Bills and Receipts, Box 8, Elmore Papers.

70. "Extract from the Minutes of the Company," 28 October 1840, Business Correspondence, Box 3, Elmore Papers.

71. Goldin, *Urban Slavery*, 73.

72. Takagi, *Rearing Wolves*, 78.

73. Conrad and Meyer, *Economics of Slavery*, 73–76.

74. Dew, *Bond of Iron*, 40–41; and Conrad and Meyer, *Economics of Slavery*, 76.

Despite a brief recovery in 1838, the nation settled into a prolonged recession that lasted until around 1843.[75] The Nesbitt Company had thus set hiring rates and enslaved assessments at peak prices that no longer reflected the realities of the market. Average prices for "prime males" in the New Orleans market declined slowly from their peak of $1,300 in 1837 to $1,240 in 1839, before plummeting to $870 by 1841. Prices would bottom out at $700 from 1843 to 1845.[76] As Franklin Elmore later noted, "the fall in the values of all property, especially negroes," beginning in 1840, now meant that the valuations overstated these assets, and "the means of the corporation were much reduced."[77] By the time Elmore's enslaved workers arrived from Alabama in 1843, the company had reevaluated their hiring rates to better reflect the state of an economy in the middle of a recession. However, this standardization remained. For nineteen of his twenty-two male slaves, ranging in age from fourteen to forty, Elmore received identical hiring rates of $84 per annum regardless of age or ability. Only for three of the males and the lone female—forty-seven-year-old Jubiter ($72), sixteen-year-old Minus ($48), thirteen-year-old Moses ($36), and thirty-three-year-old Dinah ($50)—did the company set values at depreciated rates. The hiring rate for the "good looking and active" Dick would be prorated to $21, as he died after only four months in South Carolina.[78]

The recession made it difficult for the firm to maintain the standard valuations, especially when slaveholders sought to make changes that effected the value of their stock. In February 1840, Butler proposed to remove an enslaved family of eight from the ironworks. Jordon was a forty-one-year-old wagoner at the standard valuation of $1,200. His wife Rachel was a thirty-one-year-old plantation worker valued at $900. The four eldest children—now thirteen, ten, eight, and five—were together initially valued in 1837 at $1,300. Although the values of the adults had remained fixed, the children had appreciated with age, and there was the addition of two more siblings. In determining the family's current worth, the head clerk "valued Jordan & family as he thinks they would have rated in 1837, and as others of like ages & qualities would have been charged to the company." Although the company believed that the clerk "has valued" the children "too highly," they did agree on the principal of "adopting the valuation of 1837 as the rule," resulting in a total value of $4,100 for the family. Of

75. Nelson, *Nation of Deadbeats*, 117–121; and Lepler, *Many Panics of 1837.*

76. Conrad and Meyer, *Economics of Slavery*, 76.

77. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

78. "List of Negroes," 19 January 1843, Bills & Receipts, Box 10, Elmore Papers.

course, this $4,100 represented what they would have been worth in 1837. Under the depressed conditions of 1840, the "value of the negroes should be reduced 33 1/3" to $2,733.33. Butler would either need to make up this amount in money, or supply the company with "negroes at like valuations."[79] Thus, what effected the value of most enslaved adults at the Nesbitt Manufacturing Company was neither their age nor their ability (unless they were highly skilled) but market conditions. Whether in the ironworks or on the plantations, they were interchangeable, standardized commodities with fixed values.

Financialization: Collateralizing Enslaved Lives

Even as the company was selling stock shares, buying landed and enslaved property, and getting the ironworks into operation in early 1837, the board recognized that additional infusions of money would be essential to the firm's ultimate success. They needed operating capital beyond the first instalment of stock to purchase supplies for the ironworks, to pay salaries to white managers, to hire additional enslaved labor, and to obtain food and clothing for their enslaved workforce to supplement what their plantations could supply.[80] Sometime in February or March of 1837, they resolved "to negotiate a loan in the northern cities in behalf of this company for two hundred thousand dollars or any less sum," (about $5.6 million). As their charter permitted, they could mortgage "all or any part of the real estate, personal property, improvements, and effects of the said company for that purpose."[81] Out of all of the company's financial schemes, this proposal was the least experimental. Throughout the 1810s and 1820s, southern banks, as well as the First and Second Bank of the United States, had accepted enslaved assets as collateral for mortgage loans.[82] The valuable enslaved property owned by the firm—already employed as labor and leveraged as capital—would also form an essential part of the collateral available for such a loan. President Benjamin Elmore tasked his brother Franklin with achieving this goal.[83]

79. Facts as to P. M. Butler's a/c, [undated, 1842?], Bills and receipts, Box 8, Elmore Papers.

80. Report of Committee of Ways & Means, 3 November 1837, Bills and Receipts, Box 8, Elmore Papers.

81. Resolution, [undated, March? 1837], Business Correspondence, Box 6, Elmore Papers.

82. Murphy, "Collateral Damage"; Murphy, "Financialization of Enslavement."

83. Franklin H. Elmore report to the President & Members of the Nesbitt Manufacturing Company, 18 May 1837, Business Correspondence, Box 3, Elmore Papers.

In seeking financing for the company, Franklin Elmore started big. He set off for Charleston in March with the goal of tapping into the connections of the local financial community with Europe. European investors had been voraciously buying up American stock and bond issues throughout the 1830s, especially securities issued by individual states in support of internal improvements and banks. These investments yielded a significantly higher return than what was available locally in Europe, yet foreign investors still considered them to be low risk due to their state backing. A state government was unlikely to default on their debts—or so the investors believed—as they needed only to raise taxes to repay any obligations.[84] Although the state of South Carolina would not actually be backing a loan to the ironworks, Elmore hoped that a comparatively small loan to a promising manufacturing firm with considerable assets would still be enticing to these European investors.

Wishing "to ascertain from Gentlemen well informed on such subjects, whether it would be worth our while to attempt a negotiation" overseas, Elmore solicited Charleston merchant Mitchell King to "make inquiries for us" with his European contacts.[85] In examining Elmore's "statement … of their resources and prospects," King opined that the ironworks was a "very laudable, and as I believe, promising enterprise," but that "the pressure" created by "the very deranged state of our money market" by early 1837 had temporarily halted lending. Because "this state of things cannot last long," King was confident in his ability to negotiate a loan soon "with some opulent English house" such as "Messrs Baring Brothers & Co of London." Indeed, King had negotiated similar loan requests, also secured with "mortgages of Lands & negroes," with "some rich Bankers" in England.[86] However, in March of 1837, King did not foresee the length and depth of the coming depression.

In the meantime, "[u]pon ascertaining that but little dependance [*sic*] was to be placed upon the prospect of a loan in Europe," Elmore decided to solicit a smaller loan from the state-owned Bank of the State of South Carolina. He convinced the bank that the success of the ironworks was "intimately connected with the best interests of the state, & within the legitimate objects of their institution." The bank agreed to lend them $50,000 (about $1.4 million) in the following manner: $10,000 immediately; $15,000 on both July 1 and September 1, 1837;

84. McGrane, *Foreign Bondholders*, 8–11; Schermerhorn, *Business of Slavery*, 95–121.

85. Franklin H. Elmore report to the President & Members of the Nesbitt Manufacturing Company, 18 May 1837, Business Correspondence, Box 3, Elmore Papers.

86. Mitchell King to Franklin H. Elmore, 28 March 1837, Business Correspondence, Box 2, Elmore Papers.

and a final $10,000 before the end of the year, with the land, improvements, and enslaved property serving as collateral for this loan. The bank president also implied that the bank would loan the firm an additional $50,000 in 1838.[87] However, as the economy sank into a deep depression by the fall of 1837, the Bank of the State only partially fulfilled the agreement by lending $35,000. The local branch bank in Columbia lent the Nesbitt Manufacturing Company the final $15,000, and the additional $50,000 never came to fruition.[88]

With this initial infusion of liquidity from the state bank, the ironworks went into active operation, producing pig iron from its one blast furnace by the spring of 1837.[89] However, in order to achieve "the full development of the enterprize [*sic*]," the company sought to add a rolling mill, nail factory, forges, and blacksmith shop. They estimated that they would need an additional $30,000 (about $840,000) beyond their current loans and anticipated profits from the operation of the existing furnace for this expansion.[90] Exercising their right to demand additional funds from their stockholders, the directors called for the payment of the second stock instalment of one-third of their remaining obligation by May 1, 1837, which should have netted the company $66,666.67. Unfortunately, this call coincided with the panic, which they initially experienced as a "sudden and unexpected change in the money market." Although several of the stockholders transferred additional enslaved property in payment, they only paid a total of $6,100 (about $171,000) in cash.[91]

Believing that it was "not advisable at this time" to seek additional funds from the Bank of the State of South Carolina "owing to the peculiar condition of the money market" and the fact that the bank had already failed to fulfill their initial loan, Elmore instead obtained a $30,000 loan from the Insurance and Trust Company of Charleston in the form of bonds. The firm would receive the first $10,000 in May and the remainder in October of 1837, promising to repay the principal with interest within three years. With no limited liability clause written into

87. Franklin H. Elmore report to the President & Members of the Nesbitt Manufacturing Company, 18 May 1837, Business Correspondence, Box 3, Elmore Papers.

88. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

89. Report of Wilson Nesbitt, 18 August 1837, Business Correspondence, Box 3, Elmore Papers.

90. Report of Committee of Ways & Means, 3 November 1837, Bills and Receipts, Box 8, Elmore Papers.

91. General committee on the condition of the company report, undated [spring 1838], Business Correspondence, Box 6, Elmore Papers.

the corporate charter, the loan was guaranteed by the personal assets (landed and enslaved property) of the company's stockholders.[92]

This $30,000 was exactly the amount that the firm believed they would need so that the "erection of the … buildings" for the expansion of the ironworks could "be prosecuted as rapidly as practicable."[93] They sought this expansion despite—or perhaps because of—the failure of the existing furnaces to live up to their anticipated production. Benjamin wrote his brother that he had spent three weeks at the works in January, only to discover that "we have been embarrassed in every way." The new hot-blast furnace was still not in operation, delayed by some missing patterns necessary to produce essential "elbow and circular pipes" for the furnace. The old furnace was producing two tons of pig iron per day, but their main buyer—a man by the name of Clark—had "stopped taking our pigs" and "has not been able to pay us and that has embarrassed us very much in our money arrangements."[94] Money was already in short supply, and their plan to produce and sell pig iron quickly to begin bringing in cash was now failing.

It was in this context that Benjamin Elmore asked stockholder and ironmaster Moses Stroup to draw up a plan for the massive expansion of the manufacturing facilities, which he presented to the company board in February 1838.[95] The following month, stockholder and works superintendent E. W. Harrison submitted to the board a detailed agreement with Stroup for his proposed development of the works. For the sum of $1,500, Stroup would complete by July 1, 1838, "one foundry with two reverberatory furnaces, for smelting pig iron … to be inclosed by a frame building of wood seventy feet long by forty wide." The company would pay him an additional $3,100 to complete by October 1, 1838, "one Blacksmith shop with four fire places and a triphammer[,] two turning lathes and a drilling machine, all complete in a building one hundred and twenty feet long by thirty four wide, with a shop on the eastern side twelve feet wide and fifty long: the whole machinery including the bellows to be worked by water." A final $20,000 would pay Stroup to construct by January 1, 1839, a forge "to contain eight fires" and by April 1, 1839, a "Rolling Mill to work eight set of Rollers in five frames and make iron of the following description": flat bars of one-

92. Benjamin F. Elmore report to the President & Members of the Nesbitt Manufacturing Company, 13 January 1838, Business Correspondence, Box 3, Elmore Papers; Benjamin F. Elmore to Franklin H. Elmore, 27 February 1838, Business Correspondence, Box 3, Elmore Papers.

93. Report of Committee of Ways & Means, 3 November 1837, Bills and Receipts, Box 8, Elmore Papers.

94. Benjamin F. Elmore to Franklin H. Elmore, 27 February 1838, Business Correspondence, Box 3, Elmore Papers.

95. Ibid.

half inch to four inches wide, square bars of three-quarter inch to two inches wide, round rods of one to two inches in diameter, and "boiler plate iron." The forge and rolling mill would "be covered by a building one hundred and twenty feet long and eighty feet wide to be supported by pillars of stone brick or cast iron the whole to be worked by water and set in complete operation."[96]

Whereas the insurance company loan would theoretically pay for this substantial expansion of the Nesbitt Manufacturing Company, existing debts and expenses, continued struggles with pig iron production and sales, and the impact of the recession all left the company in an almost constant liquidity crisis.[97] By the summer of 1838, Franklin again began active solicitation of a loan by "mortgaging the estate" of the company to either northern or European bankers. In response to a series of detailed queries about the company from one London investment banking house, Elmore drew up a polished marketing pamphlet outlining the history, assets, and prospects of the firm.[98] He intended to use this to convince potential lenders of the security and future profitability of the ironworks. According to an early draft of this prospectus, among their most important assets were "between 130 & 140 valuable slaves, many of them mechanics & nearly all the males, trained to the various employments of the business"; the final draft—completed after Baylis and Samuel Earle had reclaimed their thirty-five bondspeople in December 1838—listed only "120 valuable slaves."[99] In combination with the mineral-rich lands, buildings, and other improvements, Elmore estimated that the total property of the company was worth at least $175,000 to $200,000 (about $5–$5.7 million), and "intrinsically, worth double the highest of these two sums." Additionally, under the doctrine of unlimited liability, the personal property of the stockholders themselves would provide another level of security. Elmore estimated the net worth of the stockholders at $1–$1.25 million (about $29–$36 million). Although "the resources of the stockholders are

96. "Memorandum of an Agreement," 24 March 1838, Business Correspondence, Box 3, Elmore Papers. According to one history of the firm, this agreement would "be a source of recurring irritation and contention.… The company officials accused him of numerous violations of the contract, while for his part Stroup presented the company with ever-increasing bills and expense accounts" and he "was more than a year late in completing the works." Lander, "The Iron Industry," 344.

97. Benjamin F. Elmore to Franklin H. Elmore, 27 February 1838, Business Correspondence, Box 3, Elmore Papers; Benjamin F. Elmore report to the President & Members of the Nesbitt Manufacturing Company, 2 March 1838, Business Correspondence, Box 3, Elmore Papers.

98. Johnson Whimmer & Co, 31 August 1838, Business Correspondence, Box 3, Elmore Papers.

99. Form letter draft, December 1838, Business Correspondence, Box 3, Elmore Papers; P. M. Butler and F. H. Elmore to Gabriel Shaw of the House of Thomas Wilson, 31 January 1839, Business Correspondence, Box 3, Elmore Papers.

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abundant," they were tied up in their illiquid landed and enslaved property—"their capital being almost intirely [*sic*] vested in cotton planting"—which explained the necessity of an outside loan. "The revulsion which the business of the country sustained in 1837, & the fall in the price of cotton, on which many of the stockholders mainly relied to pay their instalments, have so embarrassed the comp[an]y, that they must suspend the erection of further improvements, if they cannot procure a loan sufficiently large to pay off these temporary loans, & to complete their work." The company was thus seeking "to negotiate a loan upon time & in amount sufficient, to carry out their original plan of works, & to pay off the temporary loans." To accomplish this, they would offer any lender "a mortgage on the whole" of the company, "including lands, slaves, stock of all kinds," with the additional security of the individual plantations and enslaved property of the stockholders themselves.[100]

With several handwritten copies of the company prospectus in his possession, as well as a power of attorney from the board authorizing him to negotiate a loan on behalf of the firm, Franklin Elmore headed to Philadelphia—still the financial capital of the United States—in late December 1838.[101] Elmore's first stop upon his arrival in the city was at the office of the Bank of the United States of Pennsylvania. Despite the expiration of the charter of the Second Bank of the United States in 1836, Nicholas Biddle continued operating the institution under a Pennsylvania state charter, and he remained the nation's most powerful banker. However, economic conditions were unsettled, and Elmore "found the money market in Philadelphia, very much contracted & that there was but little prospect of negotiating a loan."[102] Biddle nonetheless believed that "there were many things in this loan which would recommend it"[103] and therefore forwarded Elmore's proposal to several prominent New York City bankers.[104] At this point, Elmore decided to take his case directly to the "capitalists" in New York. As a sitting member of Congress, he requested and received "testimonials & letters" from several of his colleagues, "which will give me credit or standing in

100. Form letter draft, December 1838, Business Correspondence, Box 3, Elmore Papers.

101. Power of Attorney, December 1838, Business Correspondence, Box 3, Elmore Papers; Franklin H. Elmore to the Board of Directors, 27 December 1838, Business Correspondence, Box 3, Elmore Papers.

102. Franklin H. Elmore to the Board of Directors, 27 December 1838, Business Correspondence, Box 3, Elmore Papers.

103. Ibid.

104. Morris Robinson to Nicholas Biddle, 27 December 1838, Franklin H. Elmore to the Board of Directors, 27 December 1838, and Nicholas Biddle to Franklin H. Elmore, 29 December 1838, Business Correspondence, Box 3, Elmore Papers.

the money circles."[105] Elmore was soon joined in New York by former South Carolina governor Pierce M. Butler, who had just left office in early December. He brought with him his own letters of introduction, including one that described the Nesbitt stockholders as "among the most respectable gentlemen in our State."[106]

All of this networking appeared to pay off. By the end of January 1839, "through the kindness of Mr. Beers," who was president of the North American Trust and Banking Company, "we were introduced to Mr. Gabl. Shaw a partner of the House of Thos. Wilson & Co." Thomas Wilson & Company was a large London trading firm that specialized in American commercial paper and securities. Although the firm had been "over thrown by the disasters of 1837," it was "now setting up its affairs preparatory to a resumption of business."[107] Elmore and Butler soon befriended the powerful and well-connected Shaw, who "entered with much kindness & warmth into our views & offered immediately to aid us in any inquiries & arrangements with his powerful friends in England."[108] What Elmore and Butler could not know about their new financial friend was that he was engaged in massive speculations in the wake of the panic—purchasing on credit the state bonds of Arkansas, Indiana, Ohio, Louisiana, and Florida with the hopes of selling them for a profit in Europe through Thomas Wilson & Company.[109] It seems that Shaw viewed the financial needs of the Nesbitt Manufacturing Company as an opportunity to obtain bonds on the state of South Carolina as well.

On January 31, 1839, Elmore and Butler presented Shaw with the standard Nesbitt Company prospectus, and the additional outline of two possible structures for their proposed $150,000 loan (about $4.3 million). The Nesbitt Company's preferred option was for a "loan to run 8, 12, or 15 years as may be preferred by the lender" at "six per cent interest payable in London, annually" and secured by a "mortgage of its charter and all its property," including the land, improvements, and enslaved workers. The second option—preferred by the lenders—would turn the loan into a bond issue guaranteed by the South Western

105. Franklin H. Elmore to the Board of Directors, 27 December 1838, C. C. Cambreleng to George Newbold, 17 January 1839, Samuel L. Southard to George Griswold, Simeon Draper, Jr., and Edward R. Biddle, 22 January 1839, and Gouverneur Kemble to Henry Cary and William Kemble, 22 January 1839, Business Correspondence, Box 3, Elmore Papers.

106. Gourdin, Mattiessen & Co. to Ogden, Ferguson & Co., 16 January 1839, Business Correspondence, Box 3, Elmore Papers.

107. Franklin H. Elmore to the Board of Directors, 8 February 1839, Business Correspondence, Box 3, Elmore Papers; Lepler, *Many Panics of 1837*, 130.

108. Franklin H. Elmore to the Board of Directors, 8 February 1839, Business Correspondence, Box 3, Elmore Papers.

109. Dorfman, "Note on the Interpenetration," 144–145.

Rail Road Bank. This bank was jointly chartered by the states of South Carolina, North Carolina, Tennessee, and Kentucky, with "the State of South Carolina alone having one million of the stock." By guaranteeing the loan, the bank was promising to pay the principal and interest should the Nesbitt Company fail to meet its obligations. As Elmore and Butler stressed to Shaw, "the guaranty of this Bank would in effect be the guaranty of the State of South Carolina."[110]

However, as Elmore separately explained to the Nesbitt board, such a bond issue was much more complicated than a straight up loan, involving several layers of middlemen and fees beyond the standard interest rate. He estimated that the firm would only receive—at best—between 87.5 percent and 89.5 percent of the loaned funds, and possibly as little as 85 percent.[111] For their troubles, the South Western Rail Road Bank would receive a 2 percent commission from the Nesbitt Company, as well as taking a mortgage on the land, ironworks, and enslaved property owned by the firm.[112] As Shaw advocated to the London office, the bank was already a known and respected institution among investors, which would give their endorsement greater value. "The Rail Road Bank Bonds having been negotiated in the London Market … I should hope this guaranty by the parties so favorably known to the English public would remove the objection to the Bonds of the Company." However, Shaw's best arguments could not convince Thomas Wilson & Company to underwrite "so small an operation, however solid the guaranties."[113] The Nesbitt Manufacturing Company was competing for funds against "the vast amounts of American Stocks" arriving for sale in England; Thomas Wilson & Company had set its sights on much bigger, more lucrative investments and had little interest in a fledgling South Carolina ironworks.[114]

After this failed negotiation with Thomas Wilson & Company, Elmore made several additional attempts at securing a loan or selling bonds during May and June of 1839, to no avail.[115] Economic

110. Franklin H. Elmore and Pierce M. Butler to Gabriel Shaw, 31 January 1839, Business Correspondence, Box 3, Elmore Papers.

111. Franklin H. Elmore to the Board of Directors, 8 February 1839, Business Correspondence, Box 3, Elmore Papers.

112. Minutes of Stockholders' Meeting, 24 May 1839, Business Correspondence, Box 3, Elmore Papers; Resolutions of the Board of Directors, 24 May 1839, Business Correspondence, Box 3, Elmore Papers; Draft of Indenture between South Western Rail Road Bank and the Nesbitt Manufacturing Company, [undated], Business Correspondence, Box 6, Elmore Papers.

113. Gabriel Shaw to Thomas Wilson & Company, 4 February 1839, Business Correspondence, Box 3, Elmore Papers.

114. Gabriel Shaw to Thomas Wilson & Company, 1 May 1839, Business Correspondence, Box 3, Elmore Papers.

115. Stockholder meeting resolution, 29 May 1939, Business Correspondence, Box 3, Elmore Papers.

conditions, which had appeared to be improving during 1838, had settled back into a deep depression by 1839, which would last until 1843. Before the depression was over, nine states or territories would stop paying the interest on their state bonds, with five of these states partially or fully repudiating the loans.[116] Thomas Wilson & Company, which had invested so heavily in these state bond issues, as well as Nicholas Biddle's United States Bank of Pennsylvania, would become just two of the many casualties of these defaults.

Liquidation: Foreclosing on Enslaved Property

Despite these disappointments, Franklin Elmore was still determined to find a way to put the Nesbitt Company on a sound financial footing. He repeatedly loaned personal funds to the company to ease their liquidity issues; by July 1, 1844, the company owed Elmore alone \$62,337.38 (about \$2.2 million).[117] And in December 1839, the legislature selected him to be president of the Bank of the State of South Carolina.[118] This gave him considerable power to extend or renew the loans of the ironworks with the bank. He immediately set about consolidating several of the firm's debts into one loan. This new \$91,898.97 loan (about \$2.6 million) was executed "with a mortgage of the works, charter and one hundred negroes, as security." In justifying this loan to an 1849 committee investigating the conduct of the bank, Elmore contended that "at that time negro property valued very high, and these were worth much more than ordinary negroes, being largely composed of mechanics and workmen, skilled in iron manufacture."[119]

Even with this newly consolidated loan and his repeated infusions of funds, the works were not profitable, although neither the existing records of the company nor the historical accounts provide much detail of the firm's actual operations.[120] When Elmore returned to South Carolina that fall, he found the works "going on so badly that a most vigorous effort was necessary to put them in a way to promise success." Elmore corresponded with several prominent ironmasters throughout

116. Murphy, *Other People's Money*, 113, 117.

117. President's Report to the Members of the Nesbitt Manufacturing Company, [undated, January 1846?], Bills and Receipts, Box 11, Elmore Papers.

118. "South Carolina," *North Carolina Standard*, January 8, 1840, 2.

119. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers; "Report of the Joint Special Committee of Inspection for the Bank of the State of South Carolina in Charleston," *Charleston Mercury*, December 5, 1849, 2; Lesesne, *Bank of the State of South Carolina*, 92.

120. Lander, "The Iron Industry," 351–353.

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the country[121] and "got considerable payments from the stockholders in negroes and money," hired a new manager, and then changed course again and "made a new arrangement and obtained the services of Wm. Clark, who had a great reputation as a man of skill and probity."[122] Clark had most recently been in charge of the nearby South Carolina Manufacturing Company, a successful ironworks that had been producing a steady profit for its stockholders for over six years.[123] During 1842, several newspaper articles celebrated the "nails and iron" of the Nesbitt Company as being "of the very best quality, and that no better can be obtained." As a result of this superior "workmanship," the firm had secured a contract with the federal government "to manufacture Cannon Balls for the use of the Army and Navy."[124] It was within the context of these struggles and upheaval that, during the winter of 1842–1843, Elmore asked his brother-in-law, Dr. James H. Taylor, to transfer enslaved workers from his plantation in Alabama to work at the South Carolina ironworks.[125] Even at that late date, Elmore retained sufficient confidence (or naïve optimism) in the future of the firm to transfer a considerable portion of his assets from cotton cultivation to manufacturing.

Being simultaneously president of the bank, as well as a stockholder and creditor of the Nesbitt Manufacturing Company, Elmore's decisions and motives were suspect. It was unclear to many of his critics whether he was looking out for the best interests of the bank, the ironworks, or his own bottom line. By October of 1843, as the company fell increasingly delinquent in paying the interest and principal on its bank loans, Elmore and the bank finally had to file suit against the Nesbitt Company.[126] Rather than foreclosing on the property, the bank instead "obtained the first lien on a large additional property of negroes, say upwards of 90, [and] some more lands bought since the mortgage."[127] Although this provided the bank with some added

121. Letters from J. B. Quinby to Professor Walter R. Johnson, Thomas Chambers, Peter Townsend, and A. B. Quinby, 22 January 1839, Business Correspondence, Box 3, Elmore Papers; Letters from William Patton to Franklin H. Elmore and James Patton, Jr., 19 June 1839, Business Correspondence, Box 3, Elmore Papers.

122. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers; Lesesne, *Bank of the State of South Carolina*, 92.

123. "The Mineral Wealth of S. C.," *The Edgefield Advertiser*, April 22, 1841, 2.

124. "Triumph of Southern Mechanics," *Cheraw Advertiser*, June 28, 1842, 3. See also "South Carolina Iron," *Charleston Daily Courier*, September 29, 1842, 2.

125. Letter from James H. Taylor to Franklin H. Elmore, 29 December 1842, Business Correspondence, Box 4, Elmore Papers.

126. "Report of the Joint Special Committee of Inspection for the Bank of the State of South Carolina in Charleston," 2.

127. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers; Lesesne, *Bank of the State of South Carolina*, 92–93.

security in case of default, it did not address the reality that the ironworks was already in active default. Elmore, as head of the bank, attempted to justify this decision to delay the inevitable by pointing out the benefits to the state of supporting such an important industry.[128]

A year later, in December 1844, a Senate committee investigating the bank reported that the Nesbitt debt to the bank was "larger than the aggregate amount of all the debts due by other Incorporate Companies" but that "no part of this debt has been paid." Although the debt was "secured by a mortgage of Works, and one hundred negroes, and also by a Judgment covering eighty negroes," they concluded that this "property, of itself, would not be sufficient … in consequence of the difficulty in finding a purchaser of that kind of property, although it may be worth intrinsically the debt now due." Despite Elmore's significant conflict of interest, they insisted that "no blame is to be attached to the President and Directors of the Bank" and praised "the benefit that has resulted to the State, in the reduction of the prices" of iron products, which has "contribute[d] to the general good." Nevertheless, the committee still concluded that the best interests of the state would be served if "the concerns of the present Company should be wound up." They ordered the bank to foreclose on the property, selling the ironworks and all its assets—including the enslaved property—"to cover the debt." Under the terms of the proposed sale, if a new company wished to acquire and continue the works, the bank would allow the new purchaser ten years to repay the debt, as long as the purchase price covered the entire bank debt, which now totaled about $133,000 (about $4.8 million).[129]

During the summer of 1845, the bank advertised the entire ironworks property for sale "for several months, in several newspapers, those near the works included, and in printed handbills, sent all over the country." [130] The property for sale included all "of the NEGROES of said Company, numbering from one hundred and twenty, to two hundred, consisting of mechanics, miners, field negroes, wagoners, women and children" who were to be "sold in families." According to the notice in the *Charleston Mercury*, buyers would need to pay one-third of the price in cash for the lands and ironworks, with the balance due in

128. Lesesne, *Bank of the State of South Carolina*, 93. See also "The Mineral Wealth of S. C.," 2.

129. "Special Committee," *Edgefield Advertiser*, February 7, 1845, 1; "Report of the Joint Special Committee of Inspection for the Bank of the State of South Carolina in Charleston," 2; Lesesne, *Bank of the State of South Carolina*, 93; President's Report to the Members of the Nesbitt Manufacturing Company, [undated, January 1846?], Bills and Receipts, Box 11, Elmore Papers; Statement of debts, 3 June 1846, Business Correspondence, Box 5, Elmore Papers.

130. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

two years. For the enslaved property, they needed to pay "one-half cash, and the balance in one year, to be secured by bonds, bearing interest from date, with mortgage of the property and good and approved personal security."[131] Although not listed in the ad, the bank would finance the purchase over ten years if the purchaser covered the full bank debt. Several competitors protested that the terms offered by the bank still meant "that they would bid at a disadvantage" by needing to pay cash up front if the winning bid was less than the full debt. According to Elmore's account, these bidders were only interested to "get it as low as they could" and thus declined bidding for the full value of the property out of greed. Instead of allowing the firm to sell at auction for a bargain price, Elmore purchased the Nesbitt Manufacturing Company on behalf of the bank. "It was, then, apparent to me, and I believe to every person present, that there was no other course left to me, but the one I adopted and acted out. My duty and object was to secure the debt—their's [*sic*] to buy a bargain."[132] The bank purchased "all the lands, stock and 187 negroes" at the price of $124,890, which was "a sum less than the debt due to itself."[133] Elmore intended to resell the property on the bank's behalf at a later date for at least the same amount.

In December 1845, the Nesbitt board elected Franklin Elmore—who was simultaneously president of the bank—as the new president of the ironworks. Even though it was now owned by the bank, the company still had many more nonbank debts for which the stockholders remained personally obligated under unlimited liability. Elmore estimated "a deficit for which there are no means of payment of not less than $60,000 & perhaps $100,000" (between $2 and $3.5 million), although "the confused state of the accounts & books" made it "impossible to ascertain" the deficit more precisely. It was possible that some of these debts could be paid if the bank made a profit on the resale, yet Elmore warned them that "this is not to be relied on with certainty" and that the stockholders would likely need "to pay off the debts from which there is no escape. There is no longer a possibility of delaying the adjustment of this deficit. If it is not done by ourselves, it will be by

131. "Under Decree in Equity," *Charleston Mercury*, August 16, 1845, 3.

132. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

133. Franklin H. Elmore response to queries of the House of Representatives of the State of South Carolina, 19 December 1848, Bills and Receipts, Box 9, Elmore Papers; Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers; "Report of the Joint Special Committee of Inspection for the Bank of the State of South Carolina in Charleston," 2; Lesesne, *Bank of the State of South Carolina*, 93.

our creditors."[134] The remaining stockholders were facing the prospect of complete ruin.

But Elmore had one more financial scheme up his sleeve to save both the ironworks and the personal fortunes of the stockholders. Because the bank was still offering to finance for ten years any purchaser of the works, he suggested that some of the former stockholders band together to repurchase the firm. "If a new company could be formed with such security as would comply with the requirements of the Legislature & the Bank, to assume & take up the whole or a considerable portion of our responsibilities, it would be highly desirable." In short, Elmore proposed the completion of an elaborate corporate refinancing project, which the purchase by the bank had already begun. Elmore was sure that, this time, the firm would be profitable. Indeed, he had already hired a new manager who "has shown a capacity & energy which if we had the good fortune to have got into our service from the first I am confident would have totally changed the face of our affairs." He likewise had "caused explorations & examinations for ores to be made & have opened several veins of extremely rich ores." He entered into negotiations with the navy in an effort to secure another military contract for their products. Finally, he "caused various experiments to be made for blooming iron with hot blast," which he hoped would eventually enable "a saving of fuel."[135]

The new sales notices for the ironworks in February and March 1846 specifically stated the terms as "a credit of ten years—the first five years without the payment of any part of the principal, but interest from sale to be paid annually." The notice also described the property in more detail, emphasizing the "inexhaustable veins of irons ores … [and] also a very rich vein of brown hematite." The enslaved laborers, now listed as precisely 187 in number, were

> mechanics and farm negroes, in families. Amongst them are wagon makers and carpenters, cooper, blacksmiths, keepers and founders, fillers, refiners, bloomers and forgemen, hammermen, hands for rolling mill, nail cutters and moulders, with proper attendants; wagoners, axemen, colliers, miners, boatmen, a miller, hostlers, &c Many of them are good workmen, and men and boys number about 98—the balance of the gang are women and children. The gang is a remarkably fine one.[136]

134. President's Report to the Members of the Nesbitt Manufacturing Company, [undated, January 1846?], Bills and Receipts, Box 11, Elmore Papers.

135. President's Report to the Members of the Nesbitt Manufacturing Company, [undated, January 1846?], Bills and Receipts, Box 11, Elmore Papers; Lesesne, *Bank of the State of South Carolina*, 94.

136. "Iron Works for Sale," *Charleston Mercury*, February 24, 1846, 3

However, despite this more extensive sales notice, "no offer of purchase was received, except one from a portion of the old Stockholders," led by Elmore for $147,557.02 (about $5.2 million).[137] Competitors continued to protest that the terms offered to outside bidders were unfair, and Elmore continued to deny this accusation. Their appeal held up the final sale in court until the fall of 1847.[138]

By this point, even several of the stockholders had grown wary of Elmore's financial machinations. They chose bankruptcy—turning over all their remaining assets in return for a release of their remaining debt obligations—rather than joining in the deal. William Martin offered to relinquish his house, several lots of land, five enslaved individuals, his horses, carriage, and household furniture if this would "discharge … his stock subscription" and "release and discharge him from any further payment or liability for the same."[139] James M. Taylor offered a plantation of 649 acres, worth from $5,000 to $6,000; his Sand Hill residence near Columbia, South Carolina, worth $1,000; as well as some horses, a carriage, and household furniture "in consideration of being released from all the liabilities of the Company upon which we are individually responsible."[140] Wilson Nesbitt, the company's namesake, offered his house and lands near Columbia, worth $6,000; his Limestone Spring Place, worth $750; and thirteen enslaved people in order to "be released from all personal liabilities of the Nesbitt M Company."[141] In contrast, Franklin Elmore offered almost all his remaining assets to further secure the property sale: 100 shares of stock in the Macon and Western Rail Road of Georgia, 180 shares in the South Carolina Rail Road, and a mortgage on 1,800 acres of land and 50 slaves in Alabama. He also executed another "mortgage of the lands and seventy-three slaves, with stock.… Besides which the Bank holds a lien

137. Franklin H. Elmore response to queries of the House of Representatives of the State of South Carolina, 19 December 1848, Bills and Receipts, Box 9, Elmore Papers; Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

138. "Court of Appeals in Equity," *Charleston Courier*, April 29, 1827, 2; Franklin H. Elmore response to queries of the House of Representatives of the State of South Carolina, 19 December 1848, Bills and Receipts, Box 9, Elmore Papers; Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers; "Report of the Joint Special Committee of Inspection for the Bank of the State of South Carolina in Charleston," 2.

139. Resolution in relation to proposition of Wm E Martin for settlement, 24 February 1846, Business Correspondence, Box 5, Elmore Papers.

140. James M. Taylor to the members of the Nesbitt Manufacturing Company, 18 May 1846, Business Correspondence, Box 5, Elmore Papers.

141. Wilson Nesbitt to the members of the Nesbitt Manufacturing Company, 18 May 1846, Business Correspondence, Box 5, Elmore Papers.

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on my property in South Carolina, worth from 15 to $18,000, additional."[142]

Despite these extreme efforts by Elmore, the firm remained unprofitable and could not be saved. By 1849, the bank itself was on the verge of failing under the weight of the Nesbitt's significant unpaid debt, and the legislature once again intervened.[143] A legislative committee report released in December sharply criticized the bank's history with regard to the Nesbitt Company, and ordered its reseizure and sale. "The committee are of opinion that this matter ought to be closed as speedily as possible." The land, ironworks, enslaved people, and other property of the firm were inventoried and valued at $214,986 (about $7.5 million), and all of these assets were to be advertised—again—for sale. The committee simultaneously recommended against renewing the bank's charter, and instead called for a plan to be put into place for its liquidation as well.[144] Over the course of the next few weeks, as the legislature debated the fate of the bank, its opponents repeatedly cited both the bank's "gross mismanagement" of the Nesbitt debt and Elmore's "conflicting interests, the President of the Bank being the President of the Company" as factors in the bank being "converted into the engine of mischief it has now become."[145] During the first three months of 1850, Elmore engaged in an intense and—at times—nasty public debate over the fate of the bank with antibank state legislator Christopher Memminger.[146]

On March 31, 1850, South Carolina's most prominent citizen, Senator John C. Calhoun, died at the age of sixty-eight.[147] When seventy-four-year-old Langdon Cheves—former president of the Second Bank of the United States—and sixty-three-year-old former governor James Hamilton both turned down Governor Whitemarsh Benjamin Seabrook's requests to serve out Calhoun's term, Governor Seabrook turned instead to Franklin H. Elmore. Although he was "aware of the feebleness of your health," he believed that Elmore's "long confidential relations with Mr. Calhoun, the very high estimate I personally know he entertained for your character and public services, and your admitted

142. Answers of F. H. Elmore, to Questions Propounded by J. Foster Marshall, Esq. made by order of the Committee of Investigation, 1849, Bills and Receipts, Box 11, Elmore Papers.

143. Lesesne, *Bank of the State of South Carolina*, 95–96.

144. "Report of the Joint Special Committee of Inspection for the Bank of the State of South Carolina in Charleston," 2.

145. "Legislature of South Carolina," *Charleston Mercury*, December 11, 1849, 2; "Legislature of South Carolina," *Charleston Mercury*, December 14, 1849, 2; "Legislature of South Carolina," *Charleston Mercury*, December 15, 1849, 2.

146. *Charleston Mercury,* January–March 1850.

147. Ford, *Origins of Southern Radicalism*, 190.

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fitness for the station" made him an appropriate choice.[148] Citing the "wisdom of Gov. Seabrook" in making this selection, one newspaper noted that, "with the exception of our departed Calhoun, South Carolina never possessed a more sound, logical, and erudite Statesman" than Elmore. "Verily has the Senatorial toga fallen on the shoulders of one whom our State has always been wont to honor for his self-sacrifices, devotion to her interest in times of peril and danger, and his great and brilliant intellectual abilities."[149] Another headline called Elmore "the Second Best Statesman South Carolina Has Produced" after Calhoun.[150]

In soliciting his service, Governor Seabrook curiously remarked, "May I not hope that the business of the Bank of the State is in such a condition, as to enable you to leave its Presidency for a few months." Elmore was not entirely convinced, noting that the "course of events now in progress regarding" the bank and the "doubt concerning its fate" made him uneasy.[151] In all likelihood, the governor saw this as an opportunity to smooth the liquidation of the company and closure of the bank by removing Elmore from the scene. Despite the fate of both the bank and the ironworks hanging in the balance, Elmore could not decline Seabrook's proffered honor as his "highest duty to the State," and he dutifully set off for Washington in early April. However unexpectedly, before any sale of the ironworks could be completed and with the bank's future still undecided, Franklin H. Elmore died on May 29, 1850, at the age of fifty. If he had any final financial wizardry up his sleeve to save the ironworks, these plans died with him. With no sales notices placed in the *Charleston Mercury*, the company, including eighty enslaved laborers (presumably those directly connected with the ironworks), were sold at the bargain price of $114,000 on June 21, 1850, to a conglomerate of Swedes and Germans with "large experience in the iron business." J. B. Ulm purchased the remaining enslaved individuals for $60,000. These two sales "extinguish[ed] the entire debt to the Bank, within two or three thousand dollars."[152]

By the time of its final sale in 1850, most of the original stockholders in the Nesbitt Manufacturing Company were either dead, bankrupt, or

148. Whitemarsh B. Seabrook to Franklin Elmore, 10 April 1850, Elmore Papers UNC; Peterson, *The Great Triumvirate*, 468.

149. "The Vacancy in the Senate," undated newspaper clipping in Elmore Papers UNC.

150. "Franklin H. Elmore," undated newspaper clipping in Elmore Papers UNC.

151. Whitemarsh B. Seabrook to Franklin Elmore, 10 April 1850, Elmore Papers UNC; Franklin Elmore to Whitemarsh B. Seabrook, 11 April 1850, Elmore Papers UNC.

152. "Nesbit Iron Works," *Charleston Courier*, July 20, 1850, 2; Lesesne, *Bank of the State of South Carolina*, 95–96.

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both. They had leveraged their wealth in landed and enslaved property in the hopes of achieving significant financial returns on their assets, but the risk had proven to be a failure. In the days following Elmore's death, the *Charleston Mercury* draped their columns in heavy black lines as a sign of mourning. Articles poured into the paper celebrating his life and service. Although he remained president of the Bank of the State of South Carolina upon his death, the few memorialists who mentioned this controversial ten-year tenure rationalized the outcome: "If results were not altogether as favorable as could have been desired, the explanation, doubtless, will be found in the reflection that there are conditions which impose a limit upon possible success in all affairs, and no degree of human talent or effort is capable of transcending this limit."[153] Not one mentioned him as the president of the Nesbitt Manufacturing Company.

Collateral Damage

Throughout the antebellum period, southerners were adapting the system of enslavement to industrial concerns. Companies were successfully employing enslaved labor in ironworks, tobacco factories, mines, mills, refineries, and railroad construction. The few scholars who have documented these southern industries have mainly focused on the adaptation of enslaved lives to an industrial labor regime. However, for the Nesbitt Manufacturing Company, labor was the least of their concerns. Not once in the extant correspondence of the firm did the owners complain about the quality, quantity, or discipline of their enslaved workforce. The struggles of the ironworks were due to a combination of poor management, bad timing with the Panic of 1837, and a lack of liquid financial resources. Indeed, several neighboring iron concerns flourished while the Nesbitt floundered.[154] By exclusively focusing on labor, historians inadvertently downplay the financial challenges inherent in creating a successful industrial company. They also lose sight of the centrality of enslaved assets for southern financing. What ultimately enabled this ill-fated, mismanaged company to survive for more than a decade were the enslaved people themselves who were the essential—yet still silent—partners of this industrial concern.

Despite its ultimate failure, the history of the Nesbitt Manufacturing Company demonstrates the financial sophistication of enslavers in experimenting with these critical assets. With the vast majority of

153. "Thirty-First Congress–First Session," *Charleston Mercury*, June 4, 1850, 2.
154. Lander, "The Iron Industry," 337–355.

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southern wealth tied up in landed and enslaved property, liquid capital for creating corporations was in short supply. Rather than selling enslaved assets to obtain capital, they instead leveraged this property in multiple ways: as equity to capitalize the corporation, as collateral to borrow additional funds, and as labor to produce the product. In this way, enslaved bodies became a flexible asset that provided southerners with a fairly extensive set of financial tools unavailable to northern industrialists. However, depending so heavily on enslaved finance also exposed southerners to unique risks. Volatility in slave prices and fluctuating demand for slave-backed assets—particularly in the aftermath of economic downturns like the Panic of 1837—left southern industrialists without the specie or banknotes necessary to meet the day-to-day needs of the firm. Enslaved assets were not the magic bullet that some southern capitalists sought. However, despite these real limitations of enslaved finance, the innovation and sophistication involved in generating these financial tools made southern industrialists an important part of capitalist developments in the nineteenth-century United States. It was the enslaved themselves who served as "the connective tissue of capitalism" and who embodied the "tangled web of money, investment, credit, and debt" of southern industry.[155]

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155. Mihm, "Follow the Money," 784–785.

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