

“The yellow fever had recently made dreadful ravages in the city, and impressed upon the people the importance of securing a supply of better water than that furnished by the brackish wells in the lower part of the island. Burr availed himself of this state of public feeling. The legislature was asked to charter the Manhattan Company, formed for the ostensible purpose of supplying the city with water, but the real object of which was to supply republicans with the sinews of war. It was uncertain, the politicians said, how much capital the proposed water-works would require, but as it was highly desirable not to risk failure by a deficiency of capital, they asked authority to raise two millions of dollars. In all probability, they added, this would be too much, and, therefore, they proposed to insert in the charter a provision that ‘the surplus capital might be employed in any way not inconsistent with the laws and constitution of the United States, or of the state of New York.’ The bill passed both houses as a matter of course, few members even so much as reading it, and none, except those who were in the secret, suspecting that ‘Manhattan Company’ meant Manhattan Bank.¹ * * * * These are the naked facts of the affair. * * * *

“It was proposed in the select committee of the senate, to which the bill was referred, to strike out the clause relating to the use of the surplus capital; whereupon a member of the committee applied to Colonel Burr for an explanation. Burr avowed the design of using the surplus capital to establish a bank, or an East-India Company, or anything else the directors might choose, since merely furnishing a city of fifty thousand inhabitants with water would not remunerate the stockholders. The bill was afterward referred to the chief justice of the state, who advised its rejection on account of the unlimited powers conferred by the surplus clause. Means were found, however, to overrule his objections, and Governor Jay signed the bill.” * * * *

“The immediate effect of the Manhattan affair was injurious to the republican party. In the spring of 1799, Burr was a candidate for re-election to the assembly, but before the election occurred, the secret of the Manhattan Company escaped, and a prodigious clamor arose. A pamphlet appeared denouncing banks in general, and in particular the means by which Burr had sprung a new one upon a bank-fearing city. The newspapers took up the story, and meetings denounced the dexterous maneuver. The result was, that Burr lost his election, and what was worse, the whole republican ticket was defeated, and

¹The bill, entitled “an act for supplying the City of New York with pure and wholesome water,” was passed April 2, 1799. It “created a body corporate and politic by the name of the president and directors of the Manhattan Company;” the first directors being “Daniel Ludlow, John Watts, John B. Church, Brockholst Livingston, William Edgar, William Laight, Pascal N. Smith, Samuel Osgood, John Stephens, John Broome, John B. Coles, and Aaron Burr.” The capital stock of the company was “not to exceed two millions of dollars.”