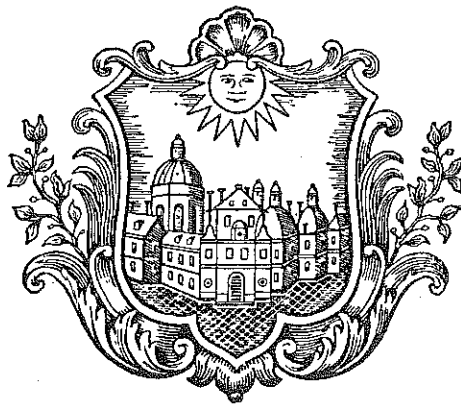


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Private Profits and British Colonial Policy: The Speculations of Henry McCulloh

Charles G. Sellers, Jr.*

WHY did the once loyal inhabitants of British America become the rebels of 1776? This question—which no simple reply satisfies—remains and will remain the first question asked about the origins of the United States, and any answer which throws light on any aspect of the problem is of value. This paper addresses itself to one feature of the story in one colony—North Carolina—in the hope that the story of Henry McCulloh will help to explain in part why certain North Carolinians were willing to set their feet on the road that led to revolution in 1776.

British officials in their dealings with the American colonies subscribed heartily to orthodox mercantilist axioms. But there proved to be many a slip between principle and practice. Efforts to explain the inconsistencies of England's colonial policy have emphasized British politics and the problem of administrative organization. Too little attention has been paid to the less obvious influence of the acquisitive Englishman with friends in high places, whose interests were permitted to override the demands of sound colonial administration. Through the four decades preceding the Revolution, the ambitious land speculations of one Henry McCulloh helped keep the politics of the province of North Carolina in turmoil. All the while, in London, McCulloh was giving royal officials advice on colonial problems, advice which was by no means uninfluenced by his personal concerns.

Scottish by descent, McCulloh displayed in his pursuit of profit a full measure of the shrewdness and tirelessness for which his countrymen were becoming unpopular. By the 1730's he was netting an average of £600 a year from his mercantile business and by the end of the decade had accumulated a modest fortune of £5400.¹ Since 1726 he had been

* Mr. Sellers is a member of the Department of History at Princeton University.

¹ McCulloh belonged to the Irish branch of his family. See W. H. Bailey, "Provincial Reminiscences: The Three Brothers-in-Law," *North Carolina University Magazine*, New Series, X (1890), 40; British Public Record Office: Treasury 1: 330,

supporting a young Scot, Gabriel Johnston, who had come to London as a political publicist and quickly made the acquaintance of influential men. In 1734 Johnston's friends secured for him an appointment as governor of North Carolina.²

Just how McCulloh first became connected with Johnston or what part he had in obtaining the governorship for him is not known. But the canny merchant at once planned to use his protégé's new position to advantage. He put the governor under further obligations to himself by paying the fees for his commission, freighting a ship to carry him and his retinue to America, buying plate and furniture for his house, and providing him with credit to supply his immediate needs. Johnston's debt to McCulloh amounted to at least £2400.³

The land-locked coast of the early settled northern section of North Carolina had helped make the province one of Britain's more backward possessions. But when Governor Johnston arrived in America, the southeastern corner of the colony, where the Cape Fear River afforded an adequate anchorage, was beginning to be settled rapidly. The original promoters of the Cape Fear country, led by Maurice Moore, Roger Moore, and Edward Moseley, were members of a wealthy family connection which had long been the dominant force in provincial politics. Rice, indigo, and naval stores proved to be profitable staples along the Cape Fear, and competition for the engrossment of choice lands in the province's fastest growing section was keen.

Johnston's appointment and McCulloh's early participation in North Carolina affairs seem to have been parts of a scheme, countenanced by Colonel Martin Bladen, leading spirit of the Board of Trade, to contest with the "Family" for supremacy in the rich Cape Fear area. North Carolina already had a strong anti-Family faction, which included Nathaniel Rice, secretary of the province and son-in-law of Bladen. Others opposed to the Family were Chief Justice William Smith, who also owed his appointment to Bladen, and a majority of the Council, including Robert

f. 7. In all cases where documents from the British Public Record Office or the British Museum are cited, the transcripts in the Division of Manuscripts, Library of Congress, have been used.

²Mary Shaw Robeson Cunningham, *Gabriel Johnston, Governor of North Carolina*, M. A. thesis, University of North Carolina (1944), 1-5.

³William L. Saunders, ed., *The Colonial Records of North Carolina* (Raleigh, N. C., 1886-1890), IV, 1107, 1149.

Johnston, who had come to London to make the acquaintance of influential people and secured for him an appointment as gov-

ernor. He was connected with Johnston or what part of the plan for him is not known. But the canny politician used his protégé's new position to advantage. He freed himself of his obligations to himself by paying the cost of building a ship to carry him and his retinue to the Cape Fear, and providing him with a comfortable abode for his house, and providing him with the necessities of life. Johnston's debt to McCulloh

was not finally settled until the northern section of North Carolina was one of Britain's more backward provinces. When Johnston arrived in America, the southern section of the Cape Fear River afforded an adequate settlement rapidly. The original project was conceived by Maurice Moore, Roger Moore, and other members of a wealthy family connection prominent in provincial politics. Rice, indigo, and other valuable staples along the Cape Fear, and the fertile choice lands in the province's fastest

development. McCulloh's early participation in North Carolina was part of a scheme, countenanced by the Board of Trade, to contest the rich Cape Fear area. North Carolina was a Tory faction, which included Nathaniel Bladen, son-in-law of Bladen. Others opposed the plan. William Smith, who also owed his appointment to the Council, including Robert

Halton, Eleazar Allen, and Matthew Rowan.⁴ Johnston and McCulloh could also depend for support on the governor's close friend Captain Samuel Woodward, Captain James Innes, who seems to have come to America in Johnston's entourage and who was later a member of the Council, and another young Scot, James Murray. McCulloh largely financed Murray's venture to the Cape Fear in 1735 to establish himself as a merchant. He was soon the largest trader on the river, and later Johnston was able to get him made a member of the Council and secretary of the province.⁵

The Family's hopes for engrossing the best Cape Fear lands were based on "blank patents" which had been fraudulently issued in large numbers in the late proprietary period. These patents were so carelessly drawn that they could be laid upon almost any tract and predated to exclude later grants. The strategy of McCulloh and his allies was to use their political influence to have the blank patents annulled and then to secure extensive grants for themselves through the governor and Council and directly from the Crown.

This struggle tied in with the knottiest problem encountered by British officials in their efforts to establish the royal government of North Carolina on a firm foundation, the question of land policy and quit rent collection. Quit rent rates and the mode of payment had been such hotly contested issues that assembly after assembly had refused to pass any law setting up a regular registration and collection procedure, and the whole system had fallen into disorder. Complicating the situation was the insistence of the holders of blank patents, principally members and allies of the Family, that no law be passed unless it recognized their claims.⁶

Johnston brought with him to America instructions, drafted by the Board of Trade, to insist on a quit rent law requiring payments at a high rate and invalidating the blank patents. When the assembly, under Family influence, refused to pass such an act, he announced that he would collect without a law. The governor and his friends also moved into the Cape Fear region and began to encourage the development of the little

⁴ Samuel A. Ashe, *History of North Carolina* (Greensboro and Raleigh, N. C., 1908, 1925), I, 226-246. It was through Bladen that McCulloh obtained later favors from the Board of Trade. See P. R. O.: Treas. 1: 330, f. 149.

⁵ Nina Moore Tiffany, ed., *Letters of James Murray, Loyalist* (Boston, 1901), 20-36, 52, 85.

⁶ Beverley W. Bond, Jr., *The Quit-Rent System in the American Colonies* (New Haven, 1919), 286-295.

the British Public Record Office or the Division of Manuscripts, Library of

Gabriel Johnston, Governor of North Carolina (1944), 1-5.

Colonial Records of North Carolina (Raleigh,

port of Newton as a rival to the Family's stronghold, Brunswick, which was located farther down the river.⁷

In November, 1735, Johnston informed the Council that he had lately recd a letter from Mr Dobbs and some other Gentlemen of Distinction in Ireland and Mr Henry McCulloh Mercht in London representing their intention of sending over to this Province several poor Protestant Familys with design of raising Flax and Hemp⁸

Captain Woodward, as agent for the group, had already located a body of good land on the Cape Fear and applied for a grant of 60,000 acres, which the governor announced his intention of issuing. The Council approved this action, notwithstanding the fact that grants were only supposed to be made on the basis of fifty acres for each person actually brought into the province.⁹

This first grant was typical of the McCulloh land grabbing procedure. The patents for the 54,000 acres finally obtained were made out to "divers persons, then and now unknown," but were actually for the benefit of McCulloh, who had sold rights to most of the lands to his friends in Ireland for around £1,000. Purchaser of 6,000 acres was Arthur Dobbs, engineer-in-chief and surveyor-general of Ireland, who continued to be associated in the McCulloh speculations. This was the one large grant McCulloh secured on which he promised to pay quit rents at once; yet Dobbs was the only grantee who fulfilled this obligation. Not only did McCulloh fail to pay quit rents on the portion he retained, but when he became commissioner of quit rents for the Carolinas, he connived at non-payment by those who had purchased from him.¹⁰

Almost immediately McCulloh shifted his operations to London and applied to the Privy Council for two grants in North Carolina totalling 132,000 acres, one of 72,000 acres between the Northeast Cape Fear and Black rivers, and the other at the "Haw Fields" on the headwaters of the Northwest Cape Fear. The grants were approved after the persuasive McCulloh had outlined ambitious plans for placing several hundred people on the lands to produce potash, hemp, and naval stores, and to engage in the fur trade. He was also able to convince the Crown officials that, in

⁷ Ashe, *History of N. C.*, I, 247-252.

⁸ *N. C. Colonial Records*, IV, 72.

⁹ *Ibid.*

¹⁰ *Ibid.*, IV, 697.

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view of the expense of settling the tracts, he should be exempted from quit rents for ten years. He was required, however, to establish three hundred Protestants on the lands in the ten year period.¹¹

McCulloh sold the 60,000 acre grant on the Northwest Cape Fear to Governor Johnston,¹² and attempted to settle the more valuable lands on the other branch of the river himself, bringing in some 150 Irish and 42 Swiss immigrants. Johnston and Murray received the settlers, and the latter provided them with shelter and provisions through the first winter. But several of them were carried off by Carolina's notorious fevers, and the whole Swiss colony soon departed.¹³

Meanwhile, the Family was fighting back. While Arthur Dobbs was making plans to place Irish settlers on his 6,000 acres, Murray wrote to McCulloh,

I cannot help giving you an instance how much some gentlemen here endeavour to defeat all the Govrs Designs for settling the country. Roger Moore I am told has wrote to Mr Dobbs that it will not be his interest to concern himself in land here or something to that purpose. His view in which is that if the Irish come over here they will be a weight against him in the Assembly and will by Cultivating the land confirm Mr Dobbs right to what he would be content to take the advantage of a lapse of, in case a new Govr should be appoint'd, which all the blank patent gentry are in great hopes of.¹⁴

But for the moment McCulloh's enemies could do little except continue to block passage of a quit rent law. Newton, in the meantime, with the governor's support, was rapidly outstripping the Family's rival Brunswick. Johnston, Murray, Woodward, Innes, and Rowan all owned lots there, and in 1740, when they finally succeeded in getting a law passed incorporating the town as Wilmington, Murray wrote to McCulloh, "I think I may Venture to say that it is for your Interest to Support that law and get it confirmed if Possible."¹⁵ The speculator was all the while using his influence in other small ways for his North Carolina friends, securing the collectorship of the Cape Fear for Murray by the judicious distribution of £200.¹⁶

¹¹ *Ibid.*, IV, 156, 162-163, 209-210.

¹² *Ibid.*, IV, 1116.

¹³ *Ibid.*, IV, 645, 686-687; *Murray Letters*, 34-35.

¹⁴ *Murray Letters*, 31.

¹⁵ *Ibid.*, 59-60.

¹⁶ *Ibid.*, 29-34.

McCulloh was by no means satisfied with his successes. Possessed of influence at the Board of Trade and having the governor and provincial officials (as he thought) in his vest pocket, he concluded that North Carolina was his for the asking. On May 7, 1736, only eight days after the Privy Council had approved the 60,000 and 72,000 acre grants, two London merchants, James Huey and Murray Crymble, "and Associates," petitioned the Crown for a grant of 1,200,000 acres in the province of North Carolina.¹⁷

It had best be explained at once that the entire promotion was, as Johnston later testified, "a private Jobb of his [McCulloh's] own and a great imposition upon his Majesty in Council."¹⁸ The truth of the governor's statement is established beyond doubt by an affidavit of Huey and Crymble to the effect that their names were used only in trust, and that all the lands were for the use of McCulloh.¹⁹ When the patents were finally issued in 1746, some were made out in the names of persons other than McCulloh, but all of them had either purchased rights to the grants from him or were holding in trust for him.²⁰

Lengthy discussions of the petition at the Board of Trade, with Huey, Crymble, and McCulloh all appearing, delayed approval of the project, and the necessary order did not pass the Privy Council until May 19, 1737. The surveyor general of North Carolina was ordered to lay off and the governor to grant to Huey, Crymble, and their associates 1,200,000 acres on the headwaters of the Yadkin, Cape Fear, and Neuse rivers. The grantees were to pay the customary fees to the provincial officers, but were to be exempt from quit rents for ten years from the date on which the governor issued the final grants. In this period they were to settle on the lands six thousand Protestants, or one for every two hundred acres.²¹

Though McCulloh was undoubtedly elated by the success of his bold projects to this point, ominous signs began to appear on the North Carolina horizon. The legislative stalemate brought about by the insistence of the blank patent men that their rights be recognized before they would allow the governor to set up an effective quit rent system had continued for session after session of the assembly. Recognizing the danger, McCulloh

¹⁷ W. L. Grant and James Munro, eds., *Acts of the Privy Council, Colonial Series* (London and Hereford, 1908-1913), III, 501.

¹⁸ *N. C. Colonial Records*, IV, 1085.

¹⁹ *Ibid.*, IV, 1093.

²⁰ *Ibid.*, IV, 648, 666, 1608; V, 771.

²¹ *Ibid.*, IV, 254-255.

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began to appear at meetings of the Board of Trade as Governor Johnston's agent, explaining the iniquity of blank patents and urging stronger support for the governor. In fact, the Board began to consider McCulloh as an authority on quit rent matters and to seek his advice.²² But the situation was even more serious than McCulloh realized. For Johnston showed signs of acknowledging obligations other than those to his London ally. Recognizing that continued insistence on his position on quit rents could only keep the province in turmoil, he began to think of compromise. At this juncture, the vast Huey-Crymble grant was authorized, and the governor saw in it opportunities for himself.

The trouble arose over the surveying of the lands. About three months after the order in council was issued, McCulloh sent a copy of it to Governor Johnston, so that he could prevent others from taking up the desired tracts, and informed him that the associates would send an agent later with specific instructions about how the grant was to be laid off. When the copy reached Johnston in the early fall of 1737, he and his North Carolina friends discovered a way to enrich themselves through the fees for surveying and granting this immense domain. The surveyor general of the province had just died, and Johnston now proceeded to give Matthew Rowan an interim appointment to succeed him. At the same time Rowan signed an agreement promising to pay half his salary and fees to Captain Samuel Woodward, the governor's crony. Knowing that a permanent surveyor general would probably be sent over soon from England, Johnston did not wait for McCulloh's instructions, but delivered the Huey-Crymble order at once to Rowan, who started on the survey four days after the above agreement was signed.²³

McCulloh was enraged when he learned what had happened. His carefully prepared instructions, designating a large tract on the Northeast Cape Fear and other choice lands for survey, had been nullified by the governor's order to Rowan to lay off the grant as far west as possible. One million acres of it were surveyed in a single rectangular tract on the uninhabited waters of the Yadkin, and two other pieces of 100,000 acres each were also located far from the coast, on the waters of the Haw and of the Tar, Flat, and Eno rivers. Rowan did divide the large tract into 100,000 acre parcels, but it had been McCulloh's plan to have him further divide it into 12,500 acre tracts. If this had to be done by a second survey, the

²² *Ibid.*, IV, 268-269, 284-285, 325.

²³ *Ibid.*, IV, 665, 671.

surveyor would be entitled to double fees. Complaining that, even so, the North Carolina officials were charging double the fees they were entitled to, McCulloh refused to pay them, and Johnston insisted that the grants would not be issued until the fees were paid. This suited the speculator well enough, since delay would merely increase the value of the lands, without endangering his right to them.²⁴

McCulloh's influence at Whitehall now afforded him a means of revenging himself upon his erstwhile allies and of rescuing his speculations at the same time. The Board of Trade, which had been in great perplexity over land and quit rent difficulties in both Carolinas, had found in him an able, though interested, adviser on colonial problems. Colonel Martin Bladen, probably acting at McCulloh's instance, now persuaded Sir Robert Walpole of the wisdom of sending the speculator to America as a special commissioner to investigate the situation. After this plan had been approved privately, McCulloh, early in 1738, presented a memorial to the Privy Council setting forth the defects in the land and quit rent system in the Carolinas and suggesting remedies. The Board of Trade endorsed his proposals and recommended that he be given a commission to effect the reforms he had outlined. The appointment was delayed for almost a year, while the Lords of the Treasury, in whose province quit rent problems properly lay, were being persuaded that the mission was necessary; but they finally gave their approval, authorizing a salary of £600 a year with £200 for clerk hire, "payable out of such quit rents in North and South Carolina as shall be recovered and improved by his means." McCulloh's commission, which was finally issued May 16, 1739, gave him very broad powers to investigate conditions, enforce regulations, and recommend further reforms. His effort to get himself made a member extraordinary of the councils of both provinces was defeated only by the spirited objections of Governor Glen of South Carolina, who happened to be in London at the time.²⁵

Before the commissioner could leave for America, news arrived that Johnston had at last patched up his quarrel with the North Carolina assembly, abandoning the strict letter of his instructions to get a quit rent

²⁴ *Ibid.*, IV, 669, 672, 686, 692, 1079.

²⁵ P. R. O.: Treas. 1: 330, f. 149; *Acts of Privy Council, Colonial Series*, III, 608-609; *N. C. Colonial Records*, IV, 328, 340-342; Walter Clark, ed., *The State Records of North Carolina* (Winston and Goldsboro, N. C., 1895-1905), XI, 31-41; William A. Shaw, ed., *Calendar of Treasury Books and Papers, 1729-1745* (London, 1897-1903), III, 500-501; IV, 2, 24-25.

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law passed. Under this compromise act, 150,000 acres of the blank patents were to be recognized as valid. The connection between the governor's decision and his recent break with McCulloh must be left to conjecture, but there can be no doubt that the new law had the effect of ending the political turmoil which had prevailed in the province. Murray, who was still financially dependent on McCulloh in his trading business, wrote to him in January, 1740, that the new law had brought both the Family and the influential politicians of the Albemarle region to Johnston's support. His letter continued:

I hear Mr. Roger Moore Alledges that he has an old patent (which is now confirmed by the Q. R. L. [Quit Rent Law]) that he says is Within your 72,000 acres; and sometimes he says it is Within the Bounds of the Land Sold Vaughan. You'll Observe a Clause in the Quit Rent Law that all Disputes between Proprietors' Patents and those lately issued are Determinable by the Govr. in Council, who I hope will take Care that no injury be done to you.²⁶

Moving quickly to protect his interests, McCulloh memorialized the Privy Council to disallow the new law. He obtained the support of a number of London merchants trading to Carolina for his petition, the Board of Trade was persuaded, and the act was disallowed. The politics and revenues of North Carolina were thus thrown once more into confusion. McCulloh's objectives were not only to protect his lands from the blank patents, but also to destroy the new alliance between Governor Johnston and the Family and to prevent any settlement of the quit rent difficulties which might make his mission to America unnecessary.²⁷

McCulloh arrived at Charlestown early in 1741 and entered upon his duties with great vigor. In South Carolina, however, the opposition of speculating local politicians combined with his own arbitrary and tactless methods to render his efforts largely fruitless. He had even less success in North Carolina, where both the governor's party and the land speculators had special reason to oppose him. Most of his time seems to have been spent trying to establish his own grants and developing a fine plantation on his lands on the Northeast Cape Fear.²⁸

²⁶ *Murray Letters*, 55.

²⁷ *N. C. Colonial Records*, IV, 425-436; Bond, *Quit-Rent System*, 296.

²⁸ Bond, *Quit-Rent System*, 331-341; D. L. Corbitt, ed., "Historical Notes," *North Carolina Historical Review*, III (1926), 126.

McCulloh complained repeatedly to his London superiors of the defiance of the provincial officials, but the Lords of the Treasury, who had never had much enthusiasm for his mission, ignored his pleas for official backing. Auditor General Horatio Walpole even stopped payment of his salary, on the ground that he had not actually improved quit rent collections. This lack of support encouraged the commissioner's North Carolina antagonists to wage open war on him.²⁹ Suits were brought against McCulloh in the provincial courts for nonpayment of fees on his land grants and for slanders he was accused of publishing against the colonial land officers. The legal battles continued for several years, with McCulloh at one time under technical arrest. But he was finally able to repel the attacks of his enemies and move onto the offensive. Obtaining a copy of the collusive Rowan-Woodward agreement of 1738, he held it as a club over the heads of the colonial officials to force them to issue his long-suspended grants. Governor Johnston was even compelled to agree to pay the larger part of the fees himself, in discharge of his old indebtedness to McCulloh.³⁰

The speculator had thus secured what amounted to an eight year extension of quit rent exemption and payment of the major portion of the fees out of a debt he was unlikely to collect in any other way. Patents for the 1,200,000 acres were finally issued on March 3, 1746, in ninety-six separate grants of 12,500 acres each. Thirty-four of them were made out in McCulloh's name, and sixteen went to Arthur Dobbs in discharge of a mortgage McCulloh had given him on 500,000 acres. Rights to sixteen additional grants had been sold to John Selwyn, an Englishman who moved in high circles, and all the rest went to others in trust for McCulloh or to McCulloh's children and agents. Huey and Crymble received not an acre.³¹

McCulloh later induced his friends at the Board of Trade to extend the period of quit rent exemption from 1756 to 1760, and the lands which had not been settled in accordance with the terms of the grant by the latter date were not actually surrendered until 1765. Even then the Board released him from payment of the accrued quit rents, his son informing a

²⁹ P. R. O.: Treas. 1: 330, ff. 1, 5, 7, 142, 148, 149; *Calendar of Treasury Books and Papers*, IV, 503-505.

³⁰ N. C. *Colonial Records*, IV, 640, 644-649, 664-673, 685-689, 692-698, 706, 757-758, 765, 1079-1080, 1107; P. R. O.: Treas. 1: 330, f. 142.

³¹ N. C. *Colonial Records*, IV, 692, 696; V, 623, 711, 740-743, 770, 772-775, 779-780; VI, 532-535, 569, 572, 574, 773; VII, 277, 454; VIII, 52, 254.

his London superiors of the defunct Lords of the Treasury, who had previously ignored his pleas for official assistance, even stopped payment of his quit rent. He actually improved quit rent collection by petitioning the Board of Trade to issue his long-suspended commission for the North Carolina land grants. He was finally able to repel the attacks of the Board of Trade. Obtaining a copy of the commission in 1738, he held it as a club over the Board of Trade to issue his long-suspended commission to agree to pay the larger quit rents on his land grants. He sold his indebtedness to McCulloh.³⁰ That amounted to an eight year payment of the major portion of the quit rents in any other way. Patents were made out on March 3, 1746, in ninety-six of them were made out for Arthur Dobbs in discharge of a 500,000 acres. Rights to sixteen of them were made out to Selwyn, an Englishman who had recently granted lands to others in trust for McCulloh. Selwyn and Crymble received not an

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³⁰ Henry E. McCulloh to Edmund Fanning, January 28, 1768, Fanning-McCulloh Papers, Southern Historical Collection, University of North Carolina. See also *N. C. Colonial Records*, V, 104, 113, 626-633, 742-743, 773-775; VI, 718-719, 773-775; VII, 275-277, 451-454, 676, 783; VIII, 52, 63, 254; IX, 369.

friend at this time that "my Father's political Connections, are far from Contemptible."³²

The Board of Trade also helped McCulloh collect his back salary as commissioner, which by 1752 amounted to some £9,000. The Treasury Board and Auditor General refused at first to make any payment whatever. When, however, he secured a ruling from the Attorney General upholding his claims on all points, they gave him a warrant for £6,200 on the Receiver General of South Carolina, but required him to surrender his commission and all further claims. When McCulloh found it exceedingly difficult to collect from the South Carolina official, it was the Board of Trade which came to the rescue, allowing him to apply £1,035 of the warrant, and later the £2,584 of arrears not covered by the warrant, as a credit against the quit rents he would have to pay in North Carolina after 1760. This credit sufficed to cover all payments on his lands until he lost them at the time of the American Revolution.³³

The settlement of 1746 between Johnston and McCulloh did not put an end to their mutual hostility. When the Crown had acquired the Carolinas from the Lords Proprietors, one of them, Lord Granville, had refused to sell his share and had been assigned property rights to the unsold portion of the northern half of North Carolina. In 1743 a line setting off the Granville District had been run some distance into the interior. Three years later, only seventeen days after his settlement with McCulloh, the governor issued a commission for the extension of the line about 160 miles farther westward, so as to take in some 480,000 acres of McCulloh's recently granted lands. The speculator was, of course, furious at this perfidy.³⁴

But Granville promised at once that McCulloh should enjoy under him the same rights he would have had under the Crown. By a liberal agreement finally reached in 1761, McCulloh was granted a reduced quit rent rate from 1756, the date when his quit rent exemption expired, until two years after the end of the French and Indian War. At that time he was

³² Henry E. McCulloh to Edmund Fanning, January 28, 1768, Fanning-McCulloh Papers, Southern Historical Collection, University of North Carolina. See also *N. C. Colonial Records*, V, 104, 113, 626-633, 742-743, 773-775; VI, 718-719, 773-775; VII, 275-277, 451-454, 676, 783; VIII, 52, 63, 254; IX, 369.

³³ *N. C. Colonial Records*, IV, 1095-1097; V, 79-81, 121-123, 168-169, 615-616, 626-633; Bond, *Quit-Rent System*, 418-419.

³⁴ *N. C. Colonial Records*, IV, 1107.

to be allowed to retain 300,000 acres, regardless of settlement, at the regular quit rent rate.³⁵

A sudden turn in North Carolina politics a few months after the showdown with Johnston in 1746 gave McCulloh a handle for new attacks on the governor. With the rapid growth of the southern or Cape Fear section of the province during the thirties and forties, a marked sectionalism had begun to be evident. The people on the Cape Fear particularly resented the fact that the older Albemarle counties each had five representatives in the assembly, while only two members had been allowed the newer counties to the south and west. Governor Johnston, having patched up his quarrel with the Family, favored the claims of the Cape Fear region.

In the fall of 1746 the governor initiated the "Great Schism" in North Carolina history by calling the assembly to meet at Wilmington, hoping that the long journey would reduce the Albemarle representation. When the Albemarle members, who were a majority of the assembly, boycotted the session, the rump body went ahead and passed an act reducing the representation of the northern counties to two each. As a result, the northern counties defied the laws and did not appear in the assembly again until 1754, when their extra representation was restored.³⁶

Fishing in these troubled waters was Henry McCulloh, and the governor complained to the Board of Trade that "the People in the Northern Counties were by Macculloh's Artifices all in an uproar on account of their five members."³⁷ Shortly after this conflict broke out, having settled his land business, McCulloh returned to England. There, freed from the harrassment of colonial law suits, he took up with renewed vigor his vendetta against the governor. Acting as agent for the Albemarle men, he presented their grievances to the Board of Trade and at the same time joined with Arthur Dobbs and others in an effort to have Johnston removed from office. The governor's enemies succeeded in getting the ever-complaisant Board of Trade to recommend his removal, but Johnston was saved for the moment by the skilful delaying tactics of his agent, James Abercromby.³⁸

Immediately after the failure of this move, McCulloh instituted charges against the governor on his own account, accusing Johnston of sundry

³⁵ *Ibid.*, V, 624-625, 775, 779-781, 1091-1092; VI, 571, 574-577; VII, 14.

³⁶ Ashe, *History of N. C.*, I, 268-270, 274-276.

³⁷ *N. C. Colonial Records*, IV, 922.

³⁸ *Ibid.*, IV, 932-935.

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loose practices in granting lands, recounting his misdeeds in connection
 with the Huey-Crymble grants, and denouncing his arbitrary procedure
 in judicial matters, his assent to currency and quit rent laws in violation
 of his instructions, and other irregular actions. When the Board of Trade
 authorized the taking of proofs on these allegations, Johnston intimidated
 McCulloh's agents in North Carolina, and on McCulloh's complaint, the
 Board gave him permission to take additional proofs. In this way final
 determination was delayed until 1752, when the governor died.³⁹

The direction in which events were tending at the time of Johnston's
 death was indicated by the appointment of McCulloh's longtime ally in
 speculation, Arthur Dobbs, to succeed him. The new governor was ex-
 pressly directed by the Privy Council to restore the extra representation
 of the northern counties and to support the rights of McCulloh and his
 associates to their lands.⁴⁰

McCulloh was able to do little toward selling his lands until 1755,
 when he designated as agents his nephew, Alexander McCulloch, for
 whom he had earlier secured an appointment as deputy auditor for North
 Carolina and who was to be a member of Dobbs' Council, and John Camp-
 bell, a prominent merchant and the political leader of the Albemarle area.
 But the French and Indian War soon rendered their efforts ineffectual,
 and not much was actually done until 1761, when McCulloh's son, Henry
 Eustace, was sent over as agent. The younger man had the arduous task
 of surveying the lands to be retained when the unsettled parts were sur-
 rendered in 1765, laying them off in small tracts, and selling them. As
 subordinate agents he employed such prominent provincials as Edmund
 Fanning, John Frohock, and Thomas Polk.⁴¹ Young McCulloh exhibited
 considerable astuteness and courage in dealing with the violent opposition
 he and his surveyors encountered in the southern interior part of the

³⁹ *Ibid.*, IV, 942, 1076-1081, 1097-1099, 1107-1112.

⁴⁰ *Ibid.*, V, 113.

⁴¹ *Ibid.*, V, 621-623, 772-773; VI, 569-572, 996-998; VII, 14, 17-18; Griffith J. Mc-
 Ree, ed., *Life and Correspondence of James Iredell, One of the Associate Justices of
 the Supreme Court of the United States* (New York, 1858), I, 439; numerous letters,
 1765-1770, Fanning-McCulloh Papers. See also Field Book of Sundry Surveys, Plans
 of Lands Belonging to Henry Eustace McCulloh, MS. vol., North Carolina Collection,
 Library of the University of North Carolina. This volume contains a day by day
 record of H. E. McCulloh's surveying trips, plats, lists of holdings entrusted to various
 agents, etc.

province, where conditions had long been disturbed because of the unlocated boundary with South Carolina.⁴²

The average price at which the McCulloh lands were being sold in 1747 was about £5 per hundred acres. Ten years later, 320 acres brought £25, while in 1761 Henry Eustace McCulloh settled with a large number of squatters on the lands for from £5 to £12 per hundred acres. The highest price which has come to notice was 30s an acre for a tract sold in 1773. This section of the province filled up rapidly in the twenty-five years preceding the Revolution, and prices increased steadily throughout the period.⁴³

Just how much money McCulloh made on his sweeping transactions is difficult to determine. In the forties and fifties he sold 525,000 acres to various speculators. By his agreement with Lord Granville, he surrendered about 175,000 acres, retaining 300,000, while outside the Granville District 339,325 acres were given up to the Crown in 1765, with 129,335 being kept by himself and his children. Some of the lands sold to speculators were included in the acreage surrendered. How much of the lands which he held for disposal to actual settlers had been sold by the time of the Revolution, when all the McCulloh property was confiscated, has not been determined. With the rapid settlement of the backcountry in the last decades of the colonial period and with McCulloh's freedom from quit rents outside the Granville District, it seems likely that the lands produced a considerable profit.⁴⁴

When McCulloh returned to England in 1747 to devote himself to reaping the benefits of his speculations, he also set himself up as an adviser to the government on colonial problems generally. During the next fifteen years he presented his ideas in numerous memorials to the Duke of Bedford, the Earl of Halifax, the Duke of Newcastle, and the Earl of Bute.⁴⁵

⁴² Numerous letters, 1765-1766, Fanning-McCulloh Papers; *N. C. Colonial Records*, V, 493-494.

⁴³ *N. C. Colonial Records*, VII, 14; *N. C. State Records*, XXIV, 820; McCulloh Field Book, Survey No. 38.

⁴⁴ *N. C. Colonial Records*, VI, 532-535, 574, 994; IX, 368-370.

⁴⁵ P. R. O.: Colonial Office 5, ff. 245-248; British Museum: Additional Manuscripts: 11514, ff. 178-179, 32874, ff. 308, 310; *Miscellaneous Representations Relative to Our Concerns in America Submitted: [in 1761] to the Earl of Bute, by Henry McCulloh: Now First Printed from the Original MS., with Biographical and Historical Introduction by Wm. A. Shaw, Editor of the 'Calendar of Treasury Books and Papers'* (London [1905?]).

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His proposals were also elaborated to the public in two lengthy, anony-
mous pamphlets in 1755.⁴⁶

A thoroughgoing mercantilist, McCulloh echoed the conventional de-
mand that the colonies be made more advantageous to the mother country
by stricter regulation of their trade. His most frequent complaint, plainly
stemming from his difficulty in defending himself from Governor John-
ston's attacks, was that the royal officials in the colonies did not obey their
instructions and did not keep and transmit promptly to London full rec-
ords of their proceedings. McCulloh did have some constructive recom-
mendations to make. One of the more interesting of these was that Britain
issue a uniform, interest-bearing paper currency for all the colonies, with a
fund for redemption to be provided by Parliamentary taxation.⁴⁷ Another
idea—first elaborated by McCulloh in 1751 and later to bear fruit in the
Sugar Act—was that duties on molasses imported into the colonies from
the foreign West Indies should be lowered to a more reasonable level, so
as to discourage smuggling.⁴⁸

McCulloh's most significant proposal, appearing first in his memorial
to the Earl of Halifax in 1751, was that

all Writings, Deeds Instruments or other matters relating to the law in the
said Provinces should be on Stamp Paper or Parchment and . . . the Money
arising therefrom should be applied [*sic*] only to the Security and Advantage
of the Colonies under the Management of the said Council of Trade, it is
conceived that a very large Sum would arise therefrom even so, as under a just
Application thereof the colonies would not be much longer Burthensome to this
Kingdom in advancing money for their Security and enlargement.⁴⁹

The stamp tax idea was not original with McCulloh,⁵⁰ but he was one of
its most persistent advocates, reiterating the scheme in his subsequent

⁴⁶ [Henry McCulloh,] *The Wisdom and Policy of the French in the Construc-
tion of Their Great Offices, So As Best to Answer the Purposes of Extending Their
Trade and Commerce, and Enlarging Their Foreign Settlements. With Some Obser-
vations in Relation to the Disputes Now Subsisting between the English and French
Colonies in America* (London, 1755); [Henry McCulloh,] *A Miscellaneous Essay
Concerning the Courses Pursued by Great Britain in the Affairs of Her Colonies:
With Some Observations on the Great Importance of Our Settlements in America,
and the Trade Thereof* (London, 1755).

⁴⁷ Br. Mus.: Add. MSS.: 11514, ff. 178-179.

⁴⁸ Br. Mus.: Add. MSS.: 32874, ff. 308, 310.

⁴⁹ Br. Mus.: Add. MSS.: 32874, f. 310.

⁵⁰ Lawrence H. Gipson, *Jared Ingersoll: A Study of American Loyatism in
Relation to British Colonial Government* (New Haven, 1920), 116.

pamphlets and memorials. It was not until 1763, however, that the British government made up its mind to raise substantial revenues in the colonies, and in July of that year McCulloh addressed a letter to Charles Jenkinson, one of Grenville's secretaries at the Treasury, suggesting that an American stamp tax would yield £60,000 a year. He enclosed a draft of the kind of bill which would be necessary,⁵¹ with a preamble which showed that McCulloh's primary objective was to provide the Crown with funds for controlling the Indians, whose incursions in North Carolina during the recent war had seriously hampered his efforts to sell his lands.⁵²

The Grenville government showed great interest in McCulloh's plan, and a Treasury official interviewed him on its details. When, in September and October, the Treasury Board began to discuss the specific provisions which should be embodied in a colonial stamp act, they seem to have used McCulloh's proposals as a starting point.⁵³ But the actual drafting of a bill was delayed until the following year, and there is no evidence that McCulloh played an important part in the final discussions. When the act was eventually passed in 1765, Doctor William Houston, who had long been one of McCulloh's agents in North Carolina, was appointed stamp master for the province.⁵⁴

McCulloh seems to have been as successful in getting favors from Tory governments as from the Whigs. The instructions to William Tryon, who succeeded Dobbs as governor of North Carolina in 1765, directed him to support the rights of McCulloh and his associates, and Tryon proved to be friendly to their interests.⁵⁵ Two years later, Henry Eustace McCulloh, who had been given a seat on the provincial council under the Dobbs regime, returned to England to act as agent for North Carolina. He depended mainly on the influence of his father, who was on familiar terms with the counsel to the Board of Trade and who had other connections in the government.⁵⁶ The younger man secured an appointment for himself as collector of Port Roanoke in North Carolina and later obtained the

⁵¹ William J. Smith, ed., *The Grenville Papers: Being the Correspondence of Richard Grenville Earl Temple, K. G., and the Right Hon. George Grenville, Their Friends and Contemporaries* (London, 1852-1853), II, 373-374.

⁵² Br. Mus.: Add. MSS.: 35910, ff. 204-205.

⁵³ Br. Mus.: Add. MSS.: 35910, ff. 136-159; 36226, f. 357.

⁵⁴ Ashe, *History of N. C.*, I, 315.

⁵⁵ *N. C. Colonial Records*, VII, 141; VIII, 63.

⁵⁶ P. R. O.: C. O. 324: 60, ff. 286, 289-291; *N. C. Colonial Records*, VII, 757-758, 900; IX, 997-1000, 1209.

until 1763, however, that the British substantial revenues in the colonies, pressed a letter to Charles Jenkinson, assuring, suggesting that an American. He enclosed a draft of the kind of preamble which showed that McCulloch proposed to provide the Crown with funds for conducting the survey of lands in North Carolina during the recent year to sell his lands.⁵²

McCulloch's great interest in McCulloch's plan, discussed its details. When, in September, McCulloch proposed to discuss the specific provisions of a stamp act, they seem to have reached a point.⁵³ But the actual drafting of the act was delayed a year, and there is no evidence that McCulloch was involved in the final discussions. When the act was passed, William Houston, who had long been in North Carolina, was appointed stamp

commissioner in getting favors from Tory supporters in North Carolina. McCulloch's instructions to William Tryon, who was in North Carolina in 1765, directed him to recommend suitable associates, and Tryon proved to be a good one. Later, Henry Eustace McCulloch, who had been on the provincial council under the Dobbs administration, was recommended for North Carolina. He had been in North Carolina on familiar terms with Tryon, who had other connections in North Carolina and who had secured an appointment for himself in North Carolina and later obtained the

Papers of George Grenville: Being the Correspondence of the Right Hon. George Grenville, Their
II, 373-374.

26, f. 357.

Colonial Records, VII, 757-758,

transfer of the same post to James Iredell, a young kinsman who had been serving as deputy collector.⁵⁷ While in London, Henry Eustace wrote to Iredell that, "I have a friend in a corner with Lord North, who I hope will secure matters for the present, and bring them about hereafter," and on another occasion that, "I have too good a friend in my Lord North to fear any attempts against my office."⁵⁸

The McCullochs were by no means the only deserving Englishmen who continually besieged Whitehall for place and pelf in the American colonies. The provincial governorships, chief justiceships, collectorships, and other offices were filled with men whose main qualification was influence with a member of the Privy Council or a key official of the Treasury or the Colonial Office. Just as McCulloch's pursuit of profits in North Carolina was one of the important factors in the history of that province, so the cumulative impact of the large class of men with similar interests in other colonies must have played a large part in producing the stumbling colonial policy by which Great Britain eventually lost its American possessions. Moreover, the resentment of dominant provincial groups, such as the Family, at the competition of officially backed "foreigners" like McCulloch in the race to engross the wealth of America certainly added bitterness and determination to the growing movement for home rule. In North Carolina it was a group of these native politicians, intent on controlling the colony to the advantage of their own class and impatient of increasing restrictions by the mother country, which furnished the leadership for the Revolution.

⁵⁷ Samuel A. Ashe, et al., eds., *Biographical History of North Carolina from Colonial Times to the Present* (Greensboro, N. C., 1905-1917), VIII, 328; McRee, *Iredell*, I, 187.

⁵⁸ *Ibid.*, I, 63, 102.