

## THE IMPORTING AND EXPORTING COMPANY OF SOUTH CAROLINA

(1862-1876)

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In April, 1861, shortly after the fall of Fort Sumter, President Abraham Lincoln proclaimed a blockade of all Southern ports to prevent Confederate trade with Europe.<sup>1</sup> At the time of the proclamation, the entire Union blockading fleet consisted of two small steam ships and one sailing vessel. Almost eighteen months passed before Federal blockaders were numerous enough to inflict serious damage on the merchant fleet serving the Confederacy. During these months when the blockade existed only on paper, the South was in an excellent position to export her valuable cotton crop which was the chief commodity the Confederate Government could sell abroad to finance the purchase of manufactured goods. In spite of this, many Southerners were reluctant to export their cotton in 1861 because they believed that withholding fiber would force England and France to intervene to insure continuity of their textile industries.<sup>2</sup> Under these circumstances, little was done to establish blockade running as a business during the first year of the war.

Conditions began to change by the middle of 1862. The Federal blockading squadron increased in numbers and effectiveness. Concomitantly the Southern attitude toward the blockade altered. It became evident that the cotton embargo was not going to entice England or France to aid the Southern cause. In addition the growing scarcity of manufactured goods in the agrarian South forced Southerners to reappraise their position on cotton exports. Although risks to blockade running vessels were greater, there was increased promise of reward for those who were successful. More vessels attempted to run the blockade as demand for the limited supply of manufactured goods forced prices in the South upward. On both sides of the Atlantic companies began to form to handle the Southern import-export trade on an organized basis.<sup>3</sup>

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<sup>1</sup> James D. Bulloch, *The Secret Service of the Confederate States in Europe or How the Confederate Cruisers Were Equipped* (2 vols.; New York, 1959), I, vi-vii.

<sup>2</sup> Frank S. Owsley, *King Cotton Diplomacy, Foreign Relations of the Confederate States of America* (2nd ed.; Chicago, 1959), 2-3, 229-233.

<sup>3</sup> *Ibid.*; Marcus W. Price, "Blockade Running as a Business in South Carolina during the War Between the States, 1861-1865," *American Neptune*, IX (1949), 31-62.

27th Was relieved by Lt. [H. T.] McDonald at 11 am. Paul arrived bringing me a fine box from home, what a treat!

September 2nd Notified that enemy were crossing to north side and to be ready to move.

3rd Sent Robin to go home with Capt. Jeffers, who was going home on sick furlough.

5th General gloominess over camp, having heard of the fall of Atlanta.

12th Cut two acres of corn for the horses. Have to chop up the ears and guard to keep men from making themselves sick.

*(to be continued)*

With the outbreak of war, the Confederate Government dispatched agents to England to purchase military supplies for Southern armies. The financial clearing house of these purchasing operations was Fraser, Trenholm and Company of Liverpool. This firm, in cooperation with Confederate agents, pioneered the blockade running trade. The financial success of the Fraser enterprise encouraged the establishment of similar companies.<sup>4</sup> In 1862 and 1863, the South Carolina legislature chartered five firms in Charleston alone. The first and largest of these was the Importing and Exporting Company of South Carolina, incorporated in December, 1862.<sup>5</sup> Its principal stockholders were among the wealthiest of Charleston businessmen, and its ships and captains were some of the most notable of all engaged in blockade running. The Company conducted a multimillion dollar business through April, 1865, and paid its final dividend in 1876.<sup>6</sup> Since the I. and E. Company, as it was known, had a "most remarkable success,"<sup>7</sup> it serves as an example of blockade running at its greatest degree of development.

In March or April, 1862, a group of businessmen, many of whom were Charlestonians, organized the I. and E. Company as an unincorporated stock company to run the blockade. The Company had no officers and subsequently placed business operations under the direction of two established Charleston cotton factors and commission merchants, William Catell Bee, son of the Revolutionary War patriot, John Bee,<sup>8</sup> and Charles Tunis Mitchell. In addition to these two men and the firms they owned, there were ninety-five other stockholders, including John G. Milnor and Company, auctioneer for the I. and E. Company and later its major stock-

<sup>4</sup> Charleston *Mercury*, November 7, 1862.

<sup>5</sup> *Acts of the General Assembly of the State of South Carolina Passed in December, 1862, and February and April, 1863* (Columbia, 1863), pp. 162-163; hereafter cited as *Acts, S. C., 1862-63*.

<sup>6</sup> Papers of this Company were used by Theodore D. Jervey in his article, "Charleston During the Civil War," *Annual Report of the American Historical Association, 1913* (2 vols.; Washington, 1915), I, 167-176. Jervey's father, the second president of the Importing and Exporting Company, passed such papers as he had on to his son. In 1918, the papers were given to the South Carolina Historical Society, Charleston. Other records of the Company are located in the National Archives. To distinguish between these two collections, Papers of the Importing and Exporting Company of South Carolina, South Carolina Historical Society, Charleston, will be cited hereafter as I. and E. Papers, SCHS. Account Book I, Papers of the Importing and Exporting Company of South Carolina, Cotton and Captured Property Records, National Archives, will be cited hereafter as Book I, I. and E. Papers.

<sup>7</sup> Charleston *Mercury*, June 29, 1863.

<sup>8</sup> Barnwell Rhett Heyward, "The Descendants of Col. William Rhett, of South Carolina," *South Carolina Historical and Genealogical Magazine*, IV (1903), 141.



holder.<sup>9</sup> Agent for the I. and E. line in Nassau, New Providence Island, the Bahamas, was Henry Adderly and Company.<sup>10</sup> This British firm openly sympathized with the Confederate government, causing great consternation among the various American consular officials assigned to the island.<sup>11</sup>

The first vessels purchased by the Company were the schooner *Edwin* and the side-wheel steamer *Cecile*.<sup>12</sup> The *Edwin* commanded by Captain N. C. Gambrill completed one successful run from Charleston to Nassau in mid-April, carrying cotton, rice, cottonseed and turpentine valued at \$2048.59. On the return voyage the *Edwin* ran aground on Morris Island off Charleston and the salvaged cargo sold at auction for a profit of \$3249.05 above the cost of the entire cargo in Nassau. The *Cecile* was a former packet-boat whose owners had sold her because they claimed she was too slow to run the blockade effectively.<sup>13</sup> With Captain James Carlin in command and British colors flying, the "slow" *Cecile* ran the blockade five times before she hit a sunken rock near Abaco Reef on June 18, 1862, and sank.

On her runs between Charleston and Nassau, the *Cecile* carried cargoes of cotton, drugs (including quinine at \$3 per ounce and opium), rifles, gunpowder, and various other dry goods. These consignments represented substantial returns to the Company and valuable supplies for the Confederate government. In cotton alone, the *Cecile* carried out a total of 915 bales which commanded approximately a 100 per cent return. The cargoes on inbound voyages included both Army supplies and civilian goods, the latter of which sold for as much as 260 per cent profit.

Despite the loss of the vessels, the stockholders of the Company apparently lost no money on their investments. On or about June 20, 1862, the Company declared its first dividend of \$99,025 or \$850 per share, and

<sup>9</sup> Milnor owned seventy-eight shares, according to I. and E. Papers, SCHS.

<sup>10</sup> Book I, I. and E. Papers; and Deposition of W. C. Bee, dated January 17, 1866, before T. C. Callicot, Supervising Special Agent of the U. S. Treasury Department, Cotton and Captured Property Records, National Archives; hereafter cited as Bee Deposition.

<sup>11</sup> The Adderly Company was agent for Fraser, Trenholm and Company through which the Confederate agent, James D. Bulloch, directed his shipments from Europe. John Thomas Scharf, *History of the Confederate States Navy* (Atlanta, 1887), pp. 472-473; and many references in *Official Records of the Union and Confederate Navies in the War of the Rebellion* (30 vols.; Washington, 1894-1927); hereafter cited as ORN.

<sup>12</sup> The following description of cargoes, costs, and shippers for these two vessels comes from Book I, I. and E. Papers, unless otherwise noted.

<sup>13</sup> Price, "Ships that Tested the Blockade of the Carolina Ports, 1861-1865," *American Neptune*, VIII (1948), 198.

began payment of the second dividend on July 26 of \$202,168.52, or \$1735.36 per share. Returns such as these were enough to encourage the ship-less company to rectify its situation in the months that followed the wreck of the *Cecile* and to return to active participation in the trade.

To raise the necessary funds to purchase new vessels, Bee and fellow stockholders determined to incorporate the Company, thereby increasing the number of shares of stock and limiting the liability of the individual owners. The General Assembly approved their petition for incorporation and granted the Company a charter which allowed it the privilege of exporting produce from South Carolina to "neutral ports" and of importing "arms, munitions of war, and other commodities, as well as carrying mails and passengers . . .". Its capital stock was set at \$250,000, with authorization of an increase to \$1,000,000 if a majority of the stockholders so desired. Each share had a face value of \$1000. The Charter required the sale of \$200,000 worth of stock before Company operations could begin.<sup>14</sup>

Apparently the sale of stock was rapid and substantial because the board of directors increased the capital stock to \$700,000 during January, 1863.<sup>15</sup> On the 16th of February, 1863, the *Charleston Daily Courier* and the *Charleston Mercury* notified the public that the I. and E. Company had received \$700,000 from sale of capital stock, \$500,000 more than that required by law. On May 27, 1863, the *Mercury* announced a subscription of \$1,000,000 to the I. and E. Company.

The charter provided for a president and four directors who would comprise the board of directors. Elected to the offices were W. C. Bee, president from incorporation until early 1865, Theodore D. Jervey, William P. Ravenel, C. T. Mitchell, and Benjamin Mordecai.<sup>16</sup> These men were intimately acquainted with the complexities of the cotton trade and closely associated with each other by family ties and common business interests. As cotton factors, commission merchants, and exporters, they claimed connections with cotton merchants outside the South. For example, on the eve of the war, W. C. Bee's own firm (W. C. Bee and Company) advertised in the *Charleston Directory* for 1860 that it would "make liberal advances on Shipments to their friends in Liverpool and New York." Ravenel, Bee's son-in-law and owner or officer of four Charleston businesses, had pre-war trade associations with wool merchants in Rhode Island and England.<sup>17</sup> Jervey, also a native Charles-

<sup>14</sup> *Acts, S. C., 1862-63*, pp. 162-163.

<sup>15</sup> Book I, I. and E. Papers.

<sup>16</sup> Bee Deposition; and I. and E. Papers, SCHS.

<sup>17</sup> Henry Edmond Ravenel, *Ravenel Records* (Atlanta, 1898), p. 57.



tonian, was a partner in W. C. Bee and Company,<sup>18</sup> and Benjamin Mordecai, a wealthy Charleston brokerage firm executive, served with Bee as principal cotton purchaser for the I. and E. Company.<sup>19</sup>

After incorporation, the I. and E. Company purchased and operated six runners, the *Ella and Annie*, the *Alice*, the *Fannie*, the *Ella*, the *Caroline*, and the *Emily*.<sup>20</sup> The first three of these were already being used in commercial service when purchased by the Company in April and May of 1863. The last three were built to Company specifications by William Denny and Brothers of Dumbarton, Scotland during 1864.<sup>21</sup> Collectively the six vessels made at least twenty-eight round trips as blockade runners, but of this number, the *Alice* and the *Fannie* saw the greatest service, logging eleven and ten round trips respectively. The *Ella and Annie* made four successful runs before being captured by the Federal gunboat *Nippon* on November 5, 1864. She later became the U.S.S. *Malvern*, flagship of Admiral D. D. Porter for the remainder of war.<sup>22</sup> The *Ella* completed two successful round trips between Wilmington and Nassau before she ran aground trying to escape Yankee pursuit in October or November 1864.<sup>23</sup> The *Caroline* made only one round trip and the *Emma* made no runs at all before the War ended.

In addition to James Carlin, the senior captain, eight other men sailed as masters of I. and E. ships after incorporation. Carlin commanded first the *Ella and Annie* and then the *Alice* before going to England in 1864 to conduct the building of the Company's new runners. He was apparently a trusted and important member of President Bee's staff as well as a skilled and successful captain.

Frank N. Bonneau became captain of the *Ella and Annie* when Carlin took the *Alice*. Despite acclamation by the Charleston press, his career with the Company was short, controversial and ended in failure.

<sup>18</sup> A. S. Salley, Jr., "The Jervey Family of South Carolina," *South Carolina Historical and Genealogical Magazine*, VII (1906), 43; *Charleston Daily Courier*, February 17, 1863.

<sup>19</sup> Charleston Directory, 1860, p. 104; and Charles Reznikoff with the collaboration of Uriah Z. Engelman, *The Jews of Charleston, A History of an American Jewish Community* (Philadelphia, 1950), pp. 159-160.

<sup>20</sup> The numerous sources of documentation for these vessels are cited with each ship in Lynda Worley Skelton, "The Importing and Exporting Company of South Carolina, 1862-1876" (unpublished M. A. thesis, Clemson University, 1967), pp. 33-72.

<sup>21</sup> See correspondence between Bee and Carlin in I. and E. Papers, SCHS.

<sup>22</sup> ORN, ser. 1, XXVII, 698; IV, 295; and Price, "Additional Notes on the *Ella and Annie*," *American Neptune*, XIV (1954), 62; and James Russell Soley, *The Blockade and the Cruisers* (New York), (1883), p. 164.

<sup>23</sup> *Charleston Daily Courier*, December 8 and December 19, 1864.

John Egan took the *Alice* on Carlin's departure to England and made a successful record of five round trips. In the spring of 1864 Egan joined Carlin and sailed the *Emily* on her maiden voyage to Nassau in November. Captain C. B. Grant commanded the *Alice* for the remainder of the war. Commanders of the other runners included Thomas J. Moore, the ex-privateer who had first charge of the *Fannie*; D. Dunning and P. F. Kennedy, also of the *Fannie*; C. J. Barckley of the ill-fated *Ella*; and Thomas B. Skinner and L. M. Hudgins of the *Caroline*.

These captains were responsible for valuable cargoes. Specific information concerning inbound freight is seldom available. Where manifests do exist, they often list no consignee at all, use "MDSE." for the identification of the cargo, or use symbols for cargoes and consignees. However it is possible to compile a general list of imports from sources other than manifests.<sup>24</sup> Company ships brought in military supplies (rifles, gunpowder, kegs of shot, cavalry equipment); hardware (lead, copper, tin, saltpeter, oils); dry goods (shoes, clothing, stationery); groceries (beef, pork, fruit, salt, coffee, ice); medicines and surgical instruments; and liquors. Occasionally they also brought in luxury items such as Havana cigars and brandy. At one time the *Alice* carried a special consignment of claret, figs, and cheeses to General P. G. T. Beauregard, commander of troops in the Charleston area.<sup>25</sup>

Cargoes for outbound runs are scarcely less difficult to describe. Except in unusual circumstances, it is impossible to determine how many bales went on Government, private or I. and E. account. However the total number of bales per run frequently appears. Given the recorded round trips and the average number of bales carried by ships on documented outward voyages, the figure of approximately 25,000 bales would represent the maximum which the Company could have exported during the war. Considering the risk involved, it would appear logical to assume that the Company would ship the maximum possible freight on each voyage. On three voyages the *Ella* and *Annie* carried 3650 bales or an average of about 1200 a trip. The *Alice* carried 4423 bales on five runs and the *Fannie* 2369, averaging approxi-

<sup>24</sup> In addition to Company records, the following sources have been helpful: *The Guardian* (Nassau, Bahamas), 1863-1865; *Bermuda Royal Gazette* (Hamilton, Bermuda), 1863-1865; *The London Index*, September, 1863 to April, 1865; United States Consular Despatches, 1861-1865, National Archives; British Consular Despatches, 1863-1865, Library of Congress; District of Charleston Port Papers, 1863, Cotton and Captured Property Records, National Archives; and various reminiscences and diaries.

<sup>25</sup> Inward Manifests for *Alice*, June, 1863, District of Charleston Port Papers, Cotton and Captured Property Records, National Archives.



mately 900 and 800 bales respectively. The *Ella* carried 790 bales on one of her two outward trips. Although no figures are available showing the total number of bales which the *Caroline* exported, her carrying capacity was 800 bales.

Once the bales reached Nassau or Bermuda, Company agents re-shipped them on neutral vessels to Liverpool under consignment to James M. Calder, agent and treasurer for the Company in Europe.<sup>26</sup> Based on figures from I. and E. papers dated 1864, the bales might cost the Company as much as £8.7 sterling each plus tariff for purchase. When sold in England, account books indicate that Calder received an average of £40 per bale throughout the last half of 1864. This reflects a gross profit of almost 400 per cent, excluding transportation costs to Europe. Of course the Company was not carrying all the bales on its own account, but exported bales for the Government and for private shippers as well.

In Liverpool, Nassau and Bermuda, Company agents constantly bought goods for shipment to the Confederacy. After 1862, there are no extant Company records such as those for the *Cecile* to show the prices paid for goods in Nassau and their subsequent selling price in the South.

Nevertheless, it seems safe to assume that the Company made comparable profits on imports after incorporation because demand for manufactured goods certainly remained the same or increased relative to supply. Some indications of profit include extensive investment of Company funds in Confederate securities and in war-spawned industries; payment of four dividends that collectively reflect about \$3000 per share in terms of the purchasing power of the dollar in January, 1863; and the increased value of its stock in the Charleston Exchange.<sup>27</sup>

The imported goods typically made their way into the hands of the public via wholesale auctions. However, to reduce inflation, President Bee initiated retail sales in the fall of 1863. The "Bee Sales" as they were popularly known provided customers with direct access to imported articles and eliminated the costs added by wholesale dealers.<sup>28</sup>

<sup>26</sup> I. and E. Papers, SCHS.

<sup>27</sup> Charleston *Daily Courier*, December 22, 1863; April 26, 1864; August 23, 1864; September 9, 1864; and January 11, 1865.

<sup>28</sup> Louisa Cheves Stoney, "The Bee Store," clipped from Charleston *News and Courier*, April 27, 1931, in William G. Hinson Collection, Charleston Library Society, Charleston; and Martin Abbott and Elmer L. Puryear, eds., "Beleaguered Charleston: Letters from the City, 1860-1864," *South Carolina Historical Magazine*, LXI (1960), 61-74, 164-175, 210-218.



A young Columbia woman, Susan Middleton, wrote to her cousin that "the prices are still absurd but certainly lower than in the shops—most things one fourth [sic] lower—some one half . . .".<sup>29</sup> The retail sales ended in the summer of 1864, shortly after intensified blockading activities caused a temporary lapse in business for the Company runners.

When the siege of Charleston worsened in the final months of 1864, the I. and E. Company moved its papers to inland towns for protection. Many of these were either burned or allegedly stolen by troops under General William Tecumseh Sherman. In January, 1866, the United States Government confiscated remaining Company property and pressed charges against the I. and E. officers,<sup>30</sup> even imprisoning Theodore Jervey for two months. Company lawyers filed a counter suit against the Government for damages. By 1868, the Government had dropped its claims and suit against Jervey.

James M. Calder made his final statement to the Company in 1867, having disposed of all I. and E. assets. Jervey used the funds from Calder's sales to eliminate outstanding debts against the corporation and to pay two final dividends in 1874 and 1876 before closing the Company books in May, 1876.<sup>31</sup>

The Company had obviously fulfilled the expectations of the original investors. Operations prior to incorporation had proven that blockade running could be a successful business venture. The profits made on the 1862 voyages prompted the Company members to re-enter the trade on an expanded scale as soon as new vessels could be acquired. Although it is impossible to ascertain the precise profits made under incorporation, the dividends paid, Confederate securities purchased, and appreciation of the stock of the Company all indicate the financial success of the enterprise.

Blockade running was an industry peculiar to the war-time economy. Successful voyages insured the continuation of Confederate military operations and made it possible for the South to continue to consume manufactured items of a civilian nature. Since the Confederate Government did not operate its own blockade runners until 1863, both Southern armies and civilians relied on privately operated blockade running companies for all import-export activities.

Had blockade running not been profitable, private industry would not have entered the trade which required large capital investment and

<sup>29</sup> Isabella Middleton Leland, ed., "Middleton Correspondence, 1861-1865," *South Carolina Historical Magazine*, LXV (1964), 38.

<sup>30</sup> Bee Deposition.

<sup>31</sup> I. and E. Papers, SCHS.

entailed substantial risks. The existence of companies such as the Importing and Exporting Company made military operations possible for the Confederacy. Furthermore blockade running companies kept inflation from being even greater than it was by importing manufactured goods into a region which could manufacture almost nothing for itself. Profits made by blockade running companies, far from being the terrible evil that Southerners often claimed them to be, were actually basic to Southern ability to withstand Federal armies for four years. With no profits there would have been little or no blockade running activities and the lifetime of the Confederacy would have been decidedly shorter than it was.