

William Marsh Rice's Credit Ratings, 1846-1866

Harold M. Hyman

The authors of several recent accounts of the creation and early development of Rice University attempted to provide readers with insights into the man, William Marsh Rice, who gave his money and name to the institution that came into being after his spectacular murder. Rice, as a person, has remained insubstantial.¹

When shadowy personalities are central to a scholarly biography and/or history (I know no essential differences between the two) their thin character is as unsatisfying as, for example, an eighteen-minute break in a President's tape or an allegedly stolen file in a congressional sex scandal. In part, William Rice's "soft" condition in the histories of his University result from the sparseness of relevant contemporary sources that deal with his behavior in his most prominent daily role through the 1860s, that of a businessman.

More often than most professional historians admit, encounters occur accidentally with fresh, illuminating sources on one subject, while research is under way on totally or partially unassociated topics. Recently, while engaged in research on a matter wholly apart from anything related to Rice the man, I chanced across a revealing document concerning him. This document exists in one of the very large number of record ledgers of R. G. Dun & Company, the nineteenth century ancestor of the well-known modern credit reporting agency, Dun & Bradstreet. These ledgers are one of many rich manuscript collections held by the Baker Library, the library of Harvard University's Graduate School of Business Administration. It is the diversity and richness of these collections of manuscript and printed materials that help to explain Harvard's top-of-the-list location in so many categories of research and teaching year after year.²

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¹*Historical and Factual Report Prepared for the Rice Institute Associates* (Houston, 1954); Sylvia Stalling Morris, *William Marsh Rice and His Institute: A Biographical Study* (Houston, 1972); Fredericka Meiners, *A History of Rice University: The Institute Years, 1907-1963* (Houston, 1982)

²The R. G. Dun papers are open by permission of the Baker Library and I acknowledge both the gracious cooperation of the Library in affording me access to the manuscripts and to the Company for permission to reproduce portions of the document that follows.

I was happily immersed in the Texas ledger of the R. G. Dun Company's files, in pursuit of information on my non-Rice topic, when his name leaped out at me from a ledger page. Who could resist the lure?

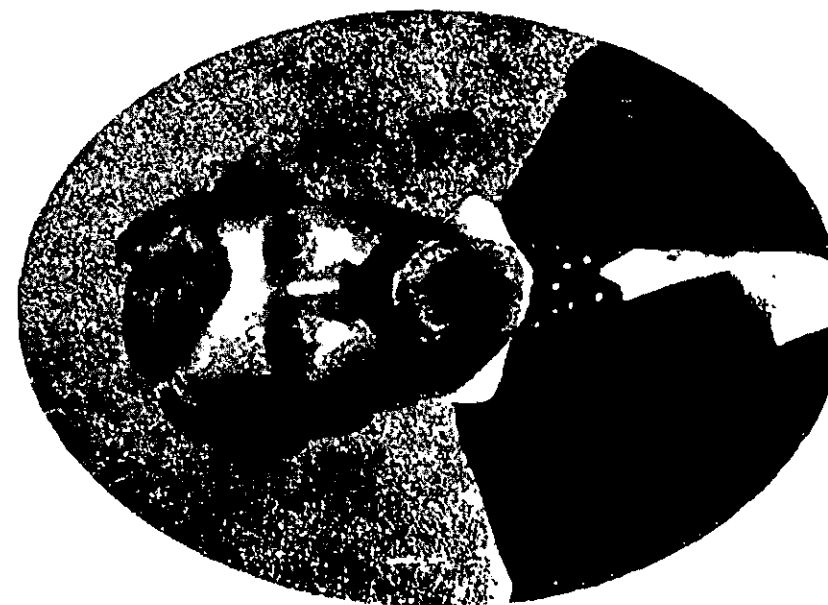
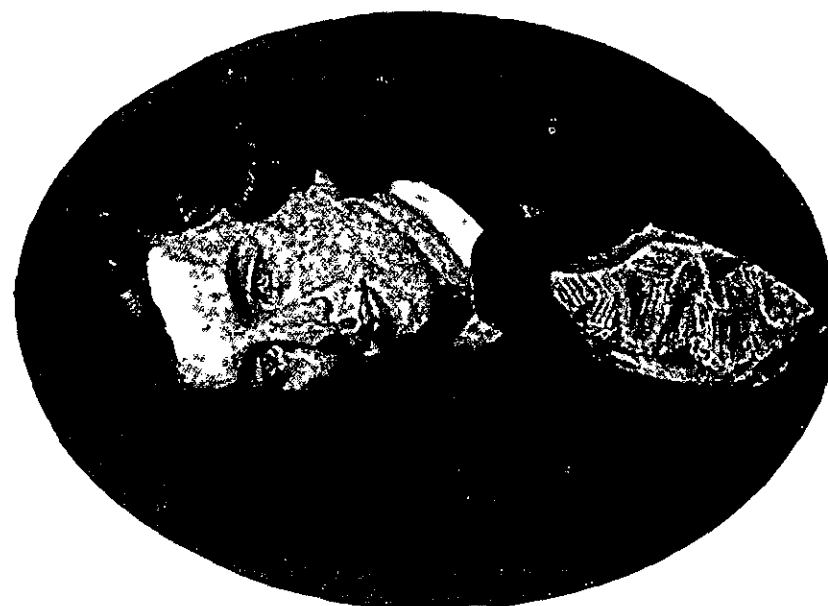
Not I. Recent scholarship had spelled out the procedures of the R. G. Dun credit reporting company a century ago.³ The notations on businessman Rice had been created in Houston by part-time field operatives of the Dun company, who were probably fellow-Houstonians of Rice. They employed code numbers in their written reports to Dun company headquarters so that their identities were concealed except from the Dun staff. I have elected to omit these code numbers from the document, and I spelled out the vowel-less abbreviations that Dun's field reporters frequently employed in their messages to the home office, and modernized certain words and phrases.

Now to the document:

"William M. Rice & E. B. Nichols: General Store, Oct. 1846 to July 1, 1850. Commenced from about 7 or 8 years ago and are now doing a business of \$350 to 400,000 per annum. Own a great deal of Real Estate this County & have several branches. Were much embarrassed 18 months ago and it was thought they would fail. But they have sustained themselves & the pressure seems to be removed. Lost last year \$14,000 on Cotton but are said to have made \$16,000 this year. Of fair character and attention, but it is said do not keep things inside as snug as they ought. Books not well kept. Do a very large credit business and it is impossible to tell what their real standing is. A great deal, in fact their existence, depends on the crops.

"July 1850 This firm is understood to have some \$20 or 30,000 all the time in their business belonging to Stoneham a planter in Grimes County. *July 23, 1850* Have taken in Edward W. Taylor, 35 years old, married, no property of any account in this County. May have some wild lands in the upper County if any. Their value I do not know. Is a man of considerable popularity in the City & County. Will increase their outdoor business and thereby their chance of loss in proportion. *February 17, 1851* Taylor coming into the firm does not alter the style. Do a large trade which has greatly increased the past season. Amounting to over \$60,000 per month. Have branches in many places through the County & using this means control a large amount of cotton and other crops. Are considered good for any amount they may contract. Taylor is an active, industrious, capable businessman & stands high in this community. It is not known on what terms he entered the firm. Has little or no capital. He is however supposed to have a share in the profits. Since his adoption the books have been better managed. The three are steady money making men, private, careful, & continent. Rice and Nichols are supposedly worth \$250 or 300,000, etc. *Sept. 1851* Perfectly good for any amount. *June 1, 1852* Continue to do a large amount of business mostly on credit to country merchants. They are also hard run to meet their engagements & commenced suing some of their

³James D. Norris, *R. G. Dun & Co., 1841-1900: The Development of Credit-Reporting in the Nineteenth Century* (Westport, Conn., 1978)



General E. B. Nichols of Galveston (left) and William Marsh Rice (right), business partners until 1853.

customers. They are still considered solvent and have made considerable money on cotton recently. *Sept. 19, 1852* States they are now in New York seeking an extension. *January 1853* Now *William M. Rice & Co.* Have not disassociated. Only a change of style. Rice is considered a wealthy man. His partner General Nichols of Galveston is also wealthy. Are doing a large business and are men who stand high in the estimation of the community. *April 18, 1853. Groesbeck, Rice & Co.* The old firm of all was 'Rice & Nichols' since that there have been various changes taking in partners & dropping them out. While they were carrying on business under that firm a new store a sort of branch was opened as *Groesbeck, Rice & Co.*, and at the same time *L. W. Taylor . . .* was taken into the firm of *Rice & Nichols*, Nichols having gone to Galveston and opened a business there for *Rice & Nichols*. Subsequently Taylor withdrew & the separate store of *Groesbeck* has been merged into the old store of *Rice & Nichols*. Understand something about them having obtained an extension some time since, but that fact did not in the least shake our confidence in their responsibility, as we consider them wealthy and abundantly able to satisfy all their debts. Ostensibly they have an immense amount of property. What they owe can not say. But they are doing a very good business & consider them entitled to credit and confidence. The business in Houston is conducted under style of *William M. Rice & Co.* & in Galveston under style of *Nichols & Co.* *Groesbeck* may have some interest with the business here & may be a partner, but never thought that he had much capital. *June 1853* First house in town in point of wealth & business. *Nov. 22, 1853* *E. B. Nichols* has recently withdrawn from this firm. *July 5, 1854* One of the first houses in the City in the main. *February 24, 1855* The firm has recently changed and the business is now done under name of *Groesbeck & Rice*. The firm . . . has been sued for \$5,000. *William M. Rice* has given mortgages of about \$15,000 but for what purpose am unable to say, whether as security for old debts or for the purpose of borrowing money. Think *E. J. Hart* of New Orleans are the mortgagors. Nevertheless I regard the house as abundantly good. Have immense means in the shape of Real Estate, notes, etc. *April 1, 1855* Any further mortgages on *Rice's* property? None so far as I know. He is somewhat embarrassed though & those connected with him will want time, having done business so extensively & then suddenly surrounded by embarrassments which they have gone through here owing to fevers, prices of cotton, etc. *Rice's* creditors will do better by a liberal course than any other. He owns an immense amount of property, of almost every kind & is a perfectly correct man in all his dealings. The times are unusually stringent here and some relaxation of business rules as to promptness must be expected. At the same time do not think there is any danger of a failure. *January 3, 1856* Good & doing well. Have immense resources & have arranged so as to make all things easy. *Rice* must be wealthy. Has long stood at the head of the commercial business here as perfectly safe. *January 15, 1856* Regard this house as perfectly solvent. Do an extensive trade and are among the ablest businessmen in the County. Have long enjoyed a large share of the business of the County, & held

the confidence of the business public. *Rice* owns a large amount of property & the liabilities of the firm & those in which *Rice* is interested probably exceed those of any other business company in town. *April 25, 1856* (Special) On receipt of your inquiry we called on those houses here who have formerly sold them & find their indebtedness small. Think them ultimately solvent, but their affairs are greatly complicated & are therefore undesirable customers. *May 7, 1856* We consider the house perfectly solvent for their assets are more than double their liabilities. It may be argued that the paying of such an amount of interest would break any company, but it must be remembered that they pay 7% & generally get 10 or often 12%. They may be slow but they are safe. *June 6, 1856* Have sold out their commission & forwarding business to *William H. Elliott & Co.* *January 1857* Do not think this firm can tell how they stand themselves. Are doing a fair business and have a great deal of property, mostly in real estate. *June 1857* Are getting along pretty well. *Rice* is believed to be the richest man in the city. Has not less than \$200,000 worth of real estate. The firm is slow but safe. *January 15, 1858* *Groesbeck* is a good business man of good habits but has no capital. They have been pushed but are rich and undoubted. *February 20, 1858* Their condition is good so far as solvency and a good trade goes & we consider them perfectly solvent & responsible, but think they are scarce of money & not very prompt. *March 24, 1858* *M. Rice & Co. . .* the Company doing a large trade & have been for years. Are sound & solvent. Think they stand well as merchants though not always prompt. Believe that *Rice* would be rich after the payment of his debts & that at an early day. They are in debt largely but they are perfectly able to pay. Own property of every kind, the larger portion of it increasing in value daily. Do an annual business of \$400,000. Credit good. *March 30, 1858* *Groesbeck* has been elected president of the *Houston & Texas Central R. R. Co.* & has withdrawn from this firm. *Rice* is alone & carrying on the business as usual. *April 2, 1858* The company is now *F. A. Rice* a brother of *William M. Rice* who was taken in place of *Groesbeck*. *June 1, 1858* This firm is solvent & good. *January 1859* Good. *May 14, 1859* They do a general business. A rich firm. Both good business men. *F. A. Rice* until the first of July last was entirely engaged in the house furnishing business but when *Groesbeck* left the firm *F. A. R.* moved his store to this establishment & this branch has been combined with a general mercantile business. *William M. Rice* is worth about \$400,000 and *F. A. Rice* about \$60,000. Doing an immense business probably \$400,000 per annum. *June 27, 1859* A rich firm worth \$600,000. Do a heavy business & very safe. *July 1859* One of the best men in the state, has ample means to pay all his debts. Very rich and good for all purchases. *June 19, 1860* Worth any amount. *December 27, 1860* Considered one of our first houses. Are rich outside of the business. *March 1, 1866* Out of business. Has got an extension of his debts and expects to pay in full which he will probably be able to do. Has considerable means and real estate at least \$125,000. Was a high minded honest merchant standing fair in the community. *July 23, 1866* Wealthy. Claims versus him perfectly good. Worth say \$200,000. Out of business at present. *Oct. 12, 1866 . . .* Old House.

Assets ample to meet liabilities. Out of business. Has asked an extension & is getting out of his difficulties.”

And so this intriguing document ends. Its value must be established by attempts to create a context for each entry. What was going on, in Houston, in Texas, and nationally, when each reporter set down his observations? Complex changes in business conditions are reflected in these succinct entries about William Marsh Rice and his associates. Some reporters were laconic, others relatively verbose (bless the latter!). The Civil War years remain shrouded in this document so far as Rice's activities are concerned. When, after Appomattox, Dun reports were resumed from Texas, they suggest that the war had not adversely affected Rice's wealth. But uncertainties remain about the effects of the Civil War and Reconstruction on commerce in the crumpled ex-Confederate states, on the building of cities in a New South, and on the personal fortunes of individuals such as William Marsh Rice.⁴

⁴Ralph Andreano (ed.), *The Economic Impact of the American Civil War*, (Cambridge, Mass., 1962); Harold L. Platt, *City Building in the New South, the Growth of Public Services in Houston, Texas, 1830-1915* (Philadelphia, 1983).