

## SOME GREAT TRUSTS IN THE UNITED STATES.

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THE writer of this paper read a communication, a few years ago, upon "Some Great Trusts of Great Britain," treating especially of such as were of interest from their history, their fame and their beneficent work. Turning to this country, we of course find institutions established for the same ends, though several centuries later, and upon foundations of a different character. With an occasional exception, one college, one hospital, one charitable asylum, is like the others of its class as far as regards its origin and endowment. And yet, notwithstanding the comparative youth of our nation and the lack of accumulated wealth in our early history, there are a few institutions here which may be considered as *sui generis*, and which deserve to be illustrated and explained as presenting, in some degree, a parallel to the venerable and munificent endowments of the mother country.

The oldest and largest endowed institution in the United States is HARVARD COLLEGE. From the first gift of £400 by the General Court of the Colony of Massachusetts in 1636 "towards a school or college," supplemented by the legacy of the dissenter John Harvard in 1638, which consisted of the half of his property, amounting to £779, 17s. 2d., and his entire library of 320 volumes, the funds have increased, through public and private gifts and careful management, to upwards of eight and one-half million dollars. The bequests and gifts received during the three years ending with July, 1896, amounted to \$597,752. As an evidence that its field for usefulness is not wholly covered,

the President of the College declares that it "could use additional endowments to the amount of ten millions of dollars for the satisfaction of none but well-known and urgent wants." The history of Harvard has been fully and ably written by other pens, and is accessible to all.

We find at Philadelphia an institution founded in the first half of the present century, so novel in its origin and so successful in its development and operation as to challenge our attention. I refer to the COLLEGE founded by STEPHEN GIRARD and bearing his name.

Stephen Girard was born in 1750 near the city of Bordeaux, in France. He adopted a seafaring life and came to this country before the Revolution, landing at New York but soon taking up his home at Philadelphia. He continued to follow the sea for many years, becoming a captain and in time a large owner of vessels. His trade was partly coastwise and partly with the West Indies. It is said that during the Haytien insurrection,—1791 to 1804,—he received much valuable personal property from the planters for safe-keeping, much of which, owing to the death of the owners, was never called for. He traded largely in real estate in Philadelphia, hiring land in dull times and in good times renting it on long leases. He also bought largely of land in the heart of the city, which now yields a most handsome income. He subscribed, not stintingly, to public charities; and when the yellow fever raged in the city he went to the hospitals and fearlessly devoted himself to nursing the victims of the scourge. He was eccentric in many ways, despised by some as a money-getter, ungracious in his manner, having an ill temper and not enjoying the friendship of any one. He separated from his wife soon after their marriage, and they ever lived apart. Yet there must have been something in the man that secured the respect of those in his employ; for he made generous provision for all of them in his will, which a man of his nature would only do in recognition of faithful service.

Before his death it was well understood that Girard was the richest man in America. The question what disposition he would make of his wealth must have furnished ample food for discussion among the gossips of the time. His heirs included a brother in France and the children of a deceased brother who had at one time been his partner in the United States. Failing a will, the property would go to them. The actual result was a complete surprise. It proved that this man, who had piled up his riches in his adopted country, had left the great bulk of it for the perpetual benefit of the youth of that country, and for the adornment and welfare of the city which had been his home.

Mr. Girard's will was dated February 16, 1830, and was republished on December 25, of the same year, that it might include several parcels of real estate which he had purchased and sundry messuages which he had built. A codicil was added June 20, 1831, for a similar purpose, and especially to designate a tract of about forty-five acres on the Ridge road some two miles from the City Hall, as the site of his "orphan establishment," instead of the square which he had first named lying in the heart of the city, between Market and Chestnut, Eleventh and Twelfth streets. He died in December, 1831, and the will was proved on the 31st of that month.

While to the world at large Girard is best known as the founder of a college, the people of Philadelphia and of New Orleans have other reasons for respecting his memory. Thus, he gave to the Pennsylvania Hospital the sum of \$30,000; to the Pennsylvania Institution for the Deaf and Dumb, \$20,000; to the Orphan Asylum of Philadelphia, \$10,000; to the Public Schools "upon the Lancaster system," \$10,000; to the city, \$10,000, of which the income was to be expended in the summer to purchase fuel to be distributed in January among poor white housekeepers "and roomkeepers of good character." He gave \$10,000

to the Society for the Relief of Poor and Distressed Masters of Ships, of which he was a member; and \$20,000 as a fund for the benefit of poor and respectable freemasons. To each of the captains in his service at the time of his decease who should have performed at least two voyages in his service, he gave \$1500. To each apprentice or servant in his employ, \$500. His brother Etienne and his nephews and nieces were handsomely remembered.

To the city of New Orleans he gave a plantation of upwards of one thousand acres with the personal estate thereto belonging, including upwards of thirty slaves, subject to its use and enjoyment by his particular friend Judge Henry Bree, of Washita, for not exceeding twenty years; at the end of which time, or at Judge Bree's death if occurring earlier, all should be sold and the proceeds applied by the city to such uses and purposes as should be considered most likely to promote the health and general prosperity of its inhabitants. To the same city and for the same purpose he gave an undivided third of all the rest of his real estate near Washita, to be preserved for ten years before making a sale. The remaining two-thirds he gave, on the same condition, to the city of Philadelphia, to be added to the chief trust created by his will. The terms of this trust are thus given:—

*Twentieth.*—And whereas, I have been for a long time impressed with the importance of educating the poor, and of placing them, by the early cultivation of their minds and the development of their moral principles, above the many temptations to which, through poverty and ignorance, they are exposed; and I am particularly desirous to provide for such a number of poor male white orphan children as can be trained in one institution, a better education, as well as a more comfortable maintenance than they usually receive from the application of the public funds: And, whereas, together with the object just adverted to, I have sincerely at heart the welfare of the City of Philadelphia, and, as a part of it, am desirous to improve the neighborhood of the

river Delaware, so that the health of the Citizens may be promoted and preserved, and that the eastern part of the City may be made to correspond better with the interior: Now, I do give, devise, and bequeath all the residue and remainder of my real and personal estate of every sort and kind wheresoever situate (the real estate in Pennsylvania charged as aforesaid), unto "The Mayor, Aldermen, and Citizens of Philadelphia," their successors and assigns, in trust, to and for the several uses, intents, and purposes hereinafter mentioned and declared of and concerning the same, that is to say: So far as regards my real estate in Pennsylvania, in trust, that no part thereof shall ever be sold or alienated by the said Mayor, Aldermen, and Citizens of Philadelphia, or their successors, but the same shall forever thereafter be let from time to time to good tenants, at yearly or other rents, and upon leases in possession not exceeding five years from the commencement thereof, and that the rents, issues, and profits arising therefrom shall be applied toward keeping that part of the said real estate situate in the City and Liberties of Philadelphia constantly in good repair (parts elsewhere situate to be kept in repair by the tenants thereof respectively), and towards improving the same, whenever necessary, by erecting new buildings, and that the net residue (after paying the several annuities hereinbefore provided for) be applied to the same uses and purposes as are herein declared of and concerning the residue of my personal estate: And so far as regards my real estate in Kentucky, now under the care of Messrs. Triplett and Burmley, in trust, to sell and dispose of the same, whenever it may be expedient to do so, and to apply the proceeds of such sale to the same uses and purposes as are herein declared of and concerning the residue of my personal estate.

*Twenty-First.*—And so far as regards the residue of my personal estate, in trust, as to Two Millions of Dollars part thereof, to apply and expend so much of that sum as may be necessary in erecting, as soon as practicably may be, in the centre of my square of ground between High and Chestnut streets, and Eleventh and Twelfth streets, in the City of Philadelphia (which square of ground I hereby devote for the purposes hereinafter stated, and for no other forever), a PERMANENT COLLEGE, with suitable buildings,

sufficiently spacious for the residence and accommodation of at least three hundred scholars, and the requisite teachers and other persons necessary in such an institution as I direct to be established; and in supplying the said College and outbuildings with decent and suitable furniture, as well as books and all things needful to carry into effect my general design.

Then follow explicit directions, in full detail, as to the construction of the College and its outbuildings, with a provision that when the College and its appurtenances were completed and supplied with plain and suitable furniture and books, philosophical and experimental instruments and apparatus, and all other matters needful to carry his general design into execution, the income of so much of the \$2,000,000 as remained should be applied to maintain the College according to his directions. These directions were full and explicit. In the selection of officers of instruction and government, "no person shall be employed who shall not be of tried skill in his or her proper department, of established moral character; and in all cases persons shall be chosen on account of their merit, and not through favor or intrigue." The beneficiaries of the charity were to be "poor white male orphans between the ages of six and ten years, who should be legally indentured or released, so that they might be properly restrained and not withdrawn at the whim of relatives or others." Preference was to be given, 1st, to orphans born in the city of Philadelphia; 2d, to those born in any other part of Pennsylvania; 3d, to those born in the city of New York, the port at which Girard first landed; and, 4th, to those born in the city of New Orleans, "being the first port of said continent at which I first touched, in the first instance as first officer, and subsequently as master and part-owner of a vessel and cargo."

As to the care and instruction of the orphans he stipulated:—

The orphans admitted into the College, shall be there fed with plain but wholesome food, clothed with plain but

decent apparel (no distinctive dress ever to be worn), and lodge in a plain but safe manner. Due regard shall be paid to their health, and to this end their persons and clothes shall be kept clean, and they shall have suitable and rational exercise and recreation. They shall be instructed in the various branches of a sound education, comprehending reading, writing, grammar, arithmetic, geography, navigation, surveying, practical mathematics, astronomy, natural, chemical, and experimental philosophy, the French and Spanish languages (I do not forbid, but I do not recommend the Greek and Latin languages) and such other learning and science as the capacities of the several scholars may merit or warrant. I would have them taught facts and things, rather than words or signs. And especially, I desire, that by every proper means a pure attachment to our republican institutions, and to the sacred rights of conscience, as guaranteed by our happy constitutions, shall be formed and fostered in the minds of the scholars.

Those scholars who so merited were to remain until they were between fourteen and eighteen years of age, when they were to be bound out to suitable occupations. Certain details were to be left to the city government, and the testator trusted that his fellow-citizens would "observe and evince especial care and anxiety in selecting members for their City Councils, and other agents."

The injunction imposed by the will as to the admission of ministers of the gospel to the College and as to the moral teaching of the scholars is as follows:—

I enjoin and require that no ecclesiastic, missionary, or minister of any sect whatsoever, shall ever hold or exercise any station or duty whatever in said College; nor shall any such person ever be admitted for any purpose, or as a visitor, within the premises appropriated to the purposes of the said College. In making this restriction, I do not mean to cast any reflection upon any sect or person whatsoever; but, as there is such a multitude of sects, and such a diversity of opinion amongst them, I desire to keep the tender minds of the orphans, who are to derive advantage from this bequest, free from the excitement, which clashing

doctrines and sectarian controversy are so apt to produce: My desire is, that all the instructors and teachers in the College shall take pains to instill into the minds of the scholars the purest principles of morality, so that, on their entrance into active life, they may from inclination and habit, evince benevolence towards their fellow creatures, and a love of truth, sobriety, and industry, adopting at the same time such religious tenets as their matured reason may enable them to prefer.

As to the wisdom of this injunction and its probable effect upon the orphans, every man is free to form his own opinion. I have nowhere seen it stated that the graduates were below the average standard of morality, or that they were atheistic in their belief. There are many devout clergymen now living who graduated at this institution.

So much for the establishment and maintenance of the College. A further sum of \$500,000 was left in trust: to lay out and maintain a street to be called Delaware avenue along the east river front of Philadelphia; to pull down and remove all wooden buildings as well as frame buildings filled in with bricks within the city limits; to widen and improve Water street and its neighborhood. To the Commonwealth of Pennsylvania, by the twenty-third section of his will, he gave \$300,000 for the purpose of internal improvement by canal navigation, on condition that laws should be enacted which should ensure and make perpetual the benefits intended by the foregoing trust. The remainder of his personal estate he left in trust, for the further improvement and maintenance of the College, for the security of the citizens and their property by a competent police force, and for the improvement of the city property and the general appearance of the city.

The Legislature was quick to act upon the matters contained in the Girard will. Within three months after it was admitted to probate an Act was passed to satisfy the conditions of the twenty-third section above referred to,

and also to prohibit the laying out of any road or street through the land bequeathed as the College site, except on the recommendation of the Directors of the College and the approval of the city government.

The heirs of Stephen Girard would not have been human if they had failed to contest his will. They went to the Supreme Court with their arguments and appeals, and even to the Supreme Court of the United States, but were at all points defeated and finally "concluded."

Girard College was formally opened on January 1, 1848, the first one hundred boys having been admitted just previous to that date. During the intervening fifty years 5,700 boys have been admitted to the institution. The average number for 1896 was 1,513, maintained at a cost of \$311.51 *per capita*. The total on January 1, 1897, was 1,536, of whom 143 were from the old city, as it was at the time of Girard's death, 763 from the newer parts of the city and 630 from other parts of the State. From outside of Pennsylvania there were none; the cities of New York and New Orleans, though entitled to send pupils, being unrepresented.

The last of the annuitants under Girard's will died in July, 1896, nearly 65 years after his own death.

The total invested capital of the Residuary fund at the close of last year was \$15,210,471.35. Invested: Girard College, ground and buildings (approximate cost), \$3,250,000; banking-houses, dwellings, stores, wharves and farms in the city of Philadelphia, \$5,090,400; real estate in Schuylkill and Columbia counties, Pa., as assessed, \$1,708,928; stocks and loans, \$5,161,143.33. The real estate in the city yielded a gross revenue of \$456,563, and that without the city, \$587,772. The personal estate yielded \$230,454. The fund for the improvement of the Delaware front of the city, with its accretions, amounts to \$1,161,103. The original appropriation by the executors of the will was \$500,000, and it is proposed to expend the accumulated

surplus, or \$650,000, during the present year in widening Delaware avenue to 150 feet, giving the city a magnificent water front.

The real estate without the city includes some thirteen coal mines, which, operated under royalty, yielded one and one-fourth million tons in 1896, and the rents and royalties of these collieries amounted to \$571,838.88.

A committee appointed by the alumni of the College has secured private contributions sufficient to erect a bronze statue of Stephen Girard, which will be placed in position in front of the City Hall in Philadelphia on the 20th of next month, the 147th anniversary of his birth,—a perpetual reminder to the citizens of their debt to a most wise and most remarkable man.

The "BENJAMIN FRANKLIN FUNDS," so-called, established primarily for the benefit of young married artificers in the cities of Boston and Philadelphia respectively, and secondarily for the benefit of the whole people of those cities, are a monument of the practical philanthropy of their founder, and of his sympathy with that class in the community of which he had once been a member. The original gifts were £1000 sterling, or \$4444 each. The purpose of the funds was to make loans at five per cent. per annum to such young married artificers, under the age of twenty-five years, as had served an apprenticeship in either city and faithfully fulfilled the services required by their indentures. Bond was to be given with two sureties for the return of the loan, and no sum greater than £60 was to be lent to one person. One-tenth of the principal was to be repaid annually. Franklin calculated that at the end of one hundred years the funds, if carefully managed, would amount to £131,000 each. Of these sums he would direct £100,000 to specific purposes in Boston and the same amount in Philadelphia, and have the remaining amount employed in the same way as the original for another hundred years.

The calculations which Franklin had made with pencil and paper as to the increase of his funds were not realized. The number of young artificers whose ambition and pluck prompted them to apply for the aid which was within their reach, and who could furnish the required sureties, was much less than he had anticipated. At Philadelphia, owing to failures to repay the loans and unfortunate investments of the funds, the total amount, at the expiration of one hundred years, in 1890, was but \$87,600, as against the \$581,640 upon which he had calculated. Boston had done much better, its fund amounting to \$391,169. Wise counsellors decided that as the first one hundred years had passed it would be both legal and proper to draw upon the funds, to the amount of  $\frac{1}{3}$  of the principal, for the secondary objects of the bequest. But at this point descendants of the testator began legal proceedings to recover the original bequests and their accumulations. Their petition was dismissed by the Orphans' (or Probate) Court of Philadelphia, and its decision was affirmed by the Supreme Court of the Commonwealth. A bill in equity was then filed in the Court of Common Pleas, but the demurrer of the city of Philadelphia, trustee, was sustained, and all further legal proceedings to break the trusts were thus ended. A more careful nursing of the funds in the last few years has considerably increased their value. In Philadelphia the division to be made this year will give \$88,338 to be expended in aid of the erection of an art gallery in Fairmount Park, "the portion of the building so paid for to have the name of Benjamin Franklin connected with it in such a manner as to serve to perpetuate his memory." The sum of \$27,385 will be left for loaning to artificers if called for. At the conclusion of the legal contest in Philadelphia, in 1893, it was decided by the Boston trustees that the amount then due the city was \$322,490, and on Jan. 17, 1894, they paid, adding interest, the sum of \$329,300.48 to the city for the establishment of "Franklin Trade

Schools." The balance, to be employed like the original fund until July 1, 1991, was \$102,445.70.

Thanks to the systematic management of trust funds which now prevails, a more careful husbandry of the Franklin Funds may be expected for the second century of their existence. But the very low rate of interest now paid on safe investments will prevent any such increase as was anticipated by their founder.

Among the Great Trusts of this country must be classed a certain kind of institutions, numerous and familiar in the eastern sections, less known and less highly developed elsewhere. The SAVINGS BANKS of New England, New York, and of a few other States, are in reality charitable trusts; and the benefits which they confer upon the depositor and the borrower have made the people well-to-do, and have helped largely to create and develop many of the great internal improvements which have added to the comfort and prosperity of the body politic. No existing system for encouraging saving can be compared with this; for to no other system appertains the immense advantage resulting from the manner in which the savings banks loan out or invest the grand aggregate of the small sums which they receive, chiefly from the wage-earning portion of the community. It is curious to note that the savings banks of this country antedate those of Great Britain as chartered organizations. Friendly societies having the same object in view were established in Great Britain at the end of the last century; and such men on this side of the ocean as James Savage, of Boston, and Thomas Eddy, of New York City, interested themselves in the matter early in the century. "The Provident Institution for Savings in the Town of Boston" was incorporated by the Legislature on December 13, 1816, and is the oldest chartered institution of its kind in the world.

The last published report of the Controller of the Cur-

rency contained an abstract of the reports of 677 "mutual" savings banks. Of this number four were in Ohio, five in Indiana, one in Wisconsin, and one in West Virginia. The remainder were all in the New England and Middle States. Returns were received from 311 "stock" savings banks, which are operated for the benefit of both shareholders and depositors, primarily for the former class. The total amount of deposits in the mutual banks was \$1,688,190,603, and their total resources \$1,849,906,921, or more than twice the whole amount of the interest-bearing bonded debt of the national government.

The laws which govern the management of Savings Banks are the most strict in the States of New York and Massachusetts. The fiduciary character of these institutions is never overlooked by the legislatures of these States, which impose such restrictions upon the management and the modes of investment as secure to depositors the safety of their principal even though larger dividends might be temporarily secured by allowing greater latitude of investment with an increased risk of loss. Experience has shown the wisdom of this conservatism.

The Savings Banks of Massachusetts, numbering 187, had, on October 31, 1896, deposits of \$453,220,257, and a guaranty fund of \$19,044,522. Among their assets were: public funds, \$69,460,754; bank stock, \$28,435,189; bonds of New England railroads, \$49,379,500; mortgage loans on real estate within the Commonwealth, \$201,985,142; loans on personal security (much of it with collateral), \$91,793,373; notes of counties, cities and towns, chiefly of Massachusetts, \$10,174,142.

The number of depositors in the Massachusetts Savings Banks was 1,340,668, or more than one-half the whole population. Allowing for the fact that some of the depositors live in other States, it is perhaps fair to estimate that 45 per cent. of the inhabitants of Massachusetts have deposits in the savings banks.

It is a noticeable fact that while savings banks originated in the older (northern) States, they have not followed, to any large extent, the growth and development of the other portions of the Union. Of course, where the great bulk of the laboring population was held in slavery, there were practically no earnings to be saved. The development of manufactures in some sections of the South, since the war, has led to the creation, here and there, of a few of these beneficent associations. In other portions of the country the private banker, who, appearing in the early life of a settlement, has received the deposits of those who would trust him, has been allowed to continue the business, sometimes to the profit of his depositors and sometimes to their loss. The rate of interest which could be paid by savings banks working under the same restrictions as to investment which prevail at the East, seems very low to a citizen of the West. And the writer has met with people to whom the handling of money had always meant a certain amount of profit, who could not see any justification to themselves in giving time and attention and wisdom gained by experience, to the custody and investment of the money of other people, when their valuable services were to be unremunerated and to be treated only as a labor of love.

As a substitute for savings banks, especially where such institutions do not exist, the creation of Post-Office savings banks, which are common abroad, has been earnestly advocated for some time. While we admit the great advantage which the people who have not a good savings bank existing in their neighborhood would derive from being able to deposit their savings directly with the government and to receive some fixed rate of interest for its use, the new system would by no means benefit the entire community in any such measure as does the old. It must be remembered that money so deposited would remain in the hands of the government, to be used precisely as are other government funds, any benefit to the community at large

being indirect and almost infinitesimal. Now the money deposited in the ordinary savings bank goes out at once on its errand of doing good. It helps the mechanic to secure a homestead; it enables State, city or town to carry out grand schemes of public improvements; aids in the construction of railroads; and assists many a private enterprise,—in all cases giving employment to labor. How could the national government extend help in these most essential and valuable ways of rendering aid? From what source, if it had not been from the savings banks, could the immense amount of money have been obtained which has gone into these channels during the past seventy or eighty years? What good use could be made by the national government of a sum which would be several times the amount of its present indebtedness? It is impossible to conceive of any system of encouraging and employing the savings of the people which could compare in beneficence and efficacy with the savings bank system as developed in New York and Massachusetts.

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