



Take your notes here: Cr

130

Barings in America Notebook



*of the China of America; and if
there should be any sense of honor
on the Continent retained by you
to the liquidation of their debts,
you should have the means of
will paying them, or of providing
them into other hands. Surely
may only or your people.
There is no objection to your
stating to your correspondents, as
your satisfaction, if you shall have
any satisfaction remaining, that
you have settled the line of*

MUSEUM
OF AMERICAN
FINANCE



ING



ERNST & YOUNG
Quality In Everything We Do

Bank of America
Merrill Lynch



The Baring Archive

200 YEARS **citi**

Barings in America

Barings Bank provided financial backing in the US from the nation's beginning through the industrial revolution. This exhibition explores five of the firm's US investments, some good and some bad. Barings chose to invest in the fledgling government and its industry. Would you have done the same?

Maine

There is a new opportunity in American land speculation. William Bingham hopes to sell half of his land holdings in the District of Maine—1.5 million remote and uncleared acres. Bingham has been actively marketing the land by printing maps, surveys and pamphlets that extol the District of Maine as “a fine fertile country, well watered, fit for grain or pasturage, abounding in lumber, and in a position to avail itself of the fisheries.” There are reports that the lands are highly desired and valuable, but these have mostly been from friends of Bingham. There are also rumors that Bingham is having difficulty paying for his Maine holdings. Even if this deal doesn't produce significant profits, it could lead to new connections and accounts in American business.

Louisiana Purchase

It seems like a bargain. Pay \$15 million for almost a million square miles of prime North American real estate, including the Mississippi River and the coveted port of New Orleans. With the purchase of the Louisiana Territory from France, the US has the opportunity to double its size. With a burgeoning economy and the country's financial foundations laid, President Jefferson seems confident he can fund the land purchase with the help of Hope & Co. and Barings Bank with the sale of \$11.25 million in US government bonds. Tension among France, Britain and Spain has been escalating, making international financial ventures uncertain. If all goes well, though, this could be the largest financial transaction ever to take place. There are many risks to consider, but there is also huge potential for profit.

Atchison, Topeka and Santa Fe Railroad

The US railroad boom is riding high, and an opportunity to invest in the Atchison, Topeka and Santa Fe Railroad has presented itself. Between 1865 and 1873, the US doubled its

rail network to include over 70,000 miles of track, with over \$2.5 billion in funding. Railroads require a lot of capital and are popular securities right now in the international markets. Your agent, Samuel Ward, describes the Atchison line as “unexceptionable, the road finished and earning 12 percent on its stock, and rapidly developing without complications.” Nonetheless, the railroad has borrowed almost \$159 million to expand its lines, and some observers are beginning to question the company's financial position. Recently, however, dividends were increased from 6–7%, and the most recent annual report is optimistic.

American Bicycle Company

The bicycle made its American debut at the 1876 Philadelphia Centennial Exposition, and industrialist Colonel Albert Pope discovered a new market opportunity. After acquiring the patent for the bicycle in 1878, Pope began manufacturing and promoting the bicycle. By 1885, bicycles were wildly popular. Due to a recent decline in demand, however, industrialist and fellow bicycle manufacturer A.G. Spalding has approached Pope about consolidating his business with 45 other bicycle and parts manufacturers to form the American Bicycle Company. The aim of this merger is to decrease competition and fix prices. There are rumors that the bicycle fad is over and the majority of the soon-to-be acquired bicycle companies will sell their businesses to Pope and Spalding for cash only. This could potentially leave A.B.C. critically low on capital, and may be a bad sign for the market. On the other hand, the reduction in competition could allow A.B.C. to create a near monopoly.

American Telephone and Telegraph Company

AT&T incorporated as a subsidiary of the American Bell Telephone Company in 1885. Fourteen years later, the ambitious and innovative company connected nearly across the country and then expanded further by acquiring its parent company, Bell Telephone. AT&T is now embarking on a plan to consolidate and expand its lines. To accomplish this, AT&T is hoping to raise \$25 million by offering bonds abroad. Barings is cautious about participating because it has recently suffered poor investments in the Americas. Also, selling these bonds will require significant work to educate European investors about the company. If the deal succeeds, though, AT&T will dominate the telecommunications industry, and doors may open for future US business.