

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

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**NATIONAL REGISTER OF HISTORIC PLACES
INVENTORY -- NOMINATION FORM**

SEE INSTRUCTIONS IN HOW TO COMPLETE NATIONAL REGISTER FORMS
TYPE ALL ENTRIES -- COMPLETE APPLICABLE SECTIONS

1 NAME

HISTORIC

New York Cotton Exchange

AND/OR COMMON

India House

2 LOCATION

STREET & NUMBER

1 Hanover Square

NOT FOR PUBLICATION 17

CITY, TOWN

CONGRESSIONAL DISTRICT

New York

VICINITY OF

STATE

CODE

COUNTY

CODE

New York

36

New York

061

3 CLASSIFICATION

CATEGORY

- DISTRICT
- BUILDING(S)
- STRUCTURE
- SITE
- OBJECT

OWNERSHIP

- PUBLIC
- PRIVATE
- BOTH
- PUBLIC ACQUISITION**
- IN PROCESS
- BEING CONSIDERED

STATUS

- OCCUPIED
- UNOCCUPIED
- WORK IN PROGRESS
- ACCESSIBLE**
- YES: RESTRICTED
- YES: UNRESTRICTED
- NO

PRESENT USE

- AGRICULTURE
- MUSEUM
- COMMERCIAL
- PARK
- EDUCATIONAL
- PRIVATE RESIDENCE
- ENTERTAINMENT
- RELIGIOUS
- GOVERNMENT
- SCIENTIFIC
- INDUSTRIAL
- TRANSPORTATION
- MILITARY
- OTHER: Private Club

4 OWNER OF PROPERTY

NAME

India House, Inc.

Contact: Charles Pilch
Manager
India House, Inc.

STREET & NUMBER

1 Hanover Square

CITY, TOWN

STATE

New York

VICINITY OF

New York

5 LOCATION OF LEGAL DESCRIPTION

COURTHOUSE,

REGISTRY OF DEEDS, ETC. New York County Hall of Records

STREET & NUMBER

31 Chambers Street

CITY, TOWN

STATE

New York

New York

6 REPRESENTATION IN EXISTING SURVEYS

TITLE Historic American Buildings Survey; New York Landmarks
Preservation Commission; National Register of Historic Places

DATE

1956; 1965; 1972

FEDERAL STATE COUNTY LOCAL

DEPOSITORY FOR

SURVEY RECORDS Library of Congress; N.Y. Landmarks Preservation Commission; N-R

CITY, TOWN

Washington; New York

STATE

D.C.; New York

75

7 DESCRIPTION

CONDITION		CHECK ONE	CHECK ONE
<input type="checkbox"/> EXCELLENT	<input type="checkbox"/> DETERIORATED	<input type="checkbox"/> UNALTERED	<input checked="" type="checkbox"/> ORIGINAL SITE
<input checked="" type="checkbox"/> GOOD	<input type="checkbox"/> RUINS	<input checked="" type="checkbox"/> ALTERED	<input type="checkbox"/> MOVED DATE _____
<input type="checkbox"/> FAIR	<input type="checkbox"/> UNEXPOSED		

DESCRIBE THE PRESENT AND ORIGINAL (IF KNOWN) PHYSICAL APPEARANCE

From its inception in 1870 until 1885, the New York Cotton Exchange occupied this northeast-facing, three-story, Romano-Tuscan Renaissance Revival brownstone. Erected between 1851 and 1854 for Hanover Bank, the building housed offices of W. R. Grace and Company from 1885 to 1913, and in 1914 it became the home of India House, Inc., a private club for businessmen interested in foreign trade. According to a guidebook printed by India House, during Hanover Bank's occupancy, part of the structure quartered Robert L. Maitland and Company, tobacco importers, and it was from Maitland that the cotton exchange acquired ownership. Later, following W. R. Grace and Company's occupancy, Willard Straight and James F. Farrell led the way in founding India House and leasing the structure for the club. Straight bought the property in 1918, and India House assumed ownership in 1921. The club made extensive interior alterations in 1914 and again in 1924 to accommodate the needs of its members and facilitate display of its superb collection of ship models, paintings, prints, and other maritime relics.

The exterior of the nine-bay-wide structure is little changed. Initially L-shaped with four bays on the southeast or Pearl Street side and two on the northwest or Stone Street side, the main block of India House abuts, in the rear, a series of four-story brick rowhouses. Apparently present-day India House quarters extend rearward into three of these structures, whereas the cotton exchange utilized space in only one or two of them. They are identical in height to India House, are painted in matching brown tones, and feature uniform rectangular windows and door openings.

The front or principal section of India House rests on a stone foundation and displays a partially raised basement with rusticated outer walls topped by a wide, flat-faced, stone belt-course. An iron railing separates the 3-foot-wide, basement light-well from the sidewalk on all three open sides, and on each of these basement facades, six rectangular window or door openings provide interior illumination. There are two exterior, basement entrances with double doors. One is positioned on each side of the main entrance portico and made accessible by a set of five stone steps descending from the sidewalk. Atop the house, a low roof characteristic of the Romano-Tuscan style is hidden from view by a bracketed cornice that extends around all three open sides.

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8 SIGNIFICANCE

PERIOD	AREAS OF SIGNIFICANCE -- CHECK AND JUSTIFY BELOW			
—PREHISTORIC	—ARCHEOLOGY-PREHISTORIC	—COMMUNITY PLANNING	—LANDSCAPE ARCHITECTURE	—RELIGION
—1400-1499	—ARCHEOLOGY-HISTORIC	—CONSERVATION	—LAW	—SCIENCE
—1500-1599	—AGRICULTURE	—ECONOMICS	—LITERATURE	—SCULPTURE
—1600-1699	X ARCHITECTURE	—EDUCATION	—MILITARY	—SOCIAL/HUMANITARIAN
—1700-1799	—ART	—ENGINEERING	—MUSIC	—THEATER
X 1800-1899	X COMMERCE	—EXPLORATION/SETTLEMENT	—PHILOSOPHY	—TRANSPORTATION
—1900-	—COMMUNICATIONS	—INDUSTRY	—POLITICS/GOVERNMENT	—OTHER (SPECIFY)
		—INVENTION		

SPECIFIC DATES 1870-85

BUILDER/ARCHITECT Unknown

STATEMENT OF SIGNIFICANCE

The New York Cotton Exchange, founded in 1870¹ was the first established in the United States and the second in the world. Only the Liverpool Cotton Association, formed a few months earlier in 1870, preceded it. Perhaps more important, as author-broker W. Hustace Hubbard has pointed out, the New York Cotton Exchange was "the first regularly organized [American] market in any [single] commodity for dealings in contracts for future delivery."¹ Consequently it is outstandingly symbolic of both the decline of the long-popular factorage system of marketing cotton and the growth of futures trading in general as a major form of financial speculation and investment.

The exchange is additionally significant because it has remained the Nation's foremost trading center for what social scientist Charles S. Johnson and his associates aptly call "the most important American commercial crop."² Historically, they note, cotton is linked inseparably with the plantation system, the industrial revolution in the North, the rise and fall of slavery, secession and the Civil War, and the culture of almost the entire South. From the standpoint of foreign trade, says eminent economic historian Edward C. Kirkland, "everything paled before cotton" in 19th-century America.³ At the start of the Civil War cotton accounted for about 60% of the United States' domestic exports, and following a decline during the war, it approached this figure again by 1867. Moreover, total cotton production climbed steadily for several decades afterward.

(continued)

¹Hustace W. Hubbard, "Hedging in the Cotton Market," in S.S. Huebner, ed., Organized Commodity Markets, Vol. 155, Part 1, The Annals of the American Academy of Political and Social Science (Philadelphia, 1931), 24.

²Charles S. Johnson, Edwin R. Embree, and W. W. Alexander, The Collapse of Cotton Tenancy: Summary of Field Studies and Statistical Surveys, 1933-35 (Chapel Hill, 1935), 1.

³Edward C. Kirkland, A History of American Economic Life, 4th ed. (New York, 1969), 182.

9 MAJOR BIBLIOGRAPHICAL REFERENCES

Baer, Julius B., and Olin Glenn Saxon, Commodity Exchanges and Futures Trading: Principles and Operating Methods (New York: Harper and Brothers, 1929).

Eaton, Clement, The Growth of Southern Civilization, 1790-1860 (New York: Harper and Row, Publishers, 1961). (continued)

10 GEOGRAPHICAL DATA

ACREAGE OF NOMINATED PROPERTY less than one acre

UTM REFERENCES

A	<u>18</u>	<u>583630</u>	<u>4506210</u>	B			
	ZONE	EASTING	NORTHING		ZONE	EASTING	NORTHING
C				D			

VERBAL BOUNDARY DESCRIPTION

The boundary of the nominated property coincides with the boundary of the legal lot known as 1 Hanover Square, New York, New York.

LIST ALL STATES AND COUNTIES FOR PROPERTIES OVERLAPPING STATE OR COUNTY BOUNDARIES

STATE	CODE	COUNTY	CODE
STATE	CODE	COUNTY	CODE

11 FORM PREPARED BY

NAME / TITLE

George R. Adams, Director

ORGANIZATION

DATE

American Association for State and Local History December, 1976

STREET & NUMBER

TELEPHONE

1400 Eighth Avenue South

615-242-5583

CITY OR TOWN

STATE

Nashville

Tennessee

12 STATE HISTORIC PRESERVATION OFFICER CERTIFICATION

THE EVALUATED SIGNIFICANCE OF THIS PROPERTY WITHIN THE STATE IS:

NATIONAL

STATE

LOCAL

As the designated State Historic Preservation Officer for the National Historic Preservation Act of 1966 (Public Law 89-665), I hereby nominate this property for inclusion in the National Register and certify that it has been evaluated according to the criteria and procedures set forth by the National Park Service.

FEDERAL REPRESENTATIVE SIGNATURE

TITLE

DATE

FOR NPS USE ONLY

I HEREBY CERTIFY THAT THIS PROPERTY IS INCLUDED IN THE NATIONAL REGISTER

DATE

DIRECTOR, OFFICE OF ARCHEOLOGY AND HISTORIC PRESERVATION
ATTEST:

DATE

KEEPER OF THE NATIONAL REGISTER

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CONTINUATION SHEET N.Y. Cotton Ex. ITEM NUMBER 7 PAGE one

Windows throughout the first two floors of the main block are six-over-six sash in metal frames, while third-floor openings are 15-light, single sash. Exterior ornamentation of these windows varies from story to story. On the first floor the openings are flanked by molded jambs that rest on the beltcourse and support bracketed consoles with segmentally arched pediments. Beneath each window is a molded panel. Second-story openings have shouldered architraves that rest on bracketed, stone lugsills and support plain pediments. Third-story openings are similarly decorated but lack pediments.

Front entrance is through a recessed, double, wood-and-glass door set in a segmentally arched opening that also holds a transom with two casement windows. Sheltering the entrance, which is accessible from the street via a set of brass-railed stone steps, is a shallow portico consisting of a balustraded, dentiled entablature supported by two round, Corinthian columns and two rectangular, molded, Corinthian pilasters resting on molded bases.

The double entrance door leads into a vestibule approximately 10 feet wide and 12 feet long, and from it a pair of single doors open into a short central corridor. To the left is a lobby area, waiting room, reception desk, and coatroom, and to the right is the club's library. Both here and throughout the structure, alterations leave few clues to the initial layout, though the large library appears to have been always a single room. The shouldered, and in some cases pedimented, window architraves appear original, as does the central stairway with its symmetrically divided flights, turned balusters, and molded rails.

The second floor of the main block contains three dining rooms positioned around a central hall with a balustraded opening that overlooks the first-floor corridor. Four smaller dining rooms make up the third floor. Several chambers on each floor feature either marble or wood mantles, some of which may be original. Throughout, walls are plaster and painted variously in white and pastel shades.

The rear section of India House contains offices, a ballroom, a bar, pantries, and a kitchen. The ballroom, known to members as the Marine Room, was designed by W. A. Delano and constructed in 1924. Situated in the upper section of the rearmost attached

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rowhouse, it is reached via a separate, one-flight stair from the second-floor landing of the main stairway.

Despite its interior alterations, the former New York Cotton Exchange building's handsome and well-preserved exterior make it both an appropriate memorial to the early work of the exchange and an important part of the present-day streetscape.

Continuation Sheet N.Y. Cotton Exchange Item Number 9 Page one

Exell, John Samuel, The South Since 1865 (New York: The Macmillan Company, 1963).

Haskins, Ralph W., "Planters and Cotton Factors in the Old South: Some Areas of Friction," Agricultural History, XXIX (January 1955), 1-14.

Hubbard, W. Hustace, "Hedging in the Cotton Market," in S. S. Huebner, ed., Organized Commodity Markets, Vol. 155, Part 1, The Annals of the American Academy of Political and Social Science (Philadelphia, 1931), 23-38.

India House, Inc., India House (New York: India House, Inc., n.d.).

Johnson, Charles S., Edwin R. Embree, and W. W. Alexander, The Collapse of Cotton Tenancy: Summary of Field Studies and Statistical Surveys, 1933-35 (Chapel Hill; University of North Carolina Press, 1935).

Kirkland, Edgard C., A History of American Economic Life, 4th ed. (New York: Appleton-Century-Crofts, 1969).

Marsh, Arthur R., "Cotton Exchanges and Their Functions," in Emory R. Johnson, ed., American Produce Exchange Markets, Vol. 38, Part 2, The Annals of the American Academy of Political and Social Science (Philadelphia, 1911), 571-98.

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CONTINUATION SHEET N.Y. Cotton Ex. ITEM NUMBER 8 PAGE one

From its inception in 1870 until 1885, the New York Cotton Exchange occupied this three-story, Romano-Tuscan Renaissance Revival brownstone on Hanover Square, then a major commercial center. Erected between 1851 and 1854 for Hanover Bank, the building housed offices of W. R. Grace and Company from 1885 to 1913, and in 1914 it became the home of India House, Inc., a private club for businessmen interested in foreign trade. Although altered extensively on the interior, the structure is little changed on the exterior and is sound structurally. The Richardsonian Romanesque building in which the cotton exchange had its headquarters from 1885 to the mid-1920's is no longer extant. It was also situated on Hanover Square, across from India House.

History

The Civil War and Reconstruction caused or witnessed many changes in American social, economic, and political life. Among the most significant of these was a new method of marketing cotton, the Nation's leading commercial crop both before and after the war. Although over the years its production effected momentous social costs, "cotton," declares scholar John Samuel Ezell, "was vital to the American economy and furnished directly or indirectly a livelihood for millions" during the second half of the 19th century.⁴ As late as 1911 broker Arthur R. Marsh speculated that cotton "probably surpasses all other commodities in the money values involved in the production, distribution, manufacture, and delivery in the form of finished goods to the consumer."⁵ Most raw American cotton went to foreign buyers, and in the antebellum period, factors or commission merchants held the key to this trade. After the war, however, "cotton buying," says historian Harold W. Woodman, "became concentrated in the hands of a relatively few large European and American firms," which conducted much of their business through exchanges.⁶

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⁴John Samuel Ezell, The South Since 1865 (New York, 1963), 124.

⁵Arthur R. Marsh, "Cotton Exchanges and Their Functions," in Emory R. Johnson, ed., American Produce Exchange Markets, Vol. 38, No. 2, The Annals of the American Academy of Political and Social Science (Philadelphia, 1911), 253.

⁶Harold D. Woodman, King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800-1925 (Lexington, 1968), 288.

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Decline in the factors' role in marketing cotton had consequences that extended beyond the substitution of one kind of transaction for another. Chiefly it helped pave the way for the crop-lienage system. The commercial practices known collectively as factorage evolved from the work of joint-stock companies in the colonial period and became essential to the operation of many southern plantations. While watching price fluctuations, gauging the most favorable time to sell, and ultimately marketing the cotton crop constituted a factor's most important service for planters and interior merchants, he also functioned frequently as a supply or purchasing agent, investment counselor, stock-broker, realtor, and collector. In the past, historians have depicted the factor as a villain who perpetuated a single-crop economy and siphoned off all the profits, but recent scholars, such as Clement Eaton, view him as "valuable and necessary" to the plantation economy.⁷ After the war the factorage system gave way to lien laws and furnishing merchants who, according to Woodman, "became the most important economic power in the Southern countryside."⁸

The appearance of the first American cotton exchange is particularly symbolic of this major change in the South, not only because it helped deprive the factor of his primary function but, because the technological developments that contributed to his demise hastened at the same time the inception of the exchange. As early as the mid-1850's itinerant merchants discovered that thanks to improved transportation they could travel into the southern interior and buy scattered crops for resale through factors. After the cotton trade reopened fully in 1865, spinning representatives, speculators, and other buyers began to purchase cotton directly at inland markets and use new and existing rail lines and traditional waterways to ship it via a northern route to New York or Boston, where it could be stored or loaded for immediate passage to Europe. This method saved 30 days over shipment through southern ports and eliminated the need for factors. Improved cotton compresses and use of bills of lading

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⁷Clement Eaton, The Growth of Southern Civilization, 1790-1860 (New York, 1961), 200.

⁸Woodman, King Cotton and His Retainers, 296.

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promoted even greater reliance on this system, but nothing hastened its widespread adoption like the coming of the telegraph, the transatlantic cable, and later the telephone. These put merchants everywhere in almost instantaneous communication with one another, allowing cotton prices in London or New York to be known within minutes in Memphis or New Orleans. These same improvements in transportation and communication made the formation of cotton exchanges both desirable and possible.

Although English cotton merchants established a professional organization called the Cotton Broker's Association of Liverpool in 1841, it was not until 1870 that another group of businessmen in that city founded the world's first cotton exchange, the Liverpool Cotton Association. It preceded formation of the New York Cotton Exchange in 1870 by only a few months. Both provided formal organization and rules that, coupled with the new means of transportation and communication, enabled merchants to buy and sell contracts for cotton to be supplied at a later date. In its simplest form the futures system operated on a limited scale in both cotton and grain late in the antebellum period. Then it involved merely the sale of goods before they arrived in the market. During the war, cotton shortages prompted an increase in the sale of "cotton to arrive," as speculators who could find cotton were often able to sell it at considerable profit just by guaranteeing future delivery. Futures trading became a regular feature of the Liverpool and New York markets as early as 1868, but it increased rapidly after Liverpool merchant John Rew introduced the practice of "hedging" about 1869. Woodman explains:

Hedging involved offsetting each transaction in cotton with an opposite transaction in futures contracts; that is, cotton purchased would be balanced by the sale of a futures contract and cotton sold, by the purchase of a contract. Should prices change, the gain in one transaction would be balanced or cancelled out by a loss in the other, thus obviating the risk inherent in a fluctuating market.⁹

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⁹Ibid., 293.

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It was this practice, along with increased competition and accelerated buying and selling, that spurred merchants in Liverpool and New York to form exchanges to supervise and facilitate their transactions.

Merchants in Louisiana formally organized the New Orleans Cotton Exchange less than a year after the New York exchange opened, but while the New Orleans exchange, according to Woodman, had regulations governing futures trading, Marsh says "it was not until some years after the system of trading in contracts for future delivery was fully developed in New York that it began to be adopted in New Orleans."¹⁰ The Louisiana exchange came to handle a sizeable trade, but it dealt chiefly in "on the spot" transactions. Most scholars agree with English historian John George Smith's assessment that the New York Cotton Exchange remained "second only to the Liverpool Cotton Association in importance in the world's cotton market."¹¹

Commodity markets are now subject to Federal regulation, just as are securities markets, and although the New York Cotton Exchange cannot point with pride to its role in bringing that regulation about, one of its methods of operation occasioned enactment of the first major legislation--the Cotton Futures Act of 1915--governing cotton exchanges. Cotton falls into many grades, and for a time both major American exchanges used the same method--"commercial differences"--to adjust the prices of grades delivered to prices of the futures contracts, which were always based on the standard or "middling" grade. In this system the premium or discount allowed for better or poorer grades delivered were determined by the prices those grades were then bringing in the spot market. After 1888, however, spot sales declined in New York, and so the exchange adopted the method of "fixed differences." In this system premiums and discounts were set arbitrarily and periodically by an

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¹⁰ Ibid., 292; Marsh, "Cotton Exchanges and Their Functions," 273-74.

¹¹ John George Smith, Organized Produce Markets (London, 1922), 36.

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exchange committee. Unfortunately this proved unsatisfactory too, because the fixed price difference seldom coincided with the actual price difference at the time of delivery. Eventually this problem was largely resolved through passage of the Cotton Futures Act of 1915. It prohibited use of the standard or fixed difference and provided that in markets with insufficient spot sales to determine a truly representative commercial difference, price adjustment would be calculated by taking the average of the commercial differences in five or more southern spot markets designated by the Secretary of Agriculture.

In addition to being the Nation's first cotton exchange and responsible in a negative sense for passage of the Cotton Futures Act of 1915, the New York Cotton Exchange continues to be a principal world commodity market.

Continuation Sheet N.Y. Cotton Exchange Item Number 9 Page two

Peterson, Arthur G., "Futures Trading with Particular Reference to Agricultural Commodities," Agricultural History, VII (April 1933), 68-80.

Shannon, Fred A., The Farmer's Last Frontier: Agriculture, 1860-1897 (New York: Farrar and Rinehart, Inc., 1945).

Smith, John George, Organized Produce Markets (London: Longmans, Green, and Company, 1922).

Woodman, Harold D., "Itinerant Cotton Merchants of the Antebellum South," Agricultural History, XL (April 1966), 79-90.

_____, King Cotton and His Retainers: Financing and Marketing The Cotton Crop of the South, 1800-1925 (Lexington: University of Kentucky Press, 1968).

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