

## James F. D. Lanier

By GEORGE S. COTTMAN, Indianapolis.

The acquisition by the state of the old Lanier mansion at Madison has brought to the surface more or less fragmentary information regarding the man whose name is perpetuated by the place, and in whose honor it is to be preserved. That fact of itself makes seasonable a sketch of one who in his own right is entitled to a place in the gallery of Indiana's noteworthy men.

James F. D. Lanier, born in Washington, North Carolina, November 22, 1800, came with his father to Madison in 1817, when it was a mere village. The father was not a wealthy man. On the contrary, he failed in business, leaving debts which the son ultimately paid. Trained to thrift and industry, and gifted naturally with a fine business talent, the latter strikingly exemplified Horace Greeley's idea of "growing up" with a new country. He prospered with the thriving young town, and during the thirty-one years of his residence there he was an important factor in its business development. He began by studying law in the office of General Alexander A. Meek, graduated at the Transylvania law school in 1823, and took up the practice of that profession in Madison. The principles he cultivated are set forth by himself. In his brief autobiography, "printed for the use of his family only," and never given to the public, he says:

I was diligent, strove to be respected, and made it a point to be punctual in every duty and appointment. It was early my purpose of life to respect scrupulously the rights of others, but always to be firm in the assertion of my own. It was to the rigid adherence to this plan of life, if it may be so called, that I owed my success. My diligence and fidelity in every engagement gave me the command of whatever money I wanted, as it was well known that I would never allow my liabilities to exceed my means.

In a word, he was as a lawyer, as in subsequent vocations, a success, but the profession, involving as it did, riding the judicial circuit by horseback, was too much for his strength, and he gave it up as other more congenial business presented itself. For some years he was assistant clerk and then chief clerk of the Indiana House of Representatives. In this capacity he showed his characteristic habit of making the most of his position. Says the autobiography:

My duties required the greatest diligence and the closest attention. I soon became master of the rules and modes of conducting business, and was in this way enabled to be of service to members, many of whom, although men of sense and ability, often found themselves in positions of embarrassment from want of familiarity with legislative proceedings. My good offices were often availed of in the drawing up of motions and bills, and in guiding the conduct of members on the floor. I regard my office of clerk of the House as one of the chief causes of my future success. It enabled me to form an intimate acquaintance with all the leading men of the state, many of whom in after life were not slow to reciprocate the good office I had done them.

When the Indiana State Bank with its branches was chartered, in 1834, Mr. Lanier retired from law practice and became a banker, with which business he was identified for the rest of his life. By simple and economical habits, and by the investment of all his surplus in real estate that was continually rising in value he had acquired quite an income for those days in the West, and he now took a large amount of bank stock and became the first president of the Madison Branch Bank, being also a member of the Board of Control of the state system. These two positions he held for fourteen years, or during the rest of his stay in Madison, and again success was his meed. The institution with which he was connected stood a test that sent many another to the wall.

Mr. Lanier wrote:

The bank commenced business at one of the most critical periods of the history of the country—at the very beginning of that era of speculation which nearly bankrupted the whole nation, and which culminated in the terrible catastrophe of 1837. At this disastrous crisis nearly every bank in the western and southwestern states failed, with the exception of that of Indiana. A very large number of those of the eastern states were totally ruined. It would seem to have been almost impossible that the bank of Indiana, then one of the newest of the west-

ern states, should not have become involved in the general catastrophe. So far from being the case the bank not only paid dividends, averaging from twelve to fourteen per cent. annually, but returned to its stockholders nearly double the original investment when it was wound up at the expiration of its charter, in 1854.

An incident in connection with these precarious times adds a touch of color:

As we had always intended to keep our banks in position to meet any emergency that might arise we had not in the least anticipated the general suspension in 1837 in the eastern states till that event happened. Our board of control were then in session at Indianapolis. We were at the time the depository of \$1,500,000 of government funds. I was instructed by the board to proceed immediately to Washington to represent our condition and to confer with the Secretary of the Treasury as to what we, in the emergency, should do. I took with me \$80,000 in gold. I went up the Ohio river in a steamboat to Wheeling, and thence by stage, chartered for the purpose, alone across the mountains to Frederick, at that time the western terminus of the Baltimore and Ohio railroad, and sixty-one miles west from Baltimore. I suffered not a little anxiety on account of the treasure I carried more than three hundred miles through a wild and comparatively uninhabited region, and was not a little relieved on reaching the safe conduct of a railroad. On arriving at Washington I obtained an interview with the Secretary of the Treasury, the Honorable Levi Woodbury, explained to him the position and the entire solvency of our bank, and delivered to him the gold I had brought with me in part payment of our balances. He received me with great cordiality and said that our bank was the only one that had offered to pay any portion of its indebtedness in specie. We were allowed to retain the government deposits till they were drawn in its regular disbursements.

One evidence of Mr. Lanier's prosperity while still in Madison is that in the middle forties—or, to be exact, in 1844—he built himself a home there that was undoubtedly the finest family mansion in Indiana, and which visitors from Cincinnati and Louisville pronounced more imposing than anything in those cities. He enjoyed this residence but four years, for in the latter part of 1848 he left Madison and thenceforth made his home in New York.

The truth is that the Indiana of that day did not afford scope for his business capacity in the line he elected to follow. It was the dawning of a new era—the railroad era, that was to transform the business of the world. The railroad as a

factor in transportation was yet an experiment; there had been many losses and failures, but men of sagacity saw through the causes of these to vast possibilities. Lanier was one of these. He knew something at first hand about railroading, for he had, as he said, "been instrumental in the resuscitation of the Madison and Indianapolis railroad" after its failure under the mismanagement of an inefficient paternalism. But the logical base of operations for the great coming development was not the West, but New York City, the big financial center. Hence we find Lanier, on the first day of January, 1849, forming a copartnership with Richard H. Winslow, "the chief object of which was the negotiation of railway securities, although we [they] contemplated in connection therewith a general banking business."

There were then in the West about 600 miles of railroad, chiefly the remains of old state systems which had been sold to private companies. They were poorly built, some of them badly located, and were more or less failures, this general situation having, of course, a detrimental effect upon investors of capital. To Lanier's mind, however, there were reasons for believing that lines properly constructed upon good routes would be a success, and he began a vigorous propaganda to show that the time had come when railroad securities were a safe and profitable investment. It was evidently convincing propaganda, for business began to grow. Beginning with the bonds of the Madison and Indianapolis road, which were the first securities of the kind ever brought out in the Cleveland, Painsville and Ashtabula; Ohio and Pennsylvania; New York market, they followed with the Little Miami; Columbus and Xenia; Cleveland, Columbus and Cincinnati; Michigan and Southern, and other lines. The business so increased that, as Mr. Lanier says, "we not unfrequently negotiated a million of bonds daily, and the aggregate for the year was enormous." These were western roads and what this meant for the upbuilding of this section may easily be imagined. For the six years from 1849 to 1854, inclusive, the firm of Winslow, Lanier and Company specialized in railroad securities, and during that time 10,724 miles of road were built, nearly half of this mileage being in the middle West.

This aspect of Mr. Lanier's activities, however, is but incidental to the main purpose of this study, which is a consideration of his patriotic services to the State of Indiana and to the nation. Four such services, entitling him to public remembrance, I will present in the order of their occurrence. They were rendered modestly, inconspicuously, and history is virtually silent about them, even those relating to our Civil War having no official recognition in the reports of Adjutant-General Terrell covering that period. In reading the excerpts from the autobiography here given it must be borne in mind that they were originally addressed not to the public but to members of his own family.

1. In the later forties Indiana was in a bad way. People had gone crazy over the idea that they could get rich quickly by digging canals, building turnpikes and creating other internal improvements out of all proportion to the wealth of the country, and now it was a case of having to pay the fiddler. The state carried a debt, all told, of more than \$16,000,000, which amounted to a little over \$20 per capita, whereas the wealth per capita was only \$140. Something like \$11,000,000 of this debt had been borrowed abroad for the prosecution of the improvement system that had been authorized by the famous law of 1836. In 1845 the interest on this foreign capital, five years in arrears, amounted to \$3,000,000. The bonds were quoted on the market at forty cents on the dollar; the state was in danger of repudiation, and the creditors were correspondingly alarmed and clamorous. During the legislative sessions of 1845-6 and 1846-7 there was a long fight over the elaborate measure known as the Butler bill, which was finally passed. This was an attempt to relieve the acute situation by putting the whole foreign debt on a new basis. The proposition was to exchange the Wabash and Erie canal and certain lands attaching thereto for one-half of the outstanding bonds, while for the other half the state would issue new bonds. The creditor, by surrendering his old bonds, was to receive canal stock and state stock in equal parts. It was, of course, optional with the creditors to accept this plan, which was at best a compromise and, as it stood in the bill, so complicated as to be grasped

with some difficulty by people untrained in such matters. It was needful that a special agent be sent to Europe to confer with these creditors and secure from them, if possible, the surrender of the old bonds. As there is no mention whatever of this in the autobiography or in the scant matter available in the libraries, I can not do better than quote from an article written by a correspondent to the *Indianapolis Journal* of December 11, 1880, while the subject of the sketch was still living. The data seems to have been secured by a personal interview. The writer, over the signature of "E. T. J.", after making the above statement, says:

A mission of such delicacy and importance obviously required the services of a man of great intelligence and address. Mr. Lanier was the man selected, and the result proved the wisdom of the choice. The new securities, which consisted of certificates of state stock and certificates of ownership in the old canal, in equal proportions, were placed in his hands fully executed, but with dates, amounts and names of holders left blank, which blanks he was authorized to fill. The business of the mission was accomplished with such remarkable ability and success that in an incredibly short time he returned, having taken up nearly all of the old bonds, which he brought home and surrendered.

2. With the oncoming of the Civil War and the call upon Indiana for troops the state found itself in another predicament. On the receipt of the news that Fort Sumter had fallen Governor Morton telegraphed to President Lincoln offering ten thousand men for the defense of the nation. The raising of those ten thousand was easy enough, but equipping them for the field was another thing. The state was heavily in debt with no money in the treasury and apparently no way to get any, its credit being so bad no one would buy its bonds. A less resolute and less resourceful man than Morton would have been swamped at the outset, but he only proceeded to make good his patriotic offer. In the universal turmoil of the nation money was hard to get, even where credit was good, and in the emergency Morton turned to Lanier, who advanced funds to the amount of \$400,000.<sup>1</sup> It was due to this loan that

<sup>1</sup> The fact should be noted that there were other capitalist patriots whose friendliness to Morton and the Union cause prompted loans at the risk of loss. Among these are said to have been Stoughton A. and Calvin Fletcher of Indianapolis, though their services were done so quietly that only a fugitive tradition of them exists.

General T. A. Morris' brigade, when it marched through Cincinnati on its way to the front at the very beginning of the first campaign excited this editorial comment in the Cincinnati Commercial:

The governor of Indiana has outgeneraled the governor of Ohio. The former has sent four admirably-equipped regiments to the battlefield and has two more ready to march at an hour's notice. \* \* \* The Hoosier troops are all armed with rifled muskets, are uniformed, and furnished with their complement of camp equipments.

Of the two other regiments, a few days later, the same paper said: "They were armed with the new United States muskets, of the most approved pattern. No Ohio troops have such arms."

3. The early part of 1863 was a dark period for Indiana. Aside from the general turmoil of the war it was a seething cauldron internally. A predominating copperhead element in the legislature did all in its power to frustrate the Union cause and to cripple Morton's efforts in behalf of that cause. Morton himself, so his enemies said, was a past-master at the art of enforcing his will by high-handed methods, but he at least had a high motive for which history has justified him. The obstructionists, however, cared nothing for his motives, and their hatred of the man in power bred the kind of "dirty politics" which is all too common in our political history. Not the least of the sins of this legislature was the deliberate failure to make any appropriations for the necessary expenses of the state. Indiana's part in the war might become a disgrace; her insane and blind and other dependents might be turned out of the institutions for want of money to care for them; she might utterly ruin her credit by defaulting in the interest due to creditors—all that was a secondary consideration. The first consideration was the personal hatreds and venom with which the air reeked.

In spite of all this, however, Morton saved the situation. From various sources he gathered up enough to take care of military and current expenses, and to meet the interest on the state's debt he again appealed to Lanier for a loan. It was at best, from a business point of view, a risky loan. As the autobiography says:

The application was made at the darkest period of the whole war. I could have no security whatever, and could rely for reimbursement only on the good faith of a legislature to be chosen at a future and distant day, and upon the chances of its being made up of more upright and patriotic members than those composing the one then in existence. If the great contest should turn out disastrously to the cause of the Union and of freedom I could never expect to be repaid a dollar. I felt, however, that on no account must the debt of a great state be discredited, nor the position of its chief magistrate, the ablest and most efficient of all the loyal governors, and who of all contributed most to our success, be compromised or weakened. No alternative was left me but to advance the sum required. I would not allow myself to be responsible for the consequences of a refusal of his request. If the credit of the state in such a critical period should be destroyed, that of other states, and even the federal government might be so impaired as to render it impossible for them to sustain the immense burdens of the war. I accordingly addressed a note to the agent of the state for the payment of the interest, offering to pay that falling due July 1st, 1863, and requesting him to supply me with a list of the holders of the state stocks. He peremptorily refused to furnish such list, being himself one of the conspirators in destroying the state's credit.<sup>2</sup> A list had to be procured from other sources of information. As soon as this was obtained I commenced the payment of interest, which was thereafter promptly paid by me on the days it fell due. These payments were continued two years. The whole amount advanced by me on this account was \$640,000.

In this the obstructionists found something to cavil at. Winslow, Lanier and Company had selfish ulterior aims, and the Indianapolis *Sentinel* suggested that "as a proper reproof to such audacious impertience a prompt refusal ought to be given to the recognition of any part of this debt, so as to let Governor Morton and Winslow, Lanier and Co. know that it is better that they attend to their own business and let that of others alone." On the other hand many shared the view that Lanier's action had averted a disgrace to the state which all citizens must have shared, and the legislature of 1864 made provision for the repayment of the money loaned.

4. The next call upon Mr. Lanier for patriotic service was in the interest of the general government, and here again I quote the *Journal* correspondent. He says:

---

<sup>2</sup> This correspondence in full may be found in William Dudley Foulk's *Life of Oliver P. Morton*, Vol. 1, pp. 263-6.



The national debt incurred by the war was nearly \$3,000,000,000. The whole debt except \$559,000,000 of greenbacks, bore interest at a high rate, more than one half of which was payable in gold, upon which the premium was so high that practically the rate was more than doubled. About nine-tenths of the whole debt was held by our own people, and only about one-tenth was held abroad. In Europe money was plenty and interest cheap. It was obvious that if foreign capitalists could be induced to take our bonds the interest on our debt could be reduced and our national burden materially lightened. But in Europe there was a vast amount of erroneous opinion and but little correct information on the subject of American finances, so that in order to excite a demand for our securities it was first necessary that those who controlled the foreign money markets should be correctly informed concerning our financial condition and apprised both of our immense resources and of the overwhelming national determination that our debt should be paid. For the accomplishment of this purpose no method could be more effective than to send a special agent of the proper experience, knowledge and ability to visit and confer personally with the leading European capitalists.

To shorten the story, Mr. Lanier was the one chosen for this mission, which he carried out with his usual competency. At Frankfort-on-the-Main he delivered before a large meeting of capitalists and bankers an address that was published in several languages and widely circulated throughout Europe. The result of his work there was so favorable that upon his return home, in the fall of 1865, "he received not only the thanks of the government but the most gratifying acknowledgment through the loyal press of the great estimation in which his services were held."

Mr. Lanier always, to use his own words, "cherished a lively affection" for Indiana. As long as he lived he retained the title to the fine old home he had built at Madison, although his son, A. C. Lanier, lived there and was its virtual possessor. Ultimately another son, Charles Lanier, presented the property as a home for the county historical society as an abiding memorial to his father, and this society in turn transferred it to the keeping of the state to be preserved both as a memorial and as the most imposing existing relic of a picturesque period in our history.

J. F. D. Lanier died in New York City, August 29, 1881, and is buried in Greenwood cemetery.