

INDIANA MAGAZINE OF HISTORY

Volume XLIV

SEPTEMBER, 1948

Number 3

Economic and Social Effects of the Depression of 1819 in the Old Northwest

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In the present year of booming economic activity and inflation, it seems out of mood to discuss the effects of a depression. But most economic historians who can look at the future as well as the past are quite certain that this country sooner or later will again be face to face with another decline of business activity. In the hope of contributing toward a better understanding of this recurrent phenomenon, the writer has completed a general study of the Depression of 1819 in the United States, a depression usually regarded as the first of those cyclical economic disturbances which have made their mark upon American development. This paper, describing the impact of that depression upon the Old Northwest, is a part of the larger study.

The United States of 1819 was, of course, predominantly agricultural, and the effects of the depression were quite different from those which appear in a highly industrialized, interdependent economy. The total population was slightly more than nine million, over eighty per cent of the people lived on farms. In the Old Northwest, still a frontier community, the agrarian emphasis was even more striking. Ohio, the best settled area of the region, had approximately six hundred thousand inhabitants, and of this number only thirty-five thousand lived in towns of over one hundred population. Cincinnati, the largest city of the Northwest,

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had 9,642 inhabitants—Cleveland only 606. Urban problems were practically nonexistent in such a region. The total population of the state of Indiana in 1819 was less than one hundred fifty thousand, while that of the newly admitted commonwealth of Illinois was only about fifty-five thousand. Michigan Territory, embracing the future state of Wisconsin as well as Michigan, counted less than nine thousand inhabitants.¹ It may readily be seen that the total number of people affected by the Depression of 1819 in the Old Northwest was relatively small—less than that of one of the larger cities of the region today—the city of Cleveland. The early settlements, furthermore, were located mainly in the southern and eastern portion of the Old Northwest. The bulk of immigrants had crossed the Ohio River from Kentucky, Tennessee, and other parts of the upland South.²

The economy of the Northwest in 1819 was essentially primitive. Agriculture was diversified, with the family comprising the principal labor unit, and crops were grown chiefly for consumption rather than sale. Before the economic collapse occurred, however, there was a trend toward commercial farming. Considerable quantities of flour, pork, and whisky were shipped down the Ohio to the New Orleans market, while livestock was driven across the mountains to Baltimore, Philadelphia, and even New York City. Imports into the frontier region exceeded exports, however, and created an unfavorable balance of trade. Manufactured articles from Europe and the seaboard were purchased with proceeds from the sale of crops, with money borrowed from banks, and with credits extended by eastern commercial houses.

The growing trade between the West, South, and East was sharply curtailed by the Depression of 1819. This setback involved not only the limited commercial interests of the Northwest, but extended to the larger agricultural community as well. The economic distress, which was general throughout the United States from 1819 to 1825, resulted from the now familiar boom-and-bust cycle of forces. In

¹ *Fourth Census of the United States, 1820*; J. Leander Bishop, *A History of American Manufactures from 1608 to 1860* (3 vols., Philadelphia, 1868), II, 262; William T. Utter, *The Frontier State, 1803-1825*, in Carl F. Wittke (ed.), *The History of the State of Ohio* (6 vols., Columbus, Ohio, 1941-1944), II (1942), 392.

² Asa E. Martin, *History of the United States* (2 vols., Boston, 1934), I, 439-440.

this instance, the boom was caused in part by the sudden expansion of overseas markets following the end of the British blockade in 1815. The resulting high prices for farm commodities attracted heavy immigration to western lands, and the new settlements were financed by easy credit expansion. Public lands were sold by the federal government on an installment payment basis, and speculators mingled with homesteaders in the rush to buy. The amount of debt on acres bought from the government increased from \$3,042,613.89 in 1815 to \$16,794,795.14 in 1819, while numerous local banks sprang up to finance land purchases and improvements. In Ohio alone the number of state-chartered banks increased from eight to twenty-five during the three-year boom. The issue of large sums of paper money naturally resulted in price inflation, and the upward spiral was accelerated by the depreciation in value of the notes of those banks whose ability to redeem in specie or coin was doubtful. The traveling Scotch observer, James Flint, wrote that by December, 1818, western money was in various instances thirty per cent below par in the East. He explained, however, that "Tavernkeepers, grocers, and others, receive the money of the banks nearest them, although they know that these banks will not pay specie for them. They see that, without the rags now in circulation, they could have very little money. Everyone is afraid of bursting the bubble." Prices in the Northwest rose steadily, and the increase in apparent land values gave a false sense of prosperity to both farmers and speculators.³

The end of the economic boom, as well as the beginning, was related to overseas markets. By 1819, the major European countries had returned to normal agricultural production after the disruption of the Napoleonic Wars. They no longer required the produce imported from the United States. This reduction of foreign demand, aggravated by generally depressed conditions in Europe, meant the collapse of the farm and land boom, which had been stimulated by abnor-

³ *Niles' Weekly Register* (Baltimore, Maryland, 1811-1837), XXVIII, 81 (April 9, 1825); James Flint, *Letters from America*, in Reuben G. Thwaites (ed.), *Early Western Travels, 1748-1846* (32 vols., Cleveland, Ohio, 1904-1907), IX (1904), 136; J. E. D. Shipp, *Giants Days, or the Life and Times of William H. Crawford* (Americus, Georgia, 1909), 147-148, quoting Crawford; Benjamin H. Hibbard, *A History of the Public Land Policies* (New York, 1924), 97; *American State Papers: Documents Legislative and Executive* (38 vols., Washington, 1832-1861), *Finance* (5 vols., 1832-1859), III (1834), 718.

mally large exports at high prices. The country as a whole found itself in an unfavorable position relative to the balance of international payments. The excessive influx of foreign manufactured goods during the boom had caused a serious drain of specie and the establishment of a top-heavy indebtedness to Europe. With the loss of overseas export markets in 1819, the United States was temporarily unable to meet its international financial obligations.

The immediate cause of the depression, especially as viewed from the Northwest, was the contraction of credit resulting from policies of the Second Bank of the United States. One of the chief functions of the Bank, which had been chartered in 1816, was to maintain a sound currency. A sound currency meant that bank notes should be redeemable in specie, and practically all banks of the country had suspended specie payments since August, 1814. Soon after William H. Crawford became Secretary of the Treasury, he directed the United States Bank to resume specie payments on July 1, 1817. But the bank was deficient in coin reserves and held large quantities of state bank notes. Resumption of specie payments required, therefore, that the United States Bank press the state banks to redeem their notes. This action, in turn, forced the local institutions to call in their loans and curtail new credits. The United States Bank also moved to increase cash reserves by reducing its own loans and note circulation. By the middle of 1819, this deflationary action had been accomplished, but in the process the country's medium of exchange had been largely dried up. Total bank note circulation in the United States was reduced to less than forty per cent of what it had been in 1816, and during the year of crisis some eighty-five banks, of a total of 392, were forced to close their doors. The contraction of purchasing power not only pricked the speculative bubble, but it undermined public confidence and normal business activity.

The impact of depression was felt in all sections of the country. John Quincy Adams, a conservative observer, recorded in May, 1819, that "the present situation and prospects of the country . . . are alarming. The bank bubbles are breaking. The staple productions of the soil, constituting our principal articles of export, are falling to half and less than half the prices which they have lately borne, the merchants are crumbling to ruin, manufactures perishing, agriculture

stagnating, and distress universal in every part of the country."⁴

Economic collapse came as a special shock to the inhabitants of the Old Northwest, who had been filled with growing optimism in the years following the War of 1812. The Indian menace had been largely dispelled, rich lands were open to purchase on easy terms, and thousands of robust settlers were moving into the region. Among these immigrants were many skilled tradesmen, who gave impetus to the infant industries, which promised provincial economic independence. The success of steamboat transportation brightened the prospects for commerce with the other sections of the country.⁵

The loss of produce markets and the rapid evaporation of the currency shattered the golden dream of prosperity. The full force of the depression descended upon the Northwest in 1820. James Flint wrote that Cincinnati in that year showed nothing of the stir which had animated the city on his visit eighteen months earlier. Construction was almost entirely suspended while many houses stood empty. So great was the unemployment, Flint declared, that many townsmen had deserted to the woods. Writing from Indiana a year later, Flint estimated that he had seen upwards of fifteen hundred men looking for work since the coming of hard times.⁶ Farm prices were so low throughout the Northwest that they would hardly cover the cost of freighting. Real estate values fell sharply. It was reported from Marietta that depreciation ran as high as ninety per cent. Farm hands could be had for as little as five dollars a month and board, but few were hired even at that wage. The proportion of failures and bankruptcies was probably larger than at any time in the history of the nation, and many prominent citizens were heavily involved in debt. A considerable number of Ohio speculators were jailed because of their inability to pay judgments against them.⁷

⁴ Charles F. Adams (ed.), *Memoirs of John Quincy Adams* (12 vols., Philadelphia, 1874-1877), IV (1875), 375; Alonzo B. Hepburn, *A History of Currency in the United States* (New York, 1915), 96-97; Henry Adams (ed.), *The Writings of Albert Gallatin* (3 vols., Philadelphia, 1879), III, 291, 360-362.

⁵ Utter, *The Frontier State*, 263.

⁶ Flint, *Letters from America*, in *Early Western Travels*, IX, 226, 238.

⁷ Utter, *The Frontier State*, 291-294.

Depression in the West temporarily checked the flow of immigrants, who had formerly brought money with them into the region. The decline in immigration is suggested by the falling off in public land sales. Only 804,063.98 acres were sold in 1820, compared with 3,491,014.79 in 1818. It was not until 1824 that settlers again ventured westward in increasing numbers. Ohio and Indiana were then to resume their places as the leading areas of development, while Michigan Territory was to show the greatest relative gain in land sales. The reappearance of large numbers of immigrants in the Northwest was a helpful factor in the eventual recovery of the region.⁸

If optimistic hopes for easy prosperity vanished with financial disaster, most of the inhabitants of the Northwest experienced little physical suffering. The communities were predominantly self-sufficient, and the collapse of trade did not mean starvation to a sturdy farmer and his family. The relatively small numbers that were thrown out of work in the towns shifted back to farming, which in most cases they had not completely abandoned during the boom. The scarcity of money did not prevent local trading, most of which was placed on a barter basis. A few items, such as tea, coffee, leather, iron, and powder, were generally held for cash sale only, but products such as furs, deerskins, linen, and feathers were often accepted as cash. Other articles were usually bartered, with grain being used as the principal medium of exchange in the back country. Harvest hands, shoemakers, tailors, and most other workmen in those areas received their pay in grain.⁹

The most extensive and compelling problem of the depression in the Northwest was the liquidation of debts. As a result of speculation and overenthusiasm, the per capita debt in the Ohio Valley was the highest of any place in the country. In 1820 more than twenty-one million dollars were owed to the United States for public land purchases, and the larger part of this amount was due on lands in the Northwest. Probably half of the men in the region were

⁸ Hibbard, *A History of the Public Land Policies*, 100, 103; "Report of the Secretary of the Treasury," in *Senate Documents*, 27 Cong., 3 Sess., IV, No. 246 (serial no. 416), 6, 10.

⁹ William C. Howells, *Recollections of Life in Ohio, 1813-1840* (Cincinnati, Ohio, 1895), 137-138.

indebted to the federal government, and the fortunes of the remainder were closely bound with those of the debtors.¹⁰

The federal land offices in 1819 would accept only coin, United States Treasury notes, or the notes of specified banks in payment on land purchases. Since there was a drastic shortage of acceptable currency in the Northwest and little means of acquiring more through export of produce, the land debtors faced a dilemma. In March, 1819, Indiana newspapers complained bitterly of the want of land-office money, describing the situation as a public calamity for the "infant state." Settlers were harder pressed than at any previous time and called for an extension of the bank notes acceptable at the land offices. One account stated that within six weeks executions would be in effect to the amount of all the money and receivable notes in Indiana—"Infancy will be thrust out to nakedness and starvation, and age to despair and death."¹¹ The legislature of Indiana, as well as the Congress of the United States, responded to the demands for relief, and few of the dire predictions came to pass.

Since the unpleasant, even painful process of debt liquidation was the principal aspect of depression in the Northwest, hard times largely disappeared for individual farmers as they paid off their obligations and readjusted their holdings. True economic recovery, however, in the sense of a revival of purchasing power and commerce, did not come to the Northwest as a whole until about 1825. Most of Ohio appeared to regain normalcy before Indiana and Illinois. The eventual return of prosperity to the region, after five long and discouraging years, was related to the recovery of the rest of the nation. This recovery was accomplished in part through an increase in exports, especially from the cotton South, to a reviving Europe. At the same time, and more important, the foundations of a new internal economy were being laid. Eastern manufactures came to life and expanded quickly during the early 1820's. The growing industries of the East were to provide home markets for the produce of the West. This developing alignment of commerce was facilitated by completion of the Erie Canal in 1825, the commencement of Ohio's canal system, and the first construction on the National Road within that state. The opening

¹⁰ Hibbard, *A History of the Public Land Policies*, 94.

¹¹ Corydon, *Indiana, Gazette*, March 20, 1819.

of improved transportation eastward gave promise to the farmers of the Northwest. They saw brighter hopes of shipping their wheat, pork, beef, and other produce to a market which could in turn supply western consumers with the goods they needed. The unfavorable balance of trade of the West with the East, which up until 1825 prevented the establishment of a sound economy in the frontier region, could at last be redressed.¹²

A more immediate method of balancing internal imports and exports was the development of manufactures within the Northwest itself. After the War of 1812, home manufactures were boosted as a means of keeping purchasing power, especially gold and silver, in the region. Societies were formed for the encouragement of local manufactures, and the number of these organizations increased with the coming of hard times in 1819. In Cincinnati, where the interest in manufacturing was strongest, William Henry Harrison gave his personal support to the movement. Members of the societies pledged to refrain from importing liquors, fruits, or preserves, and to give preference wherever possible to locally-made products. In 1823, the General Assembly of Ohio, acting on the suggestion of Harrison, passed an act to exempt textile mills, ironworks and glassworks from taxation. Merchants of the state were under public pressure to sell only Ohio woollens. As one of several means of popularizing home manufactures, the practice was developed at county fairs of giving prizes not only for choice livestock and produce, but also for the finest glassware, the best broadcloth and flannel, and other articles of local manufacture.¹³ The infant industries responded to these encouragements during the early 1820's and led the way toward a general restoration of better times. Cincinnati, as well as the smaller cities of the region, was substantially aided by the stimulus to manufacturing.

The awakening interest in home industries gave rise to protectionist tariff sentiment in the states of the Old Northwest. The national contest over the tariff proved exceedingly close. Proponents of the "American System," representing chiefly the manufacturing concerns, argued that higher

¹² Corydon, *Indiana, Gazette*, December 10, 1823; John B. McMaster, *A History of the People of the United States* (8 vols., New York, 1922), V, 160.

¹³ Utter, *The Frontier State*, 261-262.

rates were essential to recovery and the development of a self-sustaining economy in the United States. The opposition consisted mainly of the New England commercial interests in combination with the cotton growers of the South. In this contest, the West held the balance of votes, and the final adoption of the Tariff of 1824 would not have been possible without the solid support of the states of the Northwest. Not a single vote of Ohio, Indiana, or Illinois was cast against the tariff in either house. The people of the Northwest had placed their hopes for a prosperous future in the development of internal trade and local industries.¹⁴

Manufactures gave some relief during the depression years and promised a great deal more, but agriculture, the predominant occupation of the Northwest, recovered very slowly. While planting of crops was not interrupted to any substantial degree, the marketing of produce remained difficult for several years. Exports to the South and East began to increase gradually in 1822 and 1823. The growth of river traffic was reflected in the greater value of flour, whisky, and animal produce received at New Orleans during those years. Commerce on the Ohio rose by fifty per cent between 1823 and 1826, and the number of steamboats on western waters rapidly increased.

Wool growing, which in the Northwest was centered at Steubenville, became profitable again after the recovery of the woolen mills. During the early part of the depression, the price of wool fell sharply, and many fine merino sheep were slaughtered. Wool advanced somewhat in price after 1821, and the demand was steady thereafter. Although by 1825 small shipments were sent from the Northwest to eastern mills, most of the clip continued to be sold locally.

Other industries of the Northwest, associated with agriculture, remained depressed. Lumber prices did not rise substantially until after 1825, and the fur business got worse rather than better. The affairs of the American Fur Company reached a critical stage by 1821. Ramsay Crooks, agent for John Jacob Astor on Mackinac Island, recommended that operations be closed out because of the poor market. Astor

¹⁴ *Senate Documents*, 18 Cong., 1 Sess., III, May 13, 1824 (serial no. 91), 401; *Niles' Weekly Register*, XXVI, 113 (April 24, 1824).

held on, but by 1825 the export of furs had fallen to half what it had been in 1821, and no better prospects were in sight.¹⁵

It might be expected that in the depressed conditions of the period the people would have turned to their political representatives for remedies and assistance. Economic hardships generally produce a crisis in relations between citizens and their government. What the government may or may not do has an important bearing upon the course of depression and recovery. In the main, the national administration sought to ignore the Depression of 1819. President James Monroe took the official attitude that conditions were not serious and, in any case, were not within the sphere of government action. Monroe was concerned only insofar as the economic situation affected the revenues of the government. In order to keep the budget balanced during a period of declining receipts, administrative economies were ordered, and when deficits threatened in spite of retrenchment, Congress authorized the Treasury to borrow up to eight million dollars. The income of the national government, which had amounted to almost fifty million dollars in 1816, fell to fifteen million dollars in 1821. But after striking that low mark, the receipts picked up and exceeded normal expenditures for each year following until 1837.¹⁶

Retrenchment was the rule in most state governments, as well as in Washington. The number of state employees was reduced, and salaries were lowered. In Indiana, there was a move to pare expenses still further by having the legislature meet biennially instead of annually. But in spite of all the economy demands and moves, the state governments were not entirely deflationary in their actions. During the depression and recovery period, the various states spent large sums for internal improvements, especially canals, roads, and bridges. Such expenditures were not made in the Northwest until after 1825, but the movement for state-sponsored transportation improvements gained strength there during the years of hard times. One of the leading proponents of public works as a recovery measure was the

¹⁵ Ramsay Crooks to John Jacob Astor, December 4, 1819; John Jacob Astor to Ramsay Crooks, November 10, 1824, American Fur Company, Letters: Ramsay Crooks and John Jacob Astor (Bound photostats, New York Public Library).

¹⁶ *United States Statutes at Large*, III, 582, 635; United States Treasury Department, *Statement of Receipts and Expenditures of the Government . . . from 1791 to 1836* (2 vols., Washington, 1886), II.

editor of the *Cincinnati Gazette*. He openly challenged the theory and program of government retrenchment and economy, declaring such measures to be negative rather than creative. Spending of money was justified, this editor stated, if it resulted in improvements which induced greater productivity. At the same time, he argued that public works would provide the greatest spur to business ever experienced in the West. Idle hands would find employment, directly or indirectly, and in a few years all embarrassments would be removed.¹⁷

Although the national and state governments generally assumed a "hands-off" attitude with reference to economic activity, they did take important steps toward relieving the distress of their citizens. In the Northwest, the greatest hardship of the times was debt, especially land debt. In response to widespread demands, Congress took effective action to alleviate the burden. Senator Jesse B. Thomas of Illinois introduced the first important land relief bill, which had the support of virtually all western Congressmen.¹⁸ As finally approved in March, 1821, the law provided that the land debtor could apply payments already made on various tracts to outright purchase of a chosen portion of his holdings.¹⁹ By relinquishing his larger claim, the farmer was able to save his home and other improvements and to free himself of debt. The law provided also that if the debtor could continue the payments originally agreed to, an extension of time would be permitted and accrued interest would be waived. A thirty-seven per cent discount on the balance due was offered for prompt settlements. The relief act of 1821 was extended in 1822 and again in succeeding years, until by 1832 eleven relief acts had been passed by Congress for the benefit of men who had purchased on credit before 1820. The heavy land indebtedness was thereby reduced over a period of time with little injury to the settlers of the West.²⁰

The lesson of land speculation, which was regarded as a

¹⁷ Cincinnati, Ohio, *Liberty Hall and Cincinnati Gazette*, February 1, 1825; Corydon, Indiana, *Gazette*, February 12, 1823.

¹⁸ *Journal of the Senate of the United States of America, 1820*, p. 83.

¹⁹ *United States Statutes at Large*, III, 612-616.

²⁰ Hibbard, *A History of Public Land Policies*, 95-100; Roy Robins, *Our Landed Heritage, The Public Domain, 1776-1936* (Princeton, New Jersey, 1942), 33-39.

contributing cause of the Depression of 1819, led Congress at the same time to abolish the prevailing system of sales on credit. In April, 1820, Congress passed a new Land Act, which required full payment in cash for all future purchases. This act, which must be regarded as an immediate consequence of the depression, was a blow to the traditional pattern of settlement in the West, and was firmly opposed by the western representatives in Congress. Settlers on new land after 1820 were benefited, however, by provisions of the act which lowered the minimum price from \$1.64 to \$1.25 per acre and reduced the minimum amount that could be purchased from one hundred and sixty to eighty acres.²¹

While the federal government moved to relieve the burden of land debt, the state legislatures took steps to protect the property of debtors from action by private creditors. Thomas Hart Benton of Missouri declared that the principal business of legislation in the states south and west of New England was intervention between debtor and creditor. Even before the depression Ohio had been accustomed to an "appraisement law," which was nearly as old as the state constitution. By this act no property could be sold on execution for debts unless it brought two-thirds of its value as appraised by neighbors. Supplementary laws to protect the property of debtors in a period when commerce was stagnant and money scarce were passed during the depression years. As a result of such measures, it could be reported from Columbus that "in this state our laws guard so well both real and personal property from sale on execution, that the debtor suffers hardly as much as the creditor by the pressure of the times."²²

Indiana, which in 1818 had a more complicated legal provision, copied the Ohio "appraisement law" in 1820. But in 1824, the creditor interests succeeded in abolishing the whole system of legal interferences in Indiana. This move caused temporary excitement and consternation among debtors in the state, but the feeling subsided with the return of better times in 1825.²³

Illinois was one of several states which passed replevin laws during the depression years. These acts permitted a stay of execution on property of all kinds if the debtor would

²¹ *United States Statutes at Large*, III, 556-567; Robbins, *Our Landed Heritage*, 33-34.

²² Quoted in the Hartford, Connecticut, *Courant*, May 23, 1820.

²³ Corydon, Indiana, *Gazette*, April 21, 1824.

sign a bond or pledge to make payment at the expiration of a stipulated period. Illinois, along with some other western states, gave further assistance to debtors by chartering a state-owned bank. The bank made loans, on mortgage security, in the form of transferable notes. The legislators attempted thereby to overcome the shortage of acceptable currency for the payment of debts.²⁴

Relief against the still general practice of imprisonment for debt was insistently demanded during the hard times. Bills were introduced in Congress, but did not pass, which would have abolished imprisonment on processes issuing from federal courts. Several states, however, took action within their sphere of authority. The new states of Indiana and Illinois already had constitutional prohibitions against imprisoning debtors who turned over their property to creditors. Ohio adopted similar provisions during the depression years, thereby ending the archaic practice in that State.²⁵

One of the most significant effects of the depression, having broad social and political aspects, was the crystallization of class and sectional feeling. The debtors, representing for the most part the poorer elements of the community, were unified in a common defense of their interests against the creditors. The debtor groups, furthermore, proved quite successful in pressing their demands upon Congress and the state legislatures, and they were determined to expand their influence in national and local affairs.

In the West, where the majority of citizens were indebted to the federal government or eastern financial interests, the debtor sentiment became a sectional feeling. The East was blamed for producing the depression, for making hard times more painful, and for extending the period of difficulty. The charge most commonly made was that the Atlantic states drained gold and silver from the section. Western newspapers also pointed bitterly to the fact that the federal government spent most of its money in the East, while tax-

²⁴ William G. Sumner, *A History of Banking in the United States*, in W. Dodsworth (ed.), *A History of Banking in All the Leading Nations* (4 vols., New York, 1896), I, 157; Theodore C. Pease, *The Frontier State, 1818-1848 (Centennial History of Illinois*, II, Chicago, 1919), 74.

²⁵ Washington, D.C., *National Intelligencer*, November 29, 1921; Samuel Rezneck, "The Depression of 1819-1822, A Social History," *American Historical Review* (New York, 1895-), XXXIX (1933-1934), 44.

ing the West. Strong sectional antagonism was stirred up by this kind of talk. The East naturally reciprocated, and citizens of each major geographical area began increasingly to disparage the other areas. A growing and militant sectional "pride" was aroused.²⁶

The Bank of the United States became the symbol of greedy eastern financial interests. It was called, among other things, a "sluice" for draining wealth to the East. The Bank had incurred general resentment in the West when it broke the speculative boom by contracting credit and forcing the resumption of specie payments. More than that, after lending liberally during the expansion period, the Bank made wholesale property foreclosures after the crash, and thereby came face to face with its dispossessed debtors. Benton expressed in Congress the hostile emotion of the section:

I know towns, yea cities . . . in which this bank already appears as a dominant and engrossing proprietor. I have been in places where the answers to inquiries for the owners of the most valuable tenements, would remind you of the answers given by the Egyptians to similar questions from French officers, on their march to Cairo. . . . "Who owns that palace?" "The Mameluke;" "Who this country house?" "The Mameluke;" "These gardens?" "The Mameluke;" "That field covered with rice?" "The Mameluke."—And thus have I been answered, in the towns and cities referred to, with the single exception of the name of the United States substituted for that of the military scourge of Egypt.²⁷

What Benton described was especially true of Cincinnati. The Bank came into possession of a large part of the city—hotels, coffeehouses, warehouses, stables, iron foundries, and house lots.

In addition to their anger against the Bank, which reached hysterical proportions during the depression, the people of the West developed a mounting urge to extend their influence over the policies of the national government. Dissatisfaction with the incumbent administration was so keen that some citizens of Ohio went so far as to question the wisdom of being united to a government which would tolerate the injustices of the United States Bank. John C. Calhoun sensed the rising discontent and its political meaning when he wrote to John Quincy Adams in 1820: "There had been

²⁶ Cincinnati, Ohio, *Gazette*, June 20, 1821; Frankfort, Kentucky, *Argus of Western America*, May 24, 1821.

²⁷ [Thomas H. Benton], *Abridgement of the Debates of Congress, 1789-1856* (16 vols., New York, 1857-1861), XI (1859), 153.

within these two years 'an immense revolution of fortunes . . . and a general mass of disaffection to the Government, not concentrated in any particular direction, but ready to seize upon any event and looking out anywhere for a leader.'"²⁸

The West was certain that the new leader should represent the new section. As early as 1821, agitation was started to put a western man in the White House. Expressing the view of his region, a correspondent of the *Cincinnati Gazette* wrote that the West had a just claim to the next Presidency, because of the extent of its territory and number of inhabitants. He claimed that his section should have its fair turn in office, and that the need of a special program and a liberal policy demanded a western man.

Henry Clay appeared to be the most logical candidate, for he had a program, the American System, which was clearly suited to the needs of the West. The other leading presidential possibility was Andrew Jackson, but his program was vague, and he was unpopular in his home state of Tennessee because of his opposition to depression relief laws. Nevertheless, it was Jackson who eventually triumphed over Clay to become the standard-bearer of the West. The people of the new section were not primarily concerned with specific plans and platform. They were dominated by hatred of the East and wanted, above all, a "real" Westerner in the White House. Jackson became the embodiment of the West in the eyes of his followers. Therefore, "it was the hero of New Orleans and the Indian fighter, the champion of the uncontaminated frontier democracy, the man with 'a character for honor, integrity, and purity of motive, sacred to Americans and spotless in the rolls of Fame' who rose above principles and issues."²⁹ The great social and political wave rolled up by the depression carried Jackson to a popular plurality in 1824 and the presidency itself in 1828.

Public opinion in the Old Northwest, aside from its influence on social and political trends, is significant as it reflects contemporary attitudes and thoughts. Especially

²⁸ Quoted in Frederick J. Turner, *Rise of the New West, 1819-1829*, in Albert B. Hart (ed.), *The American Nation, A History* (28 vols., New York, 1904-1925), XIV (1906), 147.

²⁹ Thomas P. Abernethy, *From Frontier to Plantation in Tennessee* (Chapel Hill, North Carolina, 1932), 49; R. Carlyle Buley, "The Political Balance in the Old Northwest, 1820-1860," in *Indiana University Studies* (25 vols., Bloomington, Indiana, 1910-1938), XII (1925), 411.

interesting are the reactions to the first visitation in this country of a major cyclical depression. Many blamed the turn of events on the banks, eastern financial interests, and general economic causes, but there were others who viewed the depression as a religious, psychological, or moral phenomenon. One wrote in June, 1819, "the signs of the times are great." He asserted that the many dreadful happenings were the work of Providence, going on rapidly as described in the Bible. According to another, hard times were only an illusion, for the apparent distress was merely the result of a transition from false prosperity to normalcy. A contributor to the *Indiana Gazette* rationalized the situation in the following terms: "We have been nationally drunk—and we are now getting sober, through an interval of languor and sickly depression." This explanation of the business cycle had the merit of simplicity and is more comprehensible than many interpretations which have been advanced during the past century of literature on the subject.³⁰

Moral decay was widely blamed as a leading cause of hard times. Dishonesty, indolence, and especially extravagance were roundly condemned. There was considerable support for the view that since unwise personal habits had brought on the distress, the restoration of traditional virtues would hasten recovery. One man declared that "linsey woolsey" must supplant silks and crepes, and that men must come to prefer good wives who can make bread and butter to girls who can dance in delicate laces. The *Cincinnati Gazette* called upon the ladies to do their part—to cut down on the number of public balls and to work for the interest and happiness of the domestic circle. A typical feminine reply to such appeals asked why women should economize when the men would probably spend the saving on the "bottle."³¹

One of the clearest descriptions of the attitude of a representative Ohio farmer toward the depression is contained in an article contributed to a Chillicothe newspaper in the year 1820. He addressed himself to his "BROTHER FARMERS:—"

³⁰ Baltimore, Maryland, *American*, June 16, 1819; New York, *American*, June 2, 1819; Corydon, Indiana, *Gazette*, June 12, 1819.

³¹ Corydon, Indiana, *Gazette*, August 23, 1821; *Niles' Weekly Register*, XVIII, 321 (July 1, 1820); Cincinnati, Ohio, *Gazette*, November 26, 1819.

I take the liberty of saying a few things to you about hard times. Now-a-days when we meet one another we have nothing to say but to repeat the old complaint of hard times. When we have got through the fatiguing labors of the day, and sit down with our wives and children about us in the evening, instead of calculating our gains and cheering our boys and girls by promising Bill and Bob a hat, and Molly and Katey a new dress after harvest and sale of our crops, we have only to amuse ourselves and them with the story of hard times. If we go to town, although we are invited to try a little corn as usual, and meet with the same feeling enquiries from our friends, the store keepers, as formerly, about our "concerns at home;" before we leave their store we are sure to be winked aside and called on for "a small balance of some time standing which ought to be paid."

Well, it is true the times are hard enough. Two or three years ago we could get a dollar a bushel for our wheat, and for our pork and beef four or five dollars per hundred. Then our farms were worth something, and we could always, by some means or other, raise a little money to meet "a balance of some time standing which ought to be paid." Now we can get little or nothing for our wheat, our pork and our cattle. And as for our farms, we could hardly give them away. In fact, it is so difficult to get money that all "balances," whether for or against us, bid fair to remain "outstanding" for a long time to come. . . .

The truth is, we farmers have been and still are in the way of buying too much coffee, too much tea, too much foreign cloth, too much foreign finery at the stores—and drinking too much corn both at home and when we are from home. There are a great many farmers as well as others in our country who are becoming, as one might say, habitual drunkards, and who are in a fair way of destroying themselves, wasting their property, and leaving their families as poor and naked as when they came into the world.³²

By the year 1825, talk of hard times and their relation to moral reform had largely disappeared. The farmers of the Northwest and the people of the United States were headed into an era of prosperity, which was the next phase of an economic cycle that has carried down to the present day.

³² Chillicothe, Ohio, *Supporter*, July 5, 1820, cited in Utter, *The Frontier State*, 293-294.