Problems of Trade in Early Western Pennsylvania*

By Randolph C. Downes

Western trade was a vital part of the foundations upon which the fathers of the Constitution sought to establish the young republic. Without it, the sale of public lands in the West for the purpose of helping to meet the pressing financial needs of the embarrassed confederation government of 1787 would have been impossible. Who would go to the western country and how could the average pioneer pay for his land if he did go, if there were no markets in which to sell the surplus products of the soil?

The truth of such a statement is too obvious to need demonstration. But there was much lack of agreement as to where the market was going to be. Men like Washington, impelled, no doubt, by their close interest in the political and financial stability of the Federal government, allowed themselves to be convinced that the settlers in the West would find a market for their exports in the same cities and along the same routes that furnished their imports. That was the way that normal trade should proceed, and any other way would detract from the value of the land. Hence, the wish being father to the thought, that was the way the trade would proceed. Others, like the leading merchants of Pennsylvania, were more impressed with the difficulties in the passage of the Appalachian mountain barrier. To them it seemed far more probable that the produce of the west would find an outlet along the route of least resistance, viz., down the Ohio and the Mississippi rivers to New Orleans. The adverse effect of this upon the value of the lands was, of course, conceded, but such considerations were of less moment to Pennsylvanians of 1787 for probably two reasons. First, their capitalists were more concerned with the possibilities of commercial expansion on the seas than with the development of western lands; second, as the result of the absence of such a factor as the soil exhausting tendencies caused by the generations of tobacco economy as practiced in Virginia, there was less pressure of the population on the land.

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At any rate, the first thing that the Virginian, Washington, did after he had retired from military service was to make his well known trip of 1784 to western Virginia and Pennsylvania in order “to get information”, as he says, “on the nearest connection between the eastern and western waters.” He, of course, owned land out there, and was, therefore, influenced in his observations by considerations resulting from his own embarrassed financial situation following the war. His impressions of the ease of the portages of the Appalachian barrier were overly optimistic. “All of these”, said he, “are so many channels through which not only the produce of the New States, contemplated by Congress, but the trade of all the lakes . . . may be conducted . . . thro’ a shorter, easier, and less expensive communication than either of those which are now, or have been used with Canada, New York or New Orleans . . . . [We should] open a wide door and make a smooth way for the Produce of that Country to pass to our Markets before the trade may get into another channel.” A few months later he wrote in the same vein that, if the products of the West “should come by way of Fort Pitt to Potomack (which is most natural) or to the Susquehanna—by the Great Kanhawa to James River—or by the Lakes Erie and Ontario to New York” his lands should find a ready sale. These observations were submitted to the Governor and Legislature of Virginia who honored their author by authorizing the formation of a company to proceed with the “extension of the navigation of the Potomack from tide water to the highest place practicable on the North Branch.” Maryland quickly followed suit in an enterprise that ultimately was more successful in bringing about the cooperative venture of the Constitutional Convention than in bringing about the attainment of one of its chief objects, viz., a satisfactory communication with the western waters.

But, as we have observed, Pennsylvania was otherwise minded, and the lukewarmness of the Philadelphia government for things western that George Croghan had complained of in the preceding generation, was again evidenced by the fact that the farthest the State was willing to go at this time was to provide for the building of “the Western Road to Pittsburg” along the Forbes route.
Since Virginian optimism could not create trade, we cannot then accuse Pennsylvania of lack of vision in this. Indeed, we may rather credit the more mercantile-minded entrepreneurs of Pennsylvania with a more accurate business sense in the matter—a fact serving as a check upon fundamentally unsound developments that were altogether too common in our movement of western expansion. In other words, Pennsylvania traders were in possession of information about the possibilities of western trade that prevented them from making the mistakes made by George Washington.

What were these facts? Unknown to or ignored by Washington, they were, nevertheless, the common possession of those engaged in the actual settlement of the upper Ohio valley. Those who crossed the mountains in the 1780’s and 1790’s, and who, instead of passing on down the river to Kentucky, made their homes in the valleys of western Pennsylvania and Virginia, counted on a little more than the cattle trade and the fur trade to solve their export problem. In the Pittsburgh Gazette for January 16, 1790, “The Western Farmer”, in discussing the causes for the depression on the frontier, raised the question of why they settled in western Pennsylvania instead of going elsewhere. In answer to his own question, this farmer wrote, “We adjudged that stock would be capable to carry themselves to market; either to Philadelphia, Baltimore, or Alexandria, in Virginia.” In the same year, Rufus Putnam, pioneer leader of the Ohio Company’s settlement in the Marietta district, wrote, “It is true that Flour, Hemp, Tobacco, Iron, Pot-ash, and such bulky articles will go down the Mississippi to New Orleans for Market . . . but it does not follow hence that it will be for their interest to loose their connection with the Atlantic States but the contrary will appear if we consider: that all the Beef, Pork, & Mutton (from a very Great part of the western country) will come to the Seaports of Virginia, Maryland & Pennsylvania to market, as will also most of the Furs Skins, &c. obtained by the Indian Trade.” Again, John Cleves Symmes, the great pioneer land speculator of the Cincinnati and Miami valley country, in advertising his lands for sale in eastern newspapers, declared, “The farmers’ profits here must be great, as horses and oxen may be
raised free of expense, save a little salt which is cheap; and they may be drove to Philadelphia for less than four dollars a head.”

But even these statements were over optimistic, for hear the lament of “The Western Farmer” quoted above. Concerning the cattle droving, he said, “Some of us have done it, but found it did not answer our expectations, owing to the large droves of cattle from the back settlements of the Carolinas and Virginia.” In other words, not even the trade in cattle could prove profitable. Surely then little hope could be justified for the very rapid development of direct trade relations between East and West.

How unsatisfactory they were is revealed in an observation made by the French traveller, F. A. Michaux, after a trip in 1802 from Philadelphia to Pittsburgh. He wrote, “The price of conveyance would not be so high as it really is, were it not that the waggons frequently return empty; notwithstanding they sometimes bring back on their return to Philadelphia or Baltimore, fur skins that come from Illinois or ginseng, which is very common in that part of Pennsylvania.” Empty wagons, an unsatisfactory trade in cattle, furs from the rapidly disappearing frontier of Illinois, a few paltry bundles of ginseng roots as tonics for eastern constitutions—what a miserable basis for the fulfillment of Washington’s fond dreams.

Small wonder then that these wagoners, or carriers as they were called, were unpopular with the frontiersmen. Although the returning wagons were practically empty, not so were the leather money bags. A farmer of 1787 thus vented his wrath on the traffic, “In the year 84 no less than 63 wagons unloaded at Pittsburg. The last two years indeed not so many; [but] every merchant in the place will allow me to state these waggons each to draw £50 of carriage and Who pays this carriage? The farmers and consumers in the country. An evil equally as much felt is the real loss of circulating specie which these waggoners carry off. It is a notorious fact, that the carriers principally belong to the lower counties.”

If exporting to the East was on such a precarious footing, how could settlers live? Where did this gold that the carriers took come from? In other words, to whom were they selling produce? Putting aside for a moment a con-
sideration of the exports to New Orleans, we may mention the sale of produce and supplies to immigrants from the East to tide them over the needs of the first year or two in the new country; and also the provisioning of the Federal armies engaged in the wars against the Indians. Every immigrant had to make quite an investment before his farm made him self-supporting, and for a long period of time the new settlers in Western Pennsylvania and the Northwest Territory absorbed a large supply of cattle, flour, cordage, whiskey and flat-boats.

Symmes, in recording his first impressions of the West upon his arrival, wrote, “As to flour it is chiefly brought down the Ohio from the Mononga[he]la and other rivers in the country around Pittsburgh.” The Pittsburgh merchants engaged in this trade soon became widely known as the “Kentucky traders.” Senator James Ross of Pittsburgh referred to these merchants in a letter to Secretary Winthrop Sargent of the Northwest Territory, saying that the Allegheny and Monongahela rivers had frozen over on November 27, 1796 much “to the distress of the Kentucky traders” who were obliged, therefore, to sell their wares at low prices in the immediate neighborhood.

How the Federal armies provided the frontiersmen with currency is illustrated by the following advertisement published in the papers of Pittsburgh, Cincinnati, and Lexington by officers of Wayne’s army in 1796: “Bills of exchange at ten days sight, on the Secretary of War in Philadelphia, Caleb Swan, Paymaster of the troops of the United States Head-quarters Greenville.” John Bartle, one of the early pioneer merchants of the West, in payment for supplies, took these bills of exchange “which he cashed in Lexington at a premium of two and a half percent. Whence they were remitted to Phila to purchase goods for the new settlement of Kentucky.” How Pennsylvanians counted on this is shown by a letter published in the Pittsburgh Gazette in 1786 at the time that the government was considering sending more troops to Ft. McIntosh, a few miles down the river, “Now, my friends,” wrote a farmer, “as all the markets southwardly is annihilated, we have but a small prospect otherwise, which is this—Congress having augmented the troops on the peace establishment to 2040
men for the defence of the western frontiers, which including officers, wastage and followers of the army, will consume about 3000 pounds of flour daily, this will amount in a year to 1,095,030 pounds, and should bring the sum of 10950 Spanish milled dollars into our country, or a sum equivalent in paper currency.”

But these two sources of wealth were not permanent. Immigrants soon became creators instead of consumers of the surplus, and by 1800 the Federal armies operating against the Indians were far beyond Pennsylvania. Hence there was a growing dependence upon New Orleans and the West Indies as the market for the surplus. In 1802 Michaux wrote, “Pittsburg has long been considered by the Americans as the key to the western country. . . . The territorial produce of that part of the country finds an easy and advantageous conveyance by the Ohio and Mississippi. Corn, hams and dried pork are the principal articles sent to New Orleans, whence they are re-exported into the Carribbees. They also export for the consumption of Louisiana bar-iron, course linen, bottles manufactured at Pittsburgh, whiskey, and salt butter. . . . All these advantages . . . make me think that the banks of the Ohio from Pittsburgh to Louisville . . . will, in the course of twenty years, be the most populous and commercial part of the United States, and where I should settle in preference to any other.”

Fifteen years earlier, H. H. Brackenridge, one of Western Pennsylvania’s great pioneers, had expressed the intention of the first settlers in this enthusiastic manner, “We had calculated often times that a farm in the neighborhood of these rivers, was nearer the market of any part of the world than a farm within twenty miles of Philadelphia. On these principles many had calculated, in selling lands below and buying lands here. On this principle we had all calculated on settling in this country.”

Note that Brackenridge claimed this intent as to the use of the Orleans market to have been the prevailing sentiment among dwellers in the East before they came West—a claim substantiated by evidence at every hand. The Ohio Company, organized in 1787, in advertising its lands for sale, proclaimed, “Above all, it is upon the Ohio and Mississippi that there can be transported a great num-
ber of things necessary for the markets of Florida and the West Indies, such as wheat, flour, beef, bacon, lumber for joinery and ship-building, etc., that they will be more frequented than any river upon the earth.” John Cleves Symmes likewise advertised, “The distance from Fort Pitt is about five hundred miles down a gentle river, navigable for boats of one hundred tons to the Mississippi, and down the Mississippi to the sea . . . . Vessels may be built here of two hundred tons burden, and being fully freighted may be navigated with safety to New York, or any other sea-port.”

The long drawn out negotiations with Spain for the open navigation of the Mississippi during these years are well known. Kentuckians have long enjoyed the distinction of having been most enthusiastic in their clamor for an open market. But hear this effusion from Brackenridge, “How much more gradual but steady, continual and lasting the effect, if the Mississippi trade was opened . . . . The last year’s grain would not now lie in the barn, and discourage the husbandman from fresh labors the next. That country would soon rise from the pastoral to the polished state, her woods would become gardens, her forests blooming lawns, and her whole territory speak the residence of men.”

Quickly a new type of carrier arose to grasp the new opportunities—carriers that were the greatest pride of these forest men instead of sources of irritation, carriers equipped to meet not only the hazards of the river, but also the tempest of the open sea. The story is too well known to be retold. Let it suffice for us to remember that it was the Monongahela Farmer, launched from the town of Elizabeth a few miles up the Monongahela River, that first carried the produce of the Ohio valley down the river and out into the world markets. Early Pennsylvanians can be pardoned for exaggerating their prowess, as did Albert Gallatin when he boasted that “as early as the year 1793, a schooner built on the Monongahela between Brownsville and Pittsburg, reached New Orleans by that extraordinary inland navigation and arrived safely at Philadelphia.”

One cannot over-emphasize the effect of this downstream trade on western life. It acted as an obstacle to amicable relationships with the Federal government—for
downstream trade is a poor foundation for upstream politics. The country’s very existence depended upon the uninterrupted disposal of the continually increasing surplus of grain, beef and pork. The fundamental institutions of commercial life were shaped by it. Merchants were paid in country produce; land was paid for in instalments of country produce. Mills were built with two departments or types of service, one to serve the farmer to grind grain destined for his own use; the other to receive the innumerable payments coming in to retire the farmer’s obligations to merchants and land owners. So fundamental an institution was the mill that the Federal land law of 1800, drawn up by Albert Gallatin and William Henry Harrison, granted preemptions to occupiers of any mill site on the public lands—the first definite step in the Federal surrender to the squatter."

The country side required growth, and growth was only possible by means of this same downstream market. The agents of this growth, merchants, land speculators, town builders, millers, bankers, with lawyers at their side, eagerly cooperated in founding a new economic order, the tangible evidence of which was a network of mills, warehouses and stores, a system of flatboats, packets, and credit instruments, rapidly forming a more or less elaborate and efficient marketing machinery for the disposal downstream of the country’s surplus. These tangibles were realities to the frontiersman and dominated his consciousness for his most direct contacts were with them.

Only by encouraging this kind of commerce could easterners hope to profit by western trade. Not the shuttling back and forth over the same mountain routes of imports and exports in mutual exchange. Instead, a roundabout process by which imports were sent from Philadelphia to Pittsburgh and were paid for by exports down the Ohio and Mississippi to New Orleans. How it worked, Michaux recorded in 1802, "The major part of the merchants settled at Pittsburgh, or in the environs, are the partners, or else the factors belonging to the houses at Philadelphia. Their brokers at New Orleans sell, as much as they can, for ready money; or rather, take in exchange cottons, indigo, raw sugar, the produce of Low Louisiana, which they send off by sea to the houses at Philadelphia
and Baltimore, and thus cover their first advances." Another traveller, Thaddeus Mason Harris, likewise noted, "The terms of credit are generally from nine to twelve months. The produce which they [Pittsburgh merchants] receive of the farmers is sent to New Orleans; the proceeds of which are remitted to the Atlantic States to meet their payments." Long before 1803 the need for this system of exchange had been noted by an unknown pioneer who urged western merchants to cooperate with their eastern creditors along these lines. "Can you suppose," he asked, "that an eminent merchant of Philadelphia, Baltimore, Alexandria &c. would think it worth his while to ride all over this country to collect about four or five hundred barrels of flour for the purpose of so long a voyage? Certainly not. But could a single merchant readily collect fifteen hundred or two thousand barrels, you would shortly have many adventurers and get a generous price for your wheat." It is a long story from this to the present system of inland trade, a story too long even to outline. It is a story fully as important as the story of political growth, and far more difficult. It is filled with problems of the utmost significance. Let me mention but a few. We must analyze most carefully the workings of this merchant-mill system as the origin of our western banking institutions. We must inspect the increase in the wild-cat merchants as well as the wild-cat bankers—i.e. those merchants who were not factors of respectable eastern houses with agencies at New Orleans—if we would understand certain aspects of the western finance such as the disturbances of 1819 and 1837. We must examine the devices by which the Federal government in selling western lands ultimately received the payments from the settlers. We must trace the breakdown of this roundabout system of importing and exporting with a view to discovering its essential points of inefficiency. We must probe into the relative marketing efficiency of the Atlantic ports on the one hand and of the Gulf ports on the other, with especial emphasis upon possible adverse climatic effects of conditions in New Orleans upon the quality of produce, upon storage facilities and upon the health of shippers and merchants. This also involves some analysis of the West Indies as a grain and
pork market. The great subject of cattle droving is rich in its possibilities and invites the attention of historians. One has but to mention the well known drovers' banks of eastern cities to indicate the scope of this problem. The question of internal improvements has never been adequately studied from its commercial aspects. Just to mention the fact that bonds for roads, canals, railroads and other projects were marketed by prominent banking houses in the East and in England raises, in its implications, a host of problems bristling with interest. Lumbering, sheep raising, woolen manufacturing, coal mining, ceramics, steel and iron making, and a host of other phases in the growth of Pittsburgh into first place as the originator of freight, are problems that must be solved by careful and painstaking study. In a word, the commercial history of Pennsylvania, nay, of the United States, has yet to be written. The future beckons us to diligent endeavor and wholehearted cooperation.

NOTES

1. The entire diary of this trip is in John C. Fitzpatrick (ed.) The Diaries of George Washington, 1748-1799 . . . (Boston, 1925), II, 277-332.
5. Archer Butler Hulbert, The Old Glade (Forbes's) Road (Cleveland, 1903), 190.
9. F. A. Michaux, Travels to the West of the Allegheny Mountains . . . in the year 1802 (London, 1805), reprinted in Reuben Gold Thwaites (ed.), Early Western Travels . . . (Cleveland, 1904-1907), III, 158.
13. Centinel of the North-Western Territory (Cincinnati), Jan. 9, 1796.
15. Pittsburgh Gazette, Dec. 9, 1786.
17. Pittsburgh Gazette, Apr. 28, 1787.
18. John Henry James (ed.), *Ohio in 1788 ...* (Columbus, 1888), 43.
20. Pittsburgh Gazette, Apr. 21, 1787.
23. Michaux, op. cit., 159.
24. Thaddeus Mason Harris, *Journal of a Tour into the Territory Northwest of the Allegheny Mountains ... in ... 1803 ...* (Boston, 1805), reprinted in Thwaites, op. cit., III, 343.