

INDIAN CREDIT AS A SOURCE OF FRICTION IN THE COLONIAL FUR TRADE

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A chain of credit, extending from London to the rude traders' cabins on the Ohio, collapsed when the Philadelphia trading firm of Hockley, Trent, and Croghan became insolvent in 1751.¹ The failure had a profound effect on frontier Carlisle, and no less consternation was felt in counting houses in England.² This bankruptcy in Pennsylvania highlighted a practice common to the colonial fur trade on many frontiers. The Indian trade in the areas where the system of free enterprise abounded was a matter of extended credit with the last link of the chain held by the individual Indian far in the distant primitive village. There the Indian knew little about the financial chaos that resulted from his failure to honor his debt commitments as in the case of Hockley, Trent, and Croghan. But he was aware that he must have credit or he could not participate in the lucrative trade.

Credit became a necessity to the Indian because of the seasonable nature of the trade commodity. He could trade in summer, but he had to hunt in the fall and winter when the prime furs were dressed. For these hunts, the Indian had to have guns and ammunition. He also needed other goods that had become for him a matter of subsistence. In order to possess the tools of the hunt and the desired European goods at the time he wanted them, he became a debtor. And as he was more and more subjugated to the white man's way of life, his wants and indebtedness increased. In the meantime, the Indian suffered all the qualms and discomforts of any debtor. The indebted condition was a real source of trouble in the English-Indian relations, and oft-

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1 Nicholas B. Wainwright, *George Croghan: Wilderness Diplomat* (University of North Carolina Press, Chapel Hill, 1959), 44-45. The firm members were Richard Hockley, William Trent, and George Croghan. Hockley stayed in Philadelphia; Trent and Croghan worked on the frontier. For an evaluation of George Croghan in the fur trade of this period, see Reuben Gold Thwaites, *Early Western Journals, 1748-1765* (Cleveland, 1904), I, 48-49.

2 Governor Hamilton wrote Penn that "so unexpected a bankruptcy . . ." would "retard the progress of the town [Carlisle], as well as lessen the value of the lands for the present." Cited from Wainwright, *Croghan*, 45.

times, as the system came into general use, murder and other violence resulted. A survey of some of the aspects of the credit practice as the trade developed points to the extent of the system as well as to its potential for the encouragement of frontier crime.

Although viewed by many colonial officials with dismay, the credit practice grew to great proportions very early. By 1711 the indebtedness of the Indian in the Carolina trade was reported as 100,000 skins.³ This was the amount of a year's trade, and such indebtedness increased as the trade expanded.

In Pennsylvania at a later time, a group of traders found that the Indians from whom they were trying to collect had a total indebtedness of two thousand pounds of skins.⁴ This and other instances were brought to the attention of the colonial officials who did what they could. They were not able to restrict the use of the system, however, and even the Indians came to expect the privilege from most traders.

In June 1729 one John Maddox was the object of Indian displeasure because he refused credit. Upon his refusal, the Indians beat and wounded him, and in this manner forced him to give them the trade goods. Maddox and his associates petitioned Governor Gordon of Pennsylvania to use his influence in their behalf. The petition asked that he instruct the chiefs of the culprit Indians to make satisfactory payment to the traders. The Governor wrote to the chiefs on August 20, 1730, in these words: "I must insist that you make those Indians sensible of their Folly and Rashness, and [*sic*] that I will not allow any such Insults to be offered to our People, but in every such Case will expect that the offenders shall not go unpunished."⁵ In this manner through an interpreter the Governor brought his influence to bear on the frontier and his letter points to the use of the chiefs as the responsible collateral persons in the credit structure. Without the friendship of the leading chiefs on the Ohio River or on any other frontier, the trade was precarious indeed.

The trader sought to mitigate the lack of security in the trade by his trading methods. He kept a simple accounting of the many credit transactions and, of course, he was on hand to accept payment at trading time. Since his presence was necessary, he built his trading house in or near the larger Indian towns. The chiefs of the towns were given sufficient largess by the trader to insure for him enough

3 Verner W. Crane, *The Southern Frontier, 1670-1732* (Duke University Press, Durham, N. C., 1928), 167.

4 Randolph C. Downes, *Council Fires on the Upper Ohio* (University of Pittsburgh Press, Pittsburgh, 1940), 22.

5 *Pennsylvania Archives, First Series* (Philadelphia, 1852-1856), I, 261, 265.

prestige and authority to make the Indians pay their debts. The character of the trader was also involved in the surety of payment. If the Indians classified the trader as *honest*, he was paid without any real trouble. If the trader was thought of as *unfair*, the chiefs might ignore the payment. Indian honesty, at best, could only be guaranteed by the chiefs. The use of the principal chiefs was a significant part of any trading venture.

George Croghan's activities on the Ohio River during the years from 1748 to 1753 will serve as an example of the utilization of powerful chiefs in the trade. About 1748 he set his trading house at Logstown — a principal Indian town on the Ohio.⁶ Two Indian chiefs were sent to the town in 1747 by the Iroquois of western New York to supervise their vassal tribes on the Ohio. The Half King (Tanacharison) had seniority and was assigned the supervision of the Delawares. Scarouady (Monacatoocha) was assigned as viceregent over the Shawnees.⁷ As the eyes and ears of the Onondaga Council of the Iroquois, these chiefs carried tremendous prestige. Under their auspices, Croghan's trade flourished.

Later he moved the headquarters of his trade to the Miami River. There he helped build a trading house and fort at Pickawillany.⁸ At this town he had the protection of the Miami (Twightwee) chief Old Briton, who was called La Demoiselle by the French. Pickawillany became a leading trade center, and also it became a headquarters for intrigue against the French. With the Logstown-Pickawillany arrangement, Croghan secured a virtual monopoly of the Ohio trade for the Pennsylvania traders.

At this time there were about three hundred traders on the Ohio, and Croghan controlled nearly one-third of them.⁹ But with the violent death of Old Briton in 1752, the traders could not stand against the French and the hostile Indians. And although Croghan's Philadelphia indebtedness kept him on the frontier after 1751, the entire trade was destroyed by 1753 and Croghan had to withdraw.

⁶ Logstown was on the Ohio about eighteen miles below what is now Pittsburgh. See George P. Donehoo, *A History of the Indian Villages and Place Names in Pennsylvania* (Harrisburg, 1928), 93-97.

⁷ The spelling of Indian names is taken from C. Hale Sipe, *The Indian Chiefs of Pennsylvania* (Butler, Pennsylvania, 1927), 179, 213. Both of these chiefs are well known within the context of Pennsylvania history. The Half King was with George Washington at Fort Necessity and Scarouady was with General Braddock.

⁸ Pickawillany was on the upper Great Miami River close to modern Piqua, Ohio.

⁹ Wainwright, *Croghan*, 29; Paul A. W. Wallace, *Conrad Weiser: Friend of Colonist and Mohawk* (Philadelphia, 1945), 259, 270.

On other frontiers during this time, the fur trade was very lucrative. For instance in western New York, William Johnson (a Mohawk by adoption) was extremely successful in the Indian trade. Unlike Croghan, Johnson became one of the few millionaires produced by the frontier.¹⁰ His home west of Albany was on the very profitable Niagara-Albany trade path. As a member of the Onondaga Council of the Six Nations, Johnson's influence was unsurpassed and his use of the chiefs to secure wealth in the trade was unexcelled. He had little trouble procuring his share of the New York fur trade that was reported at thirty-eight per cent of the annual exports.¹¹ And farther south, the trade was no less valuable.

In 1747 the South Carolina trade was reported at 252,000 pounds sterling and the annual export of deerskins from Charleston was given at 200,000 pounds of skins.¹² These pelts were the result of some two thousand Indian hunters, participants in the credit system, who ranged the southern forests. And as the woods echoed to the activity of more and more traders, each vied with the other to give favorable terms to the Indian. As the trade grew to be a significant economic factor in colonial life, the abuses grew and became more prevalent. Some restrictive efforts seemed mandatory.

During the years 1702 to 1752, South Carolina made the most formal attempts to control the trade and regulate credit. By 1702 abuses were so great and friction so common that the colonial assembly passed its first act. In this act, credit to the Indian was prohibited. Yet it did not cease, but actually expanded. Another act passed in 1707 made an effort to compromise by restricting the accumulation of great Indian debt.¹³ Such debt, in the opinion of a contemporary, "will occasion murder [*sic*] to be committed amongst [*sic*] them."¹⁴ The prophecy was well borne out in the Yamasee War of 1715-1716.

After the debacle of the Yamasee War was cleared away, South Carolina tried again in 1739 to curtail credit. In the act of that date, a definite restriction on the amount of Indian credit was placed in the trade regulations. Credit to one Indian was limited "beyond the value of six deer skins or nine pounds of leather; that is for one pound

10 For a recent appraisal of Johnson, see James Thomas Flexner, *Mohawk Baronet: Sir William Johnson of New York* (Harper & Brothers, New York, 1959), 3-4.

11 Charles A. Hanna, *The Wilderness Trail* (G. P. Putnam's Sons, New York, 1911), II, 321.

12 Lawrence Henry Gipson, *The British Empire before the American Revolution* (Alfred A. Knopf, New York, 1939), IV, 53.

13 Crane, *The Southern Frontier*, 152.

14 *Ibid.*, 153.

of powder and four pounds of bullets.”¹⁵ The value of the trade seemed to outweigh the necessity of credit curtailment and the regulation carried little authority on the frontier.

The danger in credit abuse was still there, however. And in 1752, the South Carolina Assembly passed another trade act. In this act, the trader was limited to twenty-four pounds of leather credit to each Indian.¹⁶ He was further admonished that the Indian would not be obligated to pay a debt beyond this amount. The law seemed to place the burden of credit curtailment on the trader. He, in turn, interpreted the law to his best interest. The trader felt that he had the right of extending credit to the aggregate of twenty-four pounds of leather to each Indian in the town where he was licensed to trade.¹⁷ It mattered not to him whether the credit amount was given to each Indian separately or the total amount allotted to just a few Indians. This reasoning nullified the intent of the credit restriction. So it can be seen that few regulations could be truly enforced on such a vast frontier, and, above all, the unlicensed trader was most difficult to control and had few scruples.

Next to war, the unlicensed trader who brought liquor instead of trade goods to the Indian was the greatest menace to the credit system. Whether or not he dealt in rum or whiskey, he was known as a “whiskey trader.” He knew the Indian weakness for drink and, by using rum freely, he traded for furs and even the Indian’s clothes. The Indian might find himself naked yet without furs to pay his legal obligations. He recognized the source of his trouble and asked the colonial authorities, again and again, to regulate the supply of rum brought to the frontier. Since the officials seemed unable to give him adequate help, the Indian tried to work out the problem as best he knew how.

On April 24, 1733, a group of Shawnee chiefs wrote from the Ohio to Governor Gordon of Pennsylvania. They asked for firm orders to break kegs of rum brought by the whiskey trader to their towns.¹⁸ The authorization was not sent at the time for the Governor was hesitant about giving the Indians that much power. At a later time when the authority was given to the Indians, the power had little effect.¹⁹

15 Wilbur R. Jacobs, ed., *Indians of the Southern Colonial Frontier: The Edmond Atkin Report and Plan of 1755* (University of South Carolina Press, Columbia, 1954), 22-23. Referred to hereinafter as the *Atkin Report*.

16 *Atkin Report*, 18, 23.

17 *Ibid.*, 25.

18 Downes, 21.

19 *Pennsylvania Archives, Fourth Series* (Harrisburg, 1900-1902), II, 39.

In 1734 the Ohio Indians petitioned the Governor with another plan that they felt would benefit them. To regulate the rum traffic and safeguard the fur trade, they proposed to designate fifteen traders by name with whom they would trade and with whom they would honor credit obligations. The Indians stated, however, that they would pay their debts to the undesirable traders if such traders would come to them without liquor and ask for payment.²⁰ The Pennsylvania authorities felt that the plan would curtail free enterprise and refused to accept the proposition.

Scarouady, as spokesman for the Ohio Indians at the conference of Carlisle in 1753, described the actions of the whiskey traders. "When these Whiskey Traders come," he said, "they bring thirty or forty Cags, and put them down before us, and make us drink; and get all the Skins that should go to pay the Debts we have contracted for Goods bought of the Fair Traders; and by this means, we not only ruin ourselves but them too."²¹ Scarouady then made an eloquent plea for laws to regulate both trade and rum sales. The effect of the insidious liquor traffic on Indian welfare was very clear to him and he and other chiefs continued to ask for help to curb the activity of the whiskey trader.

At another time, a number of Indians from the Ohio signed over a large tract of land in lieu of their trade debts. The Pennsylvania colonial officials refused to accept the land cession since they believed that the transaction was the result of a too liberal application of liquor to the Indians.²²

This attempt of the traders to settle Indian obligations by a transfer of land was one of the more civilized approaches to the collection of debts. The traders used other means that were directly responsible for friction between the Indian and the English. The Indian's complaint that he was oftentimes naked was not a figure of speech.

The trader was very willing to take the clothes off the Indian's back. If the Indian wore cloth garments that were of any value, the trader washed, deloused, and sold the clothes.²³ If the clothes were of skin, the trader was more than willing to accept them in trade or take them for debt. The skin clothes, if well-worn beaver of top winter grade, made the finest hats and commanded the highest prices in

20 *Pennsylvania Archives, First Series*, I, 425.

21 *Papers of Benjamin Franklin* (Yale University Press, New Haven, 1962), V, 97, 107.

22 *Pennsylvania Archives, Fourth Series*, II, 200-203; Gipson, IV, 287-288.

23 Hanna, II, 310.

Europe.²⁴ If it were in his power to do so, the trader took the beaver skins for payment of debt and let the Indian worry about the climate.

To the Indian another irritating method of debt collection was the seizure of his horse or horses by the trader for debt.²⁵ Without a knowledge of the terminology, both Indian and trader were involved in the highly speculative business of buying and selling peltry futures. And from time to time, they became victims of the fur market fluctuations. Cheap fur could cost the Indian a prized horse that was a visible symbol of wealth and an envied means of conveyance. To lose his horse in this way was almost sure to provoke the Indian toward some type of revenge.

Probably the mode of debt collection most resented by the Indian was the seizure of his children by the creditor. The trader would hold the children for debt security, and could threaten to sell or might actually sell them into slavery. Indian slavery had been fairly common in the South before 1700, and as late as 1708 South Carolina reported fourteen hundred Indian slaves.²⁶ Although Indian enslavement had all but ceased by 1750, the Indian was aware of the former practice. He intensely feared slavery or any other loss of freedom. The French used the idea of slavery very effectively in a constant effort to alienate the Indian from the English.

In 1748 William Johnson wrote to Governor Clinton of New York concerning the return of Indian children who had been seized by some traders. Since the parents of the children were friends of Johnson and were English allies, he was more than happy to return them to the agitated adults. He went on to comment in the letter to the Governor that the return of the children would serve to combat French propaganda that the English intended to enslave the Indian as they did the Negro.²⁷ Johnson knew the high regard that the Indian held for children and he knew the possibility of alienation of the Indian as well as the real danger of physical retaliation against the traders.

War, in the Indian style of raiding and scalping, was the most

²⁴ Gipson, V, 38.

²⁵ Gipson, IV, 55.

²⁶ D'Arcy McNickle, *The Indian Tribes of the United States; Ethnic and Cultural Survival* (Oxford University Press, London, 1962), 18; in 1752, there were 147 Indian slaves in Illinois owned by Frenchmen. See Gipson, IV, 124-125; for Indian slavery in early Virginia, see Wesley Frank Craven, *The Southern Colonies in the Seventeenth Century, 1607-1689* (Vol. I, A History of the South Louisiana State University Press, 368, 402.

²⁷ Johnson to George Clinton, Mt. Johnson, January 22, 1748/49, *Sir William Johnson Papers* (Albany, 1921-1939), IX, 37.

feared retaliation of all. On the wide frontier it was almost impossible to guard against, and this type of war was especially effective against the traders far out in Indian country. It was one sure way of settling debt obligations for all time. Such was one result of the Yamasee War of 1715-1716 on the South Carolina frontier.

This war is a classic example of debt settlement by violence. The war was caused by the traders' abuse of the Indian of the South Carolina frontier.²⁸ One contemporary, the Reverend Mr. Bull, testified that the war, in part, grew out of the huge indebtedness of the Indians to the traders. "This war," he stated, "at once blotts out their debts."²⁹ And not only were debts erased but the entire economy of the colony was threatened. Restoration of the trade became the immediate objective of the colony after the war, and regardless of past mistakes, the credit structure returned.

Another illustration of Indian depredations settling debts would begin on the Ohio in 1752. About 240 Indians under the leadership of the Frenchman, Charles Langlade, destroyed the town of Pickawillany in June of that year. According to contemporary accounts, Old Briton was killed, roasted and eaten, and the heart of an English trader was cut out and devoured.³⁰ The Frenchman made the point that the English traders must leave the Ohio one way or the other.

The point was well made, for the death of Old Briton was the signal for a general exodus of the traders. By the end of 1753 most of the traders had either been killed or driven from the Ohio and most of the Indians there would soon fall in line with the French. Many debts were settled by the bloody tomahawk and the traders who did escape had great difficulty collecting debts. The coming of full hostilities in 1754 between the French and English closed the trade on the Ohio until after the war.

Never again would the individual trader enjoy such freedom of trade and traffic with the Indian. After the war the British would restrain the trade by sponsoring trading locations and by prohibiting the traders from going to the Indian towns.³¹ Later the United States

28 Crane, 162.

29 *Ibid.*, 166-167.

30 For the significance of the death of Old Briton and the fall of Pickawillany, see Gipson, IV, 222-224.

31 Colonel Bouquet prohibited the fur traders from going to the Indian towns and permitted the trade only at designated places; see Bouquet to Monckton, March 23 and July 10, 1761, *The Papers of Colonel Henry Bouquet* (S. K. Stevens and D. H. Kent, eds., Pennsylvania Historical Commission, 1940-1943), 21638: 205. See also *Sir William Johnson Papers*, III, 527-535.

Government would establish the factory system whereby the Indians were closely supervised.

Another development that would restrain the individual would be the entrance of strong and financially powerful business firms into the trade. The nineteenth century fur trade was dominated by such firms and the individual either worked for them or was sponsored by them. And as the time of uncontrolled trading activity by the individual was past, Indian credit as a source of friction was mitigated.