

Chapter 17 (11-01-11)

Panic of 1819

How did the Panic of 1819 influence Davis Floyd?

Early Descriptions of Harrison County and Corydon, Indiana

In an 1817 publication entitled *The Western Gazetteer; or Emigrant's Directory*, author Samuel R. Brown wrote:

Harrison [County], is bounded east by Clark county, south by the Ohio [River], west by the new county of Perry, and north by Washington [County]. Its principal stream is Blue river, which is navigable for boats about forty miles [upstream from the Ohio River]. Gen. Harrison owns a large tract of land upon this river, and has erected a grist and saw mill, about eight miles from its mouth, on a durable spring brook, running into it. On both banks of this river are large quantities of oak and locust timber. Gen. H. had it in contemplation, shortly before the commencement of the late war [War of 1812]. to establish a ship yard at its mouth [with the Ohio], where there is a convenient situation for building and launching vessels.

Corydon---The seat of justice for Harrison county, is situated twenty-five miles nearly west from Jeffersonville, and ten miles from the Ohio river. It was commenced in 1809, and is the seat of government of the state. The selection of this place by the legislature, as the seat of government for the period of eight years [1817-1825], has excited great dissatisfaction in other parts of the state. It has rapidly increased since the state [Constitutional] convention, in July, 1816. The *Indiana Gazette* is printed in the village.

Lindley, Harlow, *Indiana as Seen by Early Travelers*, Indiana Historical Commission, Indianapolis, Indiana, 1916 pp 158-159; from Brown, Samuel R., *The Western Gazetteer; or Emigrant's Directory*, 1817, pp. 37-80.

In an 1819 publication entitled *Geographical sketches on the western country designed for Emigrants and settlers*, author Edmund Dana wrote:

Corydon, the seat of justice for the county of Harrison, is also the present capital of the state, the constitution having appointed it the seat of legislation until 1825. Distance from New Albany, northwest,

21 miles; for the nearest point on the Ohio [River], about 13---lays between the forks of Indian creek, at their junction---is surrounded by elevated ground, of gentle ascent---contains 8 or 10 neat buildings, beside many others which are ordinary; a spacious court house of stone, which is occupied by the legislature during their session. The supreme court is holden at this place, exclusively.

A few miles from the town north, northeast and northwest, as extensive tract of land, called *the barrens*, commences, and spreads out in divers directions, in some points several miles---the surface commonly undulating---occasionally are deep sink holes, resembling half-filled wells---the growth is scattering, small oak shrubs, with here and there small clumps of oak trees, of a moderate size; a coarse, short, wild grass, grateful to cattle and sheep, overspreads the grounds; the soil in some parts thin and sterile, but generally productive of good crops of corn, small grain, clover and timothy. The region of these barrens is remarkable for caverns, some of which are spacious, from five to fifty feet in height from the flooring; the bottom, roof and walls of flat limestone---the latter often as perpendicular as the walls of a room. It is not uncommon to find streams large enough to drive a mill briskly, pouring their waters over the bottoms of these caves. Small oaks, of a tolerable height, as thinly scattered as apple trees in an orchard, usually commence at the termination of the *barrens*, and extend for a good distance, sometimes for the space of two or three miles. This description, it is conceived, will apply to most of the *barrens* in the state.

After the constitutional term expires, the seat of government will be removed from Corydon into the interior, probably on or near the West Fork of Whiteriver, within the late purchase [New Purchase in 1818]---Congress having granted to the state four square miles, for a permanent seat of legislation, to be selected by the state from the public lands. Fixing the temporary seat of government at Corydon has not so much contributed to the prosperity of the town as was expected. Being without any water communication with the Ohio [river], one and the nearest of the great high ways of the west, Corydon is unfortunately located with that grade of distance of a river market, and not distant enough to obtain the country custom. The natural situation of the place, however, presents a scenery that attracts the attention of a stranger---a level bottom, encompassed by two fine never ending streams of water, and surrounded by high grounds, gradually rising like an amphitheatre.

Lindley, *Indiana as Seen by Early Travelers*, pp. 208-209; from Dana, Edmund, *Geographical sketches on the western country designed for Emigrants and settlers*, 1819, pp. 48-49, 107-132.

Floyd's Business Interests

Floyd and his family moved to Corydon in Harrison County about 1813. His young wife died in 1808 at the age of twenty-nine years and he in the following year married another widow who was near his own age. Floyd had spent most of his time in two villages in the Indiana Territory, those being Jeffersonville and Vincennes. Jeffersonville was his home and Vincennes was the capitol of the Territory where the political action was. His move to Corydon was another attempt to go where the action was. Floyd became politically, professionally, and commercially involved in the young capitol of the Territory and soon, to be the first capitol of the State of Indiana. This was the perfect place for Floyd to exert his energies but his energies would soon create for himself the perfect storm.

It was Floyd's business activities which would lead him into another tragedy in his life such as were brought on by his naive involvement with Aaron Burr. But these were the beginnings of boom times. There is some suggestion that Floyd mined saltpeter from Wyandotte Cave located several miles southwest of Corydon. There is evidence that Gov. Harrison and Floyd visited the cave in 1806 or 1807 and celebrated that visit by writing their names on the cave walls. Upon entering the cave a guide recently told his visiting spelunkers, including the author, that Davis Floyd processed saltpeter in the large room near the entrance, and then showed his guests some of the reproduced equipment that would have been used in the process. Saltpeter was used in the manufacture of gunpowder and gunpowder was needed to fight the Indians and later the British in the War of 1812.

On January 24th, 1816 the *Massachusetts Spy* reported on "Friday, Jan. 12 The Legislature of Indiana petitioned that D. Floyd and others may be permitted to open and work a Salt Spring lying on the lands within the Indian boundary line." Then, on June 6, 1818 there was a note in the *Indiana Gazette*, a newspaper in

Corydon, that Milo Davis was willing to sell two quarters of land in the barrens lying near Major Davis Floyd's farm. Milo Davis was the son of Floyd's second wife, Elizabeth Robards Davis Floyd. Davis and Floyd were partners in the brick kiln business in Corydon at that time. Floyd also operated a mercantile store in Corydon. On April 14, 1819 the following note appeared in the *Indiana Gazette*:

D. Floyd and Son have removed their store to the south side of the public square [in Corydon], at the stand lately occupied by John and Benjamin Aydelotte where they offer for sale at reduced prices the following articles, vis, coarse and fine cloths, kerseymeres [a course, lightweight woolen cloth], casinetts [?], vestings [cloth for vests], nankeen [a buff-colored, durable cotton cloth probably from Nanking, China], janes [?], dimety [lightweight, sheer cotton fabric], silks assorted, silk shawls, callico [calico: printed cotton cloth], cambricks [cambrics: fine, thin linen or cotton], gingham, and a handsome assortment of domestics. Also hardware, glass and queensware [cream-colored earthenware], with a variety of other articles, particularly adapted to this market..

Then on September 24, 1819 a note appeared stating that if anyone owed money to Davis Floyd and Son to "call at Squire Truitt's office and save cost" and that "all persons neglecting the above may expect a visit from an officer." The latter probably meant a collection lawsuit.

In 1814 the Territorial Legislature chartered two banks, one in Vincennes known as the Bank of Vincennes and the other in Madison known as the Farmers' and Mechanics' Bank of Madison. These two banks were on the opposite sides of the Territory. In the Constitution adopted in 1816 both banks were recognized as incorporated banks and that either of them could become the state bank of Indiana. In 1817 the State Legislature turned the Bank of Vincennes into the state bank with fourteen authorized branches scattered over the state. The only branches that were ever established were at Brookville, Corydon, and Vevay. Floyd was a stockholder and director of the Corydon branch.

As noted Floyd's bank in Corydon survived for awhile. Gov. Jennings had placed \$5,000.00 in this branch for the Jeffersonville canal but this money was lost. This was another proposed canal not the canal proposed by Burr, Floyd, and others in 1805. Parke had arranged to borrow \$10,000 from the Vincennes Bank and credit that loan to the Corydon branch. At a meeting of the bank on April 27, 1821 the Corydon bank directors protested against the parent bank issuing any more bank notes on their name. On January 22, 1822 the *Western Sun* reported the Corydon branch had \$4,053 in specie, \$13,897 in notes in circulation, \$3,590 on deposit, and \$42,007 debts. It was bankrupt. The Indiana Bank at Vincennes and its branches failed. However, the Madison Bank closed in 1822 or 1823 after it met all of its obligations and fulfilled all of the conditions of its charter.

Boom Times in Indiana

Floyd was riding the crest of the boom times after statehood in 1816. He was a landowner, a homeowner, a mercantile store owner, a brick kiln owner, and a stockholder and director of a bank, all in and around Corydon. In 1815 the special census count showed 63,897 persons living in thirteen counties in the Indiana Territory slightly over the 60,000 required by the Northwest Ordinance for statehood. The 1810 regular census count had showed only 23,890 people in the Territory. That means that the Territory grew by just over 40,000 people from 1810 to 1815. The 1820 census showed 147,178 people living in Indiana. The boom times brought many new settlers to Indiana. Land was cheap, crops could be sold overseas, luxury goods were available, log homes were built easily, and bank notes circulated.

Floyd's Building Interests

Floyd built a private residence for him and his family on the northeast corner of the square in Corydon in 1817-1818. It was later used by Gov. Hendrick as his

home and headquarters. From 1825 until 1847 it was used as a private school, a physician's office, and a small hospital. Then for the next 134 years it was the home of the Porter and Griffin families. In an article in the October 1979 issue of *Outdoor Indiana* author Mary Donahoe described the home's architecture as follows:

The Governor Hendrick's Headquarters in Corydon, now a State Memorial, is typical of what might have been seen in Indiana 162 years ago. It is not an architectural trend-setter, but rather a product of influences arising primarily in the South and East during the Federal Period (1780-1820), the Governor's Headquarters exhibits common features of post-colonial American architecture.

The floor plan for the Governor's Headquarters is typically asymmetrical with two stories, one room deep and two rooms long. A one-story kitchen forms an ell in the back with a large stone fireplace at the end. There are two front doors, one to the far left and one to the immediate left of a central passage. To the right of the central passage is a large parlor, and to the left a small hall. Upstairs is a hall chamber, with a tiny central chamber at the front of the stairs.

The house plan--central passage with hall and parlor--was especially popular in the southern regions of North America toward the end of the 18th Century. Open doors at each end of the central passage allow a cool breeze to blow through the house on hot Summer days.

The central passage served another purpose in this particular house. The builders did not take into consideration the quantity of water that came off the back hill following severe rain. Water collected behind the house until it came in the back hall door; the front hall door was opened to let water flow into the street.. Finally, after 25 years of such flooding, part of the hill was excavated and a retaining wall erected behind the house.

They type of floor plan had been traced to English originals, called I houses. Examples can be found throughout the Mid-Atlantic region, the South, and in the Tennessee River Valley up into Kentucky. The English immigrants usually erected I houses---two-story dwellings, one room deep, two or more rooms long, with (in Pennsylvania) internal gable-end chimneys and blank gable walls.

All of these characteristics are true of the Governor's Headquarter floor plan. Early Indiana residents migrated primarily from eastern

and southern states of the Union and probably brought along such a floor plan.

It is possible that ideas for ornamentation of the Governor's Headquarters travelled to Indiana with the floor plan locked in the experience of settlers. Tradition and settlement pattern do not entirely account for the appearance of the house, and no architect has been named in connection with the building,.

Although the floor plan of the Governor's headquarters is essentially different, the front exterior depicts ornamental features similar to a house diagram published by Asher Benjamin. It is possible that the Governor's Headquarter's ornamentation was influenced by Benjamin's building guides. *The American Builder's Companion* by Asher Benjamin was published in six editions beginning 1806, covering a span of 20 years.

Appearing in Benjamin's book and on the Governor's Headquarters is a gable roof with low pitch, internal gable-end chimneys, lintel-type window heads (flared at top), lower left door placement and an odd number of windows across the front, with shorter windows in the top row.

Benjamin, however, used more ornamentation than the builders of the Governor's Headquarters. The door is more decorative in Benjamin's *Town House*, and he depicts a belt-course above the first row of windows. Benjamin's architectural handbooks certainly were important in disseminating the Federal style into the American hinterland.

Benjamin's styles were greatly influence by Charles Bullfinch. He was the dominant architectural force in the post-Revolutionary Boston. He was thoroughly taken with the work of Robert and James Adam. The *Federal-Adamesque* style was introduced into Boston upon his return from England in 1787.

The Adams brothers, Bullfinch, Latrobe and Thomas Jefferson were all active architects during the *Federal Period*. However, their work is far more elaborate than the Governor Hendricks Headquarters. More that other architects and builders of his time, Benjamin approaches the simplicity of line and form found in the Governor's Headquarters.

Flemish bond brick was used to build the front of the house. Reportedly the brick was burned in a kiln near Indian Creek just west of Corydon. The lower story was built from native limestone.

Floor joists and rafters were Tulip (Yellow Poplar), and the flooring was of Tulip and Ash. All timber came from virgin forests surrounding Corydon. What type of person was inclined to build and live in the Governor's Headquarters? In houses "typically owned by the middle class farmer, who carried much of the predominantly English folk culture of the eastern south." The *Federal* style was created by hard-core Federal Party people--the affluent mercantile aristocracy." They were conservatives, sharing strong economic and cultural ties with England.

The early occupants of the new State Memorial--Judge Davis Floyd, Governor William Hendricks and Judge William A. Porter--were politically active and possessed some wealth. The biographies of the people who occupied the Governor's Headquarters do not seem to fit the description of the type of individuals who would be expected to live in a *Federal* house in Indiana, at the time where the state was admitted to the Union (1816).

Thus, in the Governor's Headquarters at Corydon, a segment in the history of Indiana will be preserved. The basic structure, restored to its most significant architectural form, (1822-1825) tells the story of the influences affecting the building plan, ornamentation, and construction of this early Indiana residence. Inside, the story is told of the historical significance of the Hoosiers who made the Governor's Headquarters their home.

Donahoe, Mary, "New Memorial's Architecture (Hendricks House)," *Outdoor Indiana*, Vol. 44, No. 8, October, 1979, p. 30.

Floyd's ownership interest in the home did not last long. He and his family lived in this home until 1821 when it was foreclosed upon by the Louisville mortgage company of Fetter and Hughes.

Perfect Storm

In 1819 Davis Floyd found himself in the "perfect storm." Unfortunately, the resulting inflation, unwise speculation, and the overexpansion of trade reached epic proportions in Indiana compared to other areas of the United States. In a 1947 article in the *Indiana Magazine of History* entitled, "An Early Crisis in Indiana History," it was written:

The panic brought greater distress to the newer West than to any other section. The United States Bank had made loans in the West that were much too large and local banks had also loaned so freely that “inflation and overtrading were unparalleled.” Indiana was in the region where the financial situation was at the worst when the crash came. The Indiana banks, like others could not obtain payments on loans, could not redeem circulating notes, and could not continue making loans. Private enterprise was checked and then paralyzed. Farm products and merchandise could be sold with difficulty at any price. Laborers were without employment....

The prosperity, so largely artificial, which began in 1813 and increased for several years vanished in 1819 and a period of depression followed the collapse. It was the first time since the establishment of the United States as an independent nation [in 1776] that a business cycle ran its course---boom, crash, depression, slow recovery---but *not the last*. The outlook seemed very dark to the pioneers of Indiana in 1820---heavy debts, credit at zero, trade at a standstill, prices and wages at the bottom level. The incoming flood of settlers was dropping towards the minimum in 1820; there was due to the government land offices in Indiana for lands partly paid for a total of \$2,214,168.63 with dates of forfeiture for many pioneer citizens (including plenty of speculators) at hand or fast approaching. There was no incentive for farmers to produce a surplus of hogs or grain, or for anyone to expand a business or start a new enterprise. The depression of the early eighteen-twenties was an added and general misfortune which pioneers had to bear along with the hardships that were so common to frontier communities.

Lynch, William O., “An Early Crisis in Indiana History,” *Indiana Magazine of History*, Vol. XLIII, No. 2, June, 1947, p. 105.

Many farmers were self-sufficient and did not materially suffer. They built their log homes, they grew and gathered their food and substance, they hunted in the woods which were abundant with game, and they could make their own clothes. Lot owners in the villages could subsist in the same way. Some suffered emotionally and materially, particularly if they had debt. There was one story about a lazy farmer who periodically ran out of food. Time after time his good neighbors would come to his rescue. However, tiring of their efforts the neighbors banded together and told the farmer the next time he got in this condition they would take him to the cemetery and bury him. Sure enough, the

next time occurred. The neighbors picked up the lazy farmer, placed him on a stretcher, and were carrying him to his burial place. One neighbor, being a devout Methodist, had second thoughts about what they were doing and recanted. The neighbor told his friends that he would pitch in a bushel of corn if they would. At that point the lazy farmer aroused himself and in Hoosier slang asked "Is the corn shelled?" When the neighbor replied that it was not, the lazy farmer replied "Carry me on." Another story was about the farmer that was down to his last shirt. His good wife told him to go to bed in the middle of the day and she would wash the shirt which she did. She hung it out to dry and a fox came by and chewed it to shreds. When she showed the farmer the ruined shirt, he replied "Oh, praise the Lord, I have nothing else to lose." Davis Floyd was in similar position after the Panic of 1819. There was little demand or money for the goods in his mercantile store. He owed money to creditors he could not pay and was owed money by debtors from whom he and his lawyers could not collect. Nevertheless, there is no evidence that Floyd faced his difficulties other than with honor.

At least Floyd had his judge's salary, although the State may not have been able to pay it at times. Floyd's opponent in the slavery conflict in the Indiana Territory, Benjamin Parke, organized a private bank at Vincennes called the Steam Mill Company and was its president. The Steam Mill was a bank of issue which meant it could issue its own bank notes. David Thomas, a traveler in Knox County in the summer of 1816, reported:

We had been invited by B[enjamin]. Parke, a distinguished citizen, to visit him on our return. This we now performed with much satisfaction. He resided in a spacious brick building, erected by the late Governor Harrison, situate at the north end of the town [Vincennes], and which adds much to the appearance of the place. The ground is level; but the slope towards the [Wabash] river is easy, and admits of delightful gardens. At this time the tomatoes were full grown and abundant; and the black morella [a cultivated cherry with dark red skin and juice], which loaded the branches furnished an

agreeable repast; but the Chickasaw plumbs, with one solitary exception, had ripened and disappeared. This fruit is delicious, and the tree a great bearer, but suckers appear to spring up around it as far as the roots extended.

Lindley, *Indiana as Seen by Early Travelers*, p. 42; from Thomas, David, *Travels through the western country in the Summer of 1816*, 1819, pp. 110-187.

Judge Parke's Financial Woes

Parke, the so-called golden boy in the Constitutional Convention, and United States District Court Judge for the State of Indiana from 1817 until his death in 1835, eventually got himself into financial trouble. He was living "high on the hog" living in Gov. Harrison's old home, serving as a federal judge, and operating his own bank. But his bubble burst! In an article entitled "The First Indiana Banks" in the 1910 edition of *The Indiana Magazine of History*, historian and author Logan Esarey, said:

An investigating committee of the Legislature reported that Governor Jennings had placed \$5,000 of the 3 per cent. fund intended for the Jeffersonville canal in the bank at Corydon, and it was probably lost. Otherwise the report was very favorable, so far as the Corydon branch was concerned. Only one fact was suspicious---that Benjamin Parke, United States circuit judge for the Indiana district, and also agent for the "Steam Mill," had arranged to borrow \$10,000 from the Vincennes Bank and credit that loan to the Corydon branch. It seems that when State Treasurer Lane visited Vincennes in March, 1820, to pay interest on the State's loan, he, Lane, had made arrangements for the loan to the "Steam Mill," but later denied all knowledge of, or consent to, the deal. At any rate, the parent bank was notified that its custom of issuing notes on the Corydon branch must cease, and that branch at once began to reduce its circulation....

In the meantime, on the dark and windy night of February 10, [1821] the people of Vincennes were awakened by a light in the north part of town. Some one had set fire to the "Steam Mill," and when morning came the chief source of pride and jealousy in Vincennes was in ashes....

At the June [1821] meeting of the directors [of the bank of Vincennes], President Brown informed the stockholders that the bank was insolvent. He further reported that the chief cause of the failure of the

bank was its close alliance with the “Steam Mill” venture. The promoters of this concern, one of the first of its kind in Indiana, were the officers of the bank, and had embezzled its funds to the amount of \$91,000. A committee at once waited on the Steam Mill Company to see if they could pay any part of their debt. Judge Parke promised to turn over all his property to the bank. He owed, he said, only a few other debts. Other members of the Steam Mill Company, and nearly all were stockholders of the bank, gave no assurance.. Mr. Parke assured them that if the debt was nearly as much as represented, the Steam Mill Company could never pay it. It was then resolved to close up the affairs of the bank as rapidly as possible.... The president [of the bank], Nathaniel Ewing, and cashier, Elias Boudinot, were censured for betraying the bank by drawing false bills of exchange on members of the Steam Mill Company. Lastly, it was agreed to compromise with creditors and thus save the directors from loss.

Esary, Logan, “The First Indiana Banks,” *The Indiana Quarterly Magazine of History*, Vol. VI, The Indiana Historical Society, Indianapolis, Indiana, pp. 152-154.

There is at least one court document in Floyd’s court in Harrison County that reports that he had been personally indebted to one William Campbell since August 9th, 1815 and that on April 21st, 1821 Floyd owed him \$213.00 with interest thereon at the rate of six percent per annum from the August 9th, 1815 date, plus \$10.00 and some cents for Campbell’s costs, for all of which indebtednesses Floyd had confessed judgment. The Sheriff of Harrison County was directed to collect that money from Floyd and have it in court by the fourth Monday of May, 1821. Whether the sum was ever paid is unknown. Considering Floyd only earned \$700.00 a year as the president judge of the 2nd Judicial Circuit that was a substantial sum for him to pay. However, Floyd was earning money in other ways as demonstrated by an agreement between him and one George Jones to build a mill together on Little Indian Creek near Corydon and to share the profits therefrom equally. For a copy of the agreement see Deed Book D on page 148 recorded on July 29th, 1823 in the Harrison County Recorder’s Office. The fact that Floyd confessed the judgment (admitted the debt without contesting it) rather than fighting it, which he could have done as judge, is evidence that he was attempting to pay his debts.

Floyd and his family did not survive the Panic of 1819. But they found a solution to solve their financial difficulties by moving to another part of the young country.

Books and references relied upon other than those cited in this Chapter:

- (1) Ellis, Gary D., "Historical Archaeology of Governor Hendricks House," *Outdoor Indiana*, Vol. 44, No. 8, October, 1917, p. 26.
- (2) Greer, Thomas H., "Economic and Social Effects of the Depression of 1819 in the Old Northwest," *Indiana Magazine of History*, Vol. XLIV, No. 3, September, 1948, p. 227.
- (3) Hill, Herbert, "Hendricks House Is Newest Memorial," *Outdoor Indiana*, Vol. 43, No. 10, December, 1978--January, 1979, p. 33.
- (4) Rothbard, Murray N., "The Panic of 1819: Reactions and Policies," *Columbia Studies in the Social Sciences*, No. 605, Columbia University Press, 1962, pp. vi, 261.

Images:

- (1) Vintage Postcard of Home of Governor Wm. Hendricks in Corydon.
- (2) Vintage Postcard of The Old State Treasury building in Corydon.