"Let Commerce Follow the Flag": Trade and Loyalty to the Union in the Ohio Valley

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The Board of Officers of the Cincinnati Chamber of Commerce and Merchants' Exchange met on July 22, 1861, to consider whether it should expel general merchandise agent, John A. Skiff, a Chamber member who had run afoul of preliminary regulations on the southern trade imposed in April by Secretary of the Treasury Salmon P. Chase. The charge was treason: the offense, sending butter to Mississippi. No one disputed the facts of the case. John Pollack, the Deputy Surveyor of Customs for Cincinnati, had arrested Skiff on May 14, 1861, for attempting to ship contraband goods into rebel-controlled territory in violation of the regulations requiring special permits to trade with the enemy. The embargo against trade with the southern states included most foodstuffs and any other goods that the rebel army might possibly use to wage war against the Union. The regulations required a special permit to trade all other items with the rebels. Without some compelling reason, the Customs Service would not authorize such trade.

Secession and war interrupted what should have been a period of growing prosperity for Skiff. Prior to the secession crisis he enjoyed a well-established if not quite lucrative trade with the merchants of Vicksburg, Mississippi. Through his contacts there, he accepted orders for a variety of commodities, procured the goods in Cincinnati, and shipped the merchandise by steamboat to Vicksburg, adding his commission to the bill. He had managed to accumulate some assets in the 1850s, and he had survived the panic of 1857, though not without difficulty. His business had generally improved with the national economy through 1859 and 1860, and he looked forward to expanding his operations. Yet the early months of 1861 had been trying. A substantial investment in a brewery had yet to pay off, and some losses in the southern trade had left him strapped for cash.

Hoping to continue his Vicksburg trade and possibly collect balances still due him, Skiff applied for permits to ship butter to his southern customers. Deputy Surveyor Pollack, however, rejected several applications in quick succession. Regulations were quite clear on the matter. As a foodstuff, butter could feed the rebel army, and therefore could not be shipped into the states in rebellion, no matter how well-established Skiff's trade had been.

Thoroughly frustrated by the rejections, Skiff became furious with the Deputy Surveyor and sought a way to circumvent the rules. He inquired whether or not ale could be shipped south. Pollack responded affirmatively, saying that beer and ale were exempt from the embargo. Regulations considered neither to be a foodstuff, and unlike liquor and whiskey, they were not strong enough to be used as medicines. Beer and ale passed the military use test. With that affirmation, on May 14, Skiff delivered five barrels labeled ale to a Madison, Indiana, packet, consigning the cargo to Carrollton, Kentucky, a short distance downstream from Cincinnati. But he also issued verbal instructions to the crew to divert the shipment en route to Louisville, Kentucky, for transshipment further south. Pollack, by now suspicious of Skiff's activities, intercepted the consignment before the packet left Cincinnati and found the barrels to contain "firkins of butter." Before Pollack concluded his investigation, Skiff arrived with five more barrels similarly marked and consigned, all containing butter instead of ale. Pollack confronted Skiff who angrily confessed, saying he had done "no worse than others," and that his only crime had been voting for John Bell._pollack took Skiff into custody. After a week in jail Skiff managed to raise the $5,000 bail. Released on May 22, he remained free to conduct business pending trial.

In his angry confession, Skiff had come to the
very heart of the matter. He had indeed done “no worse than others,” but his support of the Constitutional Union ticket in 1860 placed him outside the political mainstream of Cincinnati politics. Without strong backing from either the Republicans or Democrats, he made a perfect target for the Lincoln administration to demonstrate the importance of political loyalty in wartime. At the same time, the Chamber of Commerce saw in Skiff’s predicament an opportunity to demonstrate its loyalty to the Union. Skiff understood almost instinctively that his troubles had less to do with his actual conduct than what the government and the Chamber might make of it.

Unfortunately for the Chamber of Commerce, however, loyalty to the Union had no precise definition. Prior to the secession crisis and war, the federal government seldom questioned the loyalty of its citizens. The Constitution deliberately set a very high standard to prove treason, and few had ever been charged or convicted as a result. But all that changed with secession. Expressed loyalty to the federal government now became serious business, with much at stake for all parties involved. The charge of disloyalty became a way to discredit an opponent. Disagreement with the government over policy might be branded as support for the Confederacy rather than a simple difference in individual interest or political principle, and dismissed as a result. The contentious politics of the era complicated matters. Political expediency had forced President Lincoln to appoint a cabinet filled with rivals, and every department head had the opportunity to create his own loyal constituency through various policies and appointments. Consequently, loyalty demonstrated to one department did not necessarily carry much weight with the others.

The Chamber of Commerce, however, did not fully understand the nature of the problem. It believed that strong action against Skiff would demonstrate its loyalty to the Lincoln administration as a whole, which could liberalize trade policy, award military supply contracts, and help local merchants recoup some of their southern losses. But Skiff had violated regulations on inland trade, controlled by the
Treasury Department and its Secretary, the former Cincinnati attorney and Ohio governor, Salmon P. Chase. The Treasury could certainly provide a trade policy advantageous to Cincinnati merchants, but it could not settle the issue of supply contracts, controlled by the War Department. Nevertheless, the Chamber seized the opportunity to make an example of Skiff, without fully understanding the intricacies of cabinet politics. Caught between the Treasury Department and the Chamber of Commerce, Skiff had become the unwitting pawn of both institutions. Until they had finished with him, he could only watch incredulously.

The Chamber of Commerce and Merchants’ Exchange held a central position in the Cincinnati economy during the mid-nineteenth century as the city made a transition from merchant to industrial capitalism. It provided a variety of services that local merchants and manufacturers had difficulty providing for themselves, substantially reducing the risk of doing business. It offered a convenient place to conduct business, accurate and timely information on prices, supply, and changing conditions, standardization of weights and measures, gradations of product quality, short-term loans, and confirmation of the value of commercial paper and bank notes. In assuming these roles, the Chamber, along with other chambers and boards of trade in other cities, became a conduit between business and government. After the Civil War, corporations expanded their own bureaucracies to handle many of these functions internally, but before the war, chambers and boards offered them to the community at large. As such, these organizations became an essential element in the development of nineteenth century American industrial capitalism. In Cincinnati, the Chamber of Commerce and Merchants’ Exchange controlled much of the commercial activity for the West from 1840 through the beginning of the war, declining in importance only gradually thereafter.

Originally organized in 1830 to allow members to discuss problems and settle disputes amicably, the Chamber operated as a businessman’s club for much of the first decade. But when panic struck in 1839, a number of its members saw the need for an organization that took a more expansive role in the economy. After ratification of a new charter in October 1839, members pressed the Chamber’s Board of Officers to rent a room where they could meet regularly to transact business. The Board concurred, and decided to go the membership one better, not only renting a hall to provide an exchange, but authorizing funds from membership receipts to hire a clerk to keep records of the transactions as well. Once in operation, the Merchants’ Exchange quickly began to offer its members services such as freight forwarding and storage. Whether the Exchange originally offered these services as a convenience, or as a means of reducing risk in the marketplace remains unclear, but soon it became obvious it did both. In the words of early historian Sidney Maxwell, when members “began to realize that the Exchange could be made . . . the absolute advantage in facilitating the transaction of daily business,” it became “indispensable.” By 1845, members expected standardized quality in commodities traded, a market price for their goods, and sure payment in negotiable currency on Exchange transactions. Merchants outside the city could count on the Exchange to coordinate the details of a commercial transaction for a small premium, from actually purchasing the goods to providing packing, shipping, or insurance. A new constitution in 1846 formalized much of what had been done, obligating the Chamber to maintain the Merchants’ Exchange, to collect and record “local and general statistical information” relating to the commercial and manufacturing interests of Cincinnati, and to “promote just and equitable principles in trade.”

True control of the local and regional market, however, required that enough trade pass through the Exchange to allow it to establish and maintain a market price. The Chamber abandoned its early policy that restricted membership to a select few and actively began to recruit new members. No longer could any five members prevent a prospect from attaining membership, as they could in 1840. Now a prospect needed only the recommendation of one member and confirmation by a simple majority of the members present to join. Upon payment of an annual membership fee, new members received the same rights and privileges as all other members. Masters and First Clerks of all steamboats enjoyed all privileges of membership on the Merchants’ Exchange (though not in the Chamber) without cost. “Strangers” introduced to the Exchange by a member received the same courtesy for four weeks. Controlling the city’s commercial activity as a whole now took precedence over protecting the parochial interests of a very select few.
Still, the Chamber and Merchants' Exchange remained a relatively small group of merchants and manufacturers who afforded themselves tremendous opportunities to profit from their mutual association and their increased knowledge of market conditions and political events. Even a cursory comparison of Chamber membership lists and the published record of Cincinnati's business and commercial elite shows a high degree of correlation between the two. By 1850, Cincinnati's economy revolved around the Merchants' Exchange. The Exchange published the latest prices and market conditions weekly in the Price Current and thereby provided members with a secure trading environment. It had expanded its services to include insurance of transactions and shipments, and acted as a commercial bank and bonding house, lending money backed by commodities, guaranteeing short-term transactions, and negotiating bills of exchange. The Exchange offered these services for a modest fee to members and non-members alike, local or "stranger." It controlled local commodities markets and supervised the import and export of freight on the docks, keeping a careful record of each transaction. It published its Annual Report each September, including several statistical series that summarized all business transacted that year through the Merchants' Exchange, as well as a commentary on the status of the market. Operating in close conjunction with the City Council, the Chamber became an unquestioned arbiter of business practice and etiquette. It also lobbied both state and federal governments on a variety of issues involving trade and commerce. By 1860, by both state-approved charter and city ordinance, it trained and appointed city inspectors of grain, provisions, flour, and weights and measures. Finally, and perhaps most important, it served as a place to trade information or gossip as well as goods. Story after story in the local daily newspapers clearly originated in conversation at the Exchange. In short, it was the center of local commercial life for those who conducted business on a scale that warranted membership, and its members and its Board wielded considerable influence in the western economy as a whole, as well as in Cincinnati.

Through the 1850s the Chamber rarely found it necessary to intercede in the affairs of its members, petition the state legislature for additional powers, or offer advice on commercial matters. The economy was generally strong, and the machinery of commerce ran smoothly. The advent of war, however, threatened this smooth-running engine, and its operators would find it impossible not to intercede in matters normally outside the scope of its normal activity. By the very nature of modern war, the federal government inserted itself into the western economy. Consequently, whatever relationship developed between the Chamber and the government in 1861 would have an important, but uncertain, effect on the future prosperity of the Chamber and Cincinnati. Many Chamber members found that uncertainty threatening.

The seriousness with which the Chamber and the Board of Officers addressed John Skiff's transgressions, then, demonstrates that the Chamber believed the federal government might have reason to question its loyalty. Before the war, the Chamber made a point of staying out of the legal problems of its members. In fact, the Board had expelled a member for uncommercial conduct only once before. Five years earlier, Chamber members alleged that John A. Shaw, a hog merchant, had short-weighed some hogs he had bought from area farmers. A short but thorough undercover investigation by the Board proved conclusively that not only had Shaw short-weighed hogs, but that he had paid to have a false pea, or weight, made for his scale to facilitate the deception.

The Chamber's response to Skiff did not represent a defense of its position in the local economy, as in the Shaw case, but rather an attempt to bolster its relationship with the federal government, the new player in the local economy. Indeed, on the surface, it is difficult to see how Skiff had harmed the Chamber's interest. He had clearly violated the rules of commercial conduct by willfully shipping merchandise "in disguise" and in packages representing to contain articles "entirely different from what they did contain." But he had not tried to "deceive or defraud" his customer, the packet company, or the Chamber and Merchants' Exchange. The eventual consignee obviously expected butter, whether packed in firkins or ale barrels. As for the packet company, its proprietors no doubt received payment in advance to ship the offending goods, and someone on board certainly received a handsome premium over posted rates for agreeing to redirect the shipment en route. Despite obvious collusion, the Deputy Surveyor did not charge the packet line, nor did the Board of Officers bar or suspend its master or first mate from
Salmon P. Chase (from CHS collection)

the Exchange. The Exchange itself took no part in the transaction so its hands were clean, and no one had perpetrated fraud against the Exchange. Clearly, something more important than policing commercial conduct drove the Chamber to expel Skiff.

For Cincinnati businessmen the issue of loyalty directly affected their control of the local economy as much as their financial well-being. They had grown accustomed to little or no government interference or regulation of trade from the earliest days of settlement, and therefore could be expected to resist any proscription of their activities. Yet, it was clear that if the Union prosecuted a war to prevent secession, they could not expect free and unregulated trade with the South to continue. Faced with resisting the Union or binding themselves to it, most merchants chose the latter.

For the Treasury Department and its ambitious secretary, the Skiff case brought the matter of trade in the Ohio Valley, including Cincinnati, into sharp focus, and allowed the Treasury to address some of the unforeseen problems that had arisen. Chase had the unenviable task of keeping northern goods out of the hands of the Confederates without stifling trade altogether and thereby incurring the wrath of northern businessmen. He understood that the disruption of trade with the South had already caused considerable hardship. How well he developed and implemented policies toward trade would hereafter influence the ability of the rebelling states to wage a war of independence, the financial well being of Cincinnati and other northern merchants, and his future political fortunes as well. Many Cincinnati businessmen had supported Chase in his campaign for governor of Ohio and his appointment by the state legislature as senator, and their interests could not be summarily dismissed. He needed their support, yet could not countenance opposition to his policies. The Republican vision of free-labor protected industry, and a national economy hung in the balance. As with many policy decisions early in the war, neither Chase nor anyone else knew the full consequences of his decisions regarding loyalty and trade. But if his policy succeeded, he expected to earn the loyalty of the merchants, both for himself and the administration.

Chase wasted no time formulating a policy aimed at interdicting trade without alienating western merchants. On April 19, 1861 President Lincoln issued a proclamation that, at least until Congress had deliberated, would institute a blockade against the seacoast ports and along inland waterways in the states in rebellion. Captured vessels would be taken to the nearest secure port, with both ship and cargo subject to sale as a prize of war. On the seacoast, the Navy had the entire responsibility for intercepting shipments of contraband. But on inland waterways, Treasury agents and army officers exercised competing jurisdiction over certain areas, which complicated matters throughout the war. The Treasury Department was responsible for handling all dispossession and claims resulting from any seizures, so that Chase and his agents ultimately decided the fate of those charged with smuggling.

Secretary Chase immediately decided that restrictions on inland trade would not be as severe as those governing the blockade. Trade would be permitted but highly regulated. As soon as some preliminary regulations had been issued, Chase assigned special agents of the Treasury Department to begin dealing with the thorny issue of what could be shipped to whom and under what circumstances. He appointed friends and loyal supporters to fill the ranks, and left much of the day-to-day work in the
field to their discretion. At first, these agents received little instruction other than to prevent any shipment of goods that would aid the rebel war effort, and to report often and directly to the Secretary himself. Chase used information from these reports to further refine his policy toward trade, often answering questions from the field personally.19

Enoch Carson, a friend of Chase and Surveyor of Customs at Cincinnati,20 and Charles W. Bachelor, Special Agent at Pittsburgh, for example, received instructions in early May 1861 regarding trade along the inland waterways. Chase directed them to allow the "necessities of life" to reach the western Virginia coal mines while taking necessary steps to keep them out of the hands of rebels there.21 Kentucky however, required special treatment. Agents were to allow no goods to be sent across the Ohio River into Kentucky because it was impossible to prevent trans-shipment into the Confederacy.22 Pollack's action against Skiff confirmed that Carson, Pollack's direct supervisor, took his instructions seriously even though Chase would soon retreat from this policy.

William P. Mellon, also Chase's friend and Special Agent at Cincinnati,23 received more detailed instructions. Chase directed him to visit all ports on the Ohio and Mississippi rivers above Cairo, Illinois, and to instruct local district attorneys there on government policy toward the southern trade. The Mississippi River would be closed below Cairo for the time being, and any shipment passing Cairo would be subject to inspection.24 In late May, Chase expanded on his thinking behind these policies, but he still failed to provide specific detail, in part because he had yet to work it out, and Congress, which had the ultimate authority, had yet to meet. He instructed Mellon to tell the district attorneys that they should consider trade to be a matter of "black and white," and that the only question to consider was whether trade made supplies available to the enemy. But he also made sure he set no limiting precedents. Merchants had to understand that all goods sent to the insurrecting states might be subject to seizure at any time. Agents might allow an item to pass on one occasion, but that same item might be added to the list of contraband items in the future. A concise and coherent policy, when formulated by Congress, would set the rule. Until then, Chase explained, "let commerce follow the flag."25

No sooner had Chase explained his "black and white" policy than he appeared to both refine and soften his stance. In a letter sent only days later, Chase advised agents to "interdict rather than confiscate," and to be sure they knew the intent of any shipper before acting. If a shipper intended no harm, leniency was in order. Then, almost contradicting himself, he continued, saying that the Treasury Department was only "forbidding of aid and comfort to the enemy, which under the American Constitution is treason," and that contraband consisted of articles that could not be "furnished to a belligerent by neutrals."26 So while Chase was quite clear on the nature of treasonous conduct, he created considerable confusion as to how he expected agents to deal with matters in the field.

Salmon P. Chase's failure to provide concise direction to his field agents reflected the complicated nature of the situation. Treating the rebellious states as a foreign belligerent merely expressed the status quo. But by requiring that northern merchants not trade items that had some military application rather than completely ending the southern trade, Chase imposed restrictions on northern merchants that bellicents normally try to impose on neutral nations. By applying the military use test, Chase had effectively transferred an interpretation of trade rights on the high seas to the Union's inland waterways.27 By doing so, he hoped he could, simultaneously, treat the South as an enemy, respect the border states' (particularly Kentucky's) position as undeclared neutrals, and enforce a trade policy that served the Union. By trying to promote a policy that offered something to everyone, he lessened the chance that Congress would overturn his policy, or that opposition to the policy among northern businessmen would have adverse consequences on his political ambitions. The long-term consequences of this policy, however, rendered it increasingly unenforceable as the war progressed.28

Kentucky proved to be a particular problem for Chase and his agents during the summer of 1861. President Lincoln insisted on honoring the state's neutrality until it declared for the Union. However, once goods had reached the Kentucky shore, merchants could redirect them anywhere within the Confederacy without question. Louisville quickly became the busiest port along the Ohio River, its infrastructure taxed to capacity. In addition, the Louisville and Nashville Railroad could load or dis-
charge freight anywhere along its line, even in Confederate territory. Steamboats could still ply the Kentucky, Green, Cumberland, and Tennessee rivers within Kentucky, even though the Ohio and Mississippi rivers had been closed. While Chase and Mellen had been able to get “aids to the revenue” assigned to individual steamboats on the Ohio to prevent unauthorized activity between ports, the southern trade through Kentucky remained largely unchecked during the summer of 1861.

At this point, in the absence of clear directions from Chase, Cincinnati customs agents faced the very practical matter of John Skiff and his ill-considered attempt to circumvent the rules. Deputy Surveyor Pollack, by charging Skiff with treason, made it quite clear, in Cincinnati at least, that violations of Treasury Department regulations were criminal acts, and carried with them serious consequences. Surveyor of Customs Carson, Pollack’s immediate supervisor, had just received Chase’s instructions regarding the need for a firm policy, and Skiff certainly qualified as one who might make a perfect example. Clearly guilty, and on the fringe of Cincinnati mercantile society, there was little disadvantage to anyone but Skiff in prosecuting him. But in going so far so quickly, the Cincinnati agents went perhaps one step further than Chase had contemplated. Immediately after Skiff’s arrest, Chase issued the “interdict rather than confiscate” directive, but without mentioning any particular case. He also cautioned Lysander Webb, Surveyor of Customs at Peoria, Illinois, not to act on “vague suspicion or conjecture,” but to investigate any shipments that exceeded local demand. Carson received copies of these letters in Cincinnati, but did not order Pollack to modify his charges against Skiff. But at the same time, the district attorney, despite Skiff’s confessions, did not take the case to trial. It may have been acceptable to make an example of Skiff, perhaps even preferable, but Chase refused to have his agents conduct a witch-hunt against a business community whose support the administration and he himself badly needed. In addition, a final judgment at trial set a precedent, and Chase and the Treasury required flexibility at this point. So despite the need for an example, they delayed bringing Skiff to trial. Fortunately for the Treasury, however, the Cincinnati Chamber of Commerce came to the rescue.

In July, under pressure from unnamed members, the Board of Officers took up the matter of Skiff’s continuing membership in the Chamber. The Board found itself in a quandary, however. It had to uphold its responsibilities under the Chamber’s state charter, and it had to placate its membership. Also, it had to maintain the appearance, at least, that it had done nothing that might prejudice Skiff’s trial in District Court, thus opening itself to charges from Skiff if prosecutors failed to win a conviction. If it did nothing, it would appear to the local community and the Treasury agents, or even Chase, that the Chamber at least tacitly accepted smuggling as a legitimate business activity. Faced with such a weighty decision, characteristically, the Board delayed making any decision at all. Without succumbing to the pressure from the general membership, the Board appointed a committee to investigate the matter, but agreed that no formal action would be taken against Skiff until the court had dispensed with the case.

This delaying tactic held through August and September. But by early October the general membership, still smarting from the loss of its southern trade, called for a vote on Skiff’s membership. With its hand forced, the Board reluctantly addressed the matter at its regular meeting on October 10, formally preferring charges against Skiff. Despite lodging charges, the Board still urged caution, noting once again that the District Court had yet to act. But the general membership believed the Board had dawdled long enough and would not be persuaded. After all, Skiff had been caught red-handed and had confessed twice, once to Deputy Surveyor Pollack and again in print. At the general meeting of October 16, at which Pollack himself, incredulously enough, testified against Skiff, the membership expelled Skiff “without a dissenting vote.”

The expulsion did not quite end the matter. The Board had already ordered Skiff to appear before it on October 30, to answer the charges. Skiff declined, citing his pending trial, asking the Board once again to postpone any action until the court heard his case. But the full Chamber had already expelled Skiff, and the Board had no authority to overturn its action, so it dropped the matter. The Chamber had proven its loyalty, or so it would seem, and the Board had reminded the Chamber of its due process responsibilities. Having acted to promote their best interest and clear their consciences, the Chamber of Commerce and the Board of Officers lay the matter of John Skiff
But prosecuting Skiff had not accomplished what the Chamber of Commerce had hoped it would. Chase and the Treasury Department only controlled the southern trade. The War Department, through the Office of the Quartermaster General, awarded all military supply contracts, and the Chamber's support of the Treasury seemingly had little effect on the War Department. Early in the War, Secretary of War Simon Cameron, a spoilsman of the first rank, used supply contracts as a means to reward his supporters, binding them to himself and the Lincoln administration, to the detriment of Cincinnati businessmen and much of the rest of the North. The appointment of Montgomery C. Meigs as Quartermaster General in June 1861 reformed the contracting process in short order, but in the fall of 1861, many Cincinnati businessmen still perceived that Cameron preferred to reward his Pennsylvania cronies instead of distributing war contracts fairly. Only Cameron's replacement with Edwin Stanton in early 1862, and Stanton's insistence on an open bidding process, convinced Cincinnati's merchants that the worst of the patronage-based contract abuses had ended.

At the end of 1861, some Chamber members remained unsatisfied with the size and number of contracts awarded in Cincinnati, and that fact indicated to them that their loyalty remained in question. At their insistence, the Chamber expanded its lobbying efforts, endorsing a joint resolution of the Chamber and City Council to Congress, urging Congress to force the War Department to purchase more goods for the western theater from western suppliers. At the same time, members demanded that the Board of Officers require every member to take a loyalty oath to the Union to demonstrate once and for all that Chamber members were worthy of the government's business.

Prosperity returned in winter and spring of 1862 as the local economy adjusted to wartime, and the Cincinnati quartermaster's depot increased the amount of goods it purchased locally. As a consequence, the loyalty oath languished, receiving scant attention until July 1862. But as John Hunt Morgan's Confederate raiders made their first foray toward the Ohio River, and a race riot threatened the peace in Cincinnati, the Chamber received a request from City Council asking the Chamber to appropriate money to "aid military organization and to encourage military enlistment." After considerable debate, the Chamber rejected the request because no ordinance authorized such an appeal, and it set a bad precedent. Moreover, it would place an unequal burden on the business elite, which simply would not do. If Council needed money to defend the city and recruit troops, it should levy a citywide tax, not petition the Chamber of Commerce. But fearing, rightfully, that some in the community would take its failure to respond as an expression of disloyalty, the Chamber also passed a resolution requiring the membership, on pain of expulsion, to subscribe to the loyalty oath. Members present at the July 31 meeting took the oath collectively and signed a register indicating they had done so. The Chamber requested that all members not present in July attend the October 21 regular meeting to take the oath. Those who failed to take the oath or make arrangements to do so faced expulsion. Given the option of anteing up to defend the city or formally declaring its collective loyalty, the Chamber chose words over money.

A number of Chamber members still adamantly opposed to war and the administration did their best to avoid taking the oath, and the Board of Officers remained surprisingly sympathetic to their stance. It fully understood that the Chamber of Commerce had no legal authority to expel anyone except for fraud and non-payment of obligations, that all it could do legally was report the names of those who refused to swear. But the Board also had limited authority to rein in the general membership. A few members claimed that the only reason they refused to take the oath was that the Chamber had no right to ask. Several other members insisted they had already taken such an oath, or were willing to take one if required by the federal government, but not the Chamber. The wrangling continued for almost another year. At two contentious meetings, in June and July 1863, the Chamber resolved, over loud opposition, to publish the names of those individuals who still refused to take the oath and further resolved to expel those who did not comply immediately. The expulsions ended the Chamber's concern over its members' loyalty for the duration of the war. By the time the Chamber expelled its recalcitrant members, prosperity had returned for all, and loyalty as a requisite for business success had ceased to be an issue. Yet the Chamber would not forgive those who refused to take the oath. In January 1866, several members proposed readmitting those expelled over the loyalty oath. The
full membership voted to table the motion indefinitely, and never considered it again.\textsuperscript{43}

While the Chamber worried about its position in the Union, Salmon Chase and the Treasury Department concerned themselves with refining their policy on trade. Chase had finally settled on directing agents away from prosecution and toward confiscation, including a system by which informants could receive a part of any confiscated goods in exchange for their revelations. Inspectors and surveyors could not claim goods as part of their official duties, but the courts could allow such claims filed "in a private capacity."\textsuperscript{44} Opportunities for abuse abounded, but the Treasury preferred confiscating illegal goods, rewarding informers, and incarcerating violators. In July 1861, Congress validated Chase's decisions when it allowed the President to license commercial intercourse with the insurrecting states in articles that he "may think most conductive to the public interest." Congress charged the Secretary of the Treasury with prescribing rules and regulations for the southern trade, and appointing such officers as he deemed necessary to carry out those duties. The federal courts would hear cases involving seizures and claims.\textsuperscript{45} Congress, in short, approved everything done so far.

With a blank check in hand, Chase forged ahead. Relying on a policy based on the rights of neutrals left much to interpretation, but with a set of agents personally loyal to him he was confident the situation would play out as he intended.\textsuperscript{46} He formalized regulations regarding freight transfer, steamboat manifests, and regimental sutler activity in early 1862, establishing precise procedures for the first time. By March 1862, Chase had a full formal policy in place. He fixed the system of special agents, surveyors, and customs collectors into the regulations, and expanded the "aids to the revenue" system employed on the steamboats.\textsuperscript{47} On paper, at least, the policy was complete.

Beyond the system of agents and collectors, Chase developed a system of Boards of Trade in a number of port cities along the Mississippi and its tributaries. Taking his cue from the well-established Boards of Trade and Chambers of Commerce in the larger cities such as Cincinnati, Louisville, and St. Louis, Chase had Mellen appoint similar such Boards in at least a dozen towns and cities in the Ohio and Mississippi valleys.\textsuperscript{48} These Boards consisted of one to three individuals selected for their stature in the local business community and their loyalty to Chase and Mellen. They inspected both inbound and outbound shipments, issued permits, and generally saw that both statute law and the latest published regulations were followed within their jurisdiction. The theory behind these Boards was that local businessmen knew what was customary, and could quickly recognize attempts to circumvent the regulations. To what extent these Boards operated as designed remains an open question. Records of these organizations are scanty, but Board members held tremendous power. Essentially, these Boards controlled all trade into and out of these locations, with the obvious possibility of misuse. As long as they remained politically loyal to Chase, however, how they pursued their self-interest was largely their own business, providing it did not exceed the loose bounds of propriety.\textsuperscript{49}

As Chase strengthened his position with regard to trade in the West, the case against John Skiff became far less important to the Customs officers in Cincinnati. A very simple case, based on irrefutable evidence and two confessions, still had not gone to trial by the end of 1861. Enoch Carson, the Surveyor of Customs and Pollack's supervisor, must have agreed with Pollack testifying at Skiff's hearing before the Chamber, and in the delay in resolving the case in court. It appears then that the Treasury found it worthwhile to allow the Chamber to make an example of Skiff, and to administer justice.

For his part, Skiff eventually resolved the case against him without additional jail time, and his southern connections actually helped him over the last two years of the war. A credit reporter from the R. G. Dun agency estimated his net worth at thirty to forty thousand dollars in December 1865, citing his connections to an unnamed firm in Nashville, Tennessee. But he never completely recovered from his ordeal. A series of bad investments by a son cost Skiff most of his newly acquired wealth in 1866, from which he never recovered. He struggled on as a merchandise agent until 1876, when he became an agent for the Mutual Fire Insurance Company. Dun reporters, who before 1860 referred to Skiff as "pretty shrewd" and "very active," now deemed him "tricky."\textsuperscript{50} Through one ill-considered fit of pique Skiff provided two powerful organizations the means each needed to make a point to the nation at large about a part of what was at stake in the Civil War. He
never escaped the consequences of that one impetu-
ous act.

But for the Treasury, commerce did follow the
flag and Salmon P. Chase carried the standard. He had
built a strong political base for himself in the West
through the personal friendship and loyalty of his
appointees, which may have served him well had he
managed to keep his ambitions in check. The Skiff
episode served as a warning of the power of the fed-
eral government and the Treasury when they decided to
use it. Until he resigned in the spring of 1864, how-
ever, Chase’s loyal followers served him first, and the
administration second. Not until very late in the war,
if then, did Lincoln enjoy anything approaching the
full loyalty of his own administration, much less the
entire North.

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1. This account is taken from the Minutes of the Cincinnati
Chamber of Commerce, 1839-1917, 1, 1839-1863 [hereinafter
Chamber Minutes and date], and the Minutes of the Board of
Officers of the Cincinnati Chamber of Commerce, v. 1,
September 1848 to March 1866 [hereinafter Board Minutes and
date]. These volumes are a part of the Cincinnati Chamber of
Commerce Collection housed at the Cincinnati Historical
Society Library Cincinnati, Ohio [hereinafter cited as CHSL].
2. Ohio, v. 78, 322 and 331, R. G. Dun & Co. Collection, Baker
3. For the substance of the regulations and their interpretation
by Chase, see “Letters Sent Related to Restricted Commercial
Intercourse,” Department of Treasury Records [hereinafter
“Letters Sent”] Record Group 56, #316 [hereinafter cited as RG
56], National Archives and Records Administration [here-
inafter cited as NARA].
4. “Testimony of John Pollack,” Chamber Minutes, October
16, 1861.
5. Ohio, v. 78, 331, R. G. Dun & Co. Collection, Board Minutes,
October 10, 1861; and Chamber Minutes, December 14, 1861.
This entry also contains a newspaper clipping pasted into the

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“Let Commerce Follow the Flag”
record with no date or mast, but purportedly from the Vicksburgh[sic] Whig of July 6, 1861, in which the author claimed he had been charged with sending ten firkins of butter to Louisville [firmly in the hands of the Union], not Vicksburg. The writer decried the "mob spirit" in Cincinnati and claimed that the author's only crime consisted of "shipping South" and "voting for Bell and Everett." Bell, of course, ran for President on the Constitutional Union ticket in 1860, receiving about thirteen percent of the vote in Cincinnati.

6. The role of these organizations has been poorly studied and underestimated. Alfred E. Chandler, in The Visible Hand: The Managerial Revolution in American Business (Cambridge: Harvard University Press, 1977), 211, notes the importance of the Chicago Board of Trade and similar boards in Milwaukee, Kansas City, Toledo, Omaha, and Minneapolis, but only in the context of their role in standardizing, regulating, and promoting the grain trade. In his first chapter, "The Traditional Enterprise in Commerce," Chandler mentions the merchants' exchange only in passing, as a place to conduct "business dealings." In fact it was far more important than that, as we will see below. These organizations made, enforced, and interpreted the rules of commercial conduct while offering the services mentioned in the text. They provided merchants and manufacturers an opportunity to leverage their individual power, no small consideration in an economy always short of capital. William Cronon, in Nature's Metropolis: Chicago and the Great West (New York: W. W. Norton & Co., 1991), 114-119, provides an excellent account of the Chicago Board of Trade's importance in developing standardized grading systems and inspection rules for the grain trade, which were also written into its charter and state law. However, he does not see as expansive a role for the Chicago Board as the Cincinnati Chamber had assumed. The Board represented the city's "business interests," he argues, with self-regulation as its most important power. Quite possibly, owing to factors of time, place, and organization, the Chicago Board did not hold the same position that the Cincinnati Chamber did in the local economy, but the fact that the Board's decisions regarding disputes had the same weight as decisions of a circuit court indicates that perhaps the Board's influence may have been greater than Cronon suggests. William G. Ferris, in The Grain Traders: The Story of the Chicago Board of Trade (East Lansing: Michigan State University Press, 1988), focuses on the grain trade and does not consider the larger impact of the Board on the Chicago economy.


transportation was well underway by 1860, but the severe panic of Spring 2001

Philosophical Society of Ohio Bulletin 8 (January-March 1913), David C. Shilling, "Relations of Southern Ohio to the South during the Decade Preceding the Civil War," [hereinafter cited as MVHR 3 (December 1856).]

MVHR 24 (March 1938), 478-82, and David C. Shilling, "Relations of Southern Ohio to the South during the Decade Preceding the Civil War," Historical and Philosophical Society of Ohio Bulletin 8 (January- March 1913), 3-19. Wilson argues that Cincinnati was more "western" than "southern," but in fact the Mississippi River flows south. The transformation from river to rail as the main system of transportation was well underway by 1860, but the severe panic of 1861, which so concerned the Chamber of Commerce, clearly indicates that the southern trade remained very important.


See the membership lists published annually in the Annual Report of the Cincinnati Chamber of Commerce and Merchants' Exchange (Cincinnati: Various publishers, annually 1849-1914) [hereinafter Annual Report and date], and compare them to any number of vanity histories and biographies published at the same time. For example, in George B. Stephens, The City of Cincinnati: A Summary of its Attractions, Advantages, Institutions, and Internal Improvements (Cincinnati: Geo. B. Blanchard & Co., 1869), forty-five gentlemen apparently paid to have their biographical sketches included in the book. Of those forty-five, twenty-four also appear as members of the Chamber of Commerce for 1868. Such a comparison is, of course, unscientific, because some of the business elite had no need to join the Chamber, and others were not rich enough to pay the fee to have their names included in these books. Still the high degree of correlation (53%) indicates the members wielded an inordinate amount of power and influence.

Constitution and By Laws[ sic] of the Cincinnati Chamber of Commerce and Merchants' Exchange: As adopted at the reorganization of the Chamber August 12, 1846 (Cincinnati: Holland & Hitchler Printers, 1847), 3 [hereinafter Constitution and By Laws, 1846].

9. See the abstracted correspondence in Letters Sent, May-June 1861, RG 56, NARA, 9-29.
10. See the annual financial reports published by the Chamber of Commerce and Mer­chants' Exchange (Cincinnati: Various publishers, annually 1849-1914) [hereinafter cited as MVHR and date], and compare them to any number of vanity histories and biographies published at the same time. For example, in George B. Stephens, The City of Cincinnati: A Summary of its Attractions, Advantages, Institutions, and Internal Improvements (Cincinnati: Geo. B. Blanchard & Co., 1869), forty-five gentlemen apparently paid to have their biographical sketches included in the book. Of those forty-five, twenty-four also appear as members of the Chamber of Commerce for 1868. Such a comparison is, of course, unscientific, because some of the business elite had no need to join the Chamber, and others were not rich enough to pay the fee to have their names included in these books. Still the high degree of correlation (53%) indicates the members wielded an inordinate amount of power and influence.

11. Constitution and By Laws, 1846, 3-22.

12. See the Annual Reports for the period. Note that the information in the Annual Reports, however, only represents that trade which passed through the Merchants' Exchange or the docks. Commodities brought in wagons from the countryside and sold directly to local merchants, estimated at six hundred wagons per day in the early 1850s, went unrecorded.
13. Compare the membership rolls published in the Annual Reports to the names of City Council members in the Williams' Cincinnati Directory: City Guide and Business Mirror (Cincinnati: C. S. Williams, annually) [hereinafter City Directory and date]. At any one time, two to three Chamber members were also listed as Councilmen. The CHSL houses nearly complete sets of the Annual Reports and City Directory.
14. See the Chamber Minutes. The membership regularly approved and sent resolutions to the Ohio General Assembly and Congress regarding a wide range of commercial matters, including, for example, an expanded canal around the Falls of the Ohio at Louisville, Kentucky, the re-institution of a national bank, and the protective tariff.
15. See both the Chamber Minutes and Board Minutes for February 1856.

16. See E. Merton Coulter, "Effects of Secession upon the Commerce of the Mississippi Valley," Mississippi Valley Historical Review [hereinafter cited as MVHR] 3 (December 1916), 275-300; Charles R. Wilson, "Cincinnati a Southern Outpost in 1860-61," MVHR 24 (March 1938), 478-82, and David C. Shilling, "Relations of Southern Ohio to the South during the Decade Preceding the Civil War," Historical and Philosophical Society of Ohio Bulletin 8 (January-March 1913), 3-19. Wilson argues that Cincinnati was more "western" than "southern," but in fact the Mississippi River flows south. The transformation from river to rail as the main system of transportation was well underway by 1860, but the severe panic of 1861, which so concerned the Chamber of Commerce, clearly indicates that the southern trade remained very important.

points out that commercial policy was as much a military matter as it was the responsibility of the Treasury Department, and that those policies often collided. As the war progressed, Johnson argues, administration policy moved toward free trade with the Confederacy. None of these authors consider what Chase hoped to accomplish for himself or the administration, particularly early on, but it is clear from his correspondence with his agents that he hoped to keep western merchants bound to himself and the Union, while keeping the flow of goods to the Confederacy to a minimum.


31. See Chase to James Sloc, et al., June 1, 1861, Letters Sent, RG 56, NARA, 20-21. There is no indication that Chase reacted directly to the Skiff case, although it is highly likely he knew about it. He required his agents in the field to report at least biweekly on their activities, and to include such incidents in their reports. Whether he reacted specifically to Skiff alone cannot be ascertained, but he did substantially weaken his earlier stance over the next few weeks. See Chase to Mellen, May 4, 1861, in Letters Sent, RG 56, NARA, 9-10.


33. Board Minutes, July 22, 1861.

34. Board Minutes, October 10, 1861.

35. Chamber Minutes, October 16, 1861.

36. Board Minutes, October 30, 1861.

37. There were other political considerations that might call Cincinnati's loyalty into question. Always a Democratic stronghold, in April 1861 Cincinnati elected a new Democratic mayor and administration, in part due to the secession crisis and the belief by many that slavery was not worth a war. See the local newspapers for March and April 1861, particularly the Democratic Enquirer.

38. See McPherson, Battle Cry of Freedom, 324, and Russell Weigley, Quaker General of the Union Army: A Biography of Montgomery C. Meigs (New York: Columbia University Press, 1939), 162-168. Allan Nevins, in War for the Union: The Improvised War, v. 1 (New York: Scribner, 1959), 227, blames the problems more on Cameron's inability to manage the War Department than any dishonesty, noting correctly, that Chase and Montgomery Blair were equally willing to use their offices for political purposes.

39. Whether the perception that Cincinnati businesses were being bypassed for government contracts reflects the actual state of affairs at that time requires some analysis. There is ample evidence in the Cincinnati record, particularly in the local newspapers, Democrat or Republican, but also in the Chamber Minutes, that many citizens believed that Cincinnati had yet to receive its share of the contracts. But the evidence from the records of the Office of the Quartermaster General [Record Group 92, NARA] indicates that Cincinnati received no deliberate slight. The Quartermaster's Office had opened one of its four major depots at Cincinnati in June 1861 to supply the western armies with clothing and camp garrison equipage, and was acquiring the needed stores to supply the troops in accordance with statute law and Quartermaster General Montgomery Meigs' policy. The depot quartermaster awarded a large number of contracts at his office on Third Street, particularly for uniforms and shoes, although not all went to Cincinnati contractors. The Scientific American, a national weekly devoted to manufacturing and technology, noted in early November that at least 3,500 army wagons had been made in Cincinnati since May [see New Series v. 5, Nov. 2, 1861, 275]. In December it reported that the government transacted an "immense business" at the Cincinnati depot, and that more than 25,000 persons were engaged in manufacturing for the army [see v. 5, Oct. 26, 1861, 386]. What appears to have happened, in retrospect, was that war contracts had yet to replace the lost southern business, although they soon would. But contemporaries believed that the War Department had slighted Cincinnati, and it governed their thinking.

40. Board Minutes, January 10, 1862.

41. Chamber Minutes, July 31, 1862. The very next week the Chamber modified its resolution rejecting Council's proposal, but stopped well short of endorsing it. It now resolved to "cordially cooperate" to secure the enlistment quotas required of the city without specifying what that cooperation might entail.

42. Chamber Minutes, June 9, 1863 and July 20, 1863. The minutes of July 20, lists thirty-eight members as delinquent. Margin notes indicate that five later complied. Three members were aliens, and could not legally take the oath, although they appeared on the list. The Minutes do not reveal the exact date of the expulsions, but later references prove they took place.

43. Chamber of Commerce Minutes, 1830-1917, v. 2 (1863-1874), 110.

44. Chase to Charles B. Cotton, January 20, 1862, Letters Sent, RG 56, NARA.


46. Chase had personal ties to many of the agents. Mellen, as noted above, was a personal friend, as were Enoch Carson and William Yeatman, who served for a time as Surveyor of Customs at Memphis, Tennessee. Flambe Ball, District Attorney for the Southern District of Ohio, had been Chase's law partner in Cincinnati. See Letters Sent, RG 56, NARA, and Chase's personal correspondence housed at the CFSL.

47. See regulations copied in Letters Sent, RG 56, NARA, 271-273, and 279-282.

48. From Letters Sent, Boards of Trade can be identified at Cadiz, Hopkinsville, Paducah, Bowling Green, Hickman, Catlettsburg, Maysville, Memphis, Louisville, Bolivar, Jackson, Corinth and Nashville. It is difficult to say whether this list represents all Boards, since the record provides no roster.

49. This study will not address the opportunities for fraud and self-aggrandizement these positions offered, only how officers' personal loyalty provided such opportunities. Many, perhaps most, Board of Trade members and Treasury officials refused to take advantage of their positions, but the literature on trade policy [see footnote 26 above] and the correspondence in the Official Records of the War of the Rebellion ser. 1, v. 17/2 [S#25], indicate that an undetermined number did. Clearly, loyalty provided opportunity, whether or not an individual chose to seize it.