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JOHN C. CALHOUN AND THE CREATION OF THE BUREAU OF INDIAN AFFAIRS: AN ESSAY ON POLITICAL RIVALRY, IDEOLOGY, AND POLICYMAKING IN THE EARLY REPUBLIC

WILLIAM S. BELKO*

"THE EXPERIENCE OF THE INDIAN FACTORY SYSTEM," reflected Missouri Senator Thomas Hart Benton, "is an illustration of the unfitness of the federal government to carry on any system of trade, the liability of the benevolent designs of the government to be abused, and the difficulty of detecting and redressing abuses in the management of our Indian affairs."¹ In 1822, behind the powerful forces of Senator Benton, a cabal of interested U.S. congressmen, and John Jacob Astor, president of the American Fur Company, Congress voted overwhelmingly to end the factory system of Indian trade that had existed since 1795.² This action dramatically increased the workload and responsibilities of the secretary of war, John C. Calhoun. Yet Calhoun already presided over a markedly burdensome and fractured administration of Indian affairs. Reform was paramount. On several occasions Calhoun attempted to institute centralization and efficiency in the Indian department, a branch of the war department, but each time Congress failed to implement his requested reforms. With his frustration mounting yearly in the wake of congressional inaction or outright hostility to his various proposals for reform, Calhoun took matters into own hands and created the Bureau of Indian Affairs in 1824. With this unilateral action, in the last year of his tenure as secretary of war, centralization and efficiency in Indian affairs had at last arrived at the war department.

But the creation of the Bureau of Indian Affairs stemmed from causes that transcended the need to reform an ailing system, in this case, the

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¹ Thomas Hart Benton, *Thirty Years' View; or, A History of the Working of the American Government for Thirty Years, from 1820 to 1850*, vol. 1 (New York: D. Appleton & Co., 1854-1856), 20-21.

² The Washington administration established the factory system of Indian trade in 1795. The purpose was fourfold: to help control the Indians; to take trade away from the British and Spanish; to encourage Indian friendship with the United States; and to supply cheap, quality products and materials to the Indians in order to protect them from illicit trade by private individuals. The Jefferson, Madison, and Monroe administrations continued the use of the factories until abolished by Congress in 1822. The factory system was never popular with Congress. See the sources listed in note 3.

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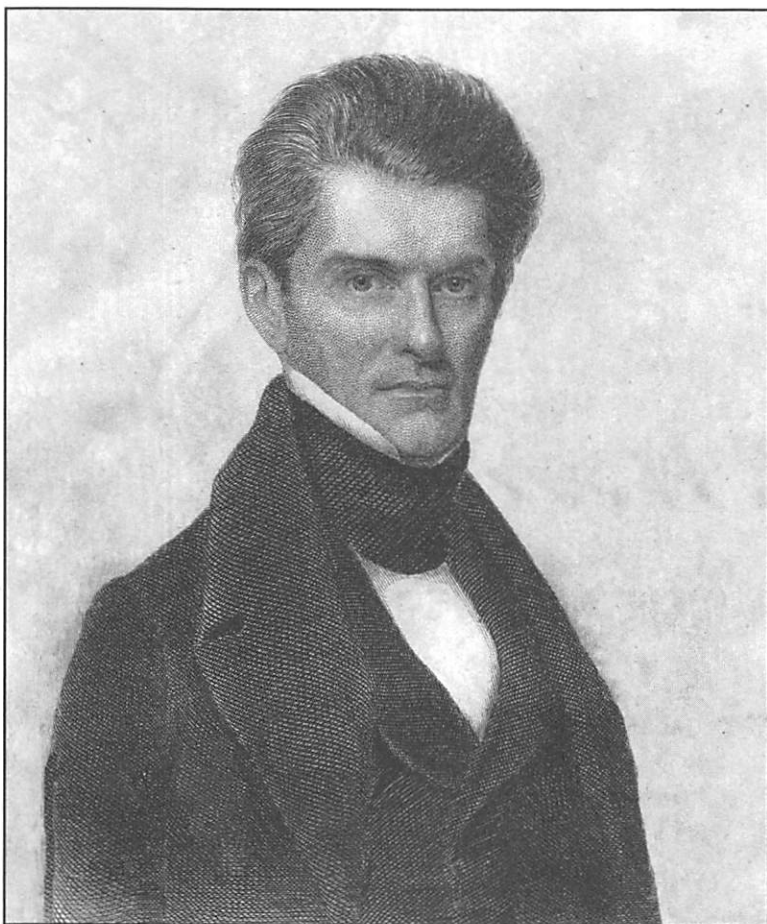
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administration of Indian affairs. Larger issues of political rivalry at the national level, ideological differences within the Republican party, and disagreements over the federal government's role in Indian affairs during the late years of the early republic influenced Calhoun's decision to create the bureau more than any other factors. Reforming the administration of Indian affairs was certainly a necessary and worthy cause in Calhoun's mind. But if he could indeed succeed in instituting his proposed reforms, it would symbolize his victory over several powerful political forces confronting him during the Monroe presidency.

First, the creation of the bureau was a reaction to the conservative impulse dominating Congress in the decade following the War of 1812. The Old Republicans, with their strict Jeffersonian ideology for retrenchment and economy in the federal government, constantly inquired into and questioned the operations and finances of the war department. As a result, Congress on multiple occasions reduced considerably the appropriations and assailed the accounts of the Indian department, which further undermined Calhoun's supervision of Indian affairs. Second, the Radicals in congress, heirs to the Old Republican mantra, took the attacks on the war department beyond principle to include personal attacks on Calhoun himself. Political rivalry dominated the Monroe administration, as the pro-Radical secretary of the treasury, William H. Crawford, and his political supporters sought to undermine Calhoun's quest for the presidency in 1824 and thereby strengthen Crawford's presidential chances. Attacks on Calhoun's administration of Indian affairs were one way to derail Calhoun's popularity. Other presidential rivals, such as Henry Clay, speaker of the House of Representatives, joined the assault on the war department for the same purpose. Finally, the attack on the factory system of Indian trade by Benton and his supporters manifested the prevailing impulse of private enterprise over government involvement in Indian affairs. Calhoun believed the opposite, arguing that Indian affairs should be under the firm control of the federal government and not left to the domain of private enterprise. The combination of congressional hostility, rejection of proposed reforms, and continuation of a fragmented and cumbersome bureaucracy heightened Calhoun's frustration over the administration of U.S. Indian affairs. Thus, as a direct result of this mounting frustration, emanating directly from the political rivalries and ideological differences dominating the late early republic, Calhoun unilaterally created the Bureau of Indian Affairs in 1824.³

³ On the retrenchment crusade against the war department, the animosity against Calhoun in the 1820s, and the attacks on the factory system, see Norman Risjord, *The Old Republicans: Southern Conservatism in the Age of Jefferson* (New York: Columbia University Press, 1965), 191-227; Merrill D. Peterson, *The Great Triumvirate* (New York: Oxford University Press, 1987), 92-95; John Niven, *John C. Calhoun and*



John C. Calhoun in middle age. From the collections of the South Carolina Historical Society.

Calhoun began his duties as secretary of war in December 1817. That he was President James Monroe's fifth choice to fill the cabinet position—four turned down the post, including U.S. Senator William Lowndes of South Carolina—indicated the deplorable condition of the war department. Many of Calhoun's friends, Lowndes included, advised him to decline the position. They felt on the one hand that Calhoun was most likely too young and inexperienced for the monumental task of reforming the war

the Price of Union (Baton Rouge: Louisiana State University Press, 1988); and Margaret Coit, *John C. Calhoun: American Portrait* (Boston: Houghton Mifflin Company, 1961), 128-30, 149-51.

department, and on the other, that the routine executive affairs inherent to the cabinet position would be a waste of his talents. Calhoun, however, felt up to the task.⁴

Of all the war department's offices, Indian affairs required the most reform. For one, the title of Indian department referred not to any established and defined agency, but rather to a general designation of appropriated funds directed towards the execution of Indian policies. For another, considerable fragmentation of authority defined the operation of Indian affairs. Calhoun supervised a large field service that included the territorial governors, who also acted as ex officio superintendents of Indian affairs; the numerous Indian agents and sub-agents; and finally, the military garrisons along the frontier. Outside the Indian department was the superintendent of Indian trade, who administered the factory system of trade with the Indian tribes. The factory system consisted of a combination of licensed private traders and government operated and supplied factories. The superintendent of Indian trade nominated and the president of the United States appointed the factors, the secretary of war appointed the various Indian agents and sub-agents, and the president nominated and Congress approved the various territorial governors. In all, a variety of field officials—civilian, military, and government—reported to the secretary of war.⁵

⁴ Monroe first approached Henry Clay, who rejected the post because he desired to be secretary of state. Monroe next approached Andrew Jackson, who showed no interest at all. Monroe then asked Governor Isaac Shelby of Kentucky and William Lowndes, respectively, and both refused. Monroe reluctantly asked Calhoun on October 10, 1817. After three weeks, Calhoun heartily accepted. Margaret Coit lists Langdon Cheves, also from South Carolina, as another well-qualified individual who declined Monroe's invitation. Gerald M. Capers, *John C. Calhoun: A Reappraisal* (Gainesville: University of Florida Press, 1960), 61-62; Peterson, *Great Triumvirate*, 84-88; Coit, *American Portrait*, 120. For the deplorable condition of the war department, see Irving H. Bartlett, *John C. Calhoun: A Biography* (New York: McGraw Hill, 1971).

⁵ For an extensive study of the structure of the Indian department and the factory system of trade, see Leonard D. White, *The Jeffersonians: A Study in Administrative History, 1801-1829* (New York: Macmillan Company, 1951), chapter 32; Francis Paul Prucha, *American Indian Policy in the Formative Years: The Indian Trade and Intercourse Acts, 1790-1834* (Cambridge, Mass.: Harvard University Press, 1962), chapters 4 and 5; Herman J. Viola, *Thomas L. McKenney: Architect of America's Early Indian Policy, 1816-1830* (Chicago: Sage Press, 1974), passim; Ora Brooks Peake, *A History of the United States Indian Factory System, 1795-1822* (Denver: Sage Books, 1954); George Dewey Harmon, *Sixty Years of Indian Affairs: Political, Economic, and Diplomatic, 1789-1850* (Chapel Hill: University of North Carolina Press, 1941), 94-133, passim; Royal B. Wade, "The United States Factory System for Trading with the Indians, 1796-1822," *Mississippi Valley Historical Review* 4 (1931-1932), 487-511; Roger J. Spiller, "John C. Calhoun as Secretary of War, 1817-1825," (Ph.D. diss.,

But the decentralized nature of the Indian department and a lack of accountability within the field service itself contributed to an unwieldy system difficult to achieve efficient management. Disputes often resulted among the various officials out in the field. Garrison officers and soldiers clashed frequently with the resident Indian agent or sub-agent over the interpretation of policy and the discharge of their respective duties. Likewise, licensed private traders complained consistently of the government factors, who in turn protested regularly against the character and actions of private traders and trading companies.⁶ Even the territorial governors struggled to implement a consistent and coherent Indian policy in spite of a fragmented bureaucracy.⁷ Such disputes arose from several practices. For one, field officials never consulted with each other, nor were they ever required to do so. For another, Indian agents and factors lacked the power to enforce regulations and punish individuals for illicit trading. The power of the sword resided exclusively with the frontier garrisons, and, therefore, agents and factors relied solely on the mercy and cooperation of the military. To make matters worse, the courts provided no remedy, for evidence needed to convict illegal traders and other violators of the law proved difficult to collect.⁸

Confusion over administrative tasks and responsibilities also adversely affected the supervision of Indian affairs. Besides reporting to the secretary of war, the superintendent of Indian trade responded equally to the secretary of the treasury. For example, the treasury department reviewed the trade accounts of the factory system, but the war department approved the

Louisiana State University, 1977), chapter 4, *passim*. Spiller focuses overwhelmingly on Calhoun's policies regarding Indian removal and treaties, and thus much emphasis is placed upon his relations with specific Indian tribes and nations. Spiller mentions some on the factory system, yet ignores the administrative development of the Bureau of Indian Affairs.

⁶ For an excellent survey of the strife between private traders and government factors, see Prucha, *American Indian Policy*, 72-73, *passim*. For animosity between soldiers and Indian agents, see Viola, *McKenney*, 18, *passim*. On the difficulty of managing Indian affairs, White stated that it became "an enterprise of considerable magnitude and much perplexity." White, *Jeffersonians*, 509. Prucha noted that "the lines of demarcation between the civilian branches of the Indian service were understandably hazy." Prucha, *American Indian Policy*, 18. Calhoun was aware of such problems. See John Jacob Astor to Calhoun, March 14, 1818, in W. Edwin Hemphill, ed., *The Papers of John C. Calhoun* (Columbia: University of South Carolina Press, 1959 to date), 2: 191, hereinafter cited as JCCP. See also McKenney to Calhoun, July 17, 1818, JCCP, 2: 393-95.

⁷ The territorial governors also reported to the secretary of state, the secretary of the treasury, and even the president.

⁸ On several occasions Calhoun had to deal with the problem of judicial enforcement of illegal trade. See Prucha, *American Indian Policy*, 73-76.

scheduling of auctions that comprised the trade.⁹ Indeed, the operation of Indian affairs appeared at times to have other heads than the secretary of war, yet the ultimate responsibility resided in the war department. Disorder, not accountability, was the standard. Such division and disagreement not only undermined the efficient administration of the government's Indian policies, but added considerably to Calhoun's frustration. It was imperative to the secretary that he restructure and centralize this archaic system.

Congressional action, however, proved anything but conducive to reform. Not two months into Calhoun's tenure, a reform-minded Congress, infected with the Old Republican ideology of limited government and strict economy, requested that Calhoun present a plan for the reorganization of the army staff. Reduction of the standing army had always been a priority of the Old Republicans, and now the impetus for reform was placed upon the head of the war department. Calhoun met their expectations admirably in a plan submitted to the Senate in February 1818, and in April of that year, Congress passed a bill that incorporated Calhoun's recommendations, thus centralizing all of the staff responsibilities in Washington.¹⁰ This early success at reform was short-lived for Calhoun, though. In keeping with their move for retrenchment and economy, Congress also passed two resolutions that dramatically changed the existing structure of Indian affairs—ultimately resulting in further fragmentation. The enactments altered the selection process¹¹ and fixed the compensation¹² of the superintendent of Indian trade, the factors, and the Indian agents. But most detrimentally, this legislation removed from the secretary of war essential oversight of Indian affairs and constrained the field service in its conduct of Indian policy.

The repercussions were immediate. After Calhoun promptly notified the territorial governors and the Indian agents of the changes affecting

⁹ In 1811 Congress passed legislation that further confused the duties of the superintendent of Indian trade. Viola, *McKenney*, 8-9. The administrative duties of the Indian agents were as considerably unclear, for Congress altered the responsibilities of these officials on several occasions. Prucha, *American Indian Policy*, 67-68.

¹⁰ Niven, *Calhoun*, 65-66.

¹¹ U.S. Stat., III, 420. Under these new provisions, the president nominated and appointed, with the advice and consent of the Senate, these various officials. Furthermore, the act required that "no person shall act in either of the characters aforesaid" without the procurement of a \$10,000 security bond. The result was the reappointment of some factors, the dismissal of others, and difficulty on the part of all to acquire the necessary bond.

¹² U.S. Stat., III, 445-46, 461.

them, he received strong remonstrance from the field service.¹³ William Clark, governor of the Missouri territory, expressed to Calhoun his vehement opposition to the dismissal of two agents in his area. This dismissal left to Clark alone the management of nearly 65,000 Indians "consisting of a variety of Tribes scattered over an extensive country," many of which Clark considered "formadable [*sic*], vecious [*sic*], and difficult to manage, without an agent to assist."¹⁴ Furthermore, Clark argued that the reduction in the field service undermined the government's Indian policy of fostering peaceful relations between the various Indian tribes and whites living in close proximity. "But when I am deprived of such means as are absolutely necessary for effecting these objects," complained Clark, "it cannot be expected that those wild people can be managed in such a way as to prevent [trouble] and discontent."¹⁵

Others shared Clark's indignation. As Clark also questioned the fixation of salaries—completely insufficient to carrying out the required duties—numerous Indian agents accepted their appointments or reappointments under protest of the new congressional guidelines. Red River Indian agent John Jamison protested against the ridiculously large security required of all Indian agents and the low salary that, without allowing for expenses, "will not keep me out of jail in this country."¹⁶ These protests demonstrated the increasing difficulty of conducting efficient Indian policy in the wake of congressional action that adversely affected the structure and administration of Indian affairs. Such legislation and the consequent complaints from the field elevated Calhoun's frustration. A far more serious and ongoing struggle between Congress and the supporters of the factory system of Indian trade demanded his utmost attention, however, for this struggle threatened immediately the secretary's control of Indian affairs and the future of reform.

When Calhoun assumed office in 1817, Congress, with the firm support of private trading companies, desired to shut down the factory system.¹⁷ Various reasons stimulated this drive. One was that the end of the War of 1812 removed British competition in the fur trade. As British influence diminished, private capital into domestic fur companies increased. A

¹³ Calhoun to Lewis Cass, William Clark, and Ninian Edwards, April 22, 1818, Calhoun to Indian Agents, April 22, 1818, and Calhoun to Former Indian Agents, April 22, 1818, JCCP, 2: 255, 256.

¹⁴ Clark to Calhoun, May 24, 1818, JCCP, 2: 306.

¹⁵ *Ibid.*

¹⁶ Jamison to Calhoun, June 3, 1818, JCCP, 2: 327.

¹⁷ The primary forces behind the campaign to abolish the factory system were Senator Thomas Hart Benton, Congressman John B. Floyd, and John Jacob Astor, president of the American Fur Company.

congressional resolution in 1816 that precluded foreign involvement in the fur trade fostered additional interest and investment in the commerce.¹⁸ Another was that the war with England eliminated the military threat posed by Indians. Thus, by 1815 two of the initial reasons for the creation of the factory system no longer existed. But the most pressing reason for the abolition of the government trading houses was the popularity and effusion of the economic philosophy of private enterprise. A cardinal tenet of this school was the removal of government participation in the commercial arena. Hence, the factories symbolized everything anathema to the friends of free enterprise and, therefore, must be eradicated.

On the other side, supporters of the factory system emphasized the humanitarian, rather than the political, aspects of the government's role in Indian trade.¹⁹ The ruthless techniques and the shady character of private traders, they argued, required the factories. Only the beneficial intervention of the government provided the necessary remedy to the evils of free enterprise. The foremost defender for the continuation of the factory system was the superintendent of Indian trade, Thomas L. McKenney. Supporting McKenney was a vast array of religious, charitable, and humanitarian organizations, and Secretary of War Calhoun. From his appointment in 1816 through 1818, McKenney attempted to establish a government monopoly of trade with the Indians, not only as a response to the explosion of licensed private traders and illicit trading, but also as a necessity for furthering the government's policy of "civilizing" and "educating" the Indians.²⁰

Although McKenney's efforts failed, the American Fur Company and its friends in Washington increased their attacks on the factory system. For the next four years, from 1818 to the demise of the factory system in 1822, the advocates and the opponents of the government trading system waged

¹⁸ U.S. Stat., III, 332.

¹⁹ This humanitarian emphasis coincides with the transition of Indian-white relations from the 1790s to the early 1820s. The Indians were no longer a military threat to the United States, but rather "an uneasy moral charge on the public conscience." Indians had "descended from defiance to submission." White, *Jeffersonians*, 496. This transition also affected trade with the Indians, from political importance toward humanitarian. Prucha, *American Indian Policy*, 66-67.

²⁰ The best surveys on the factory system and the fur trade in America at this time are Viola, *McKenney*, chapters 2 and 3; Prucha, *American Indian Policy*, chapter 5; and White, *Jeffersonians*, chapter 32. Also adequate are Harmon, *Sixty Years*; Peake, *History*, passim; Way, "Factory System," 487-511. See also House Journal, 15 Cong., 1 sess., (ser. 4), 169, 417. For McKenney's efforts and role, see Viola, *McKenney*, chapters 2, 3, and 4, and *American State Papers: Indian Affairs*, II, 22, 261. For Benton's testimony against the factory system, see *American State Papers: Indian Affairs*, II, 326-64.

a bitter war in and out of Congress. Calhoun found himself in the middle of the conflagration, yet allied to the proponents of the factories. He understood the fragility of the situation and realized that the factory system was in marked decline. Although the House of Representatives continually extended the deadline for statutory termination of the factory system, the frequency of renewal battles in Congress indicated a growing opposition to continuance. Indeed, the House extended the life of the factory system five times in five consecutive years, but only at the last minute and with increasing opposition.²¹

The situation justifiably concerned Calhoun. If Congress abolished the factory system—without a suitable replacement—the secretary would be faced with a dramatic increase in responsibilities and a workload that he knew full well was beyond the effective management of the present structure of the Indian department. Since closure of the factories also entailed termination of the office of superintendent of Indian trade, he would be without the able services of his capable friend McKenney.²² Moreover, the sensitive process of “civilizing” and assimilating, and in many cases removing, the Indian tribes would no longer be the exclusive domain of the federal government; private enterprise and competition, and the motives that accompanied them, would become a significant factor in Indian-white relations. History already presented a dark picture of such a relationship, and Calhoun realized the setback for both the efficient management of Indian affairs and the centralized execution of the government’s Indian policies. Indeed, the accelerating westward movement of Americans during the Monroe years already beckoned a gradual, yet perceptible, change in Indian affairs. States west of the Appalachians desired the removal of Indians from their soil, and if the federal government would not undertake such a project, the states would. Georgia, most of all,

²¹ U.S. Stat., III, 363 (March 3, 1817), 428 (April 16, 1818), 514 (March 3, 1819), 544 (March 4, 1820), and 641 (March 3, 1821).

²² For the close working relationship between Calhoun and McKenney, see Viola, *McKenney*, 22-23, 59, and chapter 5, passim. Viola argues for a close working relationship, both professionally and personally, as well as policy agreement, between Calhoun and McKenney. Spiller disagrees and suggests that Calhoun and McKenney did not have as substantial an impact upon Indian affairs as Viola contends. See Spiller, “Secretary of War,” 192ff. I tend to agree with Viola’s interpretation. First, Calhoun lamented the dismissal of McKenney as superintendent of Indian trade and immediately appointed him later as superintendent of the Bureau of Indian Affairs. Second, Calhoun entrusted the editorship of his presidential organ to McKenney. Third, evidence clearly demonstrates close contact between the two figures in all aspects of Indian affairs. This wealth of correspondence exhibits beyond a doubt a general agreement on Indian policies, as well as a good working relationship.

epitomized this aspect of states' rights. Calhoun could not afford to lose the factory system, for it would further undermine the necessary changes in U.S. Indian policy—changes that Calhoun believed could only be made justly and wisely by the federal government.²³

Calhoun was well aware of the machinations to abolish the factory system. In March 1818, while the forces of retrenchment and economy were on the move, Congressman Jesse Slocum introduced a resolution that directed the secretary of war to report to Congress at its fall session "a system providing for the abolition of the existing Indian trading establishments of the United States, and providing for the opening of the trade with the Indians to individuals, under suitable regulations."²⁴ In May Calhoun informed his chief Indian agents—Lewis Cass, territorial governor and superintendent of Indian affairs for the Michigan territory; Ninian Edwards, superintendent of Indian affairs, Kaskaskia, Illinois; and William Clark—of the congressional resolution to terminate the government-operated factory system and thus open the trade to private individuals and companies under proper guidelines.²⁵

The determination of "suitable regulations" required the experience and wisdom of Cass, Edwards, and Clark. Thus, Calhoun requested that the triumvirate communicate their ideas on the resolution, as well as to comment upon the advantages of the existing system of Indian trade, any improvements that could be made upon it, and the merits of the proposed substitute.²⁶ He likewise requested the professional opinion of Superintendent of Indian Trade McKenney. The secretary of war desired advice on the most effective procedure for terminating the existing system, along with any comments or suggestions McKenney thought important in relation to opening the trade, under suitable regulations, to private individuals.²⁷

The replies to Calhoun's request demonstrated a significant division among the various officials responsible for Indian affairs. McKenney objected vehemently to the removal of the government from Indian trade. Opening the trade to individuals without government control endangered both Indians and whites, for the government system rested upon benevolence and reform, while private enterprise did not. Moreover, only the wealthy few could infuse the necessary large amounts of capital into Indian trade.

²³ See Calhoun's report to Congress, December 5, 1818, JCCP, 4: 341, which will be taken up later.

²⁴ See House Journal, 15 Cong., 1 sess., (ser. 4), 420; Calhoun to McKenney, August 17, 1818, JCCP, 3: 38; Viola, *McKenney*, 58.

²⁵ Calhoun to Cass, Edwards, and Clark, May 25, 1818, JCCP, 2: 309.

²⁶ *Ibid.*

²⁷ Calhoun to McKenney, August 17, 1818, JCCP, 3: 38.

As such, monopolies would quickly dominate the trade, thus ending any beneficial competition among individuals whatsoever—and that was contrary to the intentions of those in Congress intending to distribute trading privileges amongst individuals.²⁸ Calhoun tended to agree with the provisions outlined by McKenney.

Cass, however, disagreed. He argued that the factories undermined the initiative and industry of the private trader, and the influx of American capital into the venture adequately replaced any system of government funding. In fact, he continued, the Indians despised the factory system more than private traders. Furthermore, enforcement of the existing system proved ineffective and elusive.²⁹ Thus, Calhoun faced opposition to the government trading houses, not only from Congress and private trading companies, but also from within his own ranks. Such division and indecision over the best policy of trade with the Indian tribes contributed directly to Calhoun's growing sense of frustration.

Nonetheless, Calhoun compiled the requested information, inserted his own views and ideas, and sent his report to the House in December 1818. In it, he emphasized the necessity of government supervision over any system of trade with the Indians. He argued that opening the trade to individuals under suitable regulations was problematic. The vast extent of Indian country, and the numerous Indian tribes spread throughout, made it difficult to implement a centralized system. Yet, a viable solution was possible. Calhoun proceeded to divide the Indian tribes into two classes: those tribes in close proximity to white settlement and military garrisons which historically had much intercourse with the United States, and those tribes beyond the lines of settlement. He then devised what he believed to be the best possible system of trade according to this division.³⁰

²⁸ McKenney to Calhoun, August 19, 1818, JCCP, 3: 45-56.

²⁹ Cass to Calhoun, September 14, 1818, JCCP, 3: 123-26. See also Cass to Calhoun, October 1, 1818, JCCP, 3: 177-78, in which Cass somewhat revised his earlier views, yet retained his overall opinion that the factory system should be abolished and whiskey prohibited.

³⁰ Calhoun to Speaker of the House Henry Clay, December 5, 1818, JCCP, 3: 345. The entire report covers pages 341-55. The report can also be found in House Doc., 15 Cong., 2 sess., 5. Calhoun's report was not an indictment of the factory system, as some would contend. Rather, he simply provided a suitable replacement if Congress was to in fact terminate the system. In both cases, whether it was the factory system or his alternate system of licensed private traders, the government was directly involved. Both McKenney and Calhoun vehemently argued in favor of active governmental intervention in and supervision of Indian trade. Calhoun's only problem with the factory system was that it was not directly under the authority of the war department, which he adamantly desired to have in order to effect centralization and efficiency over Indian affairs. However, as long as McKenney

Building upon McKenney's recommendations, Calhoun asserted in his report that "the provisions of the ordinance of 1786, with few additions and modifications, particularly in the administrative part," contributed best to trade with the contiguous tribes.³¹ First, in place of the existing system of multiple superintendents, he proposed appointing a single superintendent of Indian affairs who would be subordinate to the war department and solely responsible for the management of Indian affairs. Second, he contended that the 1786 system of licenses for private individuals, with certain alterations, would prove more effective than the existing one.³²

Under Calhoun's recommendations, the superintendent would be authorized to issue licenses to individuals to trade with the Indians. All private traders would need to pay an annual fee, determined by the president, of not less than \$100 nor more than \$500 and to secure a sufficient bond. The president would hold the power to revoke licenses at his discretion, and a fine not exceeding \$1,000 and imprisonment of up to six months would punish unlicensed traders. In addition, Calhoun's system would require that private trading houses have a fixed location, that "spirituous liquors" be completely prohibited, and that the books of the trading houses be subjected at all times to government inspection.³³

Objection to such a high annual sum was certain, but according to Calhoun, it was imperative that the government retain control of the Indian trade. Only strict government supervision protected the Indians from the fraud and brutality that their "ignorance and weakness" attracted. The requirement that all traders pay a high annual fee reduced the number of private traders. "By diminishing the number," argued Calhoun, "and bringing each more permanently before the view of the Government, a due inspection and superintendence becomes practicable."³⁴ The provision for fixed trading establishments would also allow greater government oversight. Such a concentrated system of trade, which still fostered reasonable competition, best protected the Indians.³⁵

As for trade with Indians most remote from white settlement, a system of licensed private traders beyond the stringent supervision of the government proved quite inadequate. The regions from the Rocky Mountains to the Pacific Coast contained the best furs and pelts, and with

was superintendent of Indian trade, Calhoun knew that matters were run as efficiently and professionally as possible. His worst fear was the abolition of the factory system and the complete elimination of the government from Indian trade.

³¹ *Ibid.*, 3: 346. Calhoun refers here to the Indian Ordinance of 1786.

³² *Ibid.*, 3: 346-47.

³³ *Ibid.*

³⁴ *Ibid.*, 3: 348.

³⁵ *Ibid.*, 3: 347-48.

time, these areas would come under firm American authority. In the meantime, American fur companies and licensed individuals competed with British and Spanish traders throughout the North American interior. Without the direct involvement and supervision of the government, this competition would force traders to draw partisan support from among the numerous Indian tribes and make rival tribes their enemies. Violence was the only possible outcome. Thus, trade with the most distant Indian tribes necessitated a centralized and properly structured government system to prove successful.³⁶

Calhoun concluded that the only viable alternative to the existing government trading houses was a system of private traders under strict government supervision. Only the disinterestedness, efficiency, and organization of the government countered the influence of fur companies and the implications of unrestrained enterprise that inevitably accompanied them. He reminded Congress that trade with the Indians had never been "opened, without restrictions, to our citizens."³⁷ The government had always required licenses, and via the factory system, "monopolized the trade." Calhoun's recommendations for strict regulation of private traders were sure to encounter not only the onslaught of Old Republicans bent on retrenchment and economy but also the opposition of an equally powerful force of those in Congress and in the states who believed that private enterprise was more in line with American principles than the intervention of the federal government.³⁸

On December 8, 1818, the Speaker of the House, Henry Clay, presented Calhoun's report to the House, and a bill containing Calhoun's proposals was introduced on January 15, 1819. Congress never acted upon the bill.³⁹ In fact, Congress took no further action during that session in regard to the future of the factories, except for passing a resolution that continued the government trading system for another year. The previous enabling act expired two days earlier on March 1, 1819, and the friends of the factories expended considerable energy to secure a new one. Nonetheless, the battle over the termination and replacement of the factory system continued with escalated vigor. Calhoun's frustration with Congress also increased, for government supervision of Indian affairs required immediate attention. For its part, Congress continued the attack on the war department.

As a result of drastic reductions in national revenue, coupled with the prospect of a treasury deficit by the fall of 1820, Old Republicans and their

³⁶ *Ibid.*, 3: 351-53.

³⁷ *Ibid.*, 3: 354.

³⁸ *Ibid.*

³⁹ *Annals of Congress*, 15 Cong., 2 sess., vol. 1, 366; *House Journal*, 15 Cong., 2 sess., (ser. 16), 188.

Radical allies in Congress pursued further retrenchment in government operations and spending. Throughout the winter of 1819 and into 1820, congressional proponents of retrenchment passed numerous resolutions demanding from Calhoun reports on all projects and responsibilities of the war department. Since the war department received most of the government's appropriated funds—\$7.18 million in 1819 alone—it was obvious that this department should receive the most scrutiny and the most cuts.⁴⁰

To further complicate matters for Calhoun, in January 1820 the Senate again inquired into the expediency of altering the existing system of Indian trade.⁴¹ Chairman of the Committee on Indian Affairs, Walter Leake, instructed Calhoun to provide the committee with the necessary information for achieving the alterations the Senate desired and to draft a bill which the secretary thought "best calculated to remedy the evils complained of."⁴² Calhoun promptly replied two days later, referring the committee to his previous report to the House dated December 5, 1818.⁴³

But if the committee deemed "so radical a change" inappropriate at that time, declared Calhoun in his letter to Leake, then several fundamental improvements could be implemented without any substantial alterations to the existing system. As the present system worked, any individual who could provide "security for his good behavior under the penal sum of one thousand dollars" could obtain a license from the superintendent of Indian trade or any of the Indian agents.⁴⁴ Calhoun pointed out that this procedure of licensing was unpopular and objectionable, for many felt that the character of the licensed traders was less than admirable and adverse to the welfare of the Indians. The solution, he argued, was the alteration of the licensing procedure itself. Again, the government played an integral role. The process of licensing "ought to be subject to the discretion of the person authorized to issue them and that a power of so high and discretionary character ought to be exercised immediately under the eye of the government."⁴⁵ Hence, Calhoun proposed that the president alone should issue licenses to private traders, and only to individuals of "good moral character." He would also possess the powers "to prescribe such conditions and limitations as he shall judge to be best calculated to preserve peace with

⁴⁰ Niven, *Calhoun*, 79; Risjord, *Old Republicans*, 193-96.

⁴¹ Leake to Calhoun, January 29, 1820, JCCP, 4: 615.

⁴² *Ibid.*

⁴³ Calhoun to Leake, January 31, 1820, JCCP, 4: 621.

⁴⁴ *Ibid.*, 4: 622.

⁴⁵ *Ibid.*

the Indians and to advance their prosperity & civilization."⁴⁶ Calhoun enclosed a draft of a bill to effect these changes.⁴⁷

In May 1820, the Senate adopted Calhoun's proposals and passed a bill "for the better regulation of the trade with the Indian tribes."⁴⁸ Under the Senate provisions, the president was directly responsible for issuing licenses to individuals under parameters that such individuals were of "good moral character."⁴⁹ The Senate then sent the bill to the House on March 1, where it struck a wall of opposition and was tabled in the wake of more pressing business.⁵⁰ Congress still extended the life of the factory system for another year, but the Senate action raised again the ire of the American Fur Company, and in 1820 the company began a full-scale assault on the factory system.⁵¹

Affairs only worsened for Calhoun. He not only faced the possibility of the termination of the government trading houses and a significantly fractured administration, but now Congress subjected him to another obstacle that further undermined his control over Indian affairs. In the midst of receiving heated opinion from friends and colleagues over the future of the factory system,⁵² Congress began a concerted effort to examine the financial affairs of both the Indian department and the factory system: a House resolution inquired into the expenditures and accounts of the former, and another requested the complete history, extent, and cost of the latter.⁵³ The compilation of such information demanded tedious attention and detail, not to mention valuable energy that Calhoun knew was best expended elsewhere. But the most injurious action was the decrease in war department appropriations—Congress cut the department's annual budget by one half, from \$200,000 to \$100,000. It was this massive reduction that proved most damaging to the operations of the Indian department.⁵⁴

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ See Prucha, *American Indian Policy*, 95.

⁴⁹ Ibid.

⁵⁰ See Viola, *McKenney*, 60-61; Senate Journal, 16 Cong., 1 sess., (ser. 25), 159, 180, 193, 197.

⁵¹ See Prucha, *American Indian Policy*, 95-96; Peake, *History*, 184-203.

⁵² For those in favor of government control of Indian trade, see Atkinson to Calhoun, November 26, 1819, JCCP, 4: 432-34; Calhoun to Atkinson, February 7, 1820, JCCP, 4: 646-47. For those in favor of termination, see Boyd to Calhoun, January 4, 1820, 4: 601-02; Morse to Calhoun, June 22, 1820, JCCP, 4: 206.

⁵³ *Annals of Congress*, 16 Cong., 2 sess., 977.

⁵⁴ The Panic of 1819 also compelled Congress to cut back significantly on government spending. Their first cuts came in the war department. Viola argues that this was a political maneuver aimed directly at Calhoun. I agree with this interpretation, given the hostility of Congress towards him. See Viola, *McKenney*, 47-48, 60.

Reduced appropriations forced Calhoun to curtail greatly the expenses of the Indian department. This action restricted disbursements exclusively to necessary objects, such as pay of agents and sub-agents, transportation costs, and necessary farming and manufacturing implements. Calhoun directed the field service to avoid any other expenses, as long as such curtailments refrained from injuring the public interest or violated treaties. Even the dismissal of field service personnel was a legitimate consideration. Finally, he admonished the superintendents of Indian affairs and their respective agents to practice the "strictest economy."⁵⁵

The forced cutback in Indian department expenses obviously weakened Calhoun's ability to effectively manage Indian affairs. On several occasions he could not remit to the agents the necessary funds to cover existing and past expenses.⁵⁶ Cass shared Calhoun's frustration and regret over diminished department funds, which "must occasion much embarrassment in the prosecution of that branch of the public [*sic*] service."⁵⁷ But both officials realized the responsibility of conducting their duties as best as possible and making the most of what little they were given.⁵⁸ In the end, Calhoun instructed his agents that if necessary expenses exceeded the limitations, he would allow the excess. He promised that arrangements would be made to meet such expenses in the name of the public interest.⁵⁹

But even this was not enough. Expenses surpassed the reduced limits. As a result, bitterness in the field offices became widespread. Reflecting the prevailing attitude, Cass informed Calhoun that, due to the excessive expenses he incurred in conducting his field duties, "my pecuniary circumstances would have been better had I never accepted the Office which I now hold."⁶⁰ Calhoun understood this general sentiment.

Congress's retrenchment onslaught on the war department continued on another front. While Calhoun absorbed congressional attacks on the accounts and operations of the Indian department, he concomitantly faced congressional requests for a drastic reduction in the army. In November 1820, the House passed several resolutions that, among other things, required Calhoun to reduce the size of the army to 6,000 men and officers. As requested, Calhoun provided Congress an extensive plan in December

⁵⁵ Calhoun to Cass, April 2, 1821, JCCP, 6: 5; Calhoun to Clark, April 4, 1821, JCCP, 6: 6; Calhoun to Graham, April 4, 1821, JCCP, 6: 8; Calhoun to Morse, June 18, 1821, JCCP, 6: 199.

⁵⁶ Calhoun to Cass, May 18, 1821, JCCP, 6: 124; Calhoun to Clark, June 7, 1821, JCCP, 6: 173; Calhoun to Meigs, June 7, 1821, JCCP, 6: 222.

⁵⁷ Cass to Calhoun, May 4, 1821, JCCP, 6: 89.

⁵⁸ *Ibid.* See also Calhoun to Cass, May 28, 1821, JCCP, 6: 148-49.

⁵⁹ Calhoun to Cass, August 3, 1821, JCCP, 6: 173; Calhoun to Ward, December 21, 1821, JCCP, 6: 580.

⁶⁰ Cass to Calhoun, October 17, 1821, JCCP, 6: 443.

1820, but it was not enough. Debate on the reduction of the army continued into January 1821, and, finally, on March 2, 1821, Congress passed a bill cutting the army by 40 percent and slashing Calhoun's program to upgrade military fortifications around the country. Indeed, Indian affairs were but one part of an extensive plan by Congress to whittle down the expenses and responsibilities of the war department. Reform in Indian affairs, however, continued to preoccupy the secretary of war.⁶¹

By the end of the summer of 1821, Calhoun's frustration had reached new heights, and in a personal letter to his close friend and confidant, Duff Green, he stated that "the present policy of the government is inadequate to keep the Indian tribes on our frontier under proper restraint."⁶² Frequent collisions between settler and Indian would certainly arise. He wished to adopt a more vigorous system, but "the powers of the Department are limited by law, and cannot be extended without the authority of Congress."⁶³ Regardless of his mounting frustration, congressional hostility continued. Congress persisted in its attacks on the factory system and resumed its inquiries into the financial affairs of the Indian department.

The excessive debt incident to Indian affairs attracted the attention of Congress, and in January 1822, the House inquired into the expenditures of the Indian department for the previous year.⁶⁴ Calhoun responded with a lengthy report explaining the reasons why the expenses of the Indian

⁶¹ Risjord, *Old Republicans*, 194-96; Niven, *Calhoun*, 91; Noble E. Cunningham, *Presidency of James Monroe* (Lawrence: University of Kansas Press, 1996), 110-12; Peterson, *Great Triumvirate*, 93-95.

⁶² Calhoun to Green, August 16, 1821, JCCP, 6: 338.

⁶³ *Ibid.*

⁶⁴ *Annals of Congress*, 17 Cong., 1 sess., vol. 1, 692-95. In December 1821, the chairman of the House Ways and Means Committee, Samuel Smith, requested from Calhoun an itemized statement of Indian department expenditures for 1821 and the amount of funds necessary for 1822. Due to the remoteness of the Indian agents, however, the requested information was unobtainable before spring. Calhoun nonetheless took the opportunity to explain the department's debt in 1821 and the necessary appropriations for the coming year. Authorized expenditures required a minimum of \$60,000 per year, and contingent expenditures required at least \$120,000 per year. The contingent expenses for 1821 exceeded the appropriated limit, even after the secretary of war implemented stringent measures to economize. Congress, Calhoun argued, limited the management of Indian affairs to a meager \$100,000 for the fiscal year 1821, when actually he required a bare minimum of \$170,000. This was the main reason why the Indian department incurred a substantial debt. Calhoun suggested the deficiency of \$70,000 be subtracted from the 1822 appropriation, which he estimated at \$220,000. Calhoun to Smith, December 27, 1821, JCCP, 6: 591-92.

department exceeded the appropriated limits.⁶⁵ Calhoun believed that prior to 1820 Congress intended to limit the expenditures of the Indian department to \$200,000 per year, and consequently, he secured appropriate measures to keep expenses within that designated sum. When Congress cut the appropriation in half, he made every attempt "to reduce the disbursement within the amount appropriated, which could be made without deranging the system established under existing laws."⁶⁶ Although he adopted the necessary reductions, essential expenditures made it impossible to remain within the \$100,000 appropriation. Midway through the year, with allocated funds nearly exhausted, department expenses continued to mount without the means of addressing them.⁶⁷ In sum, Congress restricted him to a ridiculous appropriation, thereby directly causing the deficit within the Indian department and, ultimately, undermining the efficient management of Indian affairs.

But to Calhoun's chagrin, Congress disliked his answer. The House thought that his report avoided its original requests, and thus deemed it unsatisfactory.⁶⁸ Calhoun's patience wore thin. The continuing struggle over the termination of the factory system and the adverse consequences resulting from the reduction in war department appropriations spurred him to pursue a centralized Indian department under the authority of the secretary of war. In a report to the House Committee on Public Expenditure, he seized the opportunity to outline the necessary reforms for achieving an efficient and accountable office of Indian affairs.⁶⁹

Calhoun believed that, apart from the area of Indian affairs, the war department was a model for accountability and economy. To effect similar excellence in the Indian department, he suggested making the office of superintendent of Indian trade subordinate to the war department and changing the title to superintendent of Indian affairs. The superintendent would be solely responsible, under the direction of the secretary of war, for

⁶⁵ Calhoun to Speaker of the House Philip Barbour, January 15, 1822, JCCP, 6: 623. The entire report is in the *Annals of Congress*, 17 Cong., 1 sess., 724-28.

⁶⁶ *Ibid.*, 726.

⁶⁷ *Ibid.*

⁶⁸ *Annals of Congress*, 17 Cong., 1 sess., vol. 1, 745. The House adopted a resolution on January 18 which required the secretary of war to submit the expenditures accrued under the superintendencies of both Cass and Clark for the years 1820 and 1821. Calhoun responded on February 9 with the requested information and an explanation. Calhoun to Barbour, February 9, 1822, JCCP, 6: 683.

⁶⁹ This report was in response to the committee's instructions dated December 14, 1821, in which Calhoun was to review "the existing laws for establishing the war department and for prescribing the duties of the several officers therein," and the concomitant expenditures. See Calhoun to Montgomery, February 11, 1822, JCCP, 6: 686-88; also reported in *House Journal*, 17 Cong., 1 sess., (ser. 62), 426.

the trade and intercourse with the Indians and the disbursements of the Indian department. The ability of the superintendent to provide detailed attention to the affairs and disbursements of the Indian office released the secretary of war from such tedious tasks and allowed him the necessary time "to give to the general superintendence of the various duties imposed upon him."⁷⁰

Calhoun emphasized that the existing office of Indian trade was separate from the various departments of the government, "tho' in its operations it is so intimately blended with the management of Indian affairs as to render it desirable that it should be under the same general control with the [War] Department."⁷¹ Both entities, the office of Indian trade and the war department, made disbursements on behalf of Indian affairs. It seemed logical and economical to Calhoun to combine this activity under a single head. Moreover, if Congress proceeded with the termination of the factory system, the proposed arrangement proved even more desirable. Such an action would throw the entire system of Indian trade into the hands of private individuals, thus requiring burdensome oversight on the part of the government. Supervision by a "distinct subordinate head," however, accomplished the necessary direction and control.⁷² Calhoun determined that the expense of such an arrangement was minimal. To choose not to effect these changes merely continued the irregularity, the unaccountability, and the confusion that already plagued the management of Indian affairs.⁷³

Again, Congress failed to act on Calhoun's proposals for reform and instead continued to request information on the expenditures and costs of the factory system. In February 1822, a House committee on retrenchment chaired by Ben Hardin of Kentucky recommended a "return to good old principles" which the national government had lost sight of over the past decade. Government, the committee argued, should live within its means and make efforts to reduce the national debt. Dispensing with useless expenditures was just one of many ways to realize economy in government.⁷⁴ In line with the committee's recommendations, the House directed the secretary of war to submit detailed information on the goods and merchandise purchased by and supplied to the factories from 1811 to 1821. The resolution also requested the annual sales of each factory during this same period.⁷⁵ As before, such a request entailed great difficulty in compiling the information in a timely manner and required the expense of much

⁷⁰ Ibid., 6: 687-88.

⁷¹ Ibid., 6: 687.

⁷² Ibid., 6: 688.

⁷³ Ibid., 6: 687-88.

⁷⁴ Risjord, *Old Republicans*, 233.

⁷⁵ See JCCP, February 13, 1822, 6: 697.

energy and time on behalf of the superintendent of Indian trade. Nevertheless, McKenney supplied the required information to Calhoun, and the secretary made his report as directed.⁷⁶ In the meantime, Calhoun anticipated correctly that Congress would not increase the appropriations for the coming year.⁷⁷ Unfortunately for the beleaguered secretary of war, the situation only worsened.

In March 1822, the Senate debated at length on the future of the factory system.⁷⁸ The next month, Calhoun's fears became reality. Thomas Hart Benton of Missouri introduced a resolution in the Senate on April 4 calling for the termination of the government trading establishments.⁷⁹ The bill passed both the House and Senate and became law on May 6, 1822.⁸⁰ Commencing in June, as required by the act, the factory system began a lengthy process of liquidation.⁸¹ The act required that the president select "fit and suitable persons" from among the Indian agents to meet in Washington, whereby they would receive from the superintendent and the factors the complete accounts, including the goods and merchandise, of the factories. The treasury department supplied the agents with the necessary documentation showing what was due the national government. The act ordered the selected agents, under the direction of the president, to use the goods and merchandise in their possession to meet any remaining treaty stipulations with the Indians and to cover the various annuities owed the appropriate Indian tribes. The remainder would be sold outright and the profits deposited into the U.S. treasury.⁸²

Also on May 6, Congress amended the Indian Trade and Intercourse Act of 1802.⁸³ The amendment empowered the various superintendents and Indian agents to supply licenses to private traders who secured the required bond. These officials then provided annually to the secretary of war the abstracts of the licenses granted, and the secretary, in turn, laid this information before each session of Congress. The act further splintered the supervision of Indian affairs, for each territorial governor, as *ex officio* superintendent of Indian affairs, was responsible for all purchases concerning Indians and the payments of annuities and presents. The secretary of war settled annually these accounts and disbursements. In addition, the act

⁷⁶ McKenney to Calhoun, February 13, 1822, JCCP, 6: 697-98; McKenney to Calhoun, February 18, 1822, JCCP, 6: 704-06.

⁷⁷ Calhoun to Cass, February 25, 1822, JCCP, 6: 716; Calhoun to Boilvin, March 11, 1822, JCCP, 6: 736.

⁷⁸ *Annals of Congress*, 17 Cong., 1 sess., vol. 1, 317-31.

⁷⁹ *Ibid.*, 1: 360-61.

⁸⁰ U.S. Stat., III, 679-80.

⁸¹ See House Report, 18 Cong., 1 sess., 129; House Doc., 18 Cong., 2 sess., 61.

⁸² U.S. Stat., III, 679.

⁸³ U.S. Stat., III, 682-83.

required the appointment of two more superintendents, one at St. Louis and the other for East and West Florida, and the establishment of an additional agency in Michigan.⁸⁴

Calhoun immediately informed the superintendents and the various Indian agents of these acts. For the next twelve months, the secretary discharged the liquidation conditions required by the recent enactments.⁸⁵ Such duties proved not only tedious and taxing, but also costly.⁸⁶ Calhoun expressed to Louis McLane, chairman of the House Committee on Ways and Means, that the appointment of additional superintendents and the creation of another agency increased substantially the expenses of the Indian department. The termination of the factory system also increased costs by making the various agencies the "sole place and resort" for the Indians.⁸⁷ But even more aggravating for Calhoun was the dismissal of his friend and professional right hand, Thomas McKenney.⁸⁸ All the while, Congress persisted in pressing for the prompt liquidation of the factories, and the secretary of the treasury, William Crawford, planned to finally close the factories on May 1, 1823.⁸⁹

⁸⁴ U.S. Stat., III, 682-83. See also *Annals of Congress*, 17 Cong., 1 sess., vol. 2, 1788, 206-08. For debate in the House on the amendment, see *Annals of Congress*, 17 Cong., 1 sess., vol. 2, 1792-1801. On the appointment of a superintendent at St. Louis, see Calhoun to Clark, May 28, 1822, JCCP, 7: 126-28.

⁸⁵ For instructions to the superintendents and agents, see Calhoun to Crowell, June 3, 1822, JCCP, 7: 140-41; Calhoun to Gray, June 3, 1822, JCCP, 7: 141; Calhoun to Meigs, June 3, 1822, JCCP, 7: 141; Calhoun to Carter, June 3, 1822, JCCP, 7: 141; Calhoun to Ward, June 3, 1822, JCCP, 7: 142. For the various nuances of the liquidation process, see the following correspondence: McKenney to Calhoun, May 22, 1822, 7: 120; Cass to Calhoun, May 23, 1822, 7: 121; McKenney to Calhoun, May 23, 1822, 7: 123; Calhoun to Cass, May 29, 1822, 7: 129-31; Calhoun to Miller, May 29, 1822, 7: 132-33; Calhoun to Cass, May 23, 1822, 7: 184-85; Nicholas to Calhoun, July 12, 1822, 7: 207-08; Cass to Calhoun, July 18, 1822, 7: 213-14; Calhoun to Cass, October 23, 1822, 7: 313.

⁸⁶ Calhoun again vented his frustration in a letter to his friend Duff Green and complained of the "great press of business" as a result of the recent actions of Congress. Calhoun to Green, July 12, 1822, JCCP, 7: 198-99.

⁸⁷ Calhoun to McLane, February 6, 1823, JCCP, 7: 459-60.

⁸⁸ As expected, the recent congressional acts removed McKenney from his post. For McKenney's protest against his removal from the liquidation process, see McKenney to Calhoun, May 20, 1822, JCCP, 7: 118-19; Viola, *McKenney*, 71-74.

⁸⁹ *Annals of Congress*, 17 Cong., 2 sess., 430-31, 1059, 1163-65. See also *Annals of Congress*, 18 Cong., 1 sess., vol. 2, 1914. For Monroe's response to the timely liquidation of the factories, see his sixth annual message to Congress, in James Richardson, ed., *A Compilation of the Messages and Papers of the President* (Washington, 1899), 2: 189, 197-98, 204. See also Graham to Indian Agents, February 6, 1823, JCCP, 7: 458-59; Graham to Calhoun, February 22, 1822, JCCP, 7: 488.

The role of Crawford went deeper, however. Apart from congressional termination of the factory system and the reduction in war department appropriations, Calhoun faced an additional political battle beginning in 1822 that significantly undermined his control of Indian affairs and threatened any hope of reform. The pursuit for the presidency in 1824 was well underway, and many considered the secretary of war a leading candidate. Calhoun's main competitor was William H. Crawford, who most viewed as the contender to beat, and who was the favorite of the Radicals in Congress, heirs of the Old Republicans. Crawford's popularity in Congress and his position as secretary of the treasury troubled Calhoun, for both factors determined success in reforming the Indian department. The outright hostility of Crawford to the secretary of war further subverted any attempt to restructure and centralize the management of Indian affairs. Calhoun knew it was not irony that the act terminating the factory system placed the agents in charge of liquidating the system under the direction of the secretary of the treasury rather than the secretary of war.

During the 1820s, the Radicals gradually absorbed the Old Republicans, and with them, their ideology for retrenchment and economy in the national government. But the Radicals went beyond the clarion call of the Old Republicans by making attacks on the war department attacks on Calhoun himself. For the Radicals, political rivalry had become personal as well as ideological. At every juncture, they sought to smirch Calhoun's leadership and reputation and thus derail his presidential ambitions for 1824. In December 1820, for example, the House elected John W. Taylor of New York as Speaker. Taylor immediately appointed a majority of Crawfordites to the committees inquiring into the administration and appropriations of the war department. Their demands for the reorganization of the army staff and for the reduction in army manpower were a political maneuver as much as an ideological one. During Calhoun's tenure as secretary of war, the Radicals in Congress also succeeded in drastically reducing pensions, terminating the Yellowstone Expedition, slashing military fortifications, and denouncing the military academy at West Point—all pet projects or regular responsibilities of the secretary of war. Undermining Calhoun's control over Indian affairs was, again, part of this general plan to weaken his pursuit of the presidency.

The Radicals and Crawford had little leg to stand upon when it came to attacking Calhoun's leadership in the war department, however. Calhoun was a reform-minded executive who had practiced—within reason and taking into consideration the military needs of the country—strict economy in the war department. He had made significant savings in his administration, even when incurring additional costs from fortifications, expeditions, pensions, and Indian affairs. Calhoun even told Congress that he estimated that the war department would cost 40 percent less than it had when he

accepted the post. In addition, while the war department under Calhoun had grown moderately during the Monroe years, the treasury department under Crawford had expanded considerably. But the Radicals ignored these facts and never relented in their attacks on their dangerous political rival, the secretary of war.⁹⁰

Moreover, members of Congress gave their support to one of three presidential candidates—Calhoun, Crawford, or Clay—and the forces of the latter two often combined in their attacks on Calhoun specifically and on the Monroe administration in general. Not only had President Monroe disagreed with Radicals in Congress over internal improvements, his administration's growing nationalism threatened their ideological persuasion—and Calhoun was one of the president's most loyal supporters. Personal rivalries and political machinations in the cabinet made Monroe's second term anything but an "Era of Good Feelings." Supporters of Calhoun justifiably perceived the drive to close the factory system and to attack the appropriations and accounts of the war department as an attempt to disgrace him and thus derail his campaign for the White House. A bitter newspaper war ensued between Calhoun and Crawford. (The editor of the Calhoun organ, the *Washington Republican and Congressional Examiner*, was none other than his friend, former superintendent of Indian trade, Thomas McKenney.)⁹¹ Political rivalries, therefore, only added to Calhoun's frustration.

⁹⁰ Risjord, *Old Republicans*, 195-96; Peterson, *Great Triumvirate*, 93; Niven, *Calhoun*, 90-101; Cunningham, *Monroe*, 116; Coit, *American Portrait*, 149-51.

⁹¹ On Monroe's differences with Congress and the political rivalries within the cabinet, see Risjord, *Old Republicans*, 126-29, 165-70. The first issue of the *Washington Republican and Congressional Examiner* came out on August 7, 1822. See Viola, *McKenney*, chapter 5, for an excellent account of the newspaper war, McKenney's involvement, and congressional hostility towards Calhoun. Other pressing business consumed the secretary of war at this time as well. His reorganization of the army required a great deal of time and energy and, in the end, the approval of a hostile Congress. The Seminole War and Jackson's exploits in Florida provoked extensive debate in public and in Congress, and the secretary's direct and controversial role in these affairs would certainly damage his reputation if ever divulged. Little wonder, then, that the increased duties involved in supervising Indian affairs as a result of congressional termination of the factory system spurred Calhoun's drive for reform. Indeed, other matters regarding Indian affairs, such as the numerous treaties, the education policies, and the movement to remove certain tribes west of the Mississippi, demanded his utmost attention. Reform of the Indian department became more imperative than ever before. For a satisfactory survey of the events and issues going on in the United States at that time and Calhoun's role in them, as well as the various other matters before the war department and Indian affairs, the introductions to each of the volumes of the *Calhoun Papers* are excellent summaries.

In spite of the political landscape, Calhoun made another attempt at the end of 1823 to restructure and centralize the Indian department. In December, John Cocke, chairman of the House Committee on Indian Affairs—and an Old Republican who had joined the ranks of the Radicals—asked Calhoun if the war department issued any rules, regulations, or instructions on behalf of the government for individuals licensed to trade with the Indians. The secretary responded that, according to statute, the war department did not issue any such instructions or regulations. Under the May 6 amendment of the Indian Trade and Intercourse Act, the president decided whether or not the war department possessed the power to issue such instructions and guidelines to licensed traders, to which President Monroe decided in the negative. That statute, continued Calhoun, placed Indian trade under the authority of the various superintendents of Indian affairs and the Indian agents. He then suggested that the House Committee on Indian Affairs consider a provision that authorized the appointment of a superintendent in the war department and to empower him, under the direction of the president, to grant licenses and to draft and issue the rules and regulations governing trade with the Indians. Unless the government intervened more forcefully to protect American trade with the Indians, especially from British competition, present depredations would continue.⁹²

Two more endeavors at reform followed shortly thereafter. In a response to a letter from Thomas Cobb, chairman of the House Committee on Public Expenditure—and another Old Republican-turned-Radical—Calhoun took the opportunity to press for the establishment of a superintendent of Indian affairs subordinate to the war department. Cobb requested information regarding procedures that might be taken to increase accountability and efficiency in the war department. Calhoun, of course, argued for changes in the organization of the Indian department and recommended the modifications he had outlined in his earlier letter to Thomas Montgomery.⁹³ Early in 1824, in a letter to John McKee, a member of the House Committee on Indian Affairs, Calhoun again pushed for the appointment of a superintendent of Indian affairs, assigned to the secretary of war, and responsible for supervising Indian affairs and trade. He referred both Cobb and McKee to his earlier recommendations in the letters to Montgomery and Cocke.⁹⁴ Both attempts at reform proved to no avail. Congress never implemented any of Calhoun's proposals.

Frustrated completely with the course of affairs, Calhoun took matters into his own hands. In March 1824, by his own initiative and without

⁹² Calhoun to Cocke, December 12, 1823, JCCP, 8: 403.

⁹³ The letter to Montgomery was addressed earlier in this paper. For the letter to John Cobb, see Calhoun to Cobb, December 15, 1823, JCCP, 8: 409-10.

⁹⁴ Calhoun to McKee, March 8, 1824, JCCP, 8: 568-69.

congressional sanction, he established the Bureau of Indian Affairs.⁹⁵ Although law restricted the secretary of war to a set number of employees, the recent death of a war department clerk left him with an available position.⁹⁶ Calhoun seized the opportunity. He immediately notified McKenney and on March 10 appointed him as a clerk in the war department "at a salary of \$1,600 per annum to commence from this date."⁹⁷ At first, McKenney declined the position due to the meager salary.⁹⁸ But Calhoun ensured him that the president prepared to propose in his next annual message to Congress the organization of an Indian department under the secretary of war, and a consequent increase in salary.⁹⁹ McKenney accepted, and on March 11, 1824, assumed the duties of the Bureau of Indian Affairs.¹⁰⁰

Calhoun outlined the duties to the new bureau chief. McKenney supervised and approved the appropriations, expenses, and requisitions for the bureau; examined the accounts and receipts for all expenditures and then sent them to the auditor's office for settlement; administered the fund for the "civilization" of the Indians; examined claims incident to Indian trade and reported such claims to the secretary of war, along with the appropriate recommendations for approval; and served as the clearinghouse for all correspondence to and from the various superintendents, agents, and sub-agents in the field.¹⁰¹ Calhoun also assigned two clerks to assist McKenney in his numerous official obligations.¹⁰²

⁹⁵ House Doc. 146, 19 Cong., 1 sess., (ser. 138).

⁹⁶ Legislation limited Calhoun to twenty-two staff members and fixed salaries from \$300 to \$2,000. The war department clerk that died was Nathaniel Cutting, a senior clerk in the Land Bounty Office. Viola, *McKenney*, 94.

⁹⁷ Calhoun to McKenney, March 10, 1824, JCCP, 9: 574. See also McKenney, *Memoirs*, 56-57. McKenney notes in his memoirs that in "the month of February, 1824, Mr. Calhoun being Secretary of War, that gentleman made known to me his wish, which was also the President's, to organize a Bureau of Indian Affairs, in connexion with the Department of War, and offered me the appointment of chief."

⁹⁸ McKenney wrote that "this I declined to accept, upon the ground that it was inadequate to my support, and would not be a just equivalent for the services which I knew the office would require at my hands." McKenney, *Memoirs*, 57. See also Viola, *McKenney*, 94.

⁹⁹ McKenney, *Memoirs*, 57; Viola, *McKenney*, 94.

¹⁰⁰ McKenney, *Memoirs*, 57.

¹⁰¹ Calhoun to McKenney, March 11, 1824, JCCP, 8: 575-76.

¹⁰² *Ibid.* Samuel Hamilton as chief clerk, and Hezekiah Miller as assistant clerk. See also Viola, *McKenney*, 95. For an account of the daily routine of the Bureau of Indian Affairs, see *ibid.*, 95ff. McKenney "found the business of our Indian relations greatly in arrears. It required the most laborious efforts, for nearly the whole of the first year, to bring it up." McKenney, *Memoirs*, 58.

The Bureau of Indian Affairs officially opened on March 16, 1824.¹⁰³ For the ensuing year, until Calhoun left the war department to serve as vice president of the United States, no one in Washington challenged or inquired into his unilateral action. No Old Republican or Radical in Congress said a word. Operations over this twelve-month period proceeded smoothly between Calhoun and McKenney. The Bureau of Indian Affairs relieved the secretary of war from many of the tedious, day-to-day tasks of supervising Indian business and allowed him to pursue other, more important matters. Indeed, a centralized and workable structure under the aegis of the war department finally existed—as long as Calhoun remained secretary of war. Events after he left for the vice presidency proved far less successful.¹⁰⁴

The bureau still required Congressional approval. Monroe proved true to his part and recommended legislation establishing an official department of Indian affairs under the direction of the secretary of war. At the request of the chairman of the Committee on Indian Affairs, McKenney drafted the bill and forwarded it to the new secretary of war, Philip Pendleton Barbour—an Old Republican—for approval, to which the latter wrote on the proposed bill, "All right—alter not a word."¹⁰⁵ But the House again tabled it in favor of more pressing business.¹⁰⁶ The Bureau of Indian Affairs, however, continued to function.

In 1826, while he was vice president of the United States, the House Committee on Indian Affairs finally inquired into and approved of Calhoun's earlier deed.¹⁰⁷ Congress finally passed an act for the official organization of the Bureau of Indian Affairs on July 9, 1832—while Calhoun defended his theory of nullification.¹⁰⁸ In 1849, as he represented South Carolina in the U.S. Senate, Congress transferred the bureau from the war department to the newly created interior department.¹⁰⁹

¹⁰³ Viola, *McKenney*, 95. McKenney dubbed it the "Indian Office" at first, and later the letterhead read "Office of Indian Affairs."

¹⁰⁴ For the numerous troubles of managing the Bureau of Indian Affairs after Calhoun's departure in March 1825, see Viola, *McKenney*, 105-15. See also McKenney's account of the mounting troubles in supervising Indian affairs during the John Quincy Adams and Jackson administrations. McKenney, *Memoirs*, chapter 3, *passim*.

¹⁰⁵ McKenney, *Memoirs*, 58.

¹⁰⁶ *Ibid.*; Viola, *McKenney*, 114.

¹⁰⁷ House Doc. 146, 19 Cong., 1 sess., (ser. 138); White, *Jeffersonians*, 507.

¹⁰⁸ U.S. Stat., IV, 564. For an extensive account of the politics and struggle during the Adams and Jackson administrations to pass an act for the organization of the bureau, see Viola, *McKenney*, 112-15. Secretary of War Porter dismissed McKenney from his post in 1830. McKenney never received his increased salary. McKenney, *Memoirs*, 115.

¹⁰⁹ U.S. Stat., IX, 395.

In 1850, the year of Calhoun's death, Thomas Hart Benton retired from public office and began writing a recollection of his thirty years in government. "Of all the branches of our service," Benton reflected, "that of the Indian affairs is most liable to abuse, and its abuses the most difficult of detection."¹¹⁰ Calhoun agreed. Yet Congress, behind the forces of Benton, Crawford, and Clay, thwarted the attempts of the secretary of war to ensure an effective detection of such abuses and achieve the necessary correction of them. Congressional hostility denied the efficient and centralized supervision of U.S. Indian policy. The termination of the factory system, the constant scrutiny of the finances and operations of the Indian department, and the indifference toward proposed reforms exacerbated the fragmented and inefficient administration of Indian affairs. Combined together, these hindrances heightened Calhoun's frustration to the point that he assumed solely upon himself the responsibility of reforming the administration of Indian affairs. Thus, the creation of the Bureau of Indian Affairs was at base the single act of a frustrated individual determined to initiate much-needed reform in the administration of government policy.

Even more, though, Calhoun's single-handed creation of a federal bureaucratic office was a means of circumventing political opposition and ideological differences. In his pursuit to reform the administration of Indian affairs, Calhoun faced an array of powerful political and ideological forces, all bent on thwarting his proposed reforms, undermining his leadership, damaging his reputation, and derailing his presidential ambitions. In Benton and Astor, the secretary of war faced a prevailing ideology that private enterprise, not government intervention and intrusion, was a cornerstone of American democracy, and that private capital and initiative, not federal regulation, should govern trade and intercourse. In the Old Republicans, Calhoun encountered the powerful conservative impulse of retrenchment and economy that dominated Congress in the decade following the War of 1812: government expenditures must be curtailed significantly, the national debt must be retired, and taxes must be reduced. Limited government and not an expansive national government was the cry of Old Republicans, even in an age of dramatic national expansion and nationalistic sentiment. In Crawford and the Radicals, the secretary confronted a reiteration of the Old Republican charge, but with a dangerous twist: ideology became intertwined with political and personal rivalry, in this case, rivalry over who should occupy the White House in March 1825. Creating the Bureau of Indian Affairs was more than reform of an ailing administration; it was a means to impose federal authority and centralization in an arena of national policy that the secretary of war felt was necessary and proper. To succeed in this endeavor would spell the defeat, albeit

¹¹⁰ Benton, *Thirty Years' View*, 21.

temporarily, of his powerful opponents and their respective ideologies and agendas. In the creation of the Bureau of Indian Affairs, Calhoun had indeed proved triumphant. Ironically, it would be one of the last acts in which he would favor centralizing and strengthening federal authority.

"BLACK AN' DUSTY, GOIN' TO AGUSTY": A HISTORY OF THE PORT ROYAL RAILROAD

JOHN MARTIN DAVIS, JR.*

IMMEDIATELY TO THE WEST OF THE WHALE BRANCH causeway across the Coosaw River that flows between Port Royal Island and the mainland of South Carolina sits a mile-long trestle. The old train bridge passes over the landing of the eighteenth-century rope ferry to the colonial port of Beaufort. Rail service was slow in coming to the insular community. The state-chartered rail line was stymied by the acts of man and forces of nature. It was in receivership several times. Some years the railroad had more attorneys than conductors on its payroll. Even with such tribulations, the Port Royal Railroad was the primary economic stimulant to the southeastern section of the state after the Civil War. Port Royal, Varnville, Hampton, Brunson, Allendale, and Fairfax all owe their city charters to the railroad. Hampton (1878) and Allendale (1919) Counties were formed as a result of the Port Royal line.

The port of delivery at Beaufort was dwarfed by the high traffic United States custom stations of Charleston and Savannah. In 1795 the Port Royal Bridge Company was formed to link Port Royal Island to the mainland. That privately financed project languished for almost fifty years. The nearest antebellum train depot for Beaufort was at Pocotaligo Station on the Charleston and Savannah Railroad, completed in 1860.¹

By the mid nineteenth century, America's heartland producers were freighting commodities to wharfs at Charleston. Savannah, home to the Central Railroad and Banking Company of Georgia, had competing port facilities. The Georgia Railroad and Banking Company needed an Atlantic terminal to remain competitive. The state-owned Western and Atlantic Railroad joined with the Georgia Railroad to build a line along the eastern side of the Savannah River between Port Royal Sound and Augusta, Georgia. Beaufort, South Carolina, was the nearest settlement to the sound, but it had neither a bank nor commercial wharves.

Beaufort landowner Robert W. Habersham wrote in 1858 that the "Port Royal Enterprise" was ready for exploitation "as if preserved by Providence,

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¹ *Beaufort Republican*, March 6, 1873.