

THE SCRIP NOTES OF GREENFIELD MILLS AND RELATED MATTERS

John E. Sandrock

It has been quite a few years now since I first acquired my little cache of Greenfield Mills notes. At first I was not sure exactly how they came into my possession. I used to keep a reference as to the sources from which I acquired bank notes, and indeed, after locating and consulting it, I was able to track this purchase to "AM". My memory kicked in when seeing those initials, and it all came back to me. The initials are those of Al Mason who kept a coin and bank note shop on Saratoga Street in downtown Baltimore in the 1950s. Al was a very pleasant man and a well respected dealer. He always had an encouraging word for beginning collectors like myself. I remember his shop well. I recall that he kept hundreds of broken bank notes in his glass topped counter, any of which could be had for the princely sum of twenty-five cents. By today's standards they were an unheard of bargain, but alas!, these were the Fifties, and a struggling college student didn't have many quarters to spare to indulge in his hobby.

No one seemed to have any interest in the Greenfield Mills notes as they had been in the shop for some time, yet they had a certain appeal to me, and they were cheap enough, so I purchased the whole lot offered to me. There were thirteen notes in all, covering seven distinct types. The duplicates in the lot have long since been traded off to fellow collectors.

From the moment I acquired them I knew that these notes had a story to tell, if only it could be coaxed out of them. Now, "How could I best do that?" I wondered. A close examination of my cache of notes quickly revealed the first clues which helped pin-point the bank's location. All my notes had been issued on the Frederick-Town Branch Bank. Of the seven bank notes dated either 1837 or 1838, the smaller denominations refer to the place of origin merely as "Greenfield Mills". However, the two larger denominations, the 5 and 10 dollar notes, stated the bank's location to be "Greenfield Mills, Md.". All right, now we were getting somewhere. Now at least we knew that the bank operated in the state of Maryland. Well, so much for the near obvious. Of course, if one didn't possess a 5 or 10 dollar note of the Frederick-Town Branch Bank, you still wouldn't know this.

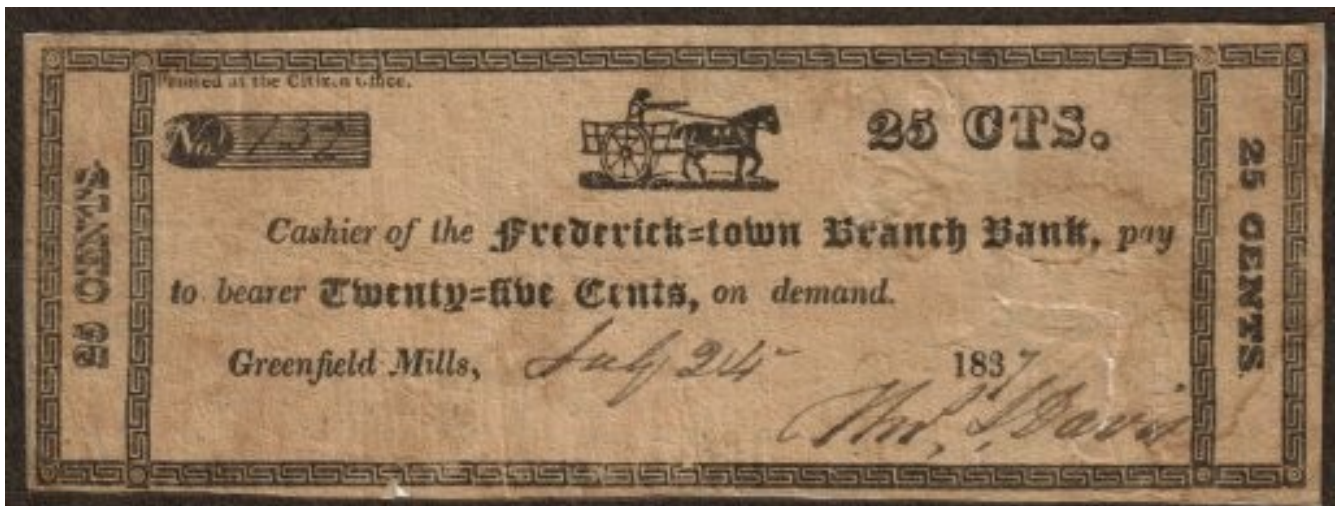
I also happened to know that the present day seat of Frederick County, Maryland had evolved from its original name "Frederick-Town", to "Frederick City", and ultimately to simply "Frederick", as it is known today. So it was natural to assume that our bank was located somewhere in the vicinity of Frederick-Town and that Greenfield

Mills was no doubt located in Frederick County, but exactly where?

I next turned to my friend, Amy Lee Reed, who I knew had once been associated with the Frederick County Historic Society as a researcher. Amy had never heard of Greenfield Mills or the bank, either, but agreed to see what she could find through the county court house records. A few weeks later I received a letter from her informing me that the location of Greenfield Mills had been found! Amy was also able to provide me with bits of information which, when put together, told the story of this once thriving community.

The Frederick-Town Branch Bank

The notes in my possession appear to be of two different issues, one dated 1837, the other 1838. The 1837 issue contains notes denominated 25 cents, fifty cents, 1, 5 and 10 dollars. The 1838 dated notes are of a different type and bear denominations of 1 and 2 dollars. Now this is interesting, as I have no way of knowing whether these seven notes comprise all the notes issued, or whether some exist of which I am unaware. I suspect the latter is the case as I have no 2 dollar specimen dated 1837, yet there is a 2 dollar note among the 1838 series (see Table 1.).

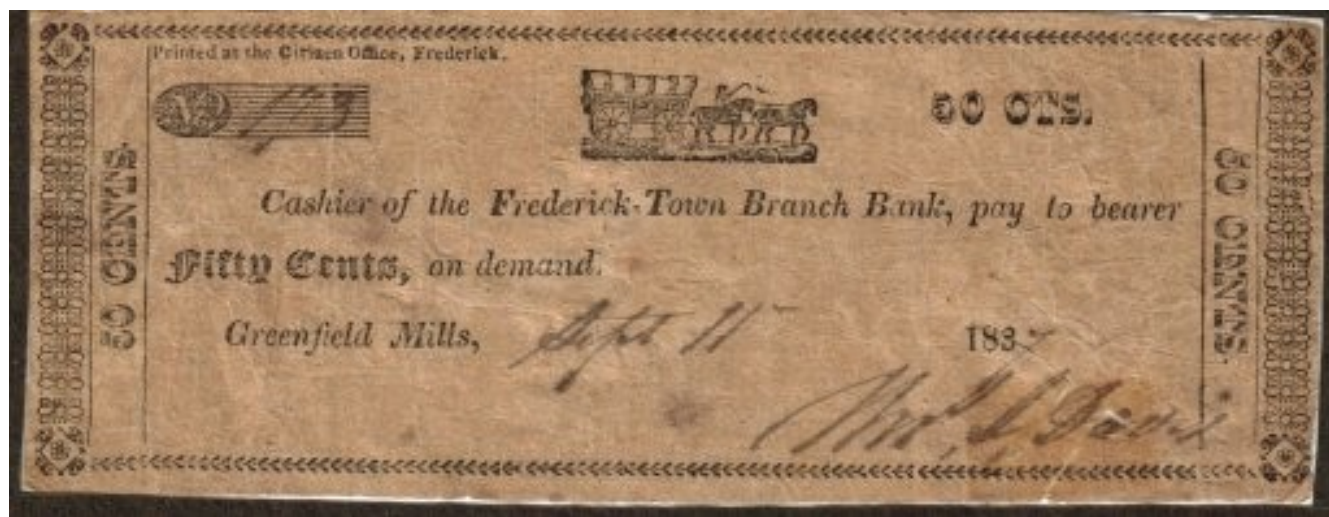


This 25 cent note of the Frederick-Town Branch Bank is the lowest denomination of the fractional notes in this series. It depicts a horse and driver with cart as its central vignette. The serial number, date and signature were all filled in by hand.

Table 1.

FREDERICK-TOWN BRANCH BANK NOTES

Denomination	Year	Vignette	Signature	Printer
25 cents	1837	horse and cart	Thos. I. Davis	Citizen Office
50 cents	1837	freight wagon	Thos. I. Davis	Citizen Office
1 dollar	1837	house	Thos. I. Davis	Citizen Office
1 dollar	1838	none	Thos. I. Davis	Citizen Office
2 dollars	1838	none	Thos. I. Davis	Citizen Office
5 dollars	1837	grist mill	Thos. I. Davis	unknown
10 dollars	1837	grist mill	Thos. I. Davis	unknown

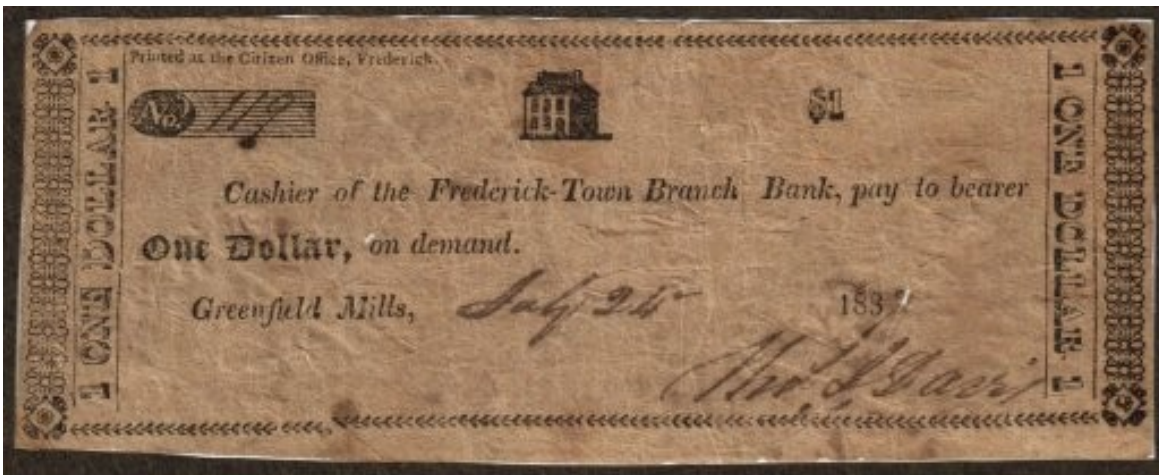


A fractional 50 cent note of the Frederick-Town Branch Bank, dated at Greenfield Mills on 11 September 1837.

These notes were printed at the office of the *Citizen*, the local Frederick-Town newspaper. The paper used was a brownish kraft-like paper, except for the 5 and 10 dollar notes, which were printed on thin, somewhat pinkish paper. All notes in my collection have been canceled twice with a steel + shaped punch. All are signed by Thomas I. Davis. The notes were printed only on one side, although several bear endorsements on their reverse, names such as “Montgomery” and “Jones”, indicating that they had passed from hand to hand in the local surrounding community and had been readily accepted.

It is interesting to note the low serial numbers which further indicates their circulation was probably limited to a small area. Was there any banking connection to Frederick-Town? In all probability I think not. As we will see later the banking laws pertaining to issuing bank notes during the Jacksonian era were extremely loose. Almost anyone could start up his own bank and call it anything he chose. I have found no other example of a parent Frederick-Town Bank, or the existence of any other branches. It is more likely that Mr. Davis, when setting up his bank, desired to play upon the name of the nearest town of consequence for prestige purposes.

So how did my friend Amy determine the location of Greenfield Mills and its bank? It turned out that the two principal clues were the dates and the Davis signature on the bank notes I had sent to her. This proved to be the foundation for locating the town. The signature on all notes appeared to be "Thos. I. Davis", or Thomas I. Davis. Searching through historical records and old newspapers of the period, Amy first found a reference to an Ignatius Davis. *The Rights of Man*, a Frederick-Town paper had run an advertisement on 2 July 1797 offering a reward for a mare missing from the plantation of Ignatius Davis on the Monocacy. Could this be the father of the man signing the notes? After all, there was a connection. The signers middle initial was "I", a useful clue.



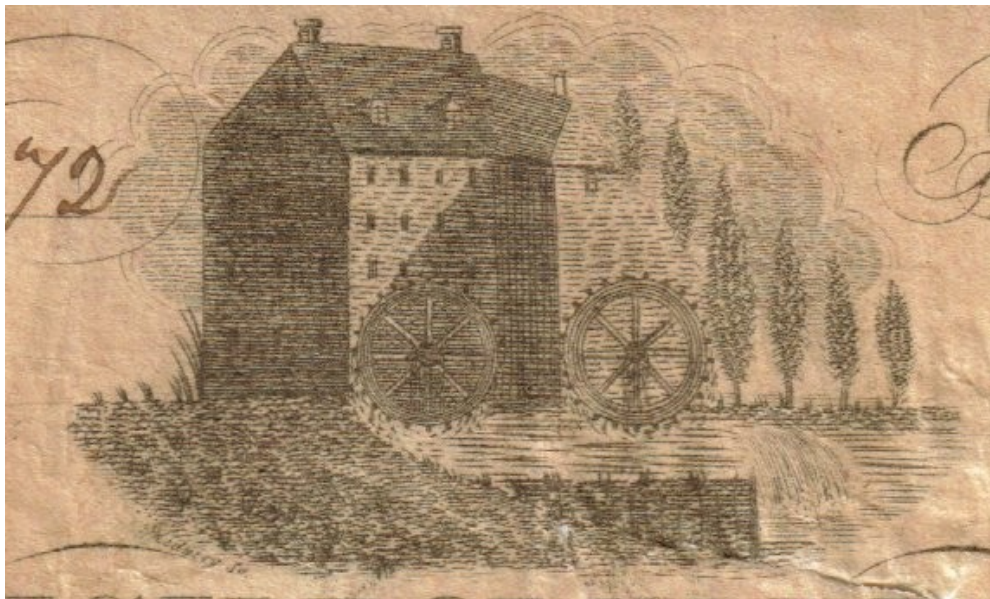
The first of two different Greenfield Mills 1 dollar notes. This one was dated 24 July 1837. The "183-" was printed and the numeral "7" entered by hand, leaving the impression that the issue was meant to last for some years to come.

Further newspaper research disclosed that Ignatius Davis had been appointed a Justice of the Peace for Frederick County in 1804. Next the *Republican Gazette* of Frederick-Town reported the sale of a mill seat on the Monocacy River at a place commonly known as Davis's Falls on 10 May 1805, by one Ignatius Davis of Mt. Hope. This fact tied the Davis family to the grain milling business.

Next Amy turned to an old Frederick County Atlas of 1873 which showed the location of Greenfield Mills P.O., on the river, just below a place known as Davis's Falls. The mill seat lay in Buckeystown Election District #1 of Frederick County. The 1873 map shows the location of two commercial grist mills on the Monococy as well as several general stores, a post office and numerous residences. Together these entities comprised the small commercial center of Greenfield Mills.

Further historical research revealed that the original land patent on the Davis mill site had been made to one Meredith Davis in 1739. The mill operated during the colonial years as a custom mill, grinding grain for local farmers, for a fee, for their own use. As steadily increasing grain production and improved roads made the export of grain and flour to distant markets possible, custom mills gave way to the merchant and commercial grist mills. It is known that Meredith Davis built a warehouse about 1835 on the Jefferson Road at a point where it crossed the newly arrived Baltimore and Ohio Railroad not far from Greenfield Mills. Here he stored flour from his mill awaiting its shipment to Baltimore. Ignatius Davis was undoubtedly also involved in this activity, in turn passing the business on to his son Thomas.

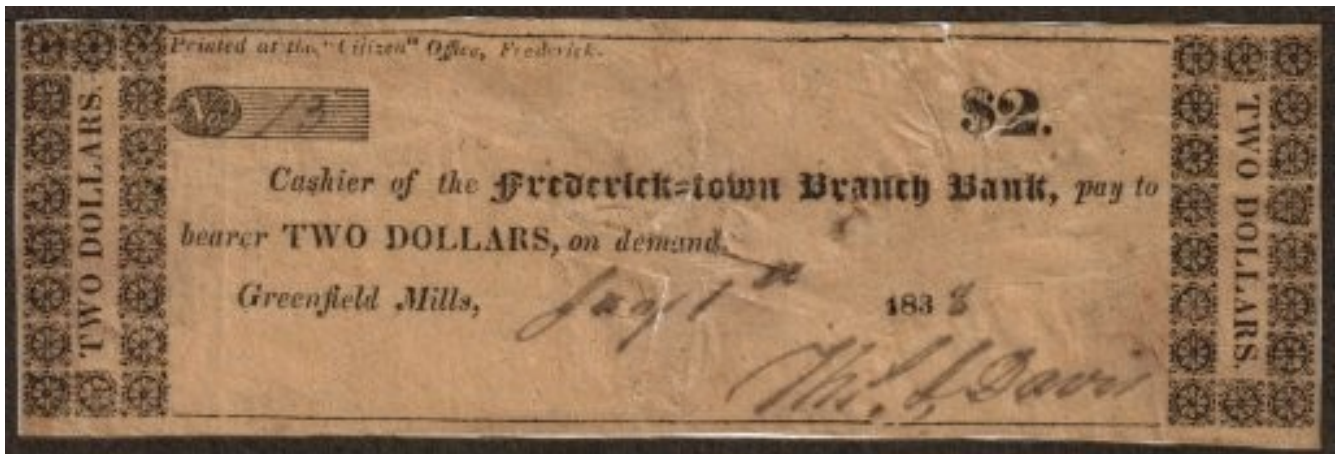
The merchant mill was a commercial operation wherein farmers sold their grain outright to the miller, who then sold the flour for his own profit. You will note that the Davis mill, as seen on the bank note vignette, contains two water-wheels. The



This Greenfield Mills grist mill vignette, which appears on the Frederick-Town Branch Bank 5 and 10 dollar notes, clearly shows the mill's two waterwheels, indicating that this was a commercial flour mill as opposed to a "merchant mill" which only had a single wheel.



These Greenfield Mills' Frederick-Town Branch Bank 5 and 10 dollar notes were signed by Thos. I. Davis, miller. They were issued on the Fourth of July 1837. Davis' grist mill, which was situated below the dam on the Monocacy River several miles upriver from the Chesapeake and Ohio Canal, is prominently shown on both notes. The fact that his mill was a large commercial enterprise for its day is attested to by the fact that the stone building consisted of six separate levels and multiple water-wheels.



The 1838 issue of the Frederick-Town Branch Bank is of an entirely different design. These notes were also the product of the "Citizen" office, the local Frederick-Town newspaper. Whether fractional notes, or 5 and 10 dollar notes for this series ever existed is at present unknown.

addition of another wheel and set of stones doubled a miller's capacity to grind grain, making it possible to produce large quantities of flour in a relatively short period of time. The introduction of commercial grist milling signaled the end of custom milling and the beginning of a new period in Frederick County's industrial history.

Now, one must wonder; Why did the small community of Greenfield Mills have a bank of its own in the first place and, what if any, connection did it have to Frederick-Town some fifteen miles away? To find the answers to these questions we must acquire an understanding of what conditions existed in the community at the time and what the federal banking laws allowed.

Grist Mills and Local Industry in the 1830s

At the turn of the nineteenth century there were many types of mills scattered throughout the Frederick County countryside. These included grist mills, lumber mills, paper mills and an occasional hemp mill for producing rope and fulling mill for finishing woolen cloth from the weaver's loom. All were dependent upon water power, so they had to be situated on a stream or river with sufficient current, or "fall", to turn a water-wheel. Grist mills were the most numerous and important to the economy.

The soil of the Frederick region was especially favorable for grain production. Wheat, barley, oats and rye were planted. Wheat became the principal income producer. By the turn of the century, in 1800, local grain and flour was being transported overland to the ports of Georgetown, in the District of Columbia; Alexandria and to Baltimore for shipment to Europe, New England, the southern states and to the West Indies. The arrival of the Chesapeake and Ohio Canal and later, the Baltimore and Ohio Railroad greatly increased production and contact with the metropolitan centers of Baltimore and Washington.

The typical grist mill consisted of a hopper and two millstones. The upper stone was called the "runner" and the lower one the "bedder". These stones were installed on the upper floor-level of the mill. Grain which was fed into the hopper passed down a "shoe" to the bedder stone through a hole in the runner. As the runner rotated (driven by the water-wheel) the meal thus produced moved to the edges of the bedder stone by centrifugal force, falling into the wooden "vat". From there the meal traveled down a chute to the meal collecting bin on the lower floor, where it was sifted repeatedly to remove the bran and chaff. This operation created very difficult working conditions, as the flour dust produced covered everything and everybody. After sifting, the "bolted" flour moved to a flour bin, where it was weighed and bagged.

Millers were required to make their own carpentry repairs at the mill and to dress their own millstones. As the grooves in the millstones became dull from use, the miller shut down the mill to dress out his stones. This was accomplished by the use of mill picks with which the edges of the grooves in the stone were sharpened. This process could take up to a week and required considerable skill.

In addition to fine flours of different types for export, grist mills also ground feed grain for livestock for consumption by local farmers. The best Greenfield Mills export flour sold under the name "Celebrated High Grade Flour".

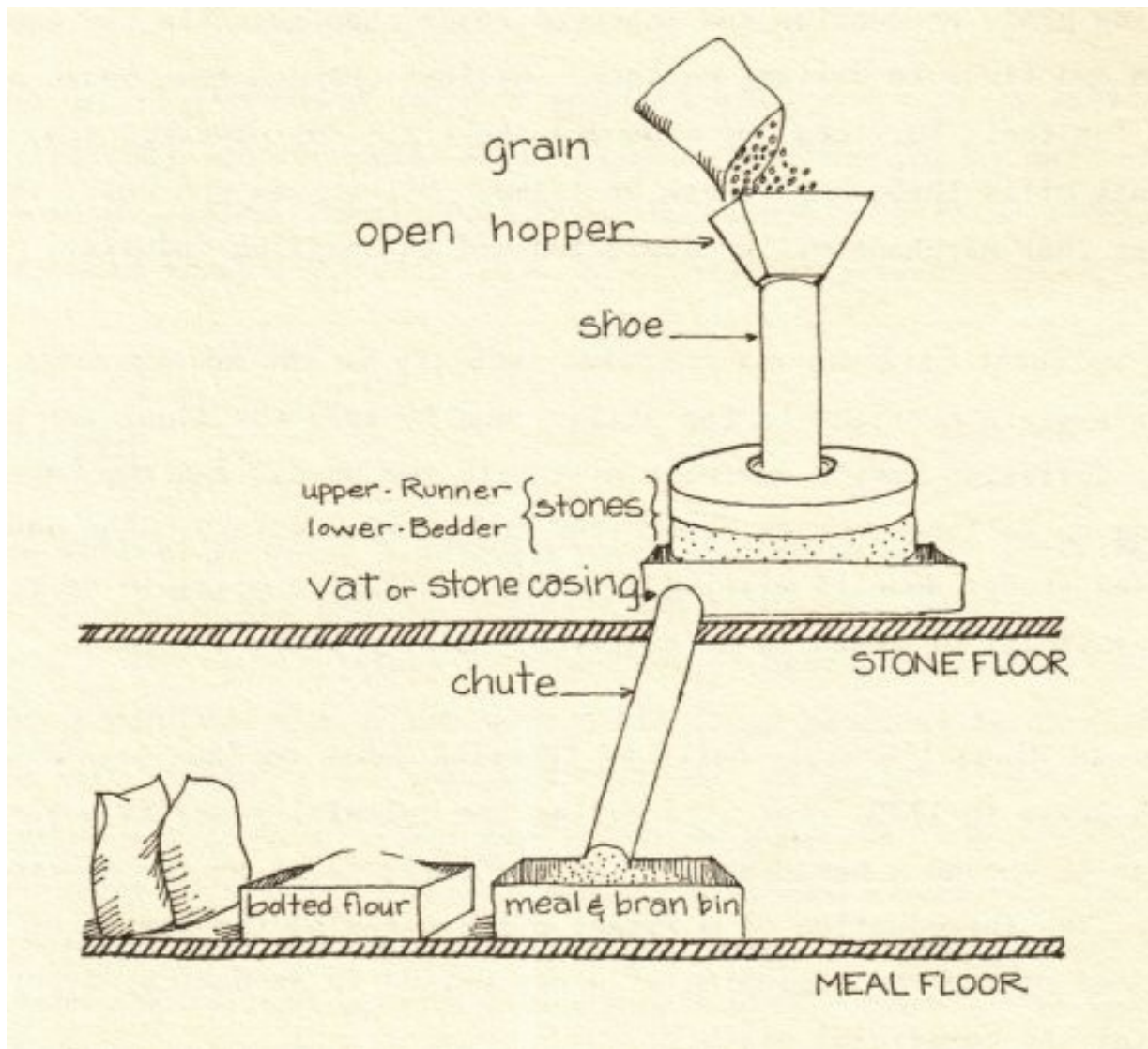
In the early 1800s most country artisans could not live by their trades alone; as long as the country remained sparsely settled, the local farmers provided for as many of their own needs as possible. Consequently, rural craftsmen were farmers first and



Greenfield Mills post office as shown on the Buckeystown District #1 election map of 1873.

only worked at their trade when demand for their products or services was high. An exception to this rule were the blacksmiths who settled in the largest towns and were often called upon to do any chore from pulling teeth to building wagons. Other vital trades included carpenters, coopers, tanners, shoemakers, weavers and distillers.

To round out the early industries of the fledgling nation, one must mention two occupations. The first of these were the local iron furnaces and manufactories which produced such products as iron cooking pots and kettles, tools for farming, bar iron and castings for local consumption, and pig iron for export to England. The second of these industries was glass manufacturing. Glassblowing had been around in America from



A typical grist milling process.

the earliest settlement at Jamestown, in Virginia. Colored bottles and window panes were popular. As settlement of Frederick County increased, the demand for locally made window glass soared exponentially.

The Panic of 1837

A business boom in the early 1830s was led by the construction of new canals designed to tie the east coast communities of the United States to the western frontier. This was followed by schemes which would eventually provide the first network of railroads. The Federal Government encouraged such speculative fever by selling millions of acres of public lands in the newly formed western states. Speculators quickly flocked to the Land Offices to buy up land at bargain prices, often for as little as \$1.25 per acre, hoping to resell parcels that would quickly increase in value once the canals, turnpikes and promised railroads brought settlers looking for land, which would again drive prices up.

The unbounded speculation in land set into motion a great demand for farm equipment and supplies which in turn created a rise in inflation. When Andrew Jackson became president in 1829 he quickly developed an enmity toward the Second Bank of the United States - the nation's central bank - declaring it to be corrupt, dangerous, and unconstitutional. His first hostile measure was to remove all government deposits from it. These he then distributed amongst the state banks. Unyielding in his hostile opinions, his next act was to veto the bill calling for the renewal of the charter for the Second Bank of the United States. Upon its expiration on 3 March 1836, the state banks took advantage of the situation by greatly expanding their own business. Newly chartered state banks rapidly came into existence, the Frederick-Town Branch Bank being one of them. Banking facilities were enormously increased. Wild speculation attended this expansion as foreign imports increased which were only overshadowed by enormous speculation in government land. These lands were paid for in paper money. Soon the government coffers were overflowing with paper money of dubious value. The Jackson administration distrusted the multitude of paper money and notes from local banks, preferring instead to deal only in hard money. To curb this practice the Secretary of the Treasury issued a Specie Circular on 15 August 1836 which required payment for government lands to henceforth be made in gold or silver "hard" money. The specie which had been expected to flow into the Treasury failed to appear putting an end to speculation in land. Banks began calling in their loans.

The bubble burst on 10 May 1837 when every bank in New York city stopped payment in specie (gold and silver). This precipitated the Panic of 1837, the worst economic depression the young nation had yet known. Since most banks did not have specie to back up their paper, banks failed at a rapid rate. In the general collapse of banking which followed, 343 out of 850 existing banks closed entirely with an

additional 62 partially failing. Business activity came to a standstill. The panic lasted for five years, with the resulting deflation reaching down to the lowest laborer and farmer. The state banking system had received a shock from which it never fully recovered.

Recovery finally took place in 1842 when Congress imposed a thirty percent tax on all imported goods. Martin Van Buren, Jackson's hand-picked successor, inherited the financial chaos largely not of his making. He had failed to heed the voices calling for the reinstatement of the Bank of the United States and, unfortunately for him, was blamed for the mess and soundly defeated when he ran for reelection in 1840.



One thousand dollar note of the Bank of the United States, dated in Philadelphia on 15 December 1840. Six of the country's founding fathers are depicted on the note including likenesses of William Penn and Benjamin Franklin (in ovals). The reverse of the note carries endorsements stating that interest had been subsequently paid in the years 1841, 1846, 1847 and 1850.

The Canal Era

It is hard for us today, surrounded as we are by high speed expressways and air travel, to envision the conditions travelers endured from colonial times right up to the arrival of the turnpikes and railroads. In the eighteenth and early nineteenth centuries the average man rode horseback. Commerce consisted of carrying goods from place to place by pack mules and horses, over poor roads or primitive trails originally intended for cows. Early commerce consisted of flour from the grist mills which went down to the cities together with whiskey, finished paper from the paper mills, textiles from the

fulling mills and sundry other rural products. The return trip brought back stocks of imported food such as coffee, molasses, dried fruits and household furnishings. As the roads were improved by turnpikes, wagons replaced the pack mule. Some of these wagons were so large that it is said that only the top of a man's head was visible when he stood in the wagon bed. Wealthy travelers either had their own coaches or rode the public stage coach.

The formation of the Potowmack Company was to eventually change all this. It was none other than George Washington who first conceived the idea of improving navigation on the Potomac River. Since the Potomac was basically an unnavigable river, it was necessary to construct skirting canals around falls, rapids and other obstacles in order to make the river navigable to keel boats. However, it was extremely difficult to travel upriver beyond the lower Potomac. Navigating the upper Potomac could only be done at Spring high water. To accomplish Washington's vision the Potowmack Company was founded in 1785.

It was not until 1824, after the completion of the Erie Canal in New York state, that southern traders, perceiving their business with the west threatened, decided to act. In that year the Chesapeake and Ohio Company was formed, taking over the holdings of the Potowmack Company. Its ostensible purpose was to construct a shipping canal connecting tidewater on the Potomac River at Georgetown, D.C. with the headwaters of the Ohio River in western Pennsylvania. When completed, the canal would provide an economical trade route between the eastern seaboard and the trans-Allegheny Mountain west.

Actual construction commenced on the Fourth of July 1828 with a groundbreaking ceremony in which president John Quincy Adams turned over the first spade of earth at Little Falls. Ironically, this was the same day that construction of the Baltimore and Ohio Railroad westward from Baltimore was begun. This was to be a fateful day – one that would have significant implications for the ultimate fate of the Chesapeake and Ohio Canal and for canal building in general.

Learning from the failures of the Potowmack Company, the directors decided to build a canal paralleling the Potomac River, a total length of 185 miles. This proved to be quite an engineering challenge. To begin with, the increase in elevation between Georgetown and the canal's ultimate destination, Cumberland, Maryland, was 605 feet. This necessitated the building of 74 canal locks with which to raise the boats to ever increasing heights. Then there was the problem of crossing small streams and rivers as construction inched west. This was accomplished by building 150 water races and aqueducts over these obstacles. Eleven aqueducts were required in order to bridge the larger streams and intersecting roads. The greatest engineering feat of all, however, was the blasting of a 3,117 foot long tunnel through the shale rock across the river from

Paw Paw, now in West Virginia. This one mile tunnel saved six miles of tortuous digging of canal and towpath along the winding Potomac, however it proved so costly to build, it almost bankrupted the company. Finally, no less than seven dams were built in order to supply sufficient water to the canal. There is no doubt that the stone construction that went into the canal locks and aqueducts was superior, as attested by the fact that the Confederate Army twice crossed over the Potomac during the Civil War in an attempt to blow up the aqueduct over the Monocacy River and were unable to do so.

To encourage canal construction, the federal government gave aid in the form of land grants. The various canals under construction at the time received subsidies in the form of 4,900,000 acres. However, the railroads received, during the same period, 130,000,000 acres. This was quite a disparity, favoring the railroads.

From the beginning, numerous difficulties retarded the progress of canal construction. These included labor shortages, property right-of-way disputes and material shortages. Construction stood at a standstill between 1842 and 1847. Finally



Vignette of a canal freight boat taken from a 1840 one dollar note of the Tidewater Canal Company of Baltimore. Note the presence of the railroad train, the canal boats' greatest competitor.

completed to Cumberland, Maryland in 1850, the canal never did reach the Ohio River as, by that time, the railroad had already reached the Ohio Valley. When open for its entire length in 1850, travel time between Cumberland and Georgetown was cut from fourteen to five days. The final cost of the project was \$11,000,000, a staggering figure for that era.

The canal opened for business between Georgetown and Shepardstown, West Virginia in 1836. The route also served as a Star Route for the carrying of the U.S.

Mail, using canal packets. In 1843 an aqueduct was built over the Potomac river connecting Georgetown to the Alexandria Canal which provided access to the deep water port of Alexandria.

The canal boats used on the C&O Canal were 95 feet in length with a beam of 14.5 feet. Considering that the locks into which these boats had to fit measured 100 feet in length by 15 feet wide, considerable skill on the part of the canal boat captains was required to avoid striking the stone masonry of the lock. In case of a collision the lock keeper extracted a heavy fine before allowing the craft to proceed. The canal had a depth of six feet, while most canal boats draft was five feet, allowing little room for error.



Canal boat loading grain at Cumberland, Maryland in preparation for the 185 mile trip downstream to Georgetown. (Photo courtesy of the National Park Service).

The principal products shipped down the canal were coal, lumber, flour and other agricultural products. The coal trade increased rapidly during the Civil War and following years. It was at this time that the canal turned its greatest profits. The traffic in coal was so great that it required over 500 freight boats to accommodate the traffic. By the mid 1870s trade declined, as coal operators began to ship coal east over the Baltimore and Ohio Railroad, the canal's greatest competitor. Competition from the B&O Railroad had not been foreseen when the canal was originally planned. This fact together with loss of revenue to the railroad and several catastrophic floods forced the canal company into final receivership in 1924, ending the canal era.

The fact that future competition from the railroads was not lost on the directors of the Wabash and Erie Canal, in Indiana, is evidenced by this quote from their annual report to stockholders, dated 1 January 1852:

“The increase in business for the year is satisfactory (however), the increasing facilities of transportation provided by the numerous railroads which are in process of construction within the borders of the state (Indiana), some of the most important of which transverse districts of the country heretofore tributary to the Canal; and which, when finished, will probably call for such a revision of the tolls upon the Canal as will protect its business and revenue against competing routes.”



The 5 dollar note of the Chesapeake and Ohio Canal Company's Frederick office. Similar notes were issued at Washington, District of Columbia. The seated figure represents Agriculture, while wagons are shown at left and a shepherd and his flock at right. Other denominations included a 10 dollar note featuring the signing of the Declaration of Independence and a 20 dollar bill showing a figure of Commerce seated between portraits of Washington and Lafayette.

“A revision of tolls” could only mean lowering the canal tolls, thereby reducing revenues. The handwriting was on the wall! It was only a matter of time before railroads would supersede canal revenues, thereby driving the canals out of business.

The issuance of C&O scrip in 1834 greatly contributed to the areas economic life. At various times throughout the building phase both the canal and the railroad resorted to issuing their own money. This was done to prevent work stoppages during periods awaiting the funding of additional bonds. The issue of scrip was desperately needed in this currency-starved region in order to pay employee wages. The 1834 issue included \$90,000 in 5, 10, and 20 dollar notes. They were issued at both Frederick and

Washington, D.C. The financial Panic of 1837 created an acute currency shortage which gave the canal another excuse to issue scrip. This time \$50,000 was issued in denominations ranging from 50 cents to 5 dollars; however, this issue was not so well received. By 1837 doubt about the Chesapeake and Ohio Canal Companies' own fiscal health and its ability to complete the project, caused the scrip to be heavily discounted.



As early as 1815 the George Town Importing and Exporting Company of the District of Columbia, located on the tidewater, was engaged in the business of transporting flour, lumber and various Potomac Valley products to other east coast cities as attested to by this early 2 dollar bill.



The importance of the railroad was reflected on this 1855 Potomac River Bank note of Georgetown, D.C.. The choice of the vignette was no doubt meant to underscore the bank's trade with newly opened lands west of the Allegheny. By this year the B&O Railroad had surpassed the C&O Canal in total revenue.



Unlocking a canal boat on the Chesapeake and Ohio Canal. (Photo courtesy of the National Park Service).

Baltimore Scrip of the Period

This is probably as good a place as any to define the term “scrip”. Carlton's *International Encyclopaedic Dictionary of Numismatics* defines scrip as “paper notes issued by companies or private individuals as a temporary replacement for legitimate money. These notes were most often used in times of economic stress to alleviate a shortage of circulating money. The Panic of 1837 in the United States gave rise to a considerable amount of scrip. Note: the term is not to be confused with “script”, which is printed lettering resembling handwriting.”

We have already seen the scrip notes produced at Greenfield Mills in Frederick County. I have included mention of the Baltimore scrip here for several reasons – one economic and one numismatic. Baltimore scrip came into being for the same reason as the Greenfield Mills notes. They were both brought about by the Panic of 1837.

Baltimore was tied to the commerce of the west by railroad, just as Georgetown and Alexandria were by the C&O Canal. It was only natural that, with the advent of rail transportation to a deep water port, Baltimore would play an ever increasing role in the coal and flour trade. When the Panic of 1837 struck with the intendant shortage of hard



Patapsco Savings Fund 6 ¼ cent note dated 184_. This note is a “remainder” depicting a Baltimore harbor scene at center and early railroad locomotive at right. The odd denomination was predicated upon the Spanish dollar, not the American one. Mr. Murphy, the printer of the note, maintained his business at number 146 Market Street, now known as Baltimore Street.

money, Baltimore merchants met the challenge by printing their own notes. Such institutions as the Tidewater Canal, The Patapsco Savings Fund, The Baltimore Exchange Office, the Baltimore Savings Institution, the Baltimore and Ohio Railroad, the Baltimore Real Estate Savings Institution and the Deer Creek Iron Works of Harford County all issued their own series of notes. I suspect, but have no proof, that the various “savings institutions” printing money were in the business of land offices, promoting the sale of cheap western lands.

Some of these notes were printed in unusual denominations. Herein lies the numismatic reason. In 1840 the Baltimore Savings Institution, for example, issued notes in denominations of 6 ¼ cents, 12 ½ cents, 25, 50 cents and two different 1 dollar notes, one larger than the other. There may be higher denominations of which I am unaware.

The 12 ½ cent note even shows a Spanish dollar on its obverse, indicating that the dollar was backed in this currency. Now this curious situation certainly deserves an explanation. The answer lies in the fact that at that time our country really operated upon two different financial systems – one based on the United States dollar and the other upon the Spanish silver dollar, popularly known as the “piece of eight”.



Baltimore Savings Institution 12 ½ cent and 25 cent notes of 1840. Both are patterned on the Spanish Piece of Eight; the 12 ½ cent note being worth “one bit” and the 25 cent note “two bits”, or a “quarter” of a dollar. The 25 cent note has an interesting vignette of an Indian paddling his canoe, with a canal boat shown in the oval at left. The 12 ½ cent one bit note displays the “piece of eight” as well as an early locomotive at right. All these notes were uniface.



Detail of the “piece of eight” shown on the Baltimore Savings Institution 12 ½ cent bank note of 29 June 1840.

Pieces of Eight

The “piece of eight” was a Spanish milled silver dollar worth 8 reales, often referred to as the “pillar” dollar. “Real” is the Spanish word for crown. The Spanish started making these pieces in the 1500s and continued to mint them right up until the mid 1800s. Pieces of Eight had been circulating widely in the English colonies well before the American Revolution, so they were familiar to everyone.



Spanish 8 real silver dollar which circulated widely in the United States up until the Civil War. This 1808 example bears the likeness of Charles IV.

Shortly after American independence was gained, Congress passed the Coinage Act in 1792, creating the United States mint. The mint commenced producing silver dollars for the American economy in 1794. The problem was that the mintage of these dollars was so low that the mint could not meet the demand for sufficient silver dollars. These new United States dollars proved to be not as popular as the old Spanish pieces of eight, which were heavier and made of finer silver. The mint then ceased production of the silver dollar in 1803 and did not resume production for general circulation again until 1840. For these reasons the Spanish piece of eight was made legal tender in the United States until an act of Congress discontinued the practice in 1857.



United States silver dollar dated 1799. Minting of the dollar was suspended by the U.S. Mint in 1803. Production of the silver dollar for general circulation was not resumed until 1840. During the intervening years the Piece of Eight was made legal tender in the United States.

During the American Revolution and afterwards, the Spanish dollars were often cut into halves, quarters and eights to make small change. This accounts for the colloquial term “piece of eight” for the coin and “quarter” and “two bits” for U.S. twenty-five cent pieces. (See Table 2.)

Millions of Spanish dollars were minted over several centuries. They enjoyed their widest circulation during the American colonial period and were still in use in America up until the Civil War. They had the equivalent value of one dollar when circulating in the United States.

Now it is easier to understand why banks of the period often depicted pieces of eight on their money following the Panic of 1837. The latest instance in which I have seen the Spanish dollar depicted on American money was on a Corporation of Richmond (Virginia) one dollar note dated 1861 at the outset of the Civil War.

Table 2.

United States Equivalents for One Spanish Milled Dollar

UNITED STATES DOLLAR	BITS	SPANISH MILLED DOLLAR*
1 dollar	8	1
½ dollar	4	1/2
25 cents	2	¼ th
12 ½ cents	1	1/8 th
6 ¼ cents	1/2	1/16 th

* Piece of Eight: popular name for the pillar dollar, a Spanish American 8 reales coin. Very popular in the United States, it was a precursor to the U.S. Dollar. The Piece of Eight was often cut into smaller “bits” to make small change such as the 25 cent piece, one fourth of a Spanish dollar, or “two-bits”.

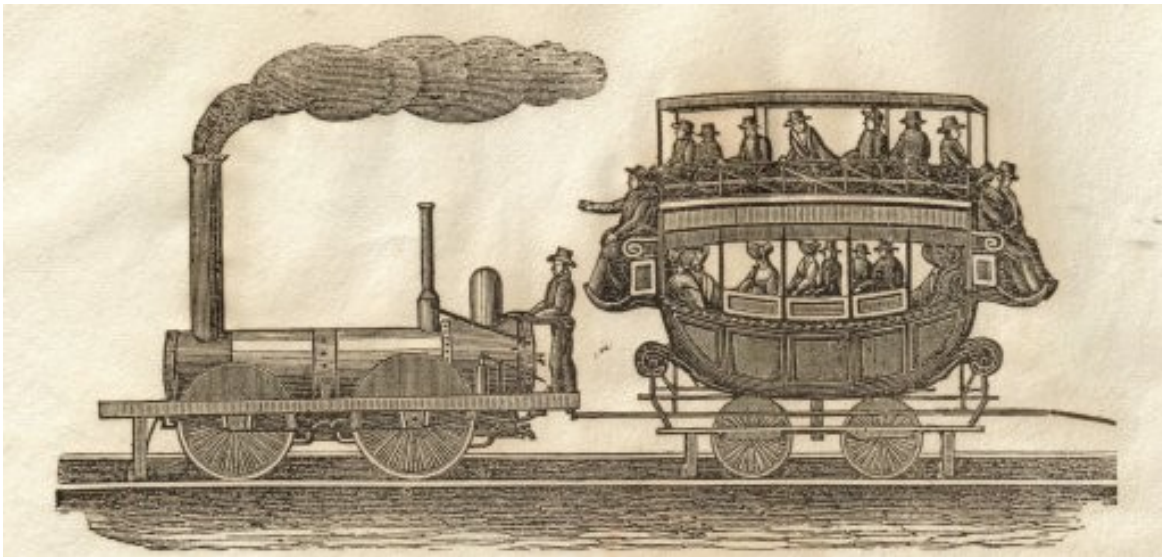


Another example of a bank note denominated in Spanish milled dollars. This Corporation of Richmond (Virginia) 1 dollar note bears the likeness of the Piece of Eight which enjoyed legal tender status in the United States until revoked in 1857. The annotation “Receivable for City Taxes” can be seen at right.

The Coming of the Railroad

As we have already mentioned, the Jacksonian party of the 1820s and 1830s placed great emphasis on western expansion. The first commercial application of this principal was the building of the Erie Canal in upstate New York. The canal, opened in 1820, was a tremendous success. For the first time in the young history of the republic it provided a means of transportation which allowed families to migrate west to settle in the Ohio Valley, while at the same time giving the farmers on the frontier a means of getting their products to market on the eastern seaboard. The canal's principal drawback was that it was slow.

Recognizing this, and fearful that they would be left out of the profits to be made west of the Allegheny Mountains, a group of Baltimore merchants and bankers sent buyers west in search of wheat for their mills and ships. They soon concluded that not only would there be sufficient commerce to warrant building a new route to the west, but that the building of a railroad from Baltimore west, if feasible, would cut down on the lengthy shipment time experienced on the Erie Canal. These pioneers then sent Philip Thomas and George Brown to England in 1826 to investigate the railway enterprises then being tested for the first time as commercial ventures. They were so impressed with the possibilities that upon their return in 1827 they chartered the Baltimore and Ohio Railroad with the task of building a railroad from the port of Baltimore west to a suitable point on the Ohio River. This new means of transportation was to provide an alternative and faster route for Midwestern goods to reach the East Coast.



The arrival of the railroad was to change the face of America forever. The first coach type passenger cars were hard on laundry bills and personal hygiene. It was not long before all passengers rode in enclosed wagons. Replicas of these early cars may be seen at the Baltimore and Ohio Railroad Museum on West Pratt Street in Baltimore.

Thus, the Baltimore and Ohio became the first railroad chartered in the United States to carry freight and passengers. By looking beyond strictly local needs, as other early railroads did, the B&O was able to build a wide ranging “system” of lines to channel the commerce of a growing Midwest to the port of Baltimore. Mr. Thomas was elected the first president of the railroad and Mr. Brown, its first Treasurer.



Baltimore and Ohio Railroad stock certificate number 5958 in the amount of 4 shares, dated 31 January 1846. The locomotive shown is the famous B&O engine “Tom Thumb”, the engine which beat the horse drawn train on the Ellicott Mills run to establish the iron horse’s preeminence once and for all. A horde of these stock certificates was found in the attic when rehabilitating the old B&O Warehouse as part of the new Baltimore Orioles Camden Yards baseball park.

Construction commenced in 1828 with the first thirteen miles of track to Ellicott’s Mills opening on 24 May 1830. Ever mindful that they were in competition with the Chesapeake and Ohio Canal, the railroad lost no time pushing west along the Potomac River to Point of Rocks in Frederick County reaching that place in December 1831. From there a branch line was constructed into Frederick Town. By 1837 the B&O had reached Harpers Ferry (now West Virginia) and thence to Cumberland in 1842, eight years before the canal. It was to be another ten years, however, before the railroad reached Wheeling on the Ohio River. From that point on the Baltimore and Ohio

expanded, through construction and railroad acquisition until ultimately reaching Chicago, St. Louis and the Great Lakes.

When construction commenced on the B&O in 1828, railroad engineering was in its infancy. Erring on the side of caution the B&O built many of its structures of granite. Consequently, most of the B&O's early bridges have survived to the present. The Carrollton and Thomas Viaducts are still used today and remain the world's oldest railroad bridges. Since little data concerning the operation of railroads was available at that time, the B&O experimented with many ideas. These included horse drawn trains and steam powered winches to pull cars uphill. Various types of bridges were tried as well as a number of locomotive designs including such engines as the "Tom Thumb" and the early "Grasshopper" types.

Upon completion of the railway to Cumberland ahead of the canal, the B&O was able to tap the lucrative coal market. Competition with the canal lasted for sixty more years, with the railroad always out ahead. As it turned out, in the end the archaic canal technology was destined to lose out to the railroad – the symbol of the new industrial age. The canal could not recover from the devastating flood of 1889. As a consequence control passed to its principal bondholder - its old adversary, the B&O.



The advances in railroad transportation during twenty years can clearly be seen when contrasting this B&O train to those seen on bank notes of the 1840 period. This broken bank note was one of two 5 dollar notes issued by the Clinton Bank, which served the small town of Westernport in Allegheny County on the upper Potomac

Summary

Well, we may have strayed from the original subject a bit in this discussion, however, in so doing we have learned a lot of other useful information. We did satisfy ourselves as to the original questions posed by the discovery of the Frederick-Town Branch Bank notes: (1) Where was the town of Greenfield Mills? - thanks to Amy Reed and her research and the 1873 election map we have answered that one. (2) Why was the bank located there ? - To serve the grist mill workers and their community during the currency shortage brought about by the Panic of 1837. (3) and finally, why did it fail? - Well, "fail" turns out to be the wrong word. As we know from the 1873 map, the grist milling operation, general stores, residences and post office were still there in 1873, so the banking operation (which was part of Mr. Davis' venture) certainly didn't fail. It simply went out of business when demand for its services were no longer required. As commerce recovered from the 1837 business panic, government backed banks once again issued specie in sufficient quantity to sustain commerce, thereby obviating the need to print ones own money to pay workers, and so on.

As to the other information making up this whole story, we have learned a little bit about the operation of a flour mill, the financial Panic of 1837, canal construction and commerce, Georgetown and Baltimore's role in commerce, the first railroads in the United States and even why we had "pieces of eight" as part of our early currency. That's quite an eclectic numismatic plate full!

As to the town of Greenfield Mills itself: today nothing remains of this once thriving place. The mill site, today situated in the middle of a flood plain, has completely vanished without a trace. Only the Frederick-Town Branch Bank scrip remains to bear witness to its fleeting role in Maryland history.

Isn't it surprising, though, what can be learned from a few scraps of paper if one takes the time to look for the story behind the notes themselves?

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