

WESTERN PRICES BEFORE 1861

A STUDY OF THE CINCINNATI MARKET

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considerable and probably helped determine the behavior of internal prices, but it is difficult to discover any direct correspondence so far as the Cincinnati market is concerned. Like many other nations, the United States in 1789 selected coffee, sugar, salt, and other foodstuffs as favorite sources of customs revenue. The original tariff specified a rate on coffee of $2\frac{1}{4}$ cents a pound, which was raised to 4 cents in 1790 and 5 cents in 1794. The latter rate also pertained by the Act of April 27, 1816.⁵⁴ The coffee duty was over ten times as heavy as that on salt, pound for pound, but it constituted only a small fraction of the price in the interior before 1820. It was reduced to 2 cents at the beginning of 1831, but the Cincinnati price dropped only about a cent compared to the preceding year, whereas the average annual decline since 1823 had been practically double this figure. The duty was reduced another cent (effective January 1, 1832). Coffee was placed on the free list by the Act of 1832, and there it remained until after the commencement of the Civil War.⁵⁵ Yet the downward trend in American coffee prices tended to slacken its pace between 1832 and 1836.⁵⁶ On the other hand, no change in the tariff can be held responsible for such movements as the fall between 1820 and 1830 and the belated decline between 1842 and 1844.

Young Hyson Tea. Many of the preceding remarks apply to the price series representing tea and pepper. Tea was also relatively high in price in the West until the end of 1820, established a new and lower level some time prior to 1823, and declined

United States markets behaved in a similar manner. The lowering of interregional price spreads is discussed in Chapter V.

According to the methods employed in this study, variations in average coffee prices showed no consistent relationship to annual receipts at Cincinnati between 1845 and 1861. The Pearsonian coefficient is $+.04$.

⁵⁴ Imports in foreign bottoms paid a duty higher by 10 per cent (U. S. Statutes at Large, I, 24; 180; 390; III, 310). No thorough examination has been made of the legislation between 1794 and 1816.

⁵⁵ Strictly, the provisions above apply only to coffee imported directly from places of growth or production in American vessels; concessions were made to the shipping of Holland and nations treated reciprocally by the Acts of July 30, 1846, and August 3, 1846 (U. S. Statutes, IV, 403, 583; V, 463, 548; IX, 42, 49; XI, 192; XII, 178).

⁵⁶ According to G. R. Taylor's New Orleans data, coffee dropped about 3 cents between 1829 and 1831 and rose by the same amount in 1832.

gradually thereafter. However, it is impossible to describe accurately the behavior of tea prices after 1842 because the available data are discontinuous, non-homogeneous, and on the whole quite nominal.

The comparatively fragmentary prices of tea in the West for the period 1788-1817 pertain to the Imperial, Hyson, and Young Hyson varieties and average \$2.50 a pound. According to the annual median quotations in Chart XIII (p. 157), the leaf grew progressively cheaper between 1788 and 1806. In the first-named year James Wilkinson entered the price of Hyson tea at 20 shillings (\$3.33), and it rose to 28 shillings (\$4.67) in 1789. The price of Imperial tea in Frankfort was given as only 7 shillings. Except for a low Pittsburgh quotation on Young Hyson in 1812 (\$1.00), the market ruled somewhat higher between 1808 and 1821.⁵⁷ However, a number of figures are available for the early years which show that cheaper teas were occasionally on the market. Smith & Findlay mention transactions at 5 and 6 shillings in 1794 and 1795, respectively, and there is a Lexington price of 1796 as low as 3s. 8d. (Virginia).⁵⁸

Prices published in the newspapers after 1819 apply to Young Hyson, Imperial, Gunpowder, Bohea, and other brands. Although the first-named was comparatively expensive, it is the variety for which quotations are most continuous. Almost all the figures for 1816-1823 given in Isaac Jackson's accounts and the books of Pierce & Brightwell are for retail transactions and are 20 to 50 per cent higher than contemporaneous newspaper reports.

Two further points in regard to tea prices are worthy of special notice. First, the relative position of the different western markets between 1816 and 1825 was on the whole very similar to that of the coffee series. The Cincinnati winter peak of 1818-1819 was perhaps more pronounced in the case of tea, and a recovery after the spring slump of 1820 is also in evidence. By the fall of the year tea sold at a price some 70 per cent higher than in Pittsburgh — a premium corresponding to that on coffee. At the end of 1820 Young Hyson tea was advertised in the Ohio newspapers at \$1.87½ per pound, more than double the quotation then current in Pittsburgh.⁵⁹ Louisville specie quotations towards the end of 1822

⁵⁷ Wilkinson Papers; Innes Papers; R. & J. Patterson Accounts.

⁵⁸ Smith & Findlay Account Book; Trigg Papers. ⁵⁹ LH, Dec. 13, 1820.

were at approximate parity with Cincinnati, and the latter was very close to Pittsburgh in 1824-1825 — all at a level about 30 per cent below the Cincinnati market of late 1820.

Secondly, Cincinnati tea prices appear to have fallen by stages after 1820. The interval between 1820 and 1823 was one of decline;⁶⁰ another came in 1826, minor in degree, and, beginning in 1833, tea began to drop steadily for a third time. By 1835 it reached a level roughly 40 per cent below the price of a decade before. In other words, the prices of tea and coffee did not decline *pari passu* between 1820 and 1848; coffee was comparatively firm between 1833 and 1835. It is noteworthy that western tea prices continued to settle during the years of American inflation (1835-1839) but rose during the Opium War (1840). Tea gradually fell thereafter, and prices in 1844 were roughly equal to those of 1835-1839. As has already been suggested, widely ranged quotations of later years were almost absolutely inflexible. The *Western Christian Advocate*, for instance, listed the price as 25-85 cents for nineteen months beginning November 1846, and the *Cincinnati Price Current* carried the quotation on regular Young Hyson at 35-75 cents from July 1851 until the item was omitted in October 1857. "Canton made" Young Hyson, first listed by the *Atlas* in 1844, was considerably less expensive, particularly after 1848, and during the greater part of the fifties this variety was uniformly quoted at 15-25 cents a pound.

Tea Prices and the Tariff. Changes of the first magnitude took place in the customs duties on teas, but they were reflected only imperfectly in Cincinnati prices. From the beginning the schedule of specific rates on tea was comparatively elaborate in that it provided for four varieties (Bohea, Souchong and black, Hyson, and other green teas) and also differentiated rates as to whether imports came directly from China (or India) in United States ships, from Europe in the same class of vessels, or via some other route and vessels. Since all rates moved roughly in proportion, this brief description is confined to Hyson teas brought directly

⁶⁰ According to Pierce & Brightwell accounts, the retail price was maintained at \$2.00 between June 1820 and July 1821. It was then marked down to \$1.25 and remained unchanged during the two succeeding years. Since flour sold for only \$1.50 a barrel in 1821, and even less on occasion, it is understandable that farmers rebelled at the change in relative values.

from the Orient in bottoms of domestic registry.⁶¹ The revenue policy already touched upon in connection with salt and coffee is also evident in the present connection. The duty rose from 20 cents in 1789 to 40 cents in 1816 but declined in subsequent years — in fact, it was remitted under certain circumstances.

Between July 1, 1816, and December 31, 1831, the Hyson tea duty was 40 cents per pound,⁶² and the lowest average annual price during this interval was only 90½ cents (1830). The rate was reduced to 18 cents, effective December 31, 1831; and the Act of July 14, 1832, went further to place tea on the free list (if imported in United States vessels from points beyond the Cape of Good Hope — otherwise, a duty of 10 cents was invoked).⁶³ The first reduction was matched by no decline in the price of tea at Cincinnati; 1832 was practically on a level with 1831. Even the conditional abolition of duty received little immediate response: quotations did not reach a corresponding level until late in 1834.⁶⁴

Pepper. This spice was quoted only sparingly in the markets of the Ohio Valley before 1824, but after that date it appeared regularly in the prices-current of Cincinnati newspapers along with other spices such as ginger and pimento. Like tea and coffee, pepper was relatively high in price in the West before 1820. The earliest quotation — 5 Virginia shillings or 83 cents a pound — refers to Frankfort in January 1790. Several small purchases were made in Cincinnati in 1793 at the rate of 5 Pennsylvania shillings (67 cents). The corresponding figure for 1796 was 6 shillings.⁶⁵ Though pepper was bought in Louisville for only 2 shillings in 1804, the market was as high as 4s. 6d. in 1808. From that time the value tended to subside gradually until the close of the War

⁶¹ In the Act of July 4, 1789, the lowest rate was 6 cents per pound, the highest 45 cents, and the Hyson rate in United States vessels 20 cents (U. S. Statutes, I, 24).

⁶² U. S. Statutes, III, 310.

⁶³ *Ibid.*, IV, 403, 583. A similar arrangement continued under successive tariff acts until December 24, 1861, except that ships of Holland and other nations enjoying reciprocal treatment were admitted to exemption of duty by Act of July 30, 1846.

⁶⁴ The average price for 1835 was 58.6 cents, or 31.9 cents below the price five years earlier. According to these figures the American market never did fall to the full extent of the duties remitted.

⁶⁵ Innes Papers; Smith & Findlay Accounts; J. MacConnell & Company Accounts.

TABLE 23
 MEDIAN ANNUAL PRICES OF FOURTEEN LEADING COMMODITIES IN THE
 OHIO VALLEY, 1786-1817
 (Unit: United States dollars)

	1786	1787	1788	1789	1790	1791	1792	1793
Flour, bbl.	4.00*	..	4.00	2.67	4.00	..	..	5.00
Wheat, bu. ....	..	..	.58*	.50*	.67*	..	..	..
Corn, bu. ....	.33*	..	.33*	.29*	.29*	.25*	..	.50*
Oats, bu. ....	..	..	..	.25*	.25*	..	..	..
Rye, bu. ....	.83*	..	.50*	.50*	.50*	..	..	..
Tobacco, 100 lbs. ..	..	..	2.50*	2.00*	2.00*	2.50*	3.33*	..
Beef, 100 lbs. ...	2.75*	3.00*	2.50*	2.75*	2.33*	..	..	..
Hogs, 100 lbs. ...	..	2.50*	2.00*	2.08*	2.64*	2.33*	..	..
Sugar, lb. ....	..	..	..	.25*	.21*	.16	..	.33†
Whisky, gal. ....	.83*	..	..	.67*	.67*	..	..	.67†
Salt, bu. ....	..	..	2.75	2.89	2.70	2.50*	2.00	..
Iron, lb. ....	..	..	.17*	.17*	.14*	.14*	..	..
Coffee, lb. ....	..	..	.50*	..	..	.22*	..	.33†
Tea, lb. ....	..	..	3.33*	4.67*	..	..	..	2.00†

	1794	1795	1796	1797	1798	1799	1800	1801
Flour, bbl.	4.50†	6.00	7.75	8.00†	6.50	4.50	4.25	4.50
Wheat, bu. ....	.53†	.53†	..	1.00	.67†	.67†	.67†	.67†
Corn, bu. ....	.33†	.40†	.50†	.30†	.33†	.25†	.25†	.25†
Oats, bu. ....	.25†	.33†	.35†	.45†	.33	.27†	.33†	.25†
Rye, bu. ....	.42†	.53†	.67†	.67†	.60†	.40†	.40†	.40†
Tobacco, 100 lbs. ..	..	3.05*	..	4.00	..	..	..	2.00
Beef, 100 lbs. ...	3.33	4.17*	3.33*	4.00†	3.33	3.00*	2.50*	2.25
Hogs, 100 lbs. ...	..	3.75*	..	4.44†	3.00†	2.50†	2.50†	..
Sugar, lb. ....	.20†	.17†	.17†	..	.13†	.13†	..	.25
Whisky, gal. ....	.50†	.67†	.78†	.97†	.75†	.62†	.50†	.60
Salt, bu. ....	..	4.00†	4.67	4.25	2.50*	3.12†	2.67	2.38
Iron, lb. ....	.12†	..	..	..	.13†	.12†	..	.07
Coffee, lb. ....	.50†	..	.50*	.49†	..	..	..	..
Tea, lb. ....	..	2.22†	..	2.50†	2.75*	..	..	2.67*

	1802	1803	1804	1805	1806	1807	1808	1809
Flour, bbl.	4.00	4.25	4.50	4.00	5.00	4.00	5.00*	4.00
Wheat, bu. ....	..	.50	.50*	.58*	.75	.62	.50	.50
Corn, bu. ....	.25†	.25*	.25*	.25	.25	.33	.38	.29
Oats, bu. ....	..	..	.25*	.21*	.25*	.40	..	.25
Rye, bu. ....	.40†	..	..	.33*	..	..	..	.50
Tobacco, 100 lbs. ..	..	..	..	3.00	3.00	3.00	2.00	1.50
Beef, 100 lbs. ...	2.75	2.88	3.00	..	..	2.62	2.50*	3.00*
Hogs, 100 lbs. ...	..	2.75	2.75	2.75	3.00	2.75	3.00*	3.12
Sugar, lb. ....	..	.12	..	..	.25*	.17	.17	.25*
Whisky, gal. ....	.50†	.56	.56*	.50*	.50	.40	.42	.38
Salt, bu.	2.38	2.44	2.50*	2.25*	2.00*	2.00*	2.00*	2.00*
Iron, lb. ....	.11*	.07	..	.11*	.17*	..	.14*	.10*
Coffee, lb. ....	..	..	.38*	..	..	..	.50*	.48
Tea, lb. ....	..	..	2.02*	..	1.17*	..	2.75*	..

* Original quotation in Virginia currency.
 † Original quotation in Pennsylvania currency.

TABLE 23 (CONTINUED)

	1810	1811	1812	1813	1814	1815	1816	1817
Flour, bbl.	4.00	4.00	4.38	6.25	9.00	5.25	5.25	7.50
Wheat, bu. ....	.50	.50	.62	1.00	1.06	.68	.75	1.00
Corn, bu. ....	.25	.25	.31	.50	.62	.35	.41	.62
Oats, bu. ....	.50	.20	.46	.44	.50	..	.34	.44
Rye, bu. ....	.50	.40	.37	..	.50	.50	.50	1.00
Tobacco, 100 lbs.	2.00	2.00	1.50*	2.00*	2.50*	5.75	8.00	3.88
Beef, 100 lbs. ..	2.25	4.00	2.54	3.50	4.00	3.50	4.00	4.75
Hogs, 100 lbs. ..	2.62	2.75	2.50	3.84	3.88	3.00	4.50	4.50
Sugar, lb. ....	.21*	.10	.15†	.18	.17	.17	.20	.19
Whisky, gal. ....	.33	.39	.32	.50	.75	.75	.62	.50
Salt, bu.	1.50	1.38*	1.00	1.00*	1.00	1.25*	1.00	1.25
Iron, lb. ....	.10*	.10*	.09	.09	.12*	.09	.10	.09
Coffee, lb. ....	.42*	..	.33*	.42*	..	.39	.40	.36
Tea, lb.	2.17*	2.25*	1.00	3.00*	2.88	3.00*	1.95	2.00

* Original quotation in Virginia currency.
 † Original quotation in Pennsylvania currency.

TABLE 24
 MONTHLY MEAN FLOUR PRICES IN CINCINNATI, 1816-1822
 (Unit: Cents per barrel)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1816....	525	550	500	500	450	450	..	600	600	500	600	700
1817....	..	700	775	750	750	750	750	650	400	500	..	600
1818....	550	600	600	..	550	500	500	600	..	700	625	625
1819....	..	600	475	500	..	..	512½	500	500	562½	562½	437½
1820....	437½	462½	412½	..	343½	331	362½	350	312½	312½	312½	350
1821....	..	..	..	..	200	150	..	200	200	..	375	250
1822....	250	270	..	200	250	224	224	..	..	250	..	..

TABLE 25
 MONTHLY MEAN WHEAT PRICES IN CINCINNATI, 1816-1827
 (Unit: Cents per bushel)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1816....	75	75	62½	62½	62½	75	..	75	75	75	75	100
1817....	100	100	100	103	100	..	..	75	..	75	75	75
1818....	75	90	80	87½	80	75	81½	100	..	93½	100	100
1819....	..	100	93½	93½	..	82½	93½	81½	68½	68½	68½	68½
1820....	68½	68½	68½	52	56½	56½	56½	56½	56½	56½	56½	..
1821....	..	..	..	..	..	31½	31½	31½	37½	37½	50	..
1822....	37½	40	..	..	..	..	..	..	..	..	..	50
1823....	40	..	50	50	50	..	50	50	50	50	50	50
1824....	50	50	50	50	55	55	55	55	55	40	40	40
1825....	40	40	40	40	40	..	..	..	30	50	..	..
1826....	..	..	..	..	..	..	..	..	..	37½	45	45
1827....	45	50	50	50	50	50	40	45	45	45	..	..