

THE OREGON MINT

In making a study of early Oregon history we are at all times confronted with the fact that we are studying the acts of an independent state.

Judge Matthew P. Deady in the Lownsdale case vs. the City of Portland said: "It is well known that at the time of the organization of the Oregon Territory an anomalous state of things existed here. The country was extensively settled and the people living under an independent government by themselves. They were a community in the full sense of the word, engaged in agriculture, trade, commerce, and mechanic arts, had built towns, opened and improved farms, established highways, passed revenue laws,, collected taxes, made war and concluded peace. These were the acts of a fully organized government, a government arising from necessity, but dependent upon the will of the people."

Since Oregon was such an independent state, it is not to be wondered or questioned that the legislature under the provisional government passed an act providing for the establishment of a mint to coin gold, even though it be the act of an independent sovereign power.

This early phase of Oregon history illustrates well the method of how man has passed through various stages of development and finally arrived at a money medium. We find that for thirty years Oregon had no other method of exchange, or a financial system, other than barter and trade. Coins were of little use, in fact the Indians hardly knew of their value. Thus in general we can go from furs to wheat, from wheat to general produce, from paper on such securities to gold dust measured by private scales, from gold dust to coined native gold measured by local standard, finally from native gold to the alloyed gold coins of the United States. Easily enough for each of the above steps, reasons in economy and justice can be given.

As early as 1845 the provisional legislative commission created a currency which included gold and silver, treasury warrants, orders on solvent dealers, wheat delivered at market, and where no specific contract had been made—available orders, wheat, hides, tallow, beef, pork, butter, lard, peas, lumber and other articles of export of the territory. These were made lawful tender at their current value, giving a very flexible financial system, which worked

fairly well up to the time when the necessity for coined gold became paramount.

Small currency of that period gave rise to a literal interpretation of the expression "a pocket full of rocks." Made of small flints by pasting upon them representatives of finance to represent the values they were to pass for, with the name of the individual who stood responsible, they were often a convenient aid.

In 1848 and 1849 the Oregon Territory was greatly influenced by the change in economic conditions brought about by the discovery of gold in California. The population of Oregon at this time was approximately 13,000 white people, located chiefly in the lower Willamette valley. Excepting agriculture, the industries were very few, in all there being eight flour mills and fifteen sawmills, two of each being located at Oregon City. When the news of the gold discovery in California reached Oregon, it was in the midst of the harvest season, August, 1848. Immediately there began a great exodus of gold seekers, which for a time literally threatened to depopulate the land. Burnett, who was among the fortune hunters, says that "two-thirds of the men capable of bearing arms departed the first season." Naturally those who went from Oregon, being among the first there, were very successful, but on the other hand those who stayed at home were just as successful, if not more so.

With the population of California jumping overnight as it were, to 100,000, a great demand for produce was created. It was an effective market above all else, for California had gold with which to pay. Oregon being as close as she is to California had a great advantage and we find that in one year the ships that visited Portland increased from five in 1847 to fifty in 1849. The price of wheat went from 62½ cents a bushel to \$2, flour began to sell at \$15 and \$16 a barrel, potatoes sold at \$7 a bushel, and lumber at the beginning sold at \$80 a thousand but dropped to about \$40 after sawmills were established in California. Thus for a period of about three years Oregon products sold from two to three hundred per cent higher than the usual prices.

With this increase in the export trade gold dust began to find its way rapidly into Oregon. By January, 1849, about \$400,000 worth of gold dust was estimated to be in Oregon. This new currency sold at first in bulk by the aid of scales, against the other goods. Although it was an improvement over wheat orders on merchants, and the ordinary Territorial script on account of its

standard universal value, it lacked two things needed in a successful currency—cognizability and homogeneity.

The weighing of gold dust was at the least a wasteful and irregular process. The dust being handled often became mixed with impurities and the transferring of the gold was never exact. Oregon needed some form of currency of uniform and authoritative standard of weight and fineness. Since the Federal mint was not opened in San Francisco until 1854, the delay caused much dissatisfaction, as the demand for coinage seemed not only urgent but to be more or less enduring.

The agitation for an "Oregon Mint" began properly with the holders of the gold bullion. There were many complaints, the chief being against the merchant who had in nearly every instance fixed a low price for the dust, even where it was exchanged for goods. The object of the movement was merely to establish some rule of exchange in Oregon on a par with that in operation in California and not to raise the price of gold dust above the market rate. How it resulted in the establishment of a gold mint we shall see.

In California the miners received \$16 an ounce. On coming to Oregon they got only \$11, or rather the arbitrary price of the merchant who fixed it to suit himself. The price ran anywhere from \$10 to \$14 an ounce. Thus a miner in California by converting his dust there into currency at \$16 an ounce, could buy dust in Oregon for say \$11, and by shipping again to San Francisco could make a third profit. The Hudson's Bay Company at one time by having a quantity of small coins on hand, due to their foreign relations, pushed the price of gold dust down to the unheard of price of \$7 an ounce. Needless to state that at the time gold dust was bringing \$20 an ounce in London.

Not only was the need of coinage evident, but the arguments in favor of a Territorial mint were supported by pure calculations and it was estimated that by August 1, 1849, there was about \$1,500,000 to \$2,000,000 worth of gold dust in Oregon or at least would be by that time. In January gold dust was exchanging for coin at from \$11 to \$12 an ounce or about two-thirds of its value. At least one-third of \$1,500,000 was worth saving.

So when the Oregon legislature met in February, 1849, a petition signed by many of the leading and influential citizens, setting forth the needs of territorial coinage, was presented. People were impatient at the delay of the United States in establishing a Terri-

torial government, and were becoming more disgusted with the greed of the merchants. Furthermore, the Territory, having just passed through the Cayuse Indian war, had a heavy debt to meet and the members of the legislature were ready for some scheme whereby this debt could be paid. They thought that between the price of gold dust as fixed by the Oregon merchants and its true value was a wide margin and that by splitting this amount both the individual holder and the government would profit accordingly.

The first reading of the bill before the legislature of the Provisional Government took place during the afternoon session of February 13, 1849. The next day the house went into a committee of the whole to discuss it and on Thursday afternoon the bill to provide for the weighing and stamping of gold was passed, the official date being February 16, 1849. The total vote cast was eighteen, there being sixteen for the measure and two against. Those who voted for were Applegate, Avery, Bailey, Cox, Curry, Hedges, Hill, Hudson, Lewis, Parker, Peterson, Portius, Thurston, Wilcox and the Speaker. Those opposed were Crawford and Martin.

As a justification for such an act in the preamble the law states: "Large amounts of gold dust and particles mixed with other metals and impurities are being brought to and bartered in this Territory; and great impositions may be practised upon the farmers, merchants, and community generally of the Territory by the introduction of spurious and impure metals, and great irregularities may exist in the scales and weights used by individuals dealing in the said article."

The act itself is, in part, as follows:

"Section I. Be it enacted by the House of Representatives of Oregon Territory that a place be established at Oregon City for the weighing and assaying of gold, and melting and stamping the same, and that said establishment shall be kept open daily, Sundays and holidays excepted, from 10 a.m. till 4 p.m. and shall be under the superintendence, management and control as hereinafter provided,

"Section II. There shall be elected a director, an assayer, one treasurer, one melter, and one coiner, who shall take oath of office and give bonds and securities, to be approved by the Governor, payable to Oregon Territory in the penal sum of \$30,000 each, for the faithful performance of their duties, and who shall receive as compensation per annum \$1999 each, for the time em-

ployed, to be paid quarterly out of the proceeds of the establishment created by this act."

Sections 3, 4, 5, and 6 deal with the duties of the various officers, the director being general superintendent and his duty to see the provisions of the act carried out, to keep the various departments in operation, and to publish a quarterly bulletin. The assayer was to determine the purity of the gold. The treasurer was to purchase bullion, to file the assayer's certificates and to keep a correct account of receipts and disbursements. The melter and coiner were to carry out the duties of their office as their titles indicated. The value of the coin under Section 6 was to be one dollar per pennyweight and the pieces were to be five and ten pennyweight respectively.

Section 7 provided that the dies for stamping should represent on one side the Roman figures five and ten for the pieces of five pennyweight and ten pennyweight; the reverse sides were to have the words "Oregon Territory" and the date around the edge, with the arms of Oregon in the center.

"Section 8. All disbursements, together with the pay of officers, shall be made in the stamped pieces hereby authorized and all that remains, expenses paid, shall apply on the public debt caused by the Cayuse War.

"Section 9. As soon as the establishment shall be ready to go into operation the Governor shall issue a proclamation of the fact."

Section 10 provided the criminal provisions: For others stamping gold unless authorized a fine of not less than \$100 and not less than one year's imprisonment were imposed.

"Section 11. The criminal provisions of this act to take effect thirty days after passage, the balance to take effect from date of approval.

"Approved February 16, 1849.

George Abernethy, Governor
L. A. Rece, Speaker."

Both Crawford and Martin had their protests againstst the act written upon the records of the proceedings as follows:

"I vote no on the passage of an act to provide for the weighing and assaying of gold, melting and stamping the same.

"1st. Because the coining of money is contrary to the constitution of the United States, which as an American citizen I am sworn to support.

"2nd. Because I believe an officer of the United States will

soon be here, whose duty it will be to prohibit the operation of the mint.

"3rd. Because I believe it is inexpedient for the faith of this Territory to be pledged for the amount necessary to put this mint in operation, inasmuch as it will be discontinued immediately upon the arrival of an officer from the United States.

"M. Crawford."

Mr. Crawford was elected from Clackamas county in 1847.

The protest of W. J. Martin is as follows:

"1st. Because I believe it is an open violation of the constitution of the U.S. to coin money other than as directed by the Congress thereof.

"2nd. Because I have good reason to believe that the U.S. have extended their jurisdiction over this country and it will in a short time be in full operation.

"3rd. Because it is making this Territory a shaving machine by only allowing \$16.50 per ounce."

Mr. Martin was elected from Yamhill county in 1848.

The Oregon mint was to open in Oregon City on March 10, 1849, but, as a mint under the Provisional Government, it never came to pass. On March 2, 1849, there arrived in Oregon the first governor under Federal authority, namely General Joseph Lane. He immediately issued a proclamation declaring the Oregon Territory to be under the jurisdiction of the United States, thus the coinage law became of no value whatsoever.

Nevertheless the demand for coinage was just as great as before and we find a group of business men undertaking to carry the program of the mint on to completion. A meeting was held in the counting room of the store of Campbell and Smith in Oregon City and a "partnership was formed for the purpose of the weighing and stamping of gold." The organization was known as the Oregon Exchange Company and the partners were Kilborne, Magruder, Taylor, G. Abernethy, Willson, Rector, Campbell and Smith. Since Mr. Taylor was director and Willson melter and coiner under the original act, they retained their positions, the aim being to carry out the purpose of the law—however with no official connection.

Mr. Rector, who was a man of mechanical skill, was authorized to build a rolling mill and furnish dies and stamps. He went to Salem and employed Thomas Powell, a good blacksmith, to do the work. In a letter Rector is quoted as saying: "Thomas Powell

was employed to do the forging at \$10 a pound for iron used. They had considerable difficulty in obtaining iron but by using old wagon tires and such scraps as could be found, they eventually by welding the pieces together made a very good machine for which he (Powell) received \$60. He also helped doing the lathe work and received \$40 extra pay, although he did not expect it, as he wished to see the work go through."

When the mint was ready, gold dust was bought at \$16 an ounce, no effort being made to separate the impurities. Because of this the pieces were made slightly heavier than those under the original coinage act. A \$5 piece had 130 grains of "native gold" and a \$10 piece twice as much. The output of the mint totaled \$58,500, about \$30,000 being in the smaller denominations

In order to convince the public that the gold pieces contained the correct amount of gold the company stamped on one side "Oregon Exchange Company" around the edge, and "10 D 260 G native Gold 10 D" in the center of the larger piece and "130 G native gold 5 D" on the smaller. On the reverse side in a semi-circle around the edge were the initials K. M. T. A. W. R. C. S. of the partners. In the central space was the accepted Oregon coat of arms, the beaver on a log, and below appeared O. T. 1849 on the larger coin but with the letters reversed on the smaller. This money was called beaver money because of the picture of the beaver appearing on the coins.

A very intimate picture of the mint is given in a quoted letter of John P. Rector, the third son of Mr. Rector, who was one of the partners. He writes: "Father petitioned the Legislature allowing a company to coin gold dust, that was fast becoming the circulating medium of the country, into bullion in the shape of \$5 and \$10 coins. It was granted and a company was formed giving him the privilege of making the mint, and also the money. He went to work at once to make the machine, which gave him great credit, in the opinion of the people. The work was done in Salem, in the shop of T. Powell, a blacksmith. He did the forging, father superintending the work. Father did all the turning in Joseph Watt's shop on Mill Creek, east part of Salem. Hamilton Campbell engraved the dies and he claimed to have the tools. I saw him put the engravings on the five dollar pieces, if you remember there was a mistake in the order of the initials O. T., they were reversed and read T. O. This was a source of great dissatisfaction to father but it required so much work to make a

new die, that it was concluded to let it go. On the completion of the mint, father went to Oregon City and coined all the gold dust that the people brought in, charging a certain per cent, but I do not know what that was. The company then met and ordered the dies destroyed, and there was a committee of three appointed for the purpose. They were ordered to throw them from a high rock that stands below the falls at Oregon City. Whether they did so or not, I do not know as there was some doubt in after years. The stamps I know nothing about."

The dies were later found by D. P. Thompson in cleaning out some rubbish in a room in the old building that had once been occupied by Campbell and Smith in Oregon City. They are now in the vault of the Secretary of State of Oregon and are very highly prized possessions. The rolling mill is thought to have been sent south, probably down in the Umpqua region.

In summing up the situation, we have certain economic conditions, becoming a powerful economic force, and out of dire necessity arose the Oregon Mint. It accomplished its purpose by stabilizing gold and forcing merchants to offer a standard price for the metal. Although only about three per cent of the gold in the Territory passed through the mint, yet by establishing a price of \$16 an ounce, it held that price over the Territory and thus regulated the market to that extent.

Since the stamped pieces of gold were worth from eight per cent to twelve per cent more than the standard alloyed gold coins of the United States, they brought a premium in the government mint at San Francisco after its establishment in 1854. Only a few of the old coins are now left, these being for the most part in private collections.

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