

## Sioux City: An Iowa Boom Town

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"IOWA LIVED in the future in those days," wrote Herbert Quick of pioneering in the Hawkeye State during the 1850s. Though harsh and often bleak, the prairie frontier was a land "Where the great things, the happy things, were our dreams and visions."<sup>1</sup> Most Iowa frontiersmen dreamed of homesteads where they might find the economic security denied them in the East or in Europe, but there were other prairie pioneers who entertained grander visions of the future. They were the land speculators and townsite boomers who hoped to take advantage of the commercial opportunities created by the rush of settlers into Iowa. Brash and confident, and often reduced to caricature by writers such as Quick and Mark Twain, these venture capitalists played an important role in the economic development of Iowa during its first decade of statehood.

Migration across the Mississippi River in the late 1840s and early 1850s must have astonished even the most optimistic of these men. As the iron rails approached the river from Chicago, dozens of towns sprouted along its western bank to outfit pioneers headed west for the prairie's rich farmland. The Federal Census of 1850 reported a total state population of nearly 200 thousand people, double the number estimated just four years earlier. After 1850, the speed of settlement accelerated. A special state census taken in 1853 counted 325 thousand Iowans, meaning that the yearly increase for the period averaged around eighteen percent. And while rural settlers comprised the major-

<sup>1</sup>Herbert Quick, *Vandemark's Folly* (Indianapolis, 1922), 296.

ity of newcomers, the continued arrival of so many farmers in the Hawkeye State sustained the growth of its infant cities as well. From Dubuque to Keokuk, more than 100 miles apart as the Mississippi flows, a proliferation of urban settlements contained about fifty thousand people. The prosperity of these frontier urbanites encouraged townbooming activity throughout the state in the decade before the Civil War.<sup>2</sup>

In the spring of 1854, two Council Bluffs men organized the Sioux City Townsite Company in anticipation of the migration stream that was pushing steadily across the Hawkeye State. John Cook and James Jackson expected the line of settlement to reach the Missouri River within a year or two and chose a site at its junction with the Big Sioux River as the most promising location for a city in the Upper Missouri region. In August 1854, Cook traveled to the site, bought up the claims of the few dozen squatters already living there and laid out the streets and town lots of what would soon become Sioux City. After Cook platted the site, he continued on to Fairfield, where he met with Iowa's Congressional delegation. Cook approached the legislators with an attractive proposition. In exchange for governmental assistance in establishing Sioux City as the political and economic center of northwestern Iowa, he offered them sizeable shares of the townsite company's stock. The rise of Sioux City, he argued, would net them handsome returns for doing no more than fulfilling their campaign promises to promote the general welfare of their constituents. The Congressmen had the power to clear the path for steady economic progress in their state's northwestern corner or to abandon their responsibilities to a rabble of townsite boomers with neither the influence nor the intelligence to see that the job was done correctly.<sup>3</sup>

<sup>2</sup>William L. Harter and R. E. Stewart, *The Population of Iowa: Its Composition and Changes* (Ames, 1930), 6; John A. T. Hull, ed., *Iowa Historical and Comparative Census, 1836-1880* (Des Moines, 1883), 196-197.

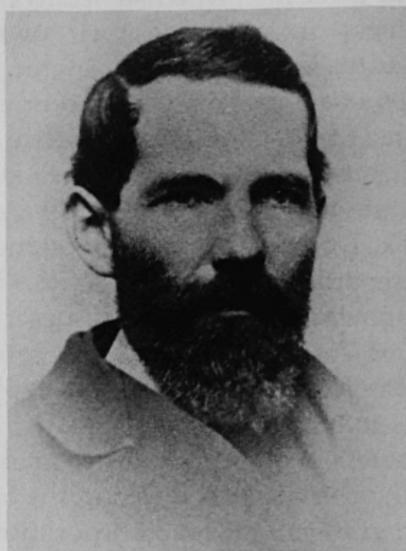
<sup>3</sup>A. Warner, *History of the Counties of Woodbury and Plymouth, Iowa* (Chicago, 1890-1891), 179-190; *Sioux City Journal*, June 5, 1924; C. R. Marks, *Past and Present of Sioux City and Woodbury County* (Chicago, 1904), 803; Iowa Writers' Program, W.P.A., *Woodbury County History* (Sioux City, 1942), 40.

The three men who listened to Cook's proposal were seasoned business promoters in their own right. Democratic Senator Augustus C. Dodge of Burlington began his public career in the 1840s as a government surveyor and then became Register of a United States District Land Office, important training for a man who later speculated in western lands while filling a succession of state and national political offices. In 1854, when he met Cook, Dodge's investments extended into western Iowa and so the senator already had a serious interest in the commercial development of the territory described by his visitor. Dodge's Senate colleague, George W. Jones of Dubuque, also ranked among Iowa's leading venture capitalists. Jones's business interests centered on railroad construction in the Hawkeye State. His Congressional efforts on behalf of railroads began as early as 1851, when he introduced in the Senate a bill calling for federal land grants to railroad corporations so as to encourage the extension of the roads into the trans-Mississippi West. Dodge was a director of the Dubuque and Pacific Railroad Company, which planned to build a line through northern Iowa that would function as part of the larger systems of the Union Pacific or the Illinois Central. Throughout the 1850s, Jones worked tirelessly to secure passage of the land-grant legislation that he expected would speed up railroad construction, prairie settlement, and commercial development in the Hawkeye State. In sum, then, for both personal and political reasons, neither senator was disposed to dismiss Cook as a fool.<sup>4</sup>

Representative Bernhardt Henn, the third man in Iowa's congressional delegation, was equally qualified to judge Cook's proposal on its merits. Henn's entire career prior to his election in 1850 had been devoted to real estate speculation of one kind or another. Though his political responsibilities now kept him busy in Washington, Henn maintained a regular correspondence with business associates at home in Fairfield. His firm,

<sup>4</sup> Roscoe L. Lokken, *Iowa Public Land Disposal* (Iowa City, 1942), 125; William Salter, "Augustus C. Dodge," *Iowa Historical Record*, 3 (January, 1887), 385-422; Louis Pelzer, *Augustus Caesar Dodge* (Iowa City, 1908), 47-62; F. B. Wilkie, "George W. Jones," *Iowa Historical Record*, 3 (April 1887), 433-456; John Parish, *George Wallace Jones* (Iowa City, 1912), 206.

*U.S. Representative  
Bernhardt Henn was  
experienced in real estate  
speculation before he  
entered politics.*



Henn, Williams and Company, held properties throughout the state and during the 1850s ranked among Iowa's largest banking companies. As far as Henn could see, Cook's townsite plan looked more fantastic than the many he had guided to success in the state's eastern districts.<sup>5</sup>

Indeed, to all three politicians, the Sioux City Townsite Company appeared more attractive than most townsite schemes. First, Cook planned to do most of the work himself, including the difficult task of surveying the land and bargaining with the squatters already on it. All he asked from them was an appointment as a deputy surveyor for the federal government to reduce his expenses. Second, there was no financial risk on their part. For the one-eighth share he offered each man, Cook asked only their occasional assistance in advancing the company's interests in Washington. Suitably impressed by his plans, the Congressmen granted both of Cook's requests. They secured for him a

<sup>5</sup> Edward H. Stiles, *Recollections and Sketches of Notable Lawyers and Public Men of Early Iowa* (Des Moines, 1916), 128-129; Erling A. Erickson, *Banking in Frontier Iowa, 1836-1865* (Ames, 1971), 152n.

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job as government surveyor, joined the townsite company as partners, and sent him back to the Upper Missouri to continue with the project.<sup>6</sup>

While John Cook worked at the townsite, his associates saw to other aspects of the Sioux City plan. Exercising his formidable influence in the halls of Congress, Senator Dodge in 1855 notified the General Land Office in Washington that northwestern Iowa needed a district office as soon as possible and that Cook's new town on the Missouri River provided the most suitable location. The Land Office granted his request quickly, establishing a Sioux City Land District that included about one-eighth of Iowa's total acreage. Samuel P. Yeomans, a Dodge protegee working in Washington, was named Register of the district office in April 1855.<sup>7</sup> Yeoman's arrival in Sioux City a month later delighted Cook, for the land office gave his town an important advantage over its rivals elsewhere along the river. Though public land sales would not begin until railroad land grants were determined, the district office opened for pre-emptions in October 1855.<sup>8</sup> Perhaps more important to the members of the townsite company at this stage of the project, the presence of the land office in Sioux City generated a variety of related business activities that enhanced the town's position in the commercial development of the region. In addition, it gave a boost to the townsite company's efforts to secure a railroad connection to the settlement, the other major component in the town-builders' scheme.

Jones and Dodge proved themselves most capable in this undertaking. Their political influence undoubtedly played a part in the Union Pacific's decision to route its trans-continental line through Iowa's northern tier of counties, into Sioux City, and on across the Great Plains.<sup>9</sup> These plans, which were announced early in 1856, came as a blow to town promoters at sites farther down the Missouri River. Council Bluffs, in particular, had been confident that its offer of supplementary local

<sup>6</sup>Marks, *Past and Present of Sioux City*, 802.

<sup>7</sup>Warner, *History of Woodbury County*, 64-65.

<sup>8</sup>Lokken, *Iowa Public Land Disposal*, 119-120, 125-126.

<sup>9</sup>Warner, *History of Woodbury County*, 125.

financing would induce the Union Pacific to take a more southerly route. When Sioux City was chosen instead, there began a period of inter-urban rivalry between the two Missouri River towns that continued for the next twenty-five years. The Union Pacific was not the only railroad in the country, of course, but the expectation that it would complete its trans-continental line in advance of other roads made it a prize for western town-builders.<sup>10</sup>

Sioux City's joy at receiving designation as the line's Missouri River depot was short-lived. Later in 1856, the Union Pacific reversed its decision and chose the southern route. Quick to respond, the townsite company immediately began negotiations with other transportation companies. By 1857, Jones had received assurances that the Illinois Central would help finance the line to Sioux City from Dubuque. Rail connections would take longer to establish than originally anticipated, but state land grants to the railroad provided an extra incentive for the transportation company to speed construction across northern Iowa.<sup>11</sup>

**N**EWSPAPERS OF THE railroad's plans, the opening of the district land office, and the transfer of the county seat from Sargeants Bluff shortly thereafter boosted Sioux City's fortunes considerably during its first year of existence. In 1855, Cook's townsite contained just two or three buildings housing the settlement's fifty people, most of them young men. The local population began to climb within the year, however, and by the summer of 1856 numbered more than a thousand. The landscape changed too; Sioux City's first settlers erected about 100 houses and stores that year and real estate values rose sharply. Lots that sold for \$25 or \$50 in 1855 reached prices as high as \$1200 a

<sup>10</sup>Walker D. Wyman, "The Missouri River Towns in the Westward Movement," Unpublished Ph.D. Dissertation (University of Iowa, 1935), 21; William E. Lass, *From the Missouri to the Great Salt Lake: An Account of Overland Freighting* (Lincoln, 1972), 177.

<sup>11</sup>Warner, *History of Woodbury County*, 125; Nathan A. Parker, *Iowa Handbook for 1856* (Boston, 1856), 129-130; Leland M. Sage, *A History of Iowa* (Ames, 1974), 109-110.

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year later. Soon, C. B. Rustin recalled, "there were not enough lots to go around—more had to be created." To meet the demand, "additions were added to the city [and] new towns on the opposite side of the river were laid out."<sup>12</sup>

In Washington, friends of Dodge and Jones besieged the senators with requests for information on their western properties. By December 1856, the purchase offers induced the first division of company shares, bringing into the townsite company another pair of congressmen and several Iowa businessmen.<sup>13</sup> Many others were disappointed. Unable to meet Sioux City prices, they complained to Senator Jones about the difficulty of joining his company. Council Bluffs realtor Enos Lowe had found townlot prices impossibly high, even though John Cook had helped him in his search for Sioux City property. Lowe had given up in frustration, but he congratulated the senator on the company's success and advised Jones to hold on to his own properties for awhile, since land values showed no sign of leveling off.<sup>14</sup> When Francis Smith inquired about the recent stock division and the availability of town lots, Jones described his property and named his price. The figure shocked Smith, who backed off quickly but not before admitting that the senator's confidence was justified. "Sioux City occupies a most favorable position," he wrote in October 1856, "and will probably become a very important place."<sup>15</sup>

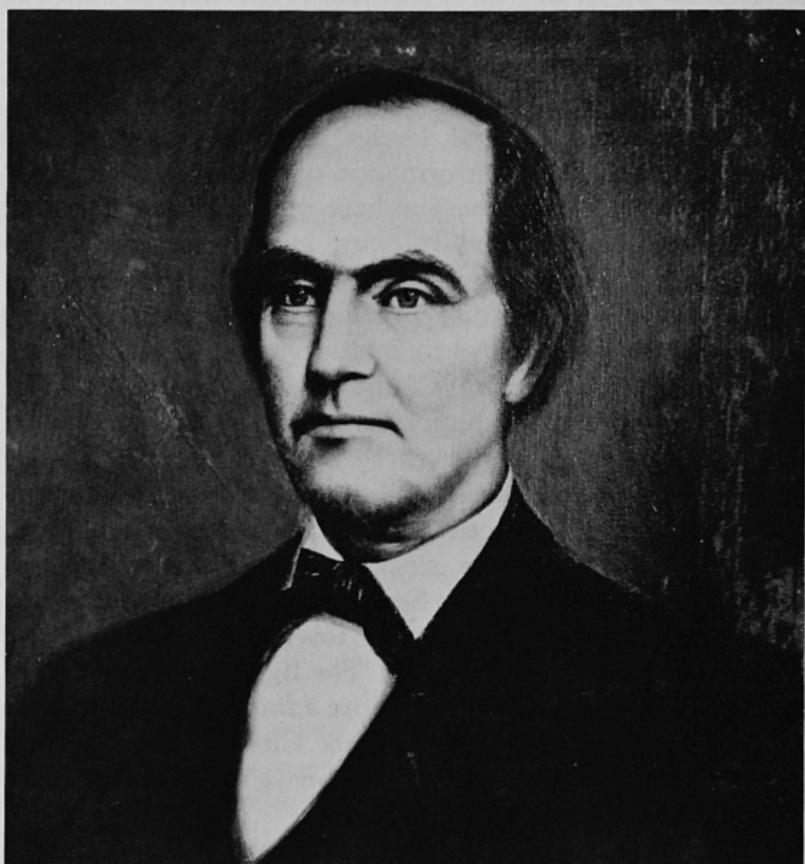
The arrival of the first steamboat in the spring of 1856 brought ready-framed houses from St. Louis, retail merchants with groceries and hardware, and more real estate speculators and professional men. Many of the new arrivals were lawyers

<sup>12</sup>C. B. Rustin to John Charles, March 6, 1894, in C. R. Marks, compiler, "Reminiscences of Sioux City Pioneers," manuscripts in the Marks Collection, University of Iowa Library, Iowa City, Iowa, hereafter cited as MC.

<sup>13</sup>C. R. Marks, "Shares in the Original Sioux City Company," manuscript in the Marks Collection.

<sup>14</sup>Enos Lowe to George W. Jones, July 17, 1856, George W. Jones Correspondence, Iowa State Department of History, Des Moines, Iowa, hereafter cited as GWJP.

<sup>15</sup>Francis L. Smith to George W. Jones, September 29, 1856 and October 15, 1856, GWJP.



*Senator Augustus C. Dodge was experienced in surveying, buying, and selling western lands. In the 1840s he served as Register of a United States District Land Office.*

who opened offices in anticipation of the business that the completion of the railroad from Chicago would bring. The lawyers, like most of the professional men of the frontier community, doubled as land agents.<sup>16</sup>

Indeed, as one local resident remarked, nearly everyone in town engaged in the land business. The weekly issues of Seth

<sup>16</sup> Warner, *History of Woodbury County*, 150.

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Swiggett's *Sioux City Eagle*, which began publication in July, 1857, regularly advertised the services of at least twenty local land agents.<sup>17</sup> The obsession with real estate was contagious. Addison Oliver, who arrived from the East in the spring of 1857, remembered the speculative hysteria of the boom town. "When I came to Sioux City, I thought everybody was crazy on the price of land." Land values were higher here than in Oliver's native Pennsylvania. "But after I had been here awhile," he admitted, "I got as crazy as the rest of them."<sup>18</sup>

Swiggett, the town's most enthusiastic booster, assured the *Eagle's* readers that Sioux City's economic foundation was solid, pointing to the natural advantages of its location, the rapid rise of its population, and the future settlement of its hinterland. The last point was of special concern to him. His paper regularly included articles, aimed at eastern readers, describing the agricultural potential of the prairie country, "where soil needs but to be tickled sparingly with the plow to yield most abundantly." And to those who expressed doubt over the future of the local real estate boom, the *Eagle* predicted that "those who think property too high here now, will wish this time next year that they had pitched in." Noting the already "immense" tide of migration to the region, Swiggett assured his readers that "everything indicates that the progress of Sioux City is onward."<sup>19</sup>

Swiggett and other local promoters hoped to attract settlers and investors to the fledgling community. Some thought the latter group more crucial to the town's survival in the early years, for the capital-short West relied heavily in the good graces of eastern bankers for the financing of its economic expansion.<sup>20</sup> Sioux City enjoyed a measure of success in this regard during the 1850s, bringing to the town the branch offices of several state-wide finance companies and a half-dozen independent firms. Due to a prohibitory clause in the Iowa state constitution

<sup>17</sup> Warner, *History of Woodbury County*, 60; *Sioux City Eagle*, July 4, 1857.

<sup>18</sup> C. R. Marks, "Interview with Addison Oliver, 1904," unpublished manuscript, MC.

<sup>19</sup> *Sioux City Eagle*, July 4, 1857, July 18, 1857.

<sup>20</sup> Erickson, *Banking in Frontier Iowa*, 52.

that remained in effect until 1857, these financiers usually appeared in the guise of commission merchants, lawyers, or land agents. Banks of issue were illegal in Iowa, yet the state's businessmen needed the services of private bankers to underwrite local enterprise.<sup>21</sup>

In the first few years of settlement, the land agents comprised the largest single financial interest in the community, for the basis of the local economy was the activity at the United States Land Office. Agents and brokers involved in land speculation were forced by circumstances to assume the added role of merchant bankers in order to conduct their own businesses. Whatever their appearance, these firms offered a variety of banking services and enabled the community's entrepreneurs to begin building the foundations of local commerce.<sup>22</sup>

The revision of Iowa's constitution in 1857 permitted the formation of commercial banking houses in the state and within the year seven had opened in Sioux City.<sup>23</sup> Two firms dominated local financial activities. The first, Henn, Williams, and Company, was headed by Bernhardt Henn, a member of the original townsite company. The Sioux City office of this firm was established to capture some of the business created by the opening of the land office and the construction of the railroad, both projects that had preoccupied Henn during his tenure in the House of Representatives. Henn's interest in the commercial growth of Sioux City was purely speculative. A resident of Fairfield, Iowa, Henn apparently never even visited Sioux City during its boom period. Instead, representatives of the firm located in the city and reported back to company headquarters in Fairfield.<sup>24</sup>

Sioux City's other commercial bank was headed by George Weare, brother of Cedar Rapids financier John Weare. This bank was also a branch of a larger concern, Greene and Weare, Incorporated, which had a half-dozen offices throughout the

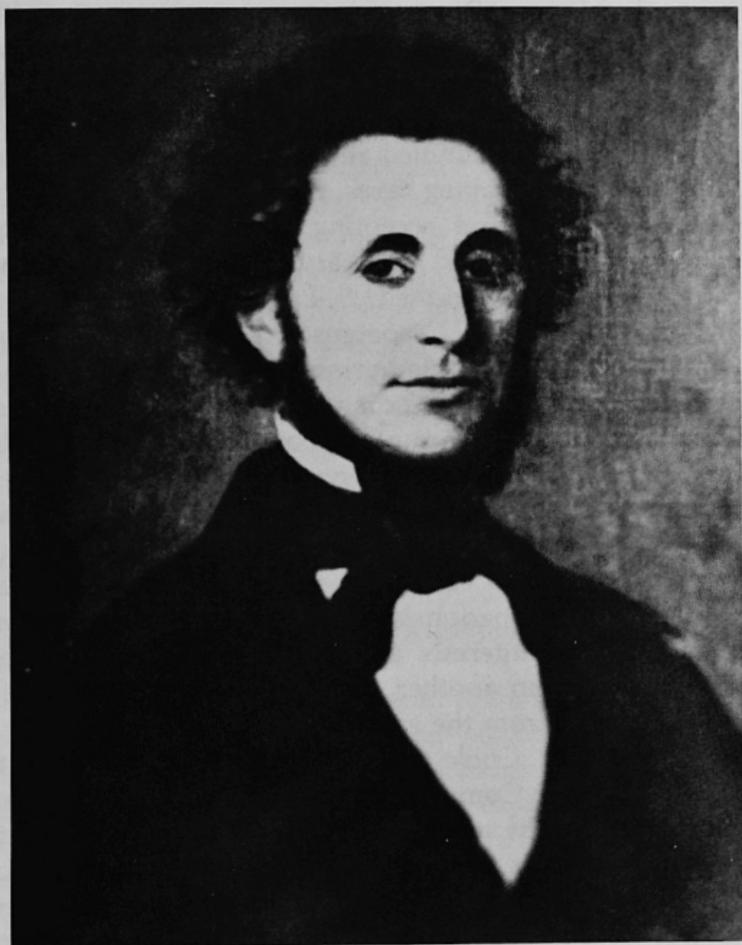
<sup>21</sup>Howard H. Preston, *History of Banking in Iowa* (Iowa City, 1922), 53; Erickson, *Banking in Frontier Iowa*, 52, 93-94.

<sup>22</sup>Erickson, *Banking in Frontier Iowa*, 52, 75.

<sup>23</sup>Preston, *History of Banking in Iowa*, 54.

<sup>24</sup>Erickson, *Banking in Frontier Iowa*, 152n.

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*Senator George Wallace Jones ranked among Iowa's leading venture capitalists. His business and political interests centered on railroad construction, prairie settlement, and commercial development in early Iowa.*

state. In the winter of 1855, John Weare dispatched his younger brother to the Missouri River settlement to oversee company interests in the frontier community. Operating first as a private land agent, George Weare opened for business in a room above the United States Land Office with \$1000 in cash and some land warrants. Weare's firm handled all aspects of the land business, including surveying, paying taxes, collecting debts, finding investment properties, and accepting drafts issued by eastern banks in exchange for gold necessary to purchase government land. Weare's proximity to the U.S. Land Office and his friendship with its Register, S. P. Yeomans, explains much of his success in establishing a sizeable business in the early years.<sup>25</sup>

Weare's early banking career is noteworthy in two respects. Beginning as a branch office of one of Iowa's leading lending agencies, the presence of his firm symbolized the confidence of the state's financial community in the future of Sioux City. Even when the city was little more than a promoter's fiction, major lenders were willing to enter into the town-building scheme. Moreover, the participation in local economic affairs of men like Weare, whose interests and loyalties extended beyond Sioux City, points up another element of outside influence in community affairs from the earliest years of settlement.

Weare, Yeomans, Cook and the resident members of the Sioux City Townsite Company comprised the core of the frontier community. In the summer of 1857, these men stood in the forefront of a growing town of nearly 2000 people whose continued progress seemed certain. Local businessmen eagerly awaited the construction of the railroad from the Mississippi River cities, but the steamboat traffic on the Missouri River already offered some communication with the larger world of commerce. While transients and profiteers, the bane of western town-builders, continued to enter the city, the organization of schools and churches indicated the emergence of a more stable

<sup>25</sup>Ruth A. Gallaher, "Money in Pioneer Iowa, 1838-1865," *Iowa Journal of History and Politics*, 32 (January 1934), 22-23; Erickson, *Banking in Frontier Iowa*, 152n; Warner, *History of Woodbury County*, 224.

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social order. As C. B. Rustin put it, the frontier boom town was rapidly becoming a real city.<sup>26</sup>

ON SEPTEMBER 5, 1857, the *Eagle* carried a story titled "Heavy Failures in the East" that described the financial collapse of the Ohio Life and Trust Company, one of the nation's most prominent investment firms. A week earlier, company president Charles Stetson announced in New York that Ohio Life would suspend payments to its customers. The news triggered a panic on Wall Street. In the next few days, one firm after another closed its doors in bankruptcy and, as the *Eagle* noted, more failures were expected to follow.<sup>27</sup> Oddly enough, Seth Swiggett seemed unconcerned about the panic's effect on Sioux City. The *Eagle* made little effort to probe the sources of the business crisis that was consuming Wall Street brokers by the dozen. Instead, for more than a month, Swiggett clucked about the "eastern luxuriousness" that he saw as the cause of New York's financial troubles. Sioux City, he declared on October 3, "will ride the present little storm triumphantly, and come out at the head of the heap."<sup>28</sup>

As it happened, Swiggett's boom town was nearly buried in an avalanche of foreclosures and bankruptcies in the final months of 1857. When the people of Sioux City first read of the Eastern bankers' troubles, they were experiencing the peak of their town's commercial success. In two short months, however, the "Queen City of the Northwest" was in peril and even the *Eagle* had to admit that tougher times lay ahead. As winter approached, most of the town's banks closed and land sales all but stopped completely. Many of the businessmen who had given the place so much energy in months past went under in the business crisis. The casualties included most of the original stockholders in the Sioux City Townsite Company and nearly all the private land agents. One of the original proprietors of the town-

<sup>26</sup>C. B. Rustin to John Charles, March 6, 1894, in Marks, "Reminiscences of Sioux City Pioneers," manuscripts in the Marks Collection.

<sup>27</sup>Sioux City *Eagle*, September 5, 1857.

<sup>28</sup>Sioux City *Eagle*, September 12, 1857, October 3, 1857, October 24, 1857.

site lost a fortune of \$200,000 in the hard times of the late 1850s. Reduced to penury, he wrote to his family for stagefare to return to the East. For those who remained in the city, an old settler recalled, "these were days when we took to agriculture and economy."<sup>29</sup>

The financial panic revealed that Sioux City, for all the *Eagle's* trumpeting, remained a paper town built on credit, still more a promoter's fiction than an economic fact. Months before the bubble burst Swiggett warned his readers that their town's economy needed something more substantial than the relentless trafficking in land titles if it was to endure. There were already too many speculators, too many gamblers on the streets of the frontier city to suit the young editor. Though he spurred his readers' enthusiasm about the commercial future of the city, and later averted his eyes from the first signs of its collapse, Swiggett always understood the precarious foundation of a town whose businessmen banked on promises rather than performance. Throughout the boom years, land agencies proliferated and venture capitalists arrived on every stagecoach and steamboat that unloaded at the waterfront depots, but their numbers exceeded those of the tradesmen and the farmers whose presence in Sioux City and its Land District might substantiate the *Eagle's* claims that it was destined to become the gateway of the Upper Missouri.<sup>30</sup>

The failure of Ohio Life broke the confidence of American and European investors who had sustained westward expansion in the 1850s. The contraction of credit that followed the panic not only crippled the commercial development of the Upper Missouri region but also halted the migration of pioneers onto the prairie. The line of settlement, which had in places stretched as far west as the territories of Nebraska and Dakota during the boom years, quickly retreated back across the Missouri River into Iowa. After years of frenzied promotion and speculation, little had really changed in western Iowa except the titles to millions of acres of unoccupied land. As John Flint remarked

<sup>29</sup> *Sioux City Eagle*, October 31, 1857; C. R. Marks, "Interview with F. M. Ziebach," n.d., MC; C. B. Rustin to John Charles, March 6, 1894, MC.

<sup>30</sup> *Sioux City Eagle*, July 4, 1857, July 18, 1857.

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when he arrived in Sioux City in the spring of 1858, the Upper Missouri was once again "a howling wilderness."<sup>31</sup>

Like most Iowa pioneers, the people of boom-town Sioux City lived for the future. The events of 1857, produced by forces largely beyond their control, forced postponement of their dreams. The business crisis, which reduced the flow of credit to the West, and then the Civil War, which further curtailed the migration of settlers, combined to arrest the development of the Upper Missouri region for more than a decade. Railroad construction slowed considerably. Though the modest steamboat trade with Indian agencies and army posts provided a modicum of commerce for Sioux City's businessmen, the frontier town failed to live up to its founders' immediate expectations. Soon the town's people began to see the promoters' queen-city boast as a "gigantic farce" and "calmly submitted to being shut up in a little isolated republic by themselves."<sup>32</sup> Yet this also proved to be a temporary condition, lasting only until the railroad reached the Missouri River after the Civil War. As it turned out, the long-range forecast of John Cook and his associates proved accurate; eventually, Sioux City became the market center for the entire Upper Missouri Valley. The logic of their original plan was sound enough, but their timing was awful. They built the "Queen City of the Northwest" a dozen years too early.

<sup>31</sup>Robert Sobel, *Panic on Wall Street: A History of America's Financial Disasters* (New York, 1968), 98-105; Hull, *Historical and Comparative Census, 196-199*, 266-273; John C. Flint, quoted in Iowa Writers' Program, W.P.A., *Woodbury County History* (Sioux City, 1942), 31.

<sup>32</sup>Warner, *History of Woodbury County*, 464.

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