

The Many Worlds of District 1, Part VIII: Irrational Exuberance

A concentration of naïve investors reaches critical size about every generation, as prices for a given commodity grow dramatically out of line with reality. The consensus is that demand will continue to rise. Eager to participate, fearful of missing an opportunity to get rich, buyers of the favored asset listen to sages who tell them to snatch whatever they can now! Time seems to confirm the advice for months, even years, and investors fail to notice the point at which optimism turns into frenzy. In such a market, any event, near or far, that leads to a reexamination of core values by some can trigger financial collapse for everyone else. When the spiral falls apart, those left with worthless property are amazed.

Pre-emption Sales

Between 1849 and 1853, fertile plots in District 1---the rich bottomland along the shores of the Mississippi---were sold to first comers, mostly French-Canadians and Yankees with “pre-emption claims,” at the bargain price of 1.25/acre. Some of those buyers were mentioned in Part VII and are listed in the database of patent records at the Bureau of Land Management. Others have not yet been added to the database but are registered in the Original Entry Tract Books at the Minnesota Historical Society.*

These handwritten entries show that much more land was sold in the early “pre-emption” sales, land that was sometimes well beyond the fertile riverbed, behind the bluff line and back in the rolling hills. Lyman Dayton, a New England transplant and prominent St. Paul merchant (his son Lyman C. Dayton was also a merchant), bought numerous District 1 tracts at 1.25/acre in 1849, including 657 acres in Section 2, 455 acres in Section 3, 43 acres in Section 4 and 320 acres in Section 11. Dayton and his Rhode Island-born wife, Maria, bought extensively outside District 1 as well.

----- Other Purchasers -----

Francis Denton, 61 acres, Section 26, 1848; 40 acres, Section 14, May 10, 1850; 40 acres, Section 23, 1851

John A. Ford, 72 acres, District 26, September 1, 1848; 40 acres, Section 26, July 25, 1851

Crin W. Rice, 160 acres, Section 10, October 15, 1849
Peter Crives, 80 acres, Section 11, October 31, 1849
George Courmeyer, 40 acres, Section 2, December 1849; 40 acres in Section 14,
December 16, 1852
William H. Forbes, 120 acres, Section 10, February 1, 1850
Hypolite Dupries, Section 10, February 14, 1850
Joseph Mosher, 162 acres, Section 15, March 9, 1850
John Holton, 40 acres, Section 26, September 11, 1848; 58 acres, Section 23,
November 2, 1849; 102 acres, Section 26, November 2, 1849; 160 acres,
Section 23, May 8, 1850 (Note: Section 26 also includes land
outside District 1); 40 acres, Section 23, July 25, 1851; 40 additional acres, Section
23, September 23, 1852
Alpheus G. Fuller, 40 acres, Section 23, January 3, 1851
Charles W. Borup, 40 acres, Section 10, February 14, 1851
James LeForce, 40 acres, Section 14, October 27, 1851; 40 additional acres, Section 14,
November 14, 1853
Amherst Willoughby and Simeon Tours, 133 acres, Section 22, December 21, 1851;
40 acres, Section 23, December 21, 1851 (Note: The handwriting of "Tours" is
difficult to decipher---the name may be in error; also note that parts of Section 22 are
outside District 1);
Franklin Steele, 73 Acres, Section 15, February 6, 1852
Joseph LeForce, 40 acres, Section 14, May 8, 1852
Edmund Rice, 40 acres, Section 3, October 16, 1852; 40 acres, Section 14, January 28,
1853
James Stinson, 160 acres, Section 11, April 27, 1853
Daniel O. Connors, 40 acres, Section 14, June 21, 1853; 40 acres, Section 11, June 24,
1853
William W. Finch, 80 acres, Section 15, November 17, 1853

These first buyers of patented District 1 land were winners in the financial sweepstakes. Many of them bought acreage in surrounding areas as well, stretching their credit as far as they could. The land was a bargain. It was close to the town of St. Paul. It would surely grow in value. Sales continued briskly in 1854:

Benjamin H. Mace, 80 acres in Section 10, January 19, 1854
Pete Marion, 40 acres in Section 14, March 20, 1854
Martin Gaffney, 80 acres in Section 14, March 21, 1854
Alonzo E. Day and Alden A. Day, 80 acres, Section 23, May 22, 1854
James Starkey and Charles G. Pettys, 40 acres in Section 14, May 30, 1854
James H. Haganin, 40 acres in Section 10, June 2, 1854
John B. Dion, 40 acres in Section 14, June 13, 1854
Henry McKenty, 40 acres in Section 10, 40 acres in Section 11, July 3, 1854; 120 acres,
Section 14 and 160 acres, Section 15, July 14, 1854
George Townsend, 40 acres, Section 23, July 3, 1854
Louis M. Olivier and Louis F. Tavernier, 40 acres, Section 14, 40 acres, Section 15 and

40 acres, Section 23, July 21, 1854

John R. Irvine, of the “flaxen-haired Irviners,” bought land in District 1, though John lived with in the “most comfortable home in St. Paul at the time,” a log cabin on the northwest corner of Third and Franklin Streets, where he and his wife, Nancy, who “had the stuff of a pioneer” raised seven daughters but lost a young son to TB.

Note: Louis M. Olivier, one of 17 children in a family of farmers, lived in St. Paul from 1848 to 1858 and served as the Registrar of Deeds in St. Paul from 1854 to 1857, precisely the period of the land boom.

Forest Primeval

Once land was patented and sold by the U.S. Government Land Offices, it could be resold by transfer of deed. Supply encompassed not only untouched parcels still going for \$1.25/acre, but the more desirable already-purchased acres that commanded a premium on resale. Land transactions flourished in 1855, largely as a result of publicity from the Grand Excursion of 1854, a tourist expedition organized by the management of the Chicago and Rock Island Railroad to promote travel to the Upper Mississippi.

The railroad brought an effete crowd of adventurers, cultured young ladies, travel writers, newspaper journalists, and Washington politicians to its last stop at Rock Island, Illinois. Steamboats ferried them upriver to St. Paul, where, as one Reception Committee member explained to a Connecticut debutante, the white-ringed birch trees along the riverbanks had been marked with fairy dust by “the muses of the primeval forests” [Mark Fitzpatrick, *St. Paul Shopper*].

The company’s hope was to arouse enough interest in settlement in the Midwest to make profitable a new branch of railroad construction designed to move both passengers and cargo. They succeeded beyond anyone’s expectations. “Twelve hundred important and highly respectable persons” came up the river, according to a later account, and “returned to the East spreading lyrical reports of the beauties of the wide river, the wooded bluffs, flowering prairies, sweet untarnished air and gracious stillness of this empty Eden known as Minnesota.”**

Though he did not travel on the Grand Excursion and never visited Minnesota, the popular American writer, Henry Wadsworth Longfellow, was inspired by all the excitement to compose an epic poem, “The Song of Hiawatha.” Published with illustrations in 1855, the romantic story became an immediate best-seller, and the land of Minnehaha---the poem’s heroine whose name Longfellow translated as “Laughing Waters”----was all the rage in Northeastern newspapers.

The territorial legislature, eager to encourage Minnesota's blossoming reputation, sent a "Commissioner of Emigration" to New York City to pass out pamphlets to European immigrants as they disembarked and to arrange for advertisements in European newspapers. Immigrants arrived from Ireland, Sweden and Norway, Germany, Eastern Europe and Russia, often destitute.

Many newcomers to the "empty Eden" of the Northwest favored land close to established communities, such as St. Anthony, St. Paul, Minneapolis and Stillwater. The shrewdest investors preferred parcels skirting the likely course of the railroads. When the first steam locomotive reached East Dubuque on June 11, 1855, buyers anticipated its imminent appearance in St. Paul.

Boomtown

[photo of 1857 St. Paul, with construction in foreground]

Alexander Ramsey, the first territorial governor of Minnesota, was a believer in bold ventures on the frontier of civilization, where men were free in a way they could not be elsewhere. St. Paul had incorporated as a city on March 4, 1854. In the spring of the following year, Ramsey was elected mayor and presided over an explosion of activity. St. Paul's business center offered city dwellers and settlers near town a variety of shopping opportunities including: 8 general stores, 4 boot and shoe dealers, 9 dry-goods stores, 3 bookstores, 2 fur houses, 3 drug stores, 3 hardware stores, 1 hatter, 1 lumber dealer, 1 furniture store, 9 grocery stores, 3 paint and glass shops, 1 china shop, 1 cigar store, 3 leather dealers, 1 haberdashery, 1 confectionary shop, 4 jewelry shops, and 2 millinery establishments. There were already three public schools. Road were being built with St. Paul at the hub. It was the beginning of a 3 year boom.

Every year the city elected a new mayor: George L. Becher in 1856 and John B. Brisbin in 1857. Who held office didn't seem to much matter, since the free market was the true locomotive of prosperity. Labor was highly remunerative as demand grew for carpenters, smiths, store clerks and mechanics of every kind, all "paid prices proportioned to the need for their services," according to turn-of-the-century historian W. B. Hennessy. Immigrants swarmed into the territory with little capital but strong ambition and a willingness to toil long hours. They lived where they could, including the abandoned shacks of French fur trappers in an area dubbed "Swede Hollow." Minnesota had already experienced its first strike, on October 20, 1854, when St. Paul journeymen tailors refused to work until

wages were higher. Even the unskilled laborer knew his value in a seller's market. Businessmen just raised the price of the product.

As optimism flourished, so did the sense of community. The Minnesota Historical Society, the Masonic Lodge, the Minnesota Territorial Agricultural Society, The Sons of Temperance, The Odd Fellows, St. Paul's new YMCA, a Lyceum, Forefathers' Day, visiting theater troupes, local dramatic associations, church fairs---all drew people together in New England-style gatherings that sought to outshine the French/Voyageur culture of St. Paul's early days.

Let the new territory of Minnesota "imitate the heroic virtues of her foster mother, till New England industry, New England enterprise, and New England thrift shall build here a glorious superstructure of education and Gospel truth, till Sabbath bells shall echo from hill-top to hill-top, and forests now untrodden shall be filled with the murmur of the common school, ensuring the intelligence and integrity of our people, and making the land we live in like the land we left."

Toast, December 22, 1857, Forefathers' Day festival

Fever

Land speculation reached its apex in 1856 and 1857. Many newcomers brought wildcat currency issued by banks outside Minnesota and were able to trade it at face value since there was not enough gold for every transaction. Military-bounty land warrants, issued by Congress in 1855 to veterans of the Mexican War, fueled buyer demand, as did the "half-breed scrip" awarded to "mixed-bloods" in exchange for land claims bought out by Indian treaties. Sellers, eager to cash in on appreciation in their property, hired agents---often leading men in the territory like Henry Hastings Sibley---to find the best bid. Other land holders bet on further appreciation by mortgaging their current holdings to buy more or to start a new enterprise.

Businessmen sought to meet the growing demand for the merchandise necessary to set up thousands of new households by expanding with credit obtained from any of the more than thirty territorial banks--- including the well-respected firm of Borup and Oakes in St. Paul as well as the St. Paul bank of Maine-born Parker Paine.

There was a dark side to the general prosperity. In 1856, according to historian F.C. Miller, “St. Paul and its surrounding area were “devastated of crops by a swarm of Rocky Mountain locusts that darkened the sky and caused terror.” Steamboats sometimes brought passengers with measles, scarlet fever, typhoid fever, diphtheria, even smallpox, any of which could spread quickly in the host population. Quarantines helped prevent outbreaks, though tuberculosis, then called “consumption,” became widespread in the territory as people afflicted with it traveled to Minnesota for its reputed healthy climate. There were vague rumors of war, especially after March 1857, when the U.S. Supreme Court decided to deny freedom to a slave, Dred Scott, who had resided for many years with his wife in Minnesota.

Bedlam

Land values soared as newcomers kept arriving. With money flowing freely and labor readily, if expensively, available, St. Paul became “a bedlam of noise, blasting for new basements and water mains, the sounds of the hammer and saw heard in all directions, boarding houses overflowed with strangers...” [Mark Fitzpatrick, *St. Paul Shopping News*].

The city was described as “handsome” in some ways, especially as brick buildings appeared downtown. But others complained that “everything was hurriedly done.” The atmosphere was indecorous. St. Paul refused to enforce the Prohibition Laws passed by the legislature, and its saloons thrived. Livery stables rented every type of conveyance. Two stage lines connected St. Paul to smaller Minnesota towns. The “Red Line” ran from St. Anthony to St. Paul and on to Stillwater and Prairie du Chien. The “Yellow Line” linked St. Paul and St. Anthony.

Those who were still saving up for a stake ---blacksmiths, tradesmen, day laborers, carpenters---took out whatever loans they could to buy land and the wherewithal to build a cabin before prices rose even more. William H. Randall became the city’s first millionaire, on paper, a financial state he was said to share, by the summer of 1857, with the majority of St. Paul’s male population. Men of established wealth borrowed heavily, using their land as collateral for various investments. Interest reached the unbelievable rate of 5%. People with “fine raiment and high stepping horses appeared; gamblers, speculators, crooks of all kinds---a most un-St. Paul like type of people...” **

They were “men wearing high rolling collars with flowing ties, tall hats of strange shape, big fobs, and long-tailed coats, and they discussed projects of the greatest magnitude with the utmost composure. They bought real estate---for a rise.”

-----*Pat and Present of St. Paul*, by W.B. Hennessy, 1906

*U.S. General Land Office Original Entry Tract Books at the Minnesota Historical Society on State Archives Microfilm (SAM) 46, Roll 22, Volume 66, pages 25-36. Parts of the tract books are in poor condition, original handwriting can be nearly illegible and stylized script and numbering are difficult to translate. However, with the help of librarians, what can be read offers a fascinating first-hand glimpse into St. Paul of the 1850's.

** From *The Taming of the Frontier*, a book of 10 essays on frontier towns printed in 1925. The essay on St. Paul, entitled “The Untamable Twin,” was written by Grace Flandreau.

*** As reported by journalist Benjamin Backnumber, June 11, 1911, in the .

Ready at the wharf

In the mid-1850's, St. Paul was still the frontier, and the frontier was still dangerous. Abundant laws passed in the legislature and were duly signed by the Territorial Governor, but very few lawmen were paid to enforce them. A Vigilance Committee patrolled the streets during the summer to quell fears. Nevertheless, on July 9, 1856, robbers murdered George B. McKenzie, proprietor of a well-known hostelry, the Mansion House, and a man who made a habit of walking about with large sums of money. His body was thrown into the river from the downtown bluff near his hotel. Soon after, a new arrival, Robert Johnson, was similarly murdered and flung into the river.

A state historian, writing of “Wild and Woolly Minnesota,” tells of robberies, sluggings, stabbings, and the disappearance of men known to have been carrying gold for investment in land. The river traffic undoubtedly contributed to the influx of ruffians... As Walter Trennery points out in his *Murder in Minnesota*, the settlers of the 1850's “praised the majesty of the law but often ignored it.”

----Theodore C. Blegen, *Minnesota, A History of the State*

Sensible men carried weapons wherever they went, typically a knife. For protection, knives had to be a decent size, described by old-timers as “businesslike cutlery, ranging...from a dirk to a bowie.” ** Anything smaller was scorned. The dirk is a short, swordlike weapon, often in the style of the Scottish Highlands, with a handle and a sharp pointed blade for stabbing. The bowie, named after its first owner, frontiersman Jim Bowie, is a large, heavy sheath knife with a long, single-edged blade.

Dirk or bowie would usually do in a fight. Brawls were common among the often-drunken men who prowled the waterfront, where as many as 24 steamboats sometimes lined up at one time at the Jackson Street Wharf. Loaded to capacity and beyond, the steamboats carried hundreds of passengers, most crammed on the decks, taking in the sights of the “new Eden” and vying among themselves to disembark first. The heaviest possible load of freight often pushed the sides of the steamer to a precarious waterline. The newcomers were excited and nervous, husbands, wives and children huddled as the water lapped. Some had pockets full of gold and currency of one kind or another and were poised to settle as soon as possible. Some had deeds to parcels they had already purchased in the East at exorbitant prices.

Meanwhile, the freight wanted unloading by men who presented themselves every morning for hire, competing with other dock workers for the privilege. Real estate dealers paced the docks, scanning for customers coming down the planks. Others of their ilk, arriving on the steamboats, convinced likely prospects that cheap land outside town was too risky for their families who would be out in the middle of nowhere and at the mercy of Indians and desperados. It would be more prudent to buy established plots that had already been patented. The price of land close in would only go up, while land in other counties...well, who knew? The dealer, of course, just happened to have “blue print maps and pockets full of land contracts” for property whose current purchase price would seem low next year. One dealer named Maxwell took his profits back to St. Louis, where he was overheard boasting that “he had sold the block on which the Minnesota capitol stood twelve times in ten days.”

Young Napoleon

[photo of James J. Hill at 17, a few years before coming to St. Paul]

On July 21, 1856, James J. Hill arrived in St. Paul from Ontario. While still on the steamboat, he had so impressed several businessmen, they engaged him as an employee of Brunson, Lewis & White, agent for the Dubuque Packet Company.

Hill had every quality for working on the levee. According to biographer Albro Martin, he “could lift a heavy load, stop a fight, handle a drunken passenger, rescue a drowning one, write a pretty script, correctly add figures in his head, compose an assured and precise business letter, and, most importantly, take in the reality of most any situation and plan its advantageous outcome.” The reality that Hill saw in Minnesota territory was economic transformation. Big money was still in fur and lumber, but he realized that it would soon be in grain, whose products had to move inexpensively if farming were to succeed. That movement depended on solving Minnesota’s energy crisis. St. Paul was virtually treeless already, due to the enormous need for wood as fuel in the winter. An abundant replacement fuel---coal---was necessary, and it had to be brought cheaply from where it was mined to where it was needed. In addition, the cost of merchandise shipped into the territory had to be lowered, and that meant finding a less expensive, more reliable alternative to the steamboat. Hill put the pieces together in his mind during long walks in the evening on the cliffs above the levee. He was willing to wait for the right price for what he wanted. Like his childhood idol, Napoleon Bonaparte, James J. Hill strategized his every move.

Nightmare

The end of the boom occurred in St. Paul on August 28, 1857, when news arrived that eastern banks were closing in the wake of an insurance company scandal that was rippling through the economy of the nation. Within a week, pages of mortgage foreclosures appeared in St. Paul newspapers. Banks could not sell foreclosed property at the inflated land prices on which the mortgage had been based. They were stuck with near worthless assets and had to close their doors, even to illustrious customers. Paper money became more worthless by the day. There was a moment, according to W. Pitt Murray of the *St. Paul Globe*, when “a dollar bill of wildcat ancestry was good for three loaves of bread and barely two snorts of ten-cent,” in other words: not much. Soon after, the wildcat dollar was worth nothing.

Plans for further development had to be shelved. By late September, grass grew in St. Paul streets. Workers owed money for grading land in preparation for the railroads were paid in worthless scrip. Ex-landowners disappeared---St. Paul lost half its population within two months. Credit was impossible, and trade for the necessities of life was reduced to barter. 60% of the stores closed. Those that remained open would accept only gold.

“Dreams of wealth and glory were dissipated in one day.

The rich became poor and the poor poverty-stricken.”

--- Mark Fitzpatrick, *St. Paul Shopping News*
