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Western Town Growth: A Study of the Development of Towns on the Western Shore of Lake Michigan, 1815-1843

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WESTERN TOWN GROWTH: A STUDY OF THE DEVELOPMENT OF TOWNS ON
THE WESTERN SHORE OF LAKE MICHIGAN, 1815-1843

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PREFACE

Urban history has attracted the interests of many contemporary American historians. The majority of research has been concentrated on the urbanization process of the nineteenth and twentieth centuries, but a few scholars have turned their attention to the more formative periods of town or city development. Richard C. Wade's *The Urban Frontier* (Chicago: 1959) provided a new framework in which to view both westward expansion and city development. According to Wade, the towns were often the first outposts of civilization on the frontier around which agricultural communities were later established. Wade's theme of the urban frontier is a controlling idea in the following study.

In 1815, the western shore of Lake Michigan was a frontier area. In previous decades, the region had been under control of the British government. But the War of 1812 marked a significant stage in westward expansion, for now the American government prepared to secure military and political control of the Old Northwest. In the period from 1815 to 1833, Green Bay and Chicago were the two major settlements along Lake Michigan's western shore. At areas known today as Kewaunee, Manitowoc, Milwaukee, and Racine, fur traders and Indians occasionally met to exchange furs, but permanent settlements never developed. In this period, the fur traders, the American government, and the American Fur Company were the principal participants of frontier life. In describing the operation of the fur trade, particular attention is devoted to the nature of the fur trade society and its relationships to the later growth of towns.
Beginning in 1833, frontier society changed radically. Emigrants from the East moved into the territory from Green Bay to Chicago as townsites developed where formerly there were only simple fur trade villages. Leading the march westward were eastern financiers anxious to speculate in towns along Lake Michigan's western shore. In the next decade, these eastern capitalists in partnership with western entrepreneurs established towns, constructed buildings, and initiated internal improvement projects. Chicago and Milwaukee soon became the pre-eminent commercial centers, but secondary townsites at Green Bay, Racine, and Kenosha also underwent rapid development. By 1843, the western shore of Lake Michigan was no longer a frontier region as the agricultural interior was brought under cultivation and townsites from Green Bay to Chicago emerged as thriving commercial centers.

This study relates the development of these towns from their origins as fur trade villages. In an effort to refine the techniques of investigating the history of towns, I have stressed the importance of entrepreneurial leadership and the significant involvement of eastern capital in establishing the western towns.

For assistance in the preparation of this study, I wish to thank Mr. Archibald Motley of the Chicago Historical Society, Miss Josephine Harper of the State Historical Society of Wisconsin, and Dr. Robert McCluggage who directed the research and writing of the dissertation. A special thanks is due to the Illinois State Historical Society and the Illinois State Sesquicentennial Commission for a grant which enabled the author to devote his full-time to the writing of this study.
CHAPTER I

The Struggle for Frontier Dominance: The National Government and the American Fur Company, 1815-1822

The War of 1812 was over. Along the western shore of Lake Michigan, the frontier inhabitants, with some trepidation, prepared to return to their normal pattern of life. For years, the area had been a wilderness in which the only occupation was the fur trade. Green Bay with approximately 250 people was the most populous area including such refinements of civilization as two trading stores, three blacksmiths, and a carpenter. Green Bay was hardly an American settlement, for its population consisted of families of English and French extraction still loyal to the British government. The most important residents were fur traders, such as Jacques Porlier, a native of Montreal who settled at the Bay in 1791. John Lawe, the recognized leader of the small community, was a native Englishman, who had first traded in Mackinac and then moved to Green Bay in 1797.

Their society and the conduct of the fur trade was simply organized. Before the War of 1812, the traders received manufactured products from the North West Company in Canada to exchange for the animal pelts collected by the Indians. Jacob Franks, an uncle of John Lawe, served as the middleman between the Canadian company and the Green Bay traders. Both the white traders and the Indians thrived on the fur trade and the two societies co-existed in relative harmony. Numerous traders married into the neighboring Indian tribes.
In 1815, Green Bay was the only permanent settlement on the western shore of Lake Michigan. Milwaukee had no established residents. Occasionally a fur trader located there for a season to trade with the Indians. The same was true of numerous points between Green Bay and Chicago. Where rivers flowed into the Lake such as at present-day Kewaunee, Manitowoc, Sheboygan, Kenosha, and Racine, an occasional trader would establish a post at the confluence of the waterways, but permanent settlements never developed. Lake Michigan's western shore was virtually unaffected by American influence and the tide of westward expansion.

Chicago differed little from the other points on Lake Michigan. Before the War of 1812, Chicago's population consisted of a few traders, chief of whom was John Kinzie, and a small contingent of American military personnel. While the presence of Fort Dearborn meant that the Chicago area was exposed to American influence, this pressure had little real effect. The fur traders were supplied by British firms and the Indians consistently remained loyal to their British contacts. During the War of 1812, the Indians under the influence of their British allies massacred the military personnel at Fort Dearborn indicating that American presence had little influence on the Illinois country. With the War's conclusion, the few inhabitants of Chicago drifted back hoping to re-establish the fur trade. John Kinzie, the most notable of these traders, returned in 1815.

The scene was the same all along the western shore of Lake Michigan. The traders returned to their small settlements hoping that the War of 1812 had not changed the familiar pattern of frontier life. Yet the frontier was to change, and to change radically. Decisions affecting the destiny of the western shore of Lake Michigan were now made in places far away from Green Bay or Chicago, at Washington in Congress and at New York in the office of John J.
Astor and Company.

In Washington, statesmen and government officials realized that the Northwest frontier was anything but secure for settlement or free from British influence. The responsible parties were accurate in this judgment. During the War of 1812, the predominantly French-Canadian population of Green Bay had actively aided the British forces. Robert Dickson, a Canadian fur trade agent for Green Bay before the War, successfully recruited numerous Green Bay traders and used the Bay as a depot for British supplies and troops. The Fort Dearborn Massacre at Chicago contributed further evidence of American insecurity on the frontier. The War itself had accomplished very little for the United States in the areas bordering Lake Michigan, for the government was still confronted with the tasks of securing the area from British influence and pacifying the Indians.

To these problems Lewis Cass, Governor of the Michigan Territory and Superintendent of Indian Affairs, immediately turned his attention. In September, 1814, Cass commissioned the Chicago trader, John Kinzie, to act in behalf of the United States and visit the Indian tribes of the Illinois and Indiana country to urge their allegiance to the American government. Early in 1815, Kinzie completed his tour and reported to Governor Cass a series of proposals designed to secure American control of the frontier. Kinzie envisioned a system of military posts and Indian agencies to control the British influence. He also suggested a strict supervision of the Indian trade with only licensed traders allowed in the Indian territory. The first step, according to Kinzie, was the establishment of military posts at Green Bay and Chicago. Speaking from experience, Kinzie informed Governor Cass that the British deliberately created animosity between the Indians and the American government.
Utilizing the counsel of many western citizens, Cass formulated his own plan for frontier security. Writing to the Secretary of War in June, 1815, Cass claimed that the government's primary task was to exclude British participation in the Indian trade. The most feasible solution to this problem, Cass suggested, was to block the main communication arteries through which British goods reached American territory. Cass therefore recommended the establishment of a fort at Green Bay blocking the Fox-Wisconsin waterway and at Chicago cutting off the transshipment of goods from Lake Michigan to the Illinois River. 8

Other government officials did not approach the problem with the same clear perspective. General Jacob Brown, Commander of the Northern Division of Military Departments in the United States, recommended a wholesale exclusion of British traders from the Northwest Territory. 9 Governor Ninian Edwards of the Illinois Territory suggested that all the residents of Green Bay should be driven from the country and their places filled with American citizens. 10

Washington officials did not accept the advice of General Brown or Governor Edwards but followed the recommendations of men like Lewis Cass. The government now moved to secure American control of the frontier. This movement signaled the end of the simple economic and social frontier life. The government was as large a business and regulatory organization as existed and it, not the individual trapper or farmer, made the first steps towards American expansion. Unfortunately, government policy alienated a generation of frontier inhabitants.

Government action in the Old Northwest consisted of three different policies. The first step was to establish military posts at Green Bay and
Chicago. In 1816, Captain Hezekiah Bradley arrived in Chicago to begin the construction of the new Fort Dearborn while Colonel John Miller commanded the troops sent to Green Bay to erect Fort Howard.\textsuperscript{11} Realizing that frontier security demanded more than military control, the government established Indian agencies at both Green Bay and Chicago. In 1816, Charles Jouett headed the Chicago Indian Agency while Colonel John Bowyer assumed the same duties at Green Bay. In general, the Indian agent was to prepare the way for the purchase of Indian lands before the tide of white settlement and when possible advance the civilization of our primitive red brothers. Most importantly, however, the Indian agent was to undermine British influence among the Indian tribes. He was therefore charged with the responsibility of regulating the Indian trade through the issuing of licenses to selected traders.\textsuperscript{12} To the fur traders at Chicago, Milwaukee, and Green Bay, who, for over a hundred years, had conducted their trade with the Indians unfettered by the intrusions of supervisory personnel, the Indian agents could only represent a threat to their normal patterns of conducting the Indian trade. Indeed, many traders realized that the era of the individualistic exploitation of the fur trade was at an end.

If the presence of military posts and Indian agencies to control the areas west of Lake Michigan seemed to represent an economic threat to the fur trader, imagine their reaction to the establishment of government factories at both Green Bay and Chicago in 1816. The government factory was not a new institution on the frontier. The system was originally devised in 1795 to regulate the Indian trade. Its most distinguished aim was admittedly humanitarian, for the factory hoped to eliminate the impoverishment which the Indian suffered in dealing with the supposedly unscrupulous fur traders.
Stocked with money and supplies to exchange for the Indian's furs, the factory, in reality, was a government business intending to undermine independent control of the Indian trade. Needless to say, the trader viewed the factory with some trepidation, for it was in direct competition with his only source of economic livelihood. While the military posts and Indian agencies were regulatory institutions, the government factories were large-scale business enterprises. At Chicago, Jacob Varnum assumed the duties of government factor while Matthew Irwin was appointed to head the Green Bay factory. The outside influences which were to change the character and path of settlement along the lake shore were now firmly entrenched at the two most critical junctures of trade and commerce.

The initial policies of the government in establishing military posts, Indian agencies, and factories were immediate measures for military security and Indian pacification. Yet the government was never certain about the future use of the lands bordering Lake Michigan until late in the 1820's. Illinois and the region of Chicago was seemingly destined for white settlement since by 1830 the government had purchased most of the Indian lands in that area. In Wisconsin, however, the government was not immediately committed to clearing title to the land for white settlement. In 1825, Secretary of War, John Calhoun, suggested that the Indians of northern Illinois, Indiana, Ohio, and New York be moved to areas north of the Illinois state line and west of Lake Michigan. Calhoun's suggestion was never completely followed even though a group of New York Indians was removed to an area south of Green Bay in 1825. The pressure of white settlement in the early 1830's finally brought an end to any ideas of Wisconsin as a permanent Indian reservation.
If the residents on the western shore of Lake Michigan only had to confront the confused and often contradictory policy of the national government, perhaps their role in frontier expansion would have been greater. The story, however, now switched from government departments in Washington to the business district of New York and the office of John J. Astor and Company.

For some years previous to the War of 1812, John Astor had dreamed of converting the American fur trade into a major capitalistic investment. Astor knew of the rich harvest of furs garnered in the Lake Michigan area. Before 1812, this trade was controlled by several Canadian firms with only a limited capital investment. Astor envisioned a centrally organized fur trade company with access to a large supply of goods, employing thousands of traders, and utilizing the market techniques of a large corporation. In 1811, he took the first step by entering into partnership with several Canadian firms which were trading in the Green Bay and Chicago areas. Astor thought, or at least suspected, that someday these areas would be under American control and that British interests would be curtailed leaving Astor the bulk of the fur trade in the Old Northwest. Astor's plan worked exceedingly well, for after the War of 1812 British interests in the Old Northwest were excluded. Astor therefore turned to the organization of a large corporation to exploit this trading territory. He first set up the American Fur Company and appointed two dynamic businessmen, Ramsay Crooks and Robert Stuart, to establish western headquarters at Mackinac. From Mackinac, Crooks and Stuart gradually incorporated the independent fur traders into one of the first major business enterprise on Lake Michigan's western shore. 17

From 1815 to 1817, Astor, Crooks, and Stuart were involved in arranging the administrative details of the American Fur Company and its presence was
not immediately felt in the interior. The government acted more promptly. In addition to establishing military posts and Indian agencies, the government also enacted legislation to regulate the trade. After deliberations by a Congressional committee, Congress passed the following law designed to curtail British influence in the trade. The trade law of 1816 stated that:

Licenses to trade with the Indians within the territorial boundaries of the United States shall not be granted to any but citizens of the United States, unless by the express direction of the President of the United States, and upon such terms and conditions as the public interest in his opinion require . . . .

The law also prescribed penalties of forfeiture, fine, and imprisonment for any foreigner introducing merchandise into the Indian country or entering the Indian territory without a passport. The law of 1816 was designed to eliminate British influence in the interior and to encourage the exploitation of the fur trade by American citizens.

Through the influence of John Astor, the government was made aware of the fact that American business interests were not sufficiently developed nor suitably trained to conduct the fur trade without the aid of selected British personnel. Astor succeeded in convincing national and local officials that the law of 1816 should be interpreted liberally. William H. Crawford, the Secretary of War, indicated the general attitude of the government in the following communication to Governor Cass:

It is therefore wholly improbable that the enterprise of American citizens will furnish an adequate supply to those remote tribes. The want of capital in the hands of men accustomed to the trade, and who have enterprise to bear the fatigues, and brave the dangers incident to its prosecution will it is believed, render it necessary for the present to permit foreigners to carry on this trade, under such regulations as shall subject them to a strict observance of the laws of the United States on this subject . . . .

Governor Cass communicated this information to the Indian agents at the local posts. He mentioned the efforts of Ramsay Crooks, the American Fur
Company agent, to establish a company for the exploitation of the trade and advised extreme liberality in licensing British traders for the American Fur Company. 21

While Cass and other national officials acknowledged Astor's requests for a liberal licensing policy, 22 the Indian agents at certain key points, Mackinac and Green Bay, enforced the law more stringently. Major William H. Puthuff, the Indian agent at Mackinac, who issued licenses to traders journeying from Mackinac to the interior, considered the employment of British traders a threat to American control. 23 Puthuff was against the licensing of the Green Bay traders because of their close connections with the British before the War of 1812. 24 He also claimed that Astor's American Fur Company was primarily staffed by British personnel and was therefore a threat to American interests. 25 Acting on these judgments, Puthuff consistently refused to grant licenses to the Green Bay traders and encouraged Colonel Bowyer, the Green Bay Indian agent, to follow the same policy. In one case, Puthuff seized Jacques Porlier's winter collection of furs claiming that Porlier had never received a trading license. 26

Local government officials were extremely inconsistent in their interpretations of the 1816 trade law. While William Puthuff followed a strict policy at Mackinac, Colonel Bowyer at Green Bay vacillated. At one point, Bowyer issued licenses to any trader who applied, leading one Green Bay resident to speculate that "I believe there will be as many traders as houses." 27 At other times, Bowyer followed a stricter policy. In October, 1817, he expelled a long-time Green Bay trader from the territory. 28 The vacillations of local Indian agents left the traders in a state of constant confusion about their ability to trade in the coming season. Gradually they began to resent the regulations of this new government. 29
Inconsistency was not alone the province of local officials, for the national government also shifted its interpretation of the 1816 law. In January, 1818, Governor Cass informed the local Indian agents of a major policy change which called for the complete and total exclusion of all but American citizens from the fur trade. Exceptions were no longer to be granted, not even to the American Fur Company.\textsuperscript{30} The Green Bay traders were astounded by the law and questioned the advisability of even remaining residents of Green Bay.\textsuperscript{31} A far more powerful interest, the American Fur Company, also found the new directive objectionable. Without the aid of trained British personnel, Astor could not hope to quickly and effectively establish a trade monopoly. By prohibiting all British interests from the trade, the government was virtually excluding the majority of traders then in the Northwest Territory. Since before the War of 1812, the area had been a fur trade territory exploited only by traders journeying south from Canada or living at Green Bay. After the War, these traders were, in the eyes of the American government, still British citizens and thus not legally allowed to participate in the trade. Faced with the possible ruin of their Company, Astor, Crooks, and Stuart exerted tremendous pressure on the national level and succeeded in obtaining an almost instant repeal of the new directive.\textsuperscript{32} Under new instructions from Governor Cass, the Indian agents were now allowed to license British traders but only to serve as employees of trading outfits headed by American citizens.\textsuperscript{33}

The changing character of government policy indicated two salient points about these initial years of American involvement on the frontier west of Lake Michigan. First, the American Fur Company seemed to wield enormous power both upon national officials and upon the lesser territorial agents. Recalcitrant Indian agents, such as Major Puthuff and Colonel Bowyer, who refused to
license traders desired by the American Fur Company were removed from their posts a short time later. Secondly, the government increased the hostility between its officials and frontier residents. By 1818, Jacques Porlier expressed the general sentiments of the traders when he remarked that "I begin to perceive the word liberty in the language of politics or of the Governments does not mean the same thing as we commonly suppose."

Porlier was not the only Green Bay trader to feel the effects of the government's presence. John Lawe continually complained that he was rapidly losing money because he could not obtain a license. "This is three years nearly," Lawe explained, "since peace has been made and I have been in hell ever since." Frustrated by their inability to pursue the fur trade free from regulations, several of the Green Bay traders seriously considered moving to lands recently purchased by a Canadian friend, Lord Selkirk, in the Red River district. Before his plans were completed, Lord Selkirk died, forcing the traders, such as John Lawe and the Grignons, to accept their plight at Green Bay. In late 1819, the traders at Green Bay finally applied for American citizenship realizing that such action was their only hope of receiving permanent licenses for the Indian trade.

The entire license controversy indicated a great deal of government inconsistency, but the dispute also revealed the tactics and power of Astor's American Fur Company. The company utilized the confusion surrounding the law of 1816 to increase their control over the fur trade.

While Astor spent the years from 1815 to 1817 organizing the administrative aspects of the company, a Detroit merchant, David Stone, obtained a large supply of goods and sent traders into the interior. Stone employed Jacob Franks, the uncle of John Lawe, who employed many of the Green Bay traders for Stone's company. While employed by David Stone, the Bay traders
experienced great difficulty in obtaining trading licenses. By 1818, however, Ramsay Crooks and Robert Stuart were prepared to actively oppose David Stone in the territory west of Lake Michigan. Because of the American Fur Company's power over local officials, Stuart and Crooks made the law of 1816 work to their advantage. Posing as friends of the Green Bay traders, Crooks and Stuart assured them that they would consult with the proper Washington officials about obtaining licenses. Robert Stuart personally wrote to Governor Cass explaining that the innocent residents of Green Bay had suffered terrible hardships because the local Indian agent had failed to grant licenses. Stuart further counselled Cass that "... such oppression and inconsistency will I am convinced be speedily remedied by you Sir." By 1821, the Green Bay traders received annual trading licenses because of the American Fur Company's influence. Thus the Green Bay traders naturally terminated their business relations with David Stone in favor of the more powerful American Fur Company. The independent fur traders, confused and victimized by the government's regulations, willingly attached themselves to the American Fur Company which slowly increased its control of the fur trade. In time, traders from Green Bay to Chicago would find themselves helpless employees of a frontier monopoly.

The factory system was the final phase of the government's frontier policy. Established at both Chicago and Green Bay in 1816 to regulate the Indian trade of the Illinois and Wisconsin areas, those factories provided the context for the most bitter and sustained conflicts of the period. Their existence, of course, threatened the economic livelihood of the regular fur trader in addition to providing competition for Astor's American Fur Company. From 1816 to 1822, the American Fur Company waged their own private war on the factories and the scene on the frontier was a picture of one business
enterprise vying for trade hegemony over the other. In the interim, the previously independent trader was caught between the factory and the American Fur Company. By 1822, when the factory system collapsed partially the result of the competitive and political practices of the American Fur Company and partially due to the inept and inconsistent formulation of the system, the small trader was more than ever convinced that he was at the mercy of forces outside his control. The entire story of the factory system was an example of the frontier's dependence and connection with eastern capital involved in the American Fur Company, big government, and the competitive economic practices which existed between them.

In 1816, Thomas L. McKenney was appointed director of the factory system with the title of Superintendent of the Indian Trade. Later with the consent of the President, McKenney selected his factors for the posts at Chicago and Green Bay. Jacob Varnum, a native of New England, was appointed to head the Chicago factory. Before the War of 1812, he had directed a factory at Sandusky, Ohio, and was presumably well-acquainted with the system. Similarly Matthew Irwin, who was to supervise the Green Bay factory, had previously operated the Chicago factory from 1810 to 1812. Varnum's salary was $800 per year while Irwin received $1000. The difference in salary reflected the more difficult task which faced Irwin at the Bay. Before the War of 1812, Chicago was exposed to the factory system and American military personnel, but American institutions had never been established at Green Bay until the arrival of Matthew Irwin.

Jacob Varnum, Matthew Irwin, and Thomas McKenney embarked upon the project with great enthusiasm. In its first year of operation, McKenney sent to the Green Bay factory approximately $15,500 worth of trade goods. By January, 1817, McKenney seemed very disturbed by Irwin's conduct of the factory:
Since you have been at Green Bay your returns have been very much irregular and the business you have been doing very limited. The whole amount of your sales appears to be only $538.40 and of this sum it would seem about $180 had been sold to the Indians.

Disillusioned, McKenney considered closing the factory unless Irwin immediately explained the causes for its poor business.\textsuperscript{48}

Matthew Irwin soon responded to McKenney's request in tones of despair about the future of factories in that area. The great number of British traders in the area, the use of liquor in the Indian trade, and the hostility of frontier residents, Irwin explained, were the principal deterrents to a successful factory.\textsuperscript{49}

Irwin did not immediately succumb to frontier hostility. For the next several years, he waged an economic and political war against the traders and the American Fur Company. Irwin's efforts to save the Green Bay factory illuminated the multiple causes of the factory's decline and also the tactics and practices of the American Fur Company.

Irwin first asked Colonel John Bowyer, the Green Bay Indian agent, for aid. Attempting to utilize the law of 1816, which prohibited foreigners from participation in the trade, Irwin presented Bowyer a detailed list of traders of known British affiliations. The list included the names of many prominent Green Bay traders. Irwin requested Bowyer to withhold trade licenses from these individuals and mentioned the consequences of failure to act:

\textit{It may be proper to remark that whilst these and other British subjects are suffered to enter and continue in this country as traders, it will be useless for the Government to continue this factory here; principally from the ascendancy which an uninterrupted intercourse of many years had enabled them to acquire over the minds of the Indians, supported by extensive family connections with them.}\textsuperscript{50}

At different times, however, Colonel Bowyer licensed the Green Bay traders. Irwin considered such policies as a deliberate attempt to undercut
the factory. In truth, the government's Indian policy was burdened by a basic contradiction. The Indian agents regulated the fur trade by issuing licenses and were compelled to give licenses to American and selected British traders of reputable character. Moreover, the Indian agents charged fees for licenses providing them with a vested interest in the number of traders in the territory. The Indian agents often sympathized with the private traders and the American Fur Company. The government factor, on the other hand, conducted his own Indian trade in direct competition with the private traders.\textsuperscript{51} The government factor could not hope to succeed when the Indian agents continued to issue licenses. Matthew Irwin perhaps best characterized the frustration of the government factor:

There appears a palpable incongruity in the manner of conducting the Indian trade; the factors are sent to supply the wants of the Indians, and the Indian agents can adopt such measures as to defeat all their plans to that end. It is very certain that the authority vested in them to issue licenses is well calculated to destroy all the benefits that might be expected from the Factories . . . .\textsuperscript{52}

Matthew Irwin and Thomas Mckenney realized that the factory's success necessitated the total exclusion of private traders where factories existed.\textsuperscript{53} Irwin and Mckenney urged such action, but the interests of the private traders, the American Fur Company, and the bureaucracy of an established system precluded any major change.

Unable to awake Washington to the contradictions of frontier policy, Irwin attempted to increase the effectiveness of the Green Bay factory. The factory was located at Green Bay which was a considerable distance from the actual trading country.

The private traders and the American Fur Company had the advantage of selling goods to the Indians and collecting their furs before the factory exerted any influence. Irwin therefore decided to use the techniques of the
American Fur Company by sending agents of the factory (sub-factors) into the interior where they could compete directly with the traders. Thomas McKenney was skeptical of the feasibility of Irwin's plan, but he consented, in desperation, to save the Green Bay factory.\textsuperscript{54}

The plan did not improve the financial condition of the factory,\textsuperscript{55} but it did bring into the open the hostility of the American Fur Company. Located at their headquarters in Mackinac, Ramsay Crooks and Robert Stuart were besieged by complaints from traders in the interior of the difficulties which the factory and other government policies placed upon their trade. Accordingly Crooks and Stuart communicated the details of the trade situation to John Astor so that he could apply political pressure in Washington. Crooks and Stuart even suggested that Astor speak directly to the President. The factories were stifling private initiative, Crooks and Stuart explained, and thus they must be abolished. According to Crooks and Stuart, Matthew Irwin's attempt to send sub-factors into the interior was a misuse of the factory system. Moreover Crooks and Stuart claimed that the factory was no longer a benevolent institution to aid the unfortunate Indians, but it was now a government business in direct competition with the private traders. (This had always been the intention of the government system.) Crooks and Stuart therefore concluded that the government had entered into the field of private enterprise; and, because of its power, was not operating on equal grounds with the local traders.\textsuperscript{56} This appeal by the two chief agents of the American Fur Company to Astor was only the first step in the company's campaign to end the factory system. The seed of dissent was planted in Washington's political circles by John Astor while on the frontier the American Fur Company and the factory waged more open warfare.
While Irwin admitted that many British traders were, at various times, excluded from the trade, he complained that Astor's American Fur Company enjoyed virtual immunity to such laws. The American Fur Company, according to Irwin, was staffed by British traders and in many instances degraded American interests in favor of the British. Irwin wrote many letters to his superiors about the tactics of the American Fur Company, but letters were of little value in his struggle on the frontier.

The American Fur Company adopted various tactics to dispel the factory's influence at both Chicago and Green Bay. The company often reduced the price of goods to undersell the factory. At other times, advance agents of the company journeyed far into the interior to dissuade the Indians from trading at the factory. The factories also faced an abnormal manpower shortage. To trade with the Indians, the factory employed a number of interpreters, traders, and clerks. The American Fur Company often hired all the traders and residents of a particular area merely to stifle the effectiveness of the factory. The company's most effective stratagem was its ability to influence local and national officials. Both Major Puthuff and Colonel Bowyer, who had refused to accede to the company's demands, were eventually removed from office due to pressure on national and local officials by the American Fur Company. Indian agents and military officials thus were more likely to aid the company rather than the factory. Irwin became increasingly cognizant of the American Fur Company's tremendous power and observed that...

... The agents of Mr. Astor hold out an idea that they will ere long be able to break the factories; and they menace the Indian agents, and others who may interfere with them, with dismissal from office, through Mr. Astor. They say that a representation from Messrs. Crooks and Stewart (sic) (Mr. Astor's agents) led to the dismissal of the Indian agent at Mackinac, and they also say that the Indian agent here is to be dismissed.
The hostility against the factory was often of serious proportions. In 1820, Major Irwin reported an incident which seemed to indicate the enormous depth of feeling on the part of frontier traders and the degree to which this feeling was transferred to the Indians. In 1820, Mr. Armitinger, an independent trader, went into the neighborhood of Lake Winnebago and was fired upon by the Indians. When Captain Whistler from Fort Howard ventured to the same area, he was also attacked. Jacques Porlier and Louis Grignon, traders of the American Fur Company, also entered this area, but they were unmolested and traded for a large number of furs. 61 To Matthew Irwin and Thomas McKenney, the incident was sufficient proof of the hostility between American officials and the traders and Indians controlled by the American Fur Company.

McKenney and Irwin might have learned another lesson from the incident at Lake Winnebago. While the American Fur Company encouraged opposition to the factory, the frontier trader was naturally opposed to the system. It was in direct economic competition with traders such as John Lawe, Louis Grignon, and Jacques Porlier in an occupation which for years they had pursued with the Indians relatively free from competition or regulation. The factory was a business, a prominent Green Bay trader surmised, which attempted to make a profit "...under the cover of care for the savages and of the pretended benefits that they receive from the factories..." 62 Thus the American Fur Company received the willing assistance of the private traders in the struggle against the factory.

While considerable emphasis has been placed upon the Green Bay factory primarily because of the greater population and fur business at that point, the history of the Chicago factory illustrated many of the same conflicts. Under Jacob Varnum, the Chicago factory from 1816 to 1818 experienced a limited degree of success. Early in 1817, McKenney recommended that Jacob Varnum
receive a raise in salary because of the increase in the volume of trade at the Chicago factory. Varnum's salary was raised from $800 to $1000 per year. From the inception of the Chicago factory in 1816 to March 31, 1818, the factory gained $2253 in the trade. The expense of running the establishment, however, amounted to $4093. Despite a total loss of $2000, the Chicago factory was more successful than the factory at Green Bay.

There are several explanations for the greater success of the Chicago factory. The most probable reason was the influence which the Chicago factory exerted before the War of 1812. The Indians had faith in the Chicago factory while the independent traders were still disorganized due to the War. The Chicago factory, from 1816-1818, provided the only outlet for furs and the purchase of merchandise. By 1818, however, the American Fur Company had moved numerous traders into the Chicago area. By December, 1818, Jacob Varnum acknowledged the presence of a large number of British traders presumably representing the American Fur Company. Varnum commented that

The indiscriminate admission of British subjects to trade with the Indians, is a matter of pretty general complaint throughout this section of the country. There are five establishments within limits of this agency headed by British subjects.

These establishments to which Varnum referred, most likely were the American Fur Company's posts along the Illinois River headed by Antoine Deschamps and the Chicago post directed by Jean Beaubien. The presence of this competition seriously hindered Varnum's factory to the point where he doubted whether he could afford the services of an interpreter for the coming year.

The factories both at Chicago and Green Bay received their most serious opposition not so much from the British traders themselves as from the goods they traded. The private trader effectively distributed whiskey to the Indians, and in this lay one of the chief causes for the poor business of the
factories. At the Chicago factory, however, the liquor problem was the most serious, and its exposure provided the most clear example of the American Fur Company's involvement.

Liquor sales to the Indians always had been a problem on the American frontier. In 1802, the Congress had passed a law authorizing the President to take such measures as appeared proper "... to prevent or restrain the vending or distribution of spiritous liquors among all or any of the Indian tribes." Yet this law did not actually prevent the use of liquor. In 1816 Governor Ninian Edwards of the Illinois Territory attempted to rectify the situation by obtaining passage of a territorial law which forbade the sale of liquor to the Indians. The Green Bay traders were promptly informed of the new law and the penalties attached. Yet they found the law both impractical and impossible for officials to enforce:

You will notice, Sir, that liquor having once been allowed among the savages it is not possible to restrain them from it, and that moreover there is not force enough here to sustain such a regulation.

Knowing that the law would be impossible to enforce, the traders carefully avoided the spirit of the law. The law only forbade the sale of liquor to the Indians so that the traders, before going into the territory, would claim that any liquor in their packs was merely for private use. The law did not ban liquor from the Indian lands, and thus a large quantity was always kept by the traders themselves and at their depot at Green Bay. John Bowyer, the Indian agent at Green Bay, attempted to ban the storing of liquor at Green Bay, but Governor Cass informed him that such action, although desirable, would be illegal.

Many times Irwin complained bitterly of the use of liquor in the Indian trade which induced the Indians to become intoxicated and to sell their furs
at poor prices. Irwin explained why it was impossible to prosecute traders for selling liquor illegally to the Indians:

A return to reason will induce many of them (the Indians) to mention who sold them the whiskey; but it is deemed illegal to accept Indian testimony, so that the British and American traders . . . may deal in whiskey without the smallest chance of detection.73

Although the American Fur Company was not in full control of the territory before 1822, it was involved in the whiskey trade. The American Fur Company would have preferred not to deal in liquor because it was an expensive commodity for a trading outfit. Furthermore, liquor destroyed the Indian's desire and ability to hunt. These considerations have led some authors to surmise that the American Fur Company refrained from its use.74 Nevertheless, liquor was a valuable item in competing with the factory and the independent traders, for the Indians often traded only with individuals who supplied the commodity. In the Company's Account Books for 1821, the following items were shipped to Green Bay and Chicago: 418 gallons of High Wine, 30 gallons of Jamaica Spirits, 8 gallons of Brandy, and 35 gallons of Rio Wine.75

A more damaging example of the American Fur Company's connection with the whiskey trade occurred in 1821. At this time, Dr. Alexander Wolcott, the Chicago Indian agent, refused to grant James Kinzie a trading license for the Milwaukee area. Wolcott was informed by Matthew Irwin that Kinzie regularly sold liquor to the Indians.76 Irwin told Wolcott of the incident so that Kinzie could not obtain a license at Chicago. Ramsay Crooks, with whom Kinzie was employed, detested the actions of Indian agent Wolcott. Wolcott, Crooks said, refused to grant James Kinzie a license on mere suspicion. To correct such an injustice to his agent, Crooks obtained a license for Kinzie from Colonel Boyd at Mackinac.77 Crook's ability to obtain a license from Colonel Boyd, despite the objections of Wolcott and Irwin, was typical of the
enormous power of the American Fur Company. Colonel Boyd, who issued the license to Kinzie, had been Crooks's choice for Indian agent at Mackinac to replace the recalcitrant Major Puthuff. In 1818, Governor Cass, realizing the problems caused by an agent licensing a trader in Mackinac for trade in the Chicago area, had outlawed such procedures without the consent of both agents concerned. Despite the action of Boyd, then, Wolcott ordered Kinzie to close his trading outfit within sixty days and leave the territory. Irwin realized that the absence of Kinzie from the Milwaukee area would leave the Indians without a trader, and he was more than happy to enter this country controlled by the American Fur Company. Irwin, therefore, commissioned Jacques Vieau as an agent of the Green Bay factory. Vieau was an American citizen; and, according to Irwin, he was of impeccable character. Irwin gave him goods amounting to $2,228.25 with which to deal with the Indians.

Thomas McKenney, the Superintendent of the Indian Trade, did not allow this incident to go unnoticed. On December 7, 1821, he strongly criticized the American Fur Company in the *Daily National Intelligencer* with the case of James Kinzie as an example. The people now knew, he said, the identity of "... these invisible nobodies... dealers in whiskey, furs, and Indian blood... agents of this same American Fur Company." Crooks and Stuart were hardly pleased over the Kinzie affair. In 1821, Stuart accused Irwin of exaggerating the case against Kinzie in order to improve the national image of his factory. Stuart threatened that, despite the attempts of Irwin and Wolcott, the factory system would be abolished within a year. Once the Kinzie affair reached the public news media, Robert Stuart and the American Fur Company did a notable about face. Stuart was no longer willing to protect James Kinzie because he feared creating
public antipathy toward the company. Thus Kinzie soon became the scapegoat. In 1822, Stuart suddenly found that James Kinzie was less than a reputable character and considered relieving him of his position. In April, 1822, Robert Stuart told James Kinzie to leave the Milwaukee area to another trader and return to Chicago.

To save the image of the American Fur Company, Stuart next tried to claim ignorance of any of Kinzie's activities. He told Governor Cass that "... whenever any person either employed by, or having dealings of whatever nature with us does not conform to the laws ... governing the trade ... we will always be willing and happy to have them entirely excluded from the country." Stuart then suggested that Kinzie be expelled from the territory. The only reason the company had been reluctant to act, Stuart explained, was because James Kinzie was the son of John Kinzie, an important and loyal trader in the Chicago area.

From a perusal of the Account Books and Letter Books of the American Fur Company, there seems little doubt that the company used liquor in the Indian trade to compete with the factory and opposing traders. Because of the competition of the American Fur Company, the continued operation of the factories at Green Bay and Chicago could only prove a financial liability to the government.

On the national level, the factory system was under constant attack by the American Fur Company and numerous national officials. Congressional action was underway by 1818 when the House of Representatives requested Secretary of War, John Calhoun, to report on the feasibility of instituting a new plan for the conduct of the Indian trade. Calhoun immediately wrote to those connected with the system soliciting their advice and recommendations.
Thomas L. McKenney, whose concern for the Indians took precedence over any financial or political considerations, felt that the abolition of the factories could only bring harm to the Indians for the sole purpose of aiding fur traders to reap greater profits. Lewis Cass, on the other hand, approached the problem more realistically. Cass favored a new system to regulate the Indian trade. Since private enterprise was now sufficiently established in the Indian trade, benefiting the whole economy, Cass explained, the government should withdraw. In the place of government factories, Cass suggested that more stringent trade laws be enacted to control the traders and the use of liquor. From these and other recommendations, Calhoun issued his Report in 1818 calling for the abolition of the factories. In their place, he suggested several new laws. Calhoun recommended that trading licenses cost from $100 to $500, thereby limiting the number of traders in the territory. Traders were also to be confined to designated locations assuring closer supervision by government officials. Calhoun's Report was not immediately accepted by the Congress, and the factories remained in operation.

Opposition continued to grow against the factories in 1820 when the Secretary of War sent the Reverend Jedediah Morse to investigate the operation of the factory system. Upon his return in 1821, Morse reported his findings to a congressional committee. Morse was not impressed by the operation of the factories at either Green Bay or Chicago. Interviewing Matthew Irwin, Morse discovered that the Green Bay factory conducted the majority of its business with the white traders and the military personnel at Fort Howard. Annual trade with the Indians did not exceed $1,600, Irwin estimated, while trade with Fort Howard and people of mixed blood accounted for $5,500. Irwin placed primary blame for the failure of his factory upon the large number of traders in the territory, thus causing him to sell to white inhabitants.
Turning to Chicago, Morse found that Varnum, for the past year, had traded for furs amounting to only $25. Although recognizing the influence of whiskey upon the trade, Morse said the Indians were not actually maltreated by the trader. The Indians dealt with the private traders because they wanted to and "... it is evident, that by some means, the Indians have not confidence in the government, as fair and upright in their trade." Morse cited several reasons for the distrust of the factory by the Indians: the inferior quality of its goods, prior influence of British traders, and the harmful effects of whiskey. Morse concluded that the principal aim of the factory system, the civilization of the Indians, had been a total failure. Rather than advancing the Indians, Morse said, the factory kept them in the hunter stage of civilization by increasing their dependence on the fur trade.

In 1821, the Committee on Indian Affairs in the Senate, held final hearings before abolishing the factories. Irwin again accused the American Fur Company of ruining the factory. He stated that his sub-factor, Louis Rouse, was dispatched to the interior where Crooks deliberately sent three men to oppose him. Crooks rebutted such accusations by again illustrating that the supplying of private traders was against the purpose of the factory. He claimed that Irwin supplied Rouse with goods totaling $3000 and that Rouse, in order to derive a profit, sold the goods at prices higher than required by the factory.

John Biddle, the new Indian agent at Green Bay, presented testimony which showed a definite hostility to the factory system. Biddle stated that the goods supplied the factory were inferior in quality to those of the private traders. Further, he claimed that Irwin had not only supplied large amounts of goods to sub-factors but also sold goods to private traders on credit. In sum, factors such as Varnum and Irwin had overstated their case against the
British, Biddle explained, and had failed to realize the inadequacy of their own goods. The factory was of no use to the frontier community, Biddle said, and its end would be a blessing to the Indians.93

As congressional action neared for the closing of the factories, Thomas Hart Benton was the most outspoken critic in Congress. Benton wielded considerable influence since he represented a frontier state and was a ranking member of the Senate Committee on Indian Affairs. Benton was also a confidant of the American Fur Company and worked closely with Ramsay Crooks and Robert Stuart throughout the struggle.94 Thomas McKenney could not delay congressional action indefinitely, and in 1821 he ordered Varnum and Irwin to begin preparations for the eventual close of the factories.95 McKenney, however, steadfastly refused to accept the reasons advanced by Congress for such action. The factories were not ineffective because of the inadequacy of goods or Indian hostility, he claimed. Their decline could be attributed to the competition of the American Fur Company, the efforts of Thomas Hart Benton, and the "... unsuitable provisions which exist for the regulation of the trade. Hordes of private adventurers, availing themselves of the looseness of the system have crowded into those parts on account of the superiority of furs which are taken."96 The closing of the factories, according to McKenney, would result in the alienation of the Indians from the white population and eventual bloodshed.

The final closing of the factories was a confused and tragic event. In 1821, McKenney ordered Varnum and Irwin to begin the sale of their remaining goods on a cash or credit basis.97 This policy was in accord with John Calhoun's Report of 1818 that the factories should be liquidated over a period of time. Thomas Hart Benton, however, urged on by the American Fur Company, demanded their closing within two months. Several Washington businessmen
were commissioned to take charge of the final accounting. These men, coming from the East, were totally unacquainted with the factory and the type of business conducted. Needless to say, Benton's hasty action caused a loss of government funds and added credence to those who had claimed the factory had always been an impractical scheme. In Chicago, Jacob Varnum had merchandise worth nearly $13,000. A. B. Lindsley, who was commissioned to close the factory, eventually realized only $1,250 in cash from this merchandise. He took the goods to Detroit where they were sold at prices far below cost. Lindsley totally ignored the outstanding debts of the Indians and whites in the Chicago area. Var num, the Chicago factor, characterized the policy of Thomas Hart Benton and the Congress as completely inept:

Mr. Benton had his own way. It was not probable that one in ten in Congress knew much about an obscure system for the benefit of the Indians, inaugurated long before a large portion of the members were elected. He debated it alone . . . carried all measures, one of which was so absurd as to require a new set of agents to relieve the old one and whose duty it would be to wind up the concerns. The effect of this measure, so far as the Chicago factory was concerned was a total loss of all government property. A. B. Lindsay (sic), a hanger-on about the offices for an appointment for years, obtained the situation . . . .

What was the basic cause for the failure of the factory system? Through the years scholars have advanced many reasons. The factory, it is true, was stocked with inferior goods compared to the British manufactured products offered by the American Fur Company. The factory was also handicapped by its inability to advance goods on credit to the Indians which was a practice of the private traders. Ordinarily, the factory was located at a central point such as Green Bay or Chicago where the factor waited for the Indians to bring his furs. The private trader, on the other hand, followed the Indians into the actual trading area and conducted his business long before the factory's influence was exerted. The employment of whiskey in the Indian trade by the
American Fur Company offered the Indians a commodity they could not obtain at the factory. To a certain extent, the factory's personnel, compared to that of the American Fur Company, was inferior. Relative newcomers to the fur trade and the region, the factors could not hope to compete with the established traders. A resident of Green Bay perhaps summed up most accurately the numerous problems facing the Green Bay and Chicago factories. Speaking of Major Irwin's Green Bay factory, Albert G. Ellis observed that

Major Irwin was a gentleman of intelligence, culture and integrity, and as well fitted for the trust as any citizen totally unacquainted with the Indian country, its trade and inhabitants, could be — that is, not fitted at all; and moreover, being furnished by the government with goods unsuited to the Indian trade, and coming in competing contact with lifelong experienced, astute traders, of course the effort to gain confidence, trust and influence with the Indian was a total failure. His sleazy, woolen blankets, cheap calico, and worst of all his poor unserviceable guns, were all rejected by the Indians; and during his four years trade, he did not secure fifty dollars worth of peltries.103

Granted that all the above causes did eventually contribute to the failure of the factories, they do not mirror the basic flaw of the factory system. From the very beginning, the success of the factories was impossible because of the government's inability to establish a consistent policy in relation to the Indian trade. In both Green Bay and Chicago, the Indian agents were licensing private traders while the factories were trying to establish Indian trade relations. By allowing private traders in the territory, the government provided the competition which ruined its own factories. Moreover, the factory was an organized business competing with frontier traders. Government policy seemed to have completely ignored the obvious reaction of the frontier traders at Green Bay and Chicago. Residents on the frontier for many years, the traders completely depended on the fur trade for their economic livelihood. Obviously, they would oppose with all the means at hand, this competing economic enterprise. The most important ingredient for
the success or failure of the factors was the confidence of the Indians, and, with the Indians, the traders held absolute influence.

This was a period of great change on the frontier. The factory was not only faced with the problems of its own contradictions, but it also had to contend with the emergence of the American Fur Company. In the years between 1816 and 1822, the frontier, on the western shore of Lake Michigan, witnessed the competition of two business enterprises both outside its economic and political control. From the beginning the government was handicapped in its battle with the American Fur Company. How could a government business with appropriations of only $300,000 compete with the emerging million dollar capital of the American Fur Company? With the abolition of the factory system, the government finally acknowledged its inability to follow a dual policy. Now the government merely sought to control and regulate the traders and the American Fur Company, not compete with them.

With the withdrawal of the factories, the field for private enterprise was left wide open for the American Fur Company. In 1822, the American Fur Company already had taken several long strides in the formation of a frontier monopoly. Yet they were aided by the government in their efforts to capture the services of the independent traders. The trader could more easily oppose the factory with the fine supply of goods supplied by the American Fur Company. Independent traders received licenses under the law of 1816 primarily through the efforts of Ramsay Crooks and Robert Stuart. Thus the independent traders fell increasingly under the sway of the American Fur Company.

In addition, there was a general dissatisfaction and a sense of helplessness among the traders as they faced the various government institutions driving them more quickly into what appeared to be the beneficent arms of the
American Fur Company. For example, the military posts at Chicago and Green
Bay only interfered, as far as the traders were concerned, with the normal
pattern of frontier life. A regulatory agency, the military enforced many of
the laws relating to the trade. Furthermore, military posts did not serve as
an economic stimulus to areas surrounding the forts in these early years
because agricultural surpluses were not sufficient to supply the posts. Until
the middle 1820's, moreover, contracts for the supply of the forts were issued
to eastern merchants. When contracts were first handled by frontier residents
in the late 1820's, these were filled by a few frontier merchants, not the
fur traders.\textsuperscript{105} While the military was supposed to protect the settlers from
the Indians, the fur traders were hardly in need of protection from an Indian
society with which they had lived in harmony for years. Testimony to this
disaffection between the military and the traders was frequently evident in
the letters of traders such as John Lawe:

There has been a great number of United States troops garrisoned
or that are stationed at Green Bay but what good does that do me
it is only to assist in the ruining of me and the Pilfering or
general stealing, killing of cattle, and committing of every kind
of depredation that they can & do still continue that is the good
they do for all there is upwards of 20 officers in that Station
one would suppose that would keep the men in good order & at the
sentries & throw a good deal of Cash and make the place lively
but far from that they are only paid once a year & it is only one
man that benefits by it. I can assure you that I do not get one
dollar in a month. They are a nuisance to society & in place of
being put there for the protection of the place they are the
destruction of it \ldots\textsuperscript{106}

In the total picture of the hostility between frontier residents and
government institutions, perhaps one of the most revealing episodes was the
handling of private land claims at Green Bay in 1820. With the imposition
of American control, the government passed several laws regulating the title
to land of former British traders. The whole process was disquieting to the
traders. They had lived at the Bay for many years, built houses, and farmed small tracts of land. Now they were required to explain and prove to Isaac Lee, the government commissioner to investigate the titles at Green Bay, the validity of their claims to the land. For a number of years, the rumor circulated among the Green Bay residents that the government would not approve their claims. In February, 1819, they petitioned Washington for an immediate confirmation of their land titles. By September, 1820, the government still had not taken final action and many of the traders feared that they would lose the land. At this juncture, the traders were aided by the political power of the American Fur Company in Washington and the land titles were more quickly confirmed. Once again, the American Fur Company, taking advantage of a frontier problem, utilized political power to strengthen their hold on the traders.

From 1816 to 1822, the government employed military posts, Indian agencies, factories, and national legislation to pacify the Indians and secure the frontier on the western shore of Lake Michigan. This was the first exposure of future townsites at Chicago, Milwaukee, and Green Bay to American influence, but the frontier inhabitants reacted negatively. At the same time, the American Fur Company moved into this region in order to exploit the fur trade. Utilizing the contradictions of government policy and the trader's discontent, the American Fur Company slowly established a monopoly over the fur trade. From 1822 until the arrival of white settlers in the 1830's, the American Fur Company was the controlling force over the whole of the western shore of Lake Michigan. The period of American Fur Company dominance was the next stage in the history of future townsites on Lake Michigan's western shore.
FOOTNOTES

CHAPTER I

1. Augustin Grignon, "Seventy-Two Years' Recollections of Wisconsin," in Wisconsin Historical Collections, ed. by Reuben G. Thwaites (Madison: Published by the Society, 1904), III, p. 242. Hereafter documents or articles from the Wisconsin Historical Collections will be cited as WHC. For details of early Green Bay also see Susan A. McLanegan, Pioneer Life In the Fox River Valley (Madison: State Historical Society of Wisconsin, 1906), p. 270.


7. John Kinzie to the Secretary of War, April, 1815; John Kinzie to Governor Cass, July 15, 1815, ibid., pp. 194-197.

8. Governor Lewis Cass to the Secretary of War, June 20, 1815, in "The Fur Trade in Wisconsin," WHC, XIX, p. 378. Volumes XIX and XX of the Wisconsin Historical Collections contain letters and documents relating to the fur trade in Wisconsin. The entire collection is entitled "The Fur Trade In Wisconsin." Hereafter, this collection will be cited as merely volume XIX or XX.


The role of the Indian agent on the frontier has been discussed in Wesley, p. 31, and in Francis P. Prucha, *American Indian Policy in the Formative Years, 1790-1834* (Cambridge: Harvard University Press, 1962).


John Astor to James Monroe, May 27, 1816, and December 30, 1816, *Monroe Papers, New York Public Library*, as cited in Porter, *John Jacob Astor*, II, pp. 695-595. In these letters, Astor asked Monroe, then Secretary of War, for permission to use fur traders of British origin to conduct the trade. One must remember that before the War of 1812 the trading points on the western shore of Lake Michigan were controlled by British or Canadian companies employing British citizens. These traders, while residents of the territory now American, knew no allegiance but to the British government. Astor did not wish to see individuals so familiar with the trade of this region excluded from the fur trade.


Porter in John Astor, II, pp. 702-704, has charged that Governor Lewis Cass granted the American Fur Company's every wish in the securing of licenses, and thus he prohibited the development of any additional American companies. Porter, however, fails to consider that it was the general policy of the government to aid all American fur trade interests. Governor Cass followed this policy and encouraged the development of American fur trade interests whenever possible. In June, 1817, Cass instructed a local Indian agent to grant licenses to traders of Stone, Bostwick and Company, Astor's chief competitor in the Old Northwest. Cass made his position quite clear when he remarked that "When American capital and enterprise are embarked in this trade it is polite to encourage it by all proper means." (Governor Lewis Cass to Major William Puthuff, June 19, 1817, John Lawe Papers, Letter Folder II, Chicago Historical Society.)


Major William Puthuff to Governor Cass, June 20, 1816, ibid., p. 420.

Ibid.


Louis Grignon to Michael Dousman, September 14, 1817, WHC, XIX, pp. 475-476.

John Drew to William Woodbridge, Secretary of the Michigan Territory, October 5, 1817, ibid., pp. 482-482. John Drew was the trader expelled from the Green Bay area where he had traded for seventeen years.

Augustin Grignon to John Lawe, November 23, 1817, ibid., p. 485.

Lewis Cass to Colonel John Bowyer, January 22, 1818, ibid., XX, p. 16.

Jacob Franks to John Lawe, March 11, 1818, ibid., p. 34.


Governor Lewis Cass to the Indian agents at Green Bay and Chicago, April 23, 1818, ibid., pp. 43-46.

Lavender, The Fist In the Wilderness, pp. 276-280.

Jacques Porlier to Forsyth, Richardson, and Company, (no date, about 1818), WHC, XX, pp. 93-94.

John Lawe to Thomas G. Anderson, November 13, 1818, ibid., p. 93.
Robert Dickson to John Lawe, April 23, 1819; Lord Selkirk to Robert Dickson, May 21, 1819, ibid., pp. 105-110.

Adam D. Stewart, Collector at Mackinac to Colonel John Bowyer, September 2, 1819, ibid., pp. 120-121; Governor Lewis Cass to Indian agents at Green Bay, Mackinac, and Chicago, October 11, 1819, ibid., p. 127.

Lavender, The Fist In the Wilderness, p. 267. David Stone later formed a new company with several partners known as Stone, Bostwick and Company. In 1824, the competition of the American Fur Company forced Stone to join forces with Astor's firm.

Phillips, The Fur Trade, II, p. 372, Phillips charged that Crooks deliberately convinced the Secretary of War that the Green Bay traders should not receive licenses in order to break their relations with David Stone.

Robert Stuart to Pierre Grignon, October 28, 1819, WHC, XX, pp. 128-129.

Robert Stuart to Governor Cass, November 12, 1819, ibid., p. 135.


Quaife, Chicago and the Old Northwest, pp. 273-274.


Thomas L. McKenney to the President, January 6, 1816, United States Superintendent of the Indian Trade, Letters Sent, Vol. C, p. 457. There are microfilm copies of these letters at Cudahy Library, Loyola University, Chicago, Illinois.

J. Mason to Matthew Irwin, August 20, 1815, WHC, XX, p. 391.

Thomas L. McKenney to Matthew Irwin, January 6, 1817, ibid., p. 448.

Matthew Irwin to Thomas McKenney, March 10, 1817, WHC, VII, pp. 270-271.

Matthew Irwin to Colonel John Bowyer, July 24, 1817, WHC, XIX, pp. 468-469.

The inconsistency of the government's frontier policy has rarely been treated by scholars. The best discussion of the role of Indian agents and government factors is found in Wesley, Guarding the Frontier, p. 31. Also see Ruth A. Gallaher, "The Indian Agent In the United States Before 1850," The Iowa Journal of History and Politics, XIV (January, 1916), 3-55. The practice of various Indian agents in charging fees for licenses has been discussed by Lavender, The Fist In the Wilderness, pp. 248-249.
Matthew Irwin to Thomas McKenney, September 29, 1817, WHC, VII, pp. 274-275.

Thomas McKenney to George Graham Acting Secretary of War, September 30, 1817, WHC, XIX, p. 481.

Thomas McKenney to Matthew Irwin, October 6, 1817, ibid., pp. 484-485.

Thomas McKenney to Matthew Irwin, May 25, 1818, United States Superintendent of the Indian Trade, Letters Sent, Vol. E, pp. 484-485. In this letter, McKenney discussed the yearly accounts of the factory. He felt that Irwin was losing money at an alarming rate.

Ramsay Crooks and Robert Stuart to John Astor, January 24, 1818, WHC, XX, pp. 18-28.

Matthew Irwin to Thomas McKenney, June 18, 1818, WHC, VII, p. 276.

Matthew Irwin to Thomas McKenney, August 10, 1818, ibid., p. 277.

Colonel McKenney to the Honorable Henry Southard, January 6, 1818, WHC, XX, pp. 13-14.

Matthew Irwin to Thomas McKenney, 1819, WHC, VII, p. 278.

Matthew Irwin to Thomas McKenney, February 15, 1820, ibid., p. 279.

Louis Grignon to Ramsay Crooks, October 11, 1821, WHC, XX, pp. 217-218.


Reverend Jedidiah Morse, A Report To the Secretary of War on Indian Affairs (New Haven: S. Converse, 1822), pp. 48-49.

Ibid.

U.S., Statutes at Large, 1800-1813, II.

Judge Charles Reaume to All Traders, February 8, 1816, WHC, XIX, p. 399.

Ibid.

John Lawe, Louis Grignon and Jacques Porlier to Judge Reaume, 1816, WHC, XIX, p. 400.

Prucha, American Indian Policy, p. 115.
72 Lewis Cass to John Bowyer, January 22, 1818, WHC, VII, p. 278.

73 Matthew Irwin to Thomas McKenney, 1819, ibid.

74 Prucha, American Indian Policy, p. 119; Porter, John Astor, II, p. 795.

75 Account Book, 1821-1823, American Fur Company Papers, Chicago Historical Society. Hereafter American Fur Company will be cited as AFC and the Chicago Historical Society as CHS.

76 Ramsay Crooks to James Kinzie, October 2, 1821, AFC Papers, II, State Historical Society of Wisconsin. Hereafter this collection of AFC Papers will be cited as AFC Papers, WHS.

77 Ibid.

78 Circular Letter from Lewis Cass to all Indian agents, April 22, 1818, WHC, XX, pp. 47-48.


81 Robert Stuart to Lewis Rouse, November 1, 1821, AFC Papers, II, WHS.

82 Ramsay Crooks to Robert Stuart, January 4, 1822, ibid.

83 Ramsay Crooks to Robert Stuart, April 8, 1822, ibid. Lavender's The Fist In the Wilderness, pp. 314-317, has an interesting treatment of the American Fur Company's dealings with James Kinzie. Lavender was the first to suggest that Kinzie was used as a scapegoat by the company.

84 Robert Stuart to Governor Cass, July 10, 1822, AFC Papers, II, WHS. The Kinzie affair did not end here, for Kinzie ignored the actions of Wolcott and the advice of Robert Stuart. As late as 1822, he was still selling liquor to the Indians. (James Webb to Major John Biddle, July 26, 1822, WHC, XX, pp. 270-271). Wolcott, the Chicago Indian agent was finally forced to send a marshal to arrest Kinzie. (Alexander Wolcott to George Boyd, August 14, 1822, WHC, XX, pp. 275-276).

85 Thomas McKenney to John Calhoun, Secretary of War, August 19, 1818, WHC, XX, p. 72.

86 Lewis Cass to John Calhoun, September 14, 1818, ibid., p. 86.


88 Morse, Report on Indian Affairs, pp. 43-46.
Because of his close connection with the American Fur Company, Thomas Hart Benton's objectivity in securing the abolition of the factories has been questioned. Milo Quaife, "An Experiment of the Fathers In State Socialism," *Wisconsin Magazine of History*, VII (March, 1920), 287-288, claimed that Benton was poorly informed about the conduct of the factory because he formed his opinions only from the advice of Ramsay Crooks. Kenneth Porter in *John Astor*, II, p. 714, charged that while Benton was arguing against the factory system, he was also an attorney for the American Fur Company. Paul Phillips, *The Fur Trade*, II, p. 93 also felt that Benton represented too strongly the American Fur Company's desires. Most secondary authorities, however, derived their opinions of Benton from the attacks of his opponent in 1822, Thomas L. McKenney. Different views of Benton's action can be found in his two biographers. Elbert Smith claimed that Benton truly believed the factory system was useless to the Indians. Moreover, Smith said that there was no proof Benton ever received money from the American Fur Company. (E.R. Smith, *Magnificent Missourian: The Life of Thomas Hart Benton* (Philadelphia: Lippincott Co., 1958), p. 89). Also see William N. Chambers, *Old Bullion Benton, Senator From the New West, 1782-1858* (Boston: Little, Brown and Co., 1956).

Circular Letter from Thomas McKenney to All Factors, April 25, 1821, *WHC, XX*, p. 198.


Circular Letter from Thomas McKenney to All Factors, April 25, 1821, *WHC, XX*, p. 198.


"Jacob Varnum's Journal," Jacob Varnum Collection, Chicago Historical Society.

Ibid.
There has been considerable writing on the factory system. The basic arguments on why the system failed began with the Senate and House hearings from 1820 to 1822. In his memoirs, Thomas McKenney began the attack on the American Fur Company and the government for not supporting the system. (Thomas McKenney, Memoirs, Official and Personal . . . . (New York: Paine and Burgess, 1846). The most reliable secondary authorities on the factory system are Prucha, American Indian Policy; Phillips, The Fur Trade; and Ora Peake, A History of the United States Indian Factory System.

Albert G. Ellis, "Fifty-Four Years' Recollections of Men and Events in Wisconsin," WHC, VII, p. 222.

Peake, A History of the United States Indian Factory System, p. 232. Peake was the first historian to stress the competitive business tactics which the factory faced in its relations with the American Fur Company.

Both Beers, The Western Military Frontier, p. 173, and Prucha, Broadax and Bayonet, pp. 149-159 claim that the military was a stimulus to westward expansion. In general, this generalization can be accepted, but, at times, it must be more carefully studied. In the period before white settlement, the military was often feared by the fur traders.

John Lawe to Mrs. Hamilton, September 12, 1824, WHC, XX, p. 352. Lawe especially resented the army sutler who sold goods to the soldiers. For other letters expressing the discontent and hostility of the frontier residents see John Lawe to Jacob Franks, September 5, 1823, WHC, XX, p. 310; Henry S. Baird, "Early History and Conditions of Wisconsin," WHC, II, pp. 84-87.


John Lawe to Jacob Franks, September 21, 1820, WHC, XX, pp. 183-184.

Smith, James Doty, pp. 44-45.
CHAPTER II

An Era of Frontier Exploitation: The American Fur Company in Chicago, 1817-1835

In the years after the War of 1812, the frontier on the western shore of Lake Michigan attracted the attention of both government and private enterprise. For approximately eight years, the government hesitated, experimented, and faltered in an attempt to devise a suitable frontier policy. The American Fur Company was present throughout the period, having been attracted to the area by the fur trade. For several years, the company contested government policies, such as the license law of 1816 and the factory system, in an effort to secure a monopoly over the trade. By 1822, when the factories were abolished, the fur trade was thrown open as a field for private enterprise. But this was only half the story. Contemporaneous with its struggle with the government, the American Fur Company moved slowly into the fur trade itself by devising business procedures, organizing traders and trading territories, and competing with other business enterprises. Along the lake shore at almost every juncture of rivers and Lake Michigan, fur trade posts were eventually established by the American Fur Company; if occupied earlier by British or independent traders, such posts came under their control. These posts were the first establishments of American business enterprise at the cities we know today: Green Bay, Kewaunee, Manitowoc, Sheboygan, Milwaukee, Racine, Kenosha, and Chicago. At the smaller junctures, such as Kewaunee and Racine, these posts were occupied only during the summer months when the
Indians returned from their winter hunt. At other points, notably at Green Bay and Chicago, more permanent settlements developed.

Few areas of American history, however, have been as shaded by romantic illusions as the fur trade. Images of the traders blazing the first trails in the wilderness, of the independent traders bartering with the wily Indians, of great cities springing up where fur trade villages had once existed have become part of American folklore. The last is perhaps the most persistent generalization about the trade. In 1893, Frederick Jackson Turner, in his famous essay on "The Significance of the Frontier in American History," wrote that

... The Indian trade pioneered the way for civilization. The buffalo trail became the Indian trail, and this became the trader's "trace"; the trails widened into roads, and the roads into turnpikes, and these in turn were transformed into railroads ... The trading posts reached by these trails were on the site of Indian villages which, situated as to command the water systems of the country, have grown into such cities as Albany, Pittsburgh, Detroit, Chicago, St. Louis, Council Bluffs, and Kansas City.2

Perhaps Turner's essay was merely suggesting to scholars to embark on more detailed studies of the trade, yet nearly sixty years later a two-volume history of the fur trade concluded with almost the same generalization that Turner had expounded:

The physical remains of this magnificent effort (the fur trade) are often quite imposing, for many important cities owe much to the trading which took place in their vicinity. Among the best known are Montreal, Quebec, Edmonton, and Victoria; Chicago, Niagara, Detroit, Albany, Pittsburgh, Augusta, Mobile, New Orleans, St. Louis, Pierre.3

But was the fur trade the catalyst which led to the emergence of cities such as Chicago, Milwaukee, Green Bay, or any number of secondary cities on the shores of Lake Michigan? Was the trade an independent and individualistic frontier business? What was the true role of the fur trade and the American
Fur Company in frontier expansion? Was there any positive economic or social connection between the fur trade era and the following period of town growth? The western shore of Lake Michigan provided a perfect opportunity to analyze not only the conduct of the fur trade as the first economic enterprise of future towns, but also to study the relationship between the fur trade and the towns it supposedly fostered.

While John Astor and his two lieutenants, Robert Stuart and Ramsay Crooks, battled and cajoled national and local officials, they also took the first sure steps in creating an effective fur trade organization. John Astor always remained in New York to oversee the buying of goods for the trade and the selling of furs in the markets of America and throughout the world. Ramsay Crooks and Robert Stuart directed the actual conduct of the trade from their Mackinac headquarters. From Mackinac outfits, or the supply of goods for a particular post, were assembled and then loaded into boats called batteaux for transfer to the interior. The goods compiled for the trade included everything from English playing cards to tomahawks. Silk, gloves, breeches, and wrist bands were exchanged for the pelts of raccoon, mink, otter, bear, martin, red fox, deer, and muskrat. Prices in the markets of the United States and foreign countries determined the amount of business transacted for any type of fur. From his offices in New York, John Astor kept close watch on the major markets of the world and regularly informed Crooks and Stuart at Mackinac of price changes. Through Crooks and Stuart such information gradually reached frontier traders little acquainted with the fluctuations of a world market affecting their trade.

Traders with the company were employed in different capacities and paid not only for the skill of the task but also for their knowledge of the Indians.
Clerks and boatmen received from $150 to $200 per year. In 1821, Gurdon Hubbard, a prominent Chicago trader, received $125 for his services as a clerk. The more important traders who headed an entire territory, such as Jean Beaubien and John Crafts of Chicago, received from $800 to $1000 per year. Most traders hoped for a salary since it guaranteed them against personal losses from the trade. Salaried individuals were rare, however, in the American Fur Company. Two alternative methods of compensation were introduced. The first of these methods was to supply independent traders with goods at slightly higher prices. These traders then could sell the furs they collected to whomever they wished. For a long while, the Green Bay traders operated on this scheme. Finally, the traders could share the profits and losses of the trade with the company. These men would either receive one-half the profits of their outfit or suffer one-half the losses. Eventually, the Chicago outfit operated on this scheme. The American Fur Company preferred its traders to work on the profit-sharing scheme since any losses sustained would not be completely borne by the company.

Since the trade was mainly conducted with the Indians, the connections of the traders with the Indian population were especially important. The Chicago area was inhabited by the Fox, Potawatomie, and Ottawa tribes. Alexander Robinson and Billy Caldwell, who lived in the settlement at Chicago, were half-breed Indians acceptable to both the white and Indian populations, and who worked closely with the traders of the American Fur Company. Such ties were essential for the successful operation of the Indian trade. The Green Bay region, on the other hand, was occupied by the Menominee and the Wisconsin River Winnebago. Milwaukee was a mixed village of Potawatomi and Menominee. The Green Bay traders, who controlled both these areas, had
married into the tribes. Leading traders, such as Jacques Porlier and Augustin Grignon, had Indian wives. 

Because of the closeness of the two societies, the Indians ordinarily placed a good deal of trust in these traders and their goods.

With the arrival of the American Fur Company, the independent and rather haphazard conduct of the fur trade came to an end. Astor employed large capital resources and the harsh business practices of an organized company. The company was often ruthless in its takeover of a trading territory. Competition was usually handled in two basic ways. First, the independent trader was forced out of business by cutthroat practices, such as price wars, or political pressures on national or local officials. On occasion an independent trader was offered employment in the American Fur Company either by salary or profit-and-loss. With a large capital and extensive organization, the company gradually monopolized the whole trade on the western shore of Lake Michigan.

Chicago was the first area to attract the attention of the American Fur Company. If the company was to dominate the trade of the Illinois country, it had to control Chicago. From Chicago trade goods could easily be carried to the interior by utilizing the water connections from the Chicago River to the Illinois River and from there to the Mississippi River. Chicago was also one of the two sites on Lake Michigan of permanence, Green Bay being the other, where the Indians and whites had carried on trade for years. Chicago itself was not a rich fur trading area, but it was a depot for the collection and packaging of furs from the territory and a point where goods could be transshipped from the lake to traders in the interior. Gurdon Hubbard, a prominent Illinois trader, was led to remark that "by this time (1820) there was a very limited trade here, in fact, this place never had been preeminent
as a trading post. Realizing this fact, Ramsay Crooks and Robert Stuart took the first step toward controlling the Chicago area by appointing John Kinzie to head the Chicago outfit. Kinzie annually received a large supply of goods from Mackinac which he then sold to independent traders who filtered into the Indian country from their Chicago base.

To build an effective monopoly, the American Fur Company also established the Illinois outfit which traded along the Illinois River deep into the interior of the country. Under the leadership of Antoine Deschamps, the traders of this outfit assembled their trade goods at Mackinac and then travelled by boat to Chicago. The small boats skirted the east side of Lake Michigan averaging about forty miles per day. Once arriving in Chicago, the traders proceeded up the south branch of the Chicago River. The boats then had to be portaged or pulled through Mud Lake to the Desplaines River. The outfit next travelled down the Illinois River on which trading huts were located every forty to sixty miles. Throughout the winter, the traders bartered with the Indians arriving at their huts or journeyed into the Indian country for trade. When spring came, the outfit, with the winter's supply of furs, again travelled up the Illinois River to Chicago for the return voyage to Mackinac. With the establishment of both the Illinois and Chicago outfits in 1817, the American Fur Company exerted control over the fur trade.

They were not, however, the first American business interest to reach the Chicago area. In 1816, the Detroit based firm on Conant and Mack had sent John Crafts to Chicago with a large supply of trade goods. Crafts was the first to supply the former British and independent traders with goods. When John Kinzie entered the area for the American Fur Company in 1817, his first task, of course, was to overthrow Crafts's control of the trade. Crafts
proved to be a stubborn opponent, and by 1819 the company transferred a
Milwaukee trader, Jean Beaubien, to Chicago to provide increased competition
for John Crafts. Gradually Craft's profits from the trade dwindled to al-
most nothing. Facing the competition of the American Fur Company not only at
Chicago but at other locations, Conant and Mack eventually sold out to Astor's
firm. When this occurred in 1822, John Crafts turned to seek employment with
the American Fur Company. Thus the American Fur Company had eliminated its
major rival from the Chicago trade by applying direct competition and also by
eliminating the source of supply.

To insure control over the trade, the company also engaged independent
traders who might otherwise be supplied with goods from other trading concerns.
Conant and Mack, for instance, supplied an independent trader, Jean Chandonnai,
with a small assortment of goods for the Chicago trade. Ramsay Crooks offered
Chandonnai a wider selection of goods at better prices, and soon Chandonnai
contracted to trade for the American Fur Company. A similar incident
occurred along the Illinois River where Gurdon Hubbard encountered the competi-
tion of Antoine Bourbonais. In a short time Bourbonais, enticed by a more
liberal offer from the company and fearful of their competition, joined the
American Fur Company.

Throughout the trading territory adjacent to Chicago, the company
established trading outfits. Several traders were employed in the Milwaukee
area. Solomon Juneau was given charge of the Milwaukee outfit in 1818, but
numerous other traders were sent there from both Green Bay and Chicago
during the season. James Kinzie and Jean Beaubien regularly participated in
the Milwaukee trade from their base at Chicago.

For years the traders had filtered throughout the Indian country
haphazardly seeking a profitable Indian trade, but now the American Fur
Company brought a new organization to the fur trade. The Indian country was divided into specific trading territories with men assigned to each locality. In this way, the company could reach all the various Indian tribes and hunting grounds. Desertion from one's trading area or infringement on another trader's territory was frowned upon by Crooks and Stuart. After opposing John Crafts in Chicago, Jean Beaubien returned to Milwaukee in 1821, an area which he considered his own private territory. To his dismay, Beaubien discovered that the company had moved both James Kinzie and Solomon Juneau into the area. Disgusted with the arrangement of Stuart and Crooks, Beaubien formed an association with two or three independent traders to oppose the American Fur Company at Milwaukee. Beaubien's scheme lasted only a short time, for Crooks and Stuart warned him that the company could bring considerable business pressure on this venture.²² Dissatisfied, but unable to form any other business connection, Beaubien was soon back in the employment of the American Fur Company sharing the Milwaukee area with many other traders.

By 1823, the monopoly of the Chicago trade was beginning to take shape. John Kinzie withdrew from the burdensome duties of director of the Chicago outfit to undertake the post of Indian sub-agent at Chicago. Robert Stuart therefore needed a responsible trader to direct the Chicago outfit. Crafts, the former agent of Conant and Mack, was the logical choice, but he was difficult to bring to contract terms. Crafts demanded a very large trading area extending from Milwaukee to areas along the Illinois River. Stuart could not agree to such terms because these areas were already divided among other traders.²³ But Stuart could not afford to lose the services of John Crafts. He knew the Chicago trade and many independent traders who, if supplied from another source, could always provide competition. Thus Stuart
offered Crafts a limited trading area but at a salary of $1000 per year. 24

Stuart would have preferred that Crafts work on a profit-sharing scheme dividing the profits and losses of the trade with the company, but expediency demanded that Crafts be given a more liberal trading agreement. Crafts joined the company, but Stuart remained displeased with the contract terms. 25

Many traders did not obtain the same lucrative terms obtained by John Crafts; in fact, the general rule was poor wages for traders. Gurdon Hubbard, who traded with the Illinois outfit since 1818, received only $260 as a clerk. Hubbard became disenchanted with the company's wages, and in 1823, threatened to quit unless he received a substantial salary increase. 26 Hubbard talked with representatives of the fur trading interests in St. Louis, but Stuart acted quickly. 27 Realizing that Hubbard had been employed with the Illinois outfit for five years and was well-acquainted with the trade, Stuart appointed him director of the Illinois outfit. 28 The pattern of the American Fur Company was clear; important traders who controlled a territory or traders who might otherwise provide competition received liberal wage contracts to join the company. All policies were directed toward establishing a trade monopoly. The traders, nevertheless, rarely derived large profits or were adequately compensated for their services.

Under John Crafts's leadership, the fortunes of the Chicago outfit steadily advanced. Yet, as always, competition occasionally filtered into the territory. In 1824, Captain Henry Whiting, a retired army officer, purchased his own stock of goods and attempted to set up an independent operation in the Chicago area. 29 The American Fur Company moved in swiftly. At first, Stuart tried to employ Whiting at a specific location. 30 Whiting rejected this offer, and John Crafts was given the responsibility of dealing
Crafts debated two alternatives; he could compete with Whiting for furs and the services of traders, or he could purchase Whiting's entire business. Stuart refused to make the final decision and told Crafts that "you know the resources of the Country and the extent of injury you are likely to sustain from his winter operations." Eventually Crafts purchased Whiting's operation much to the dismay of William B. Astor in New York. To William B. Astor, the company could not afford to buy out every competing trader. Robert Stuart, however, defended Craft's action because competitive business procedures were often more expensive over several seasons. The Whiting affair nevertheless exemplified the business tactics of the company; independent operations in the fur trade were quickly uprooted.

When the government factory system was abolished in 1822, the government assumed a regulatory role over the Indian trade. The American Fur Company thus was forced to maintain friendly relations with Indian agents and the military in order to temper government policies for the benefit of the company. In Chicago, they met varying degrees of success in controlling local officials. Control or influence of the Chicago Indian agent was of great importance. In 1821, the combined nations of the Potawatomi, Ottawa, and Chippewa had ceded five million acres of land to the United States. In return for this land, the government agreed to pay the Indians an annual subsidy in currency at or near Chicago. These annuity payments were controlled and administered by the Chicago Indian agent. Thus the Chicago fur trade was actually conducted on two levels. First, there was the normal exchange of goods for the Indians' furs carried on at Chicago and along the Illinois River. Secondly, there was a considerable exchange of goods for money received by the Indians at the annuity payments. The American Fur
Company then would send large shipments of goods to exchange for the money received by the Indians. In Chicago, the company was fortunate in having a close friend, John Kinzie, serving as Indian sub-agent. In 1824, the relations of Kinzie and the American Fur Company were especially evident. At this time, John Crafts, the head of the Chicago outfit, was in Detroit and the post was placed in the charge of John Hamlin. With the Indian annuity payments due shortly from Washington, Stuart cautioned Hamlin to prepare his goods carefully. Any difficulties which might arise, Stuart told Hamlin, can be discussed with John Kinzie despite his position as Indian sub-agent.

Thus Kinzie operated on both sides of the fence. Charged with protecting the Indians from the inflated prices of many fur traders, Kinzie also worked in close cooperation with the American Fur Company.

At other times, the American Fur Company's influence was not quite so evident forcing Stuart and Crooks to exert political pressure or to disregard the laws relating to the Indian trade when they proved detrimental. In 1824, the government passed a law designed to regulate the conduct of the Indian trade. This law required

Indian agents to designate, from time to time, certain convenient and suitable places for carrying on trade with the different Indian tribes and to require all traders to trade at the place thus designated, and at no other place.

The law enabled Indian agents to exercise stricter control over the traders. In this way British traders could be eliminated, traffic in whiskey could be curtailed, and the Indian's welfare could be safeguarded. The law was originally supported by the American Fur Company, for it provided another legal means for the company to eliminate competition.

In the Green Bay region and throughout the territory, licenses granted to an independent trader required him to trade at a designated spot. The American Fur Company
would then erect a post nearby and reduce the price of its goods so drastically that the private trader would be forced out of business. Once the private trader had been eliminated, the company again raised its prices to recoup the losses suffered in breaking down the opposition.\(^{39}\) The law was also quite favorable to the Green Bay traders since the posts designated by the Indian agent were those ordinarily used by the traders.\(^{40}\)

Although the law did not adversely affect the American Fur Company's interest in the Green Bay area, the Chicago outfit experienced considerable difficulty. The local Indian agent, Dr. Alexander Wolcott, refused to grant trading locations desired by Robert Stuart and the American Fur Company.\(^{41}\) Thus Robert Stuart suddenly became an opponent of the 1824 law where the interest of the company required such action. Stuart immediately wrote to Governor Cass stating his displeasure with the law. Knowing that Cass favored the development of private enterprise in the trade,\(^ {42}\) Stuart hoped that he would apply the law leniently. The law operated unfairly in the Chicago area, Stuart explained, because the company's traders, being known throughout the area, would be required to locate at a specific post. Meanwhile, private traders, unknown by the Indian agent, would be able to locate wherever they desired. Applying the levers of political pressure, Stuart requested Governor Cass to temper the attitudes of Dr. Wolcott at Chicago toward the American Fur Company:

I hope, Sir, that you will have the goodness to request Dr. Wolcott to grant Mr. Crafts licenses for this reason, with the usual privileges that is, not to be confined to a designated spot, for others have the liberty of running about in the vicinity of their posts and it would be ruinous for him not to have the same advantage.\(^{43}\)

Knowing that Governor Cass could not act immediately and to avoid losing the profits of the 1824 Chicago outfit, Stuart adopted another expedient to
escape the regulations of the law. He wrote to George Boyd, the Indian agent at Mackinac and friend of the American Fur Company, requesting him to grant John Crafts licenses for one year. In this way, Robert Stuart hoped to supercede the authority of Dr. Wolcott at Chicago who refused to grant such licenses. While Stuart worked behind the scenes pulling political strings, he warned John Crafts to obey the law only as far as the situation permitted.

As the winter trading season approached, Stuart became more adamant in his objections to the law. To his surprise George Boyd at Mackinac had refused to grant the privileges requested. Stuart knew that the law only forbade traders to conduct trade in furs and goods outside the designated post, while saying nothing about extending credit to the Indians. Thus he advised John Crafts to circumvent the law by following the Indians into the territory not for trade but for the purposes of collecting debts and establishing credit. Furthermore, Stuart suggested a means whereby the law could be totally ignored:

... But in the event of his adhering to his first determination, and that your trade suffers; you must, altho very repugnant to the inclinations of the Company, or its agents, use the only means left you in securing us from serious loss, which is to confine your unlicensed trade to the lands ceded to the United States ...

Since the Indian agent only possessed jurisdiction over the Indian territory, Crafts could trade along the boundary between ceded and unceded lands without being required to locate at any definite post. By the Indian Treaty of 1821, large segments of land in the Chicago area had been obtained by the United States. This land, then, would constitute the area in which Stuart and Crafts could once again avoid the laws of the United States.

Despite his many objections to the law, Stuart received little aid from Governor Cass or the national government. The law had little affect on Green Bay, but it was troublesome in Chicago and other trade regions. In 1826,
Stuart was still quite active in attempting to secure the law's repeal. Writing to the Committee on Indian Affairs, Stuart cited two principal objections to the law. Because the Indian trapping areas varied from year to year due to the increasing scarcity of game, Stuart explained, the trading posts had to follow such movements. Stuart feared that a post established one year might be located too far away for effective trade the next. Secondly, Stuart claimed that it was extremely difficult to advance the Indians any credit under such a system. If the trader could not follow the Indians into their hunting grounds; he could not determine the prospects of the trade, nor could he be assured, after advancing credit, that the Indians would deliver the furs. Since it was precisely these abuses which the government wished to eliminate, the law remained on the books. Many times the trader advanced the Indians credit, and then he paid a low price for the furs, dragging the Indians deeper into debt. With designated posts, the Indian agent prevented many such abuses. In Chicago, though, the American Fur Company ordinarily succeeded in avoiding the law's impact.

Similar to many large corporations, the American Fur Company faced innumerable personnel problems. The traders continually protested over their poor wages and limited trading territories. The company handled each case differently. Usually the trader was at the mercy of the company because there were few alternatives on the frontier to employment with the American Fur Company. Jean Beaubien who consistently complained of the poor trading territory at Milwaukee fell into disfavor with Crooks and Stuart and often received a very small supply of goods. Disgusted, Beaubien left his designated trading area and returned to the neighborhood of Chicago. Because of Beaubien's refusal to abide by company regulations, Stuart and Crooks ignored
his complaints of economic hardship. 51

Despite these several problems, the Chicago trade advanced under John Craft's leadership. By 1825, he felt safe in abandoning his previous wage agreement with the company for $1000 per year. 52 Knowing that the Chicago trade faced bright prospects, Crafts chose to work on a profit-sharing scheme. Crafts's ideas on the fortunes of the Chicago trade were well-calculated.

In September, 1825, however, Crafts died and a delicate problem arose concerning the new head of the Chicago outfit. 53 Beaubien's belligerent conduct while Crafts was head eliminated him from the post. Gurdon Hubbard, now head of the Illinois outfit, was available but not completely familiar with the personnel in the Chicago area. John Kinzie finally emerged as Stuart's first choice for the position. Kinzie possessed two attributes which made him especially valuable to the company. First, he was an experienced fur trader, a life-long resident within the area, and on friendly terms with the Indians. Secondly, Kinzie was then Indian sub-agent for the Chicago area under Dr. Alexander Wolcott. This position not only gave Kinzie a strong connection with the Indian population, but placed him close to Dr. Wolcott who had been unfriendly to the company in enforcing the trade law of 1824. John Kinzie was thus appointed head of the Chicago outfit with Jean Beaubien as his assistant. 54 Beaubien's assignment as assistant rather than head of the Chicago area was occasioned by Stuart's distrust of his ability:

It is probable that Mr. Beaubien might have conducted the whole tolerably well, but as I have not full confidence in his capacity for so extensive a concern I thought it best to associate Mr. Kinzie with him .... 55

Stuart made it perfectly clear that Kinzie's decisions would take precedence over those of Beaubien. Beaubien never really acquiesced in this arrangement and continually feuded with John Kinzie over the Chicago trade. 56
The forgotten man in the plans of the American Fur Company was Gurdon Hubbard. Although the Chicago and Illinois outfits experienced several prosperous years between 1824 and 1827, Hubbard was a good example of how the company prospered while the traders floundered. In 1825, Hubbard received $400 per year, but he expected a raise when Crafts died. With the assignment of Kinzie to the Chicago post, Hubbard was prepared to leave the Indian trade and take the post of Indian sub-agent which paid $500 per year.

The Chicago area experienced several years of successful trade. In 1825 Stuart, pleased over the returns of the Chicago outfit, sent John Kinzie an even larger supply of goods for the 1825-1826 season confident that Kinzie could manage the whole affair. Stuart's optimism was not justified. In August, 1827, Stuart had to report to John Astor that the Chicago outfit had suffered a considerable loss. This failure was blamed on the large number of credits which Kinzie had not collected. Another possible explanation was that the Indian annuity payments which the Chicago outfit had so heavily depended upon had been moved a considerable distance from Chicago. Moreover, the trade was affected by the natural depletion of game from the territory. As early as 1825, a military officer passing through Chicago had commented that "... the quantity of game in this part of the country is diminishing very rapidly, and ... it is barely sufficient for the support of the Indians ... "

In 1827, John Kinzie resigned from the American Fur Company. This was also the last year that the company sent a large supply of goods to the Chicago area. When Kinzie resigned, Gurdon Hubbard also changed the character of his trade. Hubbard, in 1825, was one of the few traders to realize the changing character of the frontier. He noticed that soon the trade
with the white population would be of primary importance. Knowing that Chicago was still a sparsely populated area with a diminishing amount of game and Indians, Hubbard in 1827 moved to Danville, Illinois. Here he conducted a brisk trade with the greater white population. In 1828, Hubbard sent a special request to John Astor in New York to supply goods suitable for trade with white settlers. He could not obtain such goods at Mackinac since their stock was still geared to the Indian trade. In addition, Robert Stuart and Ramsay Crooks objected to the abandonment of the fur trade for a retail business.

Finally, in 1828, Hubbard became a partner in the company for the trade of the Illinois River district. The American Fur Company reluctantly agreed to furnish him with the necessary goods both for trade with the whites and Indians. Hubbard no longer wished to trade in the Chicago area. Instead, he bought out the company's rights at Danville and along the Illinois River where there was a greater concentration of population. The company agreed not to supply any other traders in that area if Hubbard would assume their outstanding debts amounting to $500. With the resignation of John Kinzie and the departure of Gurdon Hubbard, Jean Beaubien finally became the chief Chicago trader. The American Fur Company now merely supplied traders on an individual basis. For all intents and purposes, 1828 marked the end of the fur trade society in Chicago.

From 1816 to 1828, the American Fur Company controlled the economic destiny of the western shore of Lake Michigan. In Chicago, along the Illinois River, and in Milwaukee, the company slowly brought the majority of independent traders under its control. Those who refused to comply were beset on all sides by company personnel. Depending upon the situation, the
government and its regulatory policies were utilized or ignored. For the traders, economic and social life centered on the company. In effect, the American Fur Company was the principal agent of frontier control, but was it an agent of frontier expansion?

While under the control of the American Fur Company, Chicago changed its character very little. In 1821, a government surveyor passing through the settlement commented that "the village of Chicago consists of about nine or ten houses." In 1825, a Wisconsin resident visited Chicago and saw only fourteen houses and about seventy-five people. As late as 1827, a visitor commented that the settlement had not changed since 1821. To successfully conduct the fur trade, the American Fur Company, of course, had to maintain frontier conditions. White settlement, extensive production of staples, and the development of retail merchandising were changes which the American Fur Company opposed by necessity.

From 1816 to 1832, the company managed to control the character of settlement, the economic life of the region, and the traders. In 1825, the first tax assessment was levied on Chicago for the purpose of determining voter eligibility. The entire valuation amounted to $9,047. The largest segment of this valuation was registered in the name of John Crafts and belonged to the American Fur Company. Thus the people of Chicago held only $4,047 on their own. Further, examining the figures one can connect several names as associated with the American Fur Company as either clerks or boatmen. Adding their value to the American Fur Company, one finds that only $975 of the total tax assessment was in no way, or none that can be traced, connected with the American Fur Company.

Beginning in 1828, though, the Chicago fur trade entered a period of relative decline. A few traders were still supplied on an individual basis
with Jean Beaubien heading the general operations in Chicago. Bernadus and David Laughton operated a small post on the Desplaines River to trade with the Potawatomi, but since the Laughtons were only expected to collect three to four hundred dollars worth of furs, their trade was quite small. Part of the reason for the decline in the fur trade was the gradual purchase of Indian lands in Illinois and the eventual movement of the tribes west of the Mississippi. With the departure of the Indians, the most essential element in the fur trade disappeared. In 1833, after the Blackhawk War, the tribes ceded their last remaining land east of the Mississippi River. This event marked the end of the fur trade in the Northwest as it had operated for a hundred years.

The Treaty of 1833 was the last major economic operation of the American Fur Company in Chicago. At the Treaty, the government purchased land from the Indians and agreed to pay the fur traders and settlers for property lost due to Indian outrages. These claims went as far back as the War of 1812. Many who came to Chicago in 1833 wished to advance claims for property supposedly stolen by the Indians, others were land speculators, while the majority saw the opportunity to make a fast dollar before their Indian brother departed for lands west of the Mississippi. The American Fur Company was no exception. W. G. Brewster, agent at Detroit, wrote to David Laughton requesting him to consult all local traders who wished to present claims at the Treaty. This was done in order that they might give Brewster the power of attorney to handle their claims. Robert Stuart was also at the Treaty to push through the enormous claim of the American Fur Company. Individual traders, such as Jacques Vieau and Solomon Juneau, arrived to present small claims, but, even more importantly, they brought a large supply
of goods to trade. 79 Interesting, too, was the fact that Governor Cass, Jean Beaubien, and Gurdon Hubbard were witnesses to the Treaty. 80 The spokesmen for the Indian tribes were Alexander Robinson and Billy Caldwell, both of whom had been closely connected with the fur trade and traders since the early 1820's. 81 Governor Porter, the chief government commissioner, was a personal friend of the Kinzie family. The Kinzie family eventually drew large grants from the Treaty. Many of the goods distributed to the Indians by the government were purchased from another Kinzie relation, Joseph Kercheval. 82

Throughout the history of Indian relations and especially in the Old Northwest, these treaties were the scenes of graft and corruption. 83 The Treaty of 1833 was little different. Meeting in Chicago, the Indians were freely supplied with liquor despite the fact that the government had only recently passed a law introducing strict regulations against any liquor in the Indian trade. 84 At the Chicago Treaty under the eyes of Governor Porter, Indian agent Thomas Owen of Chicago, numerous local officials, and foreign visitors, the traders plied the Indians with whiskey to obtain their money. The traders were unrestrained; much of the Indian payment arrived in fifty cent pieces and strangely the traders sold beads, bread, and whiskey at the rate of fifty cents a purchase. 85

But trade alone did not attract the American Fur Company and traders. By the Treaty of 1833, the Indian ceded their remaining lands east of the Mississippi amounting to approximately five million acres. In return, the government agreed to take care of any debts levied against the tribes in addition to providing lands west of the Mississippi. The American Fur Company and the traders presented innumerable claims against the Indians. According to the payment schedule of this treaty and four others, Gurdon Hubbard received nearly $6,000, various members of the Kinzie family received
$20,000, Jean Beaubien $3,000, and finally the American Fur Company garnered nearly $17,000. 86

Official Washington never forcefully reacted to the corruption surrounding the treaty, but questions were raised about the large sums granted individual traders and the American Fur Company. 87 The most cursory consideration of the Treaty indicated that the American Fur Company and the traders received a large payment considerably out of proportion to the damages suffered. Hardly a year before the Treaty, Indian agent Owen of Chicago had claimed that losses in the trade due to Indian ravages had never amounted to any significant amount in the Chicago area. 88 Then just a year later the traders drew large sums from the Treaty. Why did the government allow such depredations and fraud to take place at Chicago and elsewhere in the 1830's? Anxious to obtain title to Indian lands and to speed the removal of the tribes, the government was little disposed to "dicker" excessively with the Indians. 89

Due to long years of business relations, the traders and the American Fur Company held a certain degree of influence over the Indians. If prohibited from trade at the treaties or denied their claims, the traders could have easily blocked the successful conclusion of a treaty because of their influence over the Indians. Thus partially to expedite matters, the traders and the company were given free rein at the treaty sessions. 90

The Treaty of 1833 brought forward another interesting aspect of the trade. None of the leading traders who drew payments from the Treaty could claim the money as their own. The Kinzie family was faced with the debts that John Kinzie had compiled during his early years in the fur trade. 91 Gurdon Hubbard, who had traded for many years in the Chicago area, was in debt to the American Fur Company for $6,000. Stuart even attempted to stop
Hubbard's claim from being paid on the grounds that the money rightfully belonged to the company. 92 Jean Beaubien, who received $3,000 from the Treaty of 1833, was eventually forced to pay $2,000 of this sum to the company. 93 Thus the American Fur Company not only received a large claim but was also able to collect the debts of former employees. The payments were significant in judging the fur trader's success. The company had exploited the Chicago area for nearly twenty years, and many times derived large profits from it. The traders, however, had never realized profits. Partly through their own careless financial habits and partly through the exploitative policies of the American Fur Company, the Chicago traders, in 1833, had little investment capital as Chicago was about to enter a period of commercial growth.

Immediately after the Treaty of 1833, Chicago experienced a population boom. The lands ceded to the United States were now opened for settlement. In 1830, the population did not exceed 100, but by 1835 Chicago numbered nearly 3500 people. 94 Almost as quickly the fur trader passed into obscurity. Land sales were controlled by eastern speculators and town promoters. The fur trader knew little about the town springing up about him. John Kinzie, Jr., when he went to file pre-emption claims for the land his father had settled, failed to claim all the land that was rightfully his. In his own words, Kinzie was happy with just enough land to live on. 95 Gurdon Hubbard proved to be one of the few traders who actually benefited from or contributed to the town growth of Chicago. In 1835, Hubbard invested in land speculation. 96 The new town now under the influence of speculators began new industries, agitated for harbor improvement to increase lake commerce, and drove to complete the Illinois-Michigan Canal. All such moves were designed to increase the rate of commercial growth. Chicago, indeed, had bridged the gap between
a fur trade village and town. The people who initiated such changes were not even residents of the city two years before. The capital employed was derived from land sales, eastern banks, and government internal improvement schemes. Fur traders passed out of Chicago history; that is, they rarely emerged as leaders of the community. The actual course which the traders followed was not clear because their names were not involved with the business of the new town. Many remained in Chicago while others moved westward where their skills were still required.

The fur trade, though, did not automatically or suddenly cease in 1833. For some time, the traders existed side by side with the citizens arriving from the East. Jean Beaubien was supplied by the American Fur Company until 1835 when he purchased their remaining goods and buildings. As late as 1839, many furs were still collected in Chicago for shipment to the East, but it was a trade conducted on an individual basis by commission merchants or owners of dry goods and clothing stores to supplement their incomes. The heyday of the fur trade had passed, and the trade which remained paled into insignificance alongside the new economic forces being generated in the frontier town of Chicago.
FOOTNOTES

CHAPTER II


4 Account Book, American Fur Company Papers, Chicago Historical Society. This collection of American Fur Company Papers at the Chicago Historical Society consists of the Account Books and letters to the Chicago traders. Hereafter cited as AFC Papers, CHS.

5 AFC Papers, CHS, passim.

6 Account Ledger, AFC Papers, CHS.

8Ibid.


13Ramsay Crooks to John Astor, June 23, 1817, American Fur Company Papers, Vol. I, State Historical Society of Wisconsin, Madison, Wisconsin. Nearly all of Ramsay Crooks and Robert Stuart's Letter Books are in either manuscript form or on microfilm. Hereafter this collection will be cited as AFC Papers, Vol., WHS.


17Ibid., p. 29; Robert Stuart to David Stone, July 3, 1823, American Fur Company Papers, Burton Collection, Detroit Public Library. There are microfilm copies of the American Fur Company Papers in the Burton Collection. These microfilms are held by Cudahy Library, Loyola University, Chicago, Illinois.

18Ramsay Crooks to John Kinzie, August 11, 1819; Ramsay Crooks to Jean Chandonnai, September 19, 1818, AFC Papers, I, WHS.

19Hamilton (ed.), *Incidents and Events*, pp. 121-123.

21 Ramsay Crooks to Jean Beaubien, July 27, 1821, AFC Papers, II, WHS.

22 Ibid.

23 Robert Stuart to David Stone, July 3, 1823, AFC Papers, Burton Collection.

24 Ibid.

25 Robert Stuart to William B. Astor, August 31, 1823, AFC Papers, Burton Collection.

26 Gurdon Hubbard to his mother in Connecticut, May 19, 1823, Gurdon Hubbard Papers, Letter Folder I, Chicago Historical Society. Reference to this collection will be cited as Hubbard Papers, Letter Folder No., CHS.


29 Robert Stuart to John Crafts, June 12, 1824, AFC Papers, III, WHS. Captain Whiting originally came from New York and was stationed at Fort Dearborn. In 1821, he resigned from the army and served as sutler at Fort Dearborn. After the military was withdrawn, Whiting remained in Chicago to participate in the fur trade. See A.T. Andreas, History of Chicago (Chicago: A.T. Andreas, 1889), I, p. 89.

30 Robert Stuart to John Crafts, June 12, 1824, AFC Papers, III, WHS.

31 Robert Stuart to John Crafts, August 20, 1824, AFC Papers, CHS.

32 Ibid.

33 Robert Stuart to John Crafts, March 2, 1825, AFC Papers, CHS; Robert Stuart to William B. Astor, May 31, 1825, AFC Papers, III, WHS. In the 1820's, William Astor assumed the duties of general manager of the American Fur Company.


35 Robert Stuart to John Hamlin, July 17, 1824, AFC Papers, CHS.

36 Robert Stuart to John Hamlin, July 17, 1824, AFC Papers, CHS. Robert Stuart also informed other traders that Kinzie should be relied upon at the annuity payments. See Robert Stuart to David Laughton, August 7, 1823, AFC Papers, III, WHS.

For a discussion of the American Fur Company's reaction to the 1824 law as it affected all their outfits see Francis Paul Prucha, American Indian Policy In the Formative Years (Cambridge: Harvard University Press, 1962), pp. 98-101; David Lavender, The Fist In the Wilderness (Garden City, New York: Doubleday and Co., 1964), pp. 353-354.

Ebenezer Childs, "Recollections of Wisconsin Since 1820," WHC, IV, p. 156. Childs was a contemporary resident of Green Bay reporting the experience of several traders there. Also see Lavender, The Fist In the Wilderness, pp. 353-354, and Porter, John Astor, I, p. 99.

Henry B. Brevoort to Colonel George Boyd, March 30, 1825, John Lawe Papers, V, CHS.

Robert Stuart to Governor Lewis Cass, August 26, 1824, AFC Papers, CHS.

For a discussion of Governor Cass and his attitude toward private enterprise, the fur trade, and the American Fur Company see Chapter I.

Robert Stuart to Governor Cass, August 26, 1824, AFC Papers, CHS.

Robert Stuart to George Boyd, August 26, 1824, AFC Papers, III, WHS. George Boyd, the Indian agent at Mackinac, was a close friend of the American Fur Company. See Lavender, The Fist In the Wilderness, pp. 295-298.

Robert Stuart to John Crafts, August 26, 1824, AFC Papers, CHS.

Robert Stuart to John Crafts, September 17, 1824, ibid.

Robert Stuart to John Crafts, October 22, 1824, ibid.

For a discussion of the distinction between the Indian country and government land and the authority of Indian agents see Prucha, American Indian Policy, pp. 103-105.

Robert Stuart to the Committee on Indian Affairs, January 28, 1826, U.S., Cong., Senate, Committee on Indian Affairs, Sen. Doc., 58, 19th Cong., 1st sess., 1825-1826, p. 3.

Robert Stuart to Jean Beaubien, August, 1824, AFC Papers, CHS. While Beaubien received a small supply of goods, the favored traders at Chicago received as many goods as they could manage. This was a normal tactic of the American Fur Company, that is, to supply few goods to disgruntled or bother­some traders.

Letters between John Crafts, Jean Beaubien, and Robert Stuart, 1824, AFC Papers, CHS; Robert Stuart to William B. Astor, April 25, 1825, AFC Papers, III, WHS.

Robert Stuart to David Stone, July 19, 1825, AFC Papers, III, WHS.
Robert Stuart to Alexander Wolcott, September 11, 1825, ibid.

Robert Stuart to John Kinzie, September 11, 1825, AFC Papers, CHS. At the same time that Kinzie was to serve the American Fur Company, he was allowed to remain as Indian sub-agent by Dr. Wolcott, the Chicago Indian agent.

Robert Stuart to William Astor, September 12, 1825, AFC Papers, CHS.

Robert Stuart to Jean Beaubien, December 24, 1825, AFC Papers, III, WHS.

Robert Stuart to his mother, August 12, 1825, Hubbard Papers, I, CHS.

Robert Hubbard to his mother, June, 1826, ibid.

Robert Stuart to John Astor, June 22, 1826, and July 15, 1826; Robert Stuart to Ramsay Crooks, July 26, 1826, AFC Papers, III, WHS.

Robert Stuart to John Kinzie, September 27, 1826, ibid.

Robert Stuart to John Astor, August 10, 1827; Robert Stuart to Ramsay Crooks, August 18, 1827, AFC Papers, III, WHS. Robert Stuart expected a loss on the Chicago outfit shortly after the trading season began because of minor competition in the area. See Robert Stuart to Ramsay Crooks, November 23, 1826, and Robert Stuart to Mr. Caldwell, November 23, 1826, AFC Papers, III, WHS.

Robert Hubbard to his mother, July 3, 1828, Hubbard Papers, I, CHS.

William H. Keating, Narrative of An Expedition To the Source of St. Peter's River ... Performed In the Year 1823 .... (Minneapolis, Minnesota: Ross and Haines Inc., 1959), p. 171.

Gurdon Hubbard to his mother, April 5, 1827, Hubbard Papers, I, CHS.


Letter of Gurdon Hubbard, January 11, 1825, Hubbard Papers, I, CHS.


Letter of Gurdon Hubbard, January 3, 1828, Hubbard Papers, I, CHS.


75 William G. Brewster to David Laughton, October 31, 1832, AFC Papers, CHS; G. Johnson, The Laughton Trading Post (Unpublished manuscript compiled for the National Park Service), CHS, p. 18.

76 A discussion of the cession of Indian lands and its importance to white settlement is contained in Chapter IV.


78 William Brewster to David Laughton, November 2, 1832, AFC Papers, CHS.


82 Ibid.

83 Prucha, American Indian Policy, pp. 33-36, 142-187.

84 U.S., Statutes at Large, IV, p. 564.

85 Henry Van der Bogart to David Demarest, October 7, 1833, Henry Van der Bogart Papers, Chicago Historical Society. Van der Bogart was a visitor in Chicago at the time of the Treaty. There were many other visitors in Chicago at this time who observed the conduct of the treaty session. See Charles J. Latrobe, The Rambler In North America (London: R. Seeley and W. Burnside, 1836), II, pp. 202-216; Patrick Shirreff, A Tour Through North America Together With a Comprehensive View of the Canadas and United States ... (Edinburgh: Olin and Boyd, 1835).
The Senate did balk at the passage of the Treaty because of large payments to traders and hints of corruption on the part of Governor Porter. These charges are discussed in Gering, "The Chicago Indiana Treaty of 1833," pp. 135-137; Cuajife, "The Chicago Treaty," pp. 289-291.

Thomas J. Owen to Governor Porter, October 10, 1832, Sen. Doc. No. 90, p. 58.

In the 1820's and 1830's, the government debated the functioning of American Indian policy. During this period the policy of removal was increased. See Prucha, American Indian Policy, pp. 213-249.


James Ryan Hayden, Chicago's True Founder - Thomas J. Owen (Chicago: Printed by the author, 1934), pp. 8-9. Hayden prints a photostatic copy of a letter from William Smith to Lewis Cass, the original copy being in the files of the Indian Bureau in Washington. Smith had been a partner of Kinzie in the early days of the trade. He claimed that Kinzie owed him a large sum of money. Smith hoped to gain a share of the money which the Kinzie family received from the Treaty of 1833.

Ibid., p. 277. Hayden prints a photostatic copy of a letter from Robert Stuart to Lewis Cass, Secretary of War, August 29, 1834. Stuart asked that Hubbard's money from the Treaty of 1833 be withheld until Hubbard paid his debts to the company.

Ramsay Crooks to Jean Beaubien, January 23, 1835, AFC Papers, III, WHS.

Pierce, A History of Chicago, I, p. 44.


Hubbard eventually became an important agent for eastern capitalists investing in Chicago lots during the 1830's. See Chapters IV and V.

Ramsay Crooks to Jean Beaubien, April 17, 1835, AFC Papers, III, WHS.

Chicago Democrat, 1833-1834, passim. Numerous owners of small businesses often advertised the sale of furs or advertised that highest prices would be paid for furs. One authority on the fur trade has argued that the fur trade in the hands of these small merchants in the 1830's was actually more successful and yielded greater profits. While his generalizations remain unproven, they certainly deserve consideration by scholars. See Clayton, "The Growth and Economic Significance of the American Fur Trade," p. 71.
CHAPTER III

An Era of Exploitation:
The American Fur Company in Green Bay, 1815-1840

From 1816 to approximately 1833, much the same situation existed in Green Bay as in Chicago; the American Fur Company moved in to form a monopoly, exercised complete control of the traders, and when business declined left behind a number of traders indebted to the company. In the history of the Green Bay trade, the operations of the American Fur Company were clear. It utilized the methods and practices of a major business enterprise exploiting for the moment the traders and the country. This, of course, was the design of the company, to make money while favorable conditions prevailed. But the period of the American Fur Company's control of Green Bay and other posts along the more northerly shore of Lake Michigan had little or no relation to the region's economic growth and an adverse affect on the economic and social destiny of the traders. The fur trade period at Green Bay points even more clearly to the generalization that the fur trade contributed little to westward expansion and even less to a generation of frontier inhabitants.

During the period from 1816 to 1822, the traders at Green Bay were seriously hurt in the trade by the competition of the factory system and numerous government regulations such as the license law of 1816. Utilizing political influence to temper government policies on the Green Bay traders, the American Fur Company slowly brought these traders under its influence. Throughout 1820, the independent traders continually complained about their
dwindling profits because of government interference. Gradually each trader turned toward the American Fur Company and purchased goods to trade for the Indian's furs. Each trader, however, was competing with his neighbors at Green Bay and business did not noticeably improve. The trade was disorganized and conducted in a haphazard fashion. Many areas were visited by several traders while other regions were left untouched. The majority of trading occurred in the immediate neighborhood of Green Bay, but on occasion a trader would journey up the Fox to the Wisconsin River. Other traders periodically visited Milwaukee.

The American Fur Company was also dissatisfied with the conduct of the trade. Their profits were apparently reduced because of the abundance of traders and unorganized fashion in which they operated. Ramsay Crooks and Robert Stuart decided to alter their arrangements at Green Bay by reducing the number of people employed, defining areas of trade, and instituting a sound organizational structure. To reduce losses, Ramsay Crooks selected the most competent Green Bay traders to form a partnership. The agreement included five traders: Louis, Pierre, and Augustin Grignon, John Lawe, and Jacques Porlier. Each agreed to share 1/5 the profits or suffer 1/5 the losses. Operating under the title of the Green Bay Company, the trade goods were to be obtained from the American Fur Company. The contract forbade the Green Bay Company from buying goods or exchanging furs with any competing enterprises. The agreement was to last for three years. One signatory of the contract was to remain at Green Bay handling the administrative details and the packaging and shipping of furs to Mackinac. The remaining traders were to hire boatmen and clerks as needed and locate themselves in selected regions of the Indian country.
By establishing the Green Bay Company, the American Fur Company dropped from its accounts many other traders previously supplied on an individual basis. These traders probably obtained goods from competing firms, but Crooks and Stuart seemed to feel that a centrally organized Green Bay Company would be able to subdue rival interests. Ramsay Crooks, though, was careful to employ the most skillful personnel and those who might otherwise provide extensive competition. When the contract for the Green Bay Company was originally signed, Jacques Porlier, a leading resident of Green Bay, was absent. Rather than lose his services, Crooks signed his name to the contract. Later Crooks convinced Porlier of the propriety of joining the Green Bay Company instead of remaining an independent trader. Other traders in the area were less fortunate, and Crooks bluntly refused to supply goods except to the five partners of the Green Bay Company.

While Chicago was only a small settlement, Green Bay had a greater population and was an established community. For years the fur trade has been conducted in relative freedom from outside regulation. Until 1822, the American government appeared to be the most imminent threat to the normal conduct of the trade. The traders soon discovered that their normal methods of conducting the trade were also seriously curtailed under the direction of the American Fur Company. It assigned each individual a specific location, usually along the Fox and Wisconsin Rivers. Areas which the Green Bay traders had formerly visited were now allotted to traders from different regions. For example, the Green Bay traders had often journeyed down the Wisconsin River all the way to the Mississippi River in search of favorable trade. By 1822, however, this territory was controlled by other traders of the American Fur Company, notably Joseph Rolette operating from Prairie du Chien. In 1822,
Augustin Grignon of the Green Bay Company continued the practice of trading along the lower Wisconsin River despite the American Fur Company's directions that this area belonged to Joseph Rolette. Robert Stuart at Mackinac considered Grignon's conduct symptomatic of his general lack of principles. In the winter of 1822, Augustin Grignon and Joseph Rolette bitterly fought for the Indian trade along the Wisconsin River. At one point, Augustin Grignon's trading post was burned by the Indians. Grignon immediately accused Rolette of inciting the Indians and requested that his trading license be revoked by the government. Governor Cass, the Superintendent of Indian Affairs, recommended that the Indians be punished and that Rolette lose his license, but government action was never taken.

The strangest aspect of the feud with Rolette was the attitude of the American Fur Company. Crooks and Stuart were disgusted not with Rolette's conduct, but with that of the Green Bay traders. Their outfits were never profitable, and the company showed little patience with unsuccessful ventures. Thus the American Fur Company supported Rolette at every juncture because he was of more value to the company. He was supplied with a finer assortment of goods and given a free rein in the territory. Rather than crush all opposition, however, Crooks cautioned Rolette about his policy with regard to the Green Bay traders:

I am perfectly aware that the capital placed in your hands by the Company gives you the power to injure all your competitors, if not to destroy their business altogether, and I am not ignorant of the advantages which such a result would secure nor have I the smallest doubt that such is your aim - Still however obvious the benefit, moderation toward those who derive their supplies from us, must be the governing principle . . .

The Rolette feud was temporarily halted in October, 1823, when Joseph Rolette and Augustin Grignon agreed to share trading territories on the orders
of Robert Stuart. As the years passed, however, the Green Bay traders were positive that Rolette still received a greater supply of goods in order to eventually force them from the trade.

The Green Bay Company was confronted with competition besides that of Joseph Rolette. In the early 1820's there was considerable fur trade competition around Green Bay. Being one of the few permanent settlements on Lake Michigan, Green Bay was naturally the first place business enterprises in the fur trade stopped along the western shore of Lake Michigan. Stuart suspected that the Green Bay Company occasionally purchased goods from agents of American Firms in Detroit. Fearing that the competition would only ruin a large outfit, the American Fur Company consistently refused to supply all the trade goods desired by the Green Bay Company. In areas such as Prairie du Chien and Chicago, where their monopoly was more secure, the American Fur Company sent more substantial outfits.

The total economic effect, however, was to handicap the traders of the Green Bay Company. They could not compete with the other trading outfits in the Bay area or with Rolette simply because their supply and selection of goods was inferior. Year after year, the Green Bay Company lost heavily in the Indian trade, and consequently the traders increasingly fell into debt to the American Fur Company. Crooks and Stuart were convinced that the Green Bay Company would never yield profits, yet they persisted in maintaining an interest at Green Bay. Why? These entrepreneurs had very practical business considerations in mind. If the American Fur Company could maintain a token opposition against other fur trading interests, perhaps the competition would never gain a real foothold at Green Bay and naturally never be able to threaten more profitable trading areas. Writing to Joseph Rolette, Robert Stuart expressed these tactics in regard to the Green Bay traders:
For they (Green Bay traders) have got goods from Irwin at the bay, (which he got from Detroit) . . . besides I know that Lockwood made them a liberal offer to supply all their wants; and let the result be loss again, they would have strengthened his opposition, so as to make it of serious consequence to your operation for their would be no restraint whatever; and it would be throwing them completely into the arms of our opponents, which as I have already stated, might be of no beneficial result to either of them, but still must have turned out of serious detriment to us. 21

Had Robert Stuart and Ramsay Crooks given up their hopes of monopoly in the Green Bay area by 1822? This seems the most plausible explanation. The competition which Stuart and Crooks most feared was more than just the passing interest of other fur trading companies. They were, or seemed to be in 1822, permanent residents of the Bay who could not easily be defeated. Thus Stuart and Crooks used the Green Bay Company as a hindrance to the trade of competitors, never expecting a profitable return except in the broader perspective of a free field for trade elsewhere along the lake shore.

In purely business terms, the tactics of the American Fur Company were certainly apropos. The competition to the company centered in the area of Green Bay known as Shantytown. The area originally consisted of taverns and small stores for the supply of the military personnel at Fort Howard. 22 In 1820, Daniel Whitney arrived at Shantytown where he opened a small trading store. Soon he was joined there by two other merchants, William Dickinson and Robert Irwin, Jr. The presence of these stores gave the few residents of the Bay opportunities to purchase goods at competitive prices. But the retail trade with the white settlers was not of sufficient volume, and these merchants soon directed their attention toward the Indian trade. 23 At first, Robert Stuart could not believe that Whitney was actually participating in the Indian trade. 24 He also derided Robert Irwin's efforts to hire traders at Green Bay. Writing to Jacques Porlier, Stuart observed that
I believe the house of which Mr. Irwin is said to be agent will create more noise than effect: the Lord knows the trade is already bad enough; but if more fools will come, why we must welcome them.25

The American Fur Company did welcome these new traders at the Bay; at least the company did not, in the beginning, oppose their interests. The Green Bay Company, as intended, would provide enough competition to hold the Shantytown merchants at bay.

While the business tactics of the American Fur Company assured that the competition would not damage the general profitability of the Indian trade, the Green Bay traders were facing economic ruin. The Shantytown merchants quickly established business relations with the Indians. Daniel Whitney and his cohorts were able to sell trade goods at lower prices than those allowed by the American Fur Company, and naturally the Indians increasingly directed their business toward Shantytown.26 John Lawe instructed the partners of the Green Bay Company to conduct all their trade with the Indians as far away from Green Bay as possible in order to keep the Indians from trading at Shantytown. At one point, Lawe even considered spreading the rumor that smallpox was ravaging the Green Bay citizens in order to keep the Indians in the interior.27 Lawe had good reasons for contemplating such radical action. The Indians often accepted their trade goods on credit from the Green Bay Company, and then at the end of the season sold their furs to Irwin, Dickinson, and Whitney.28 This action, of course, left the Green Bay Company no way to liquidate its debts to the American Fur Company.

The Green Bay traders slowly realized the strategy behind the American Fur Company's establishment of the Green Bay Company. In 1822, Jacques Porlier bitterly complained that the American Fur Company was supplying other people with cheaper goods and locating them at trading territories which,
for years, he had occupied. Robert Stuart, of course, denied all such accusations. John Lawe, however, added to Forlier's testimony by summarizing the many complaints of the Green Bay traders:

As I wrote you last year they made us form a Company at the Bay but it is mere Burlesque for to throw us into misery & trouble they pretend it is for our own good - it is true it would be if we had the privileges of others (that is to get our goods as low as they could really give them & with a good profit) & at least liberty to go where we please - but no it is quite the contrary - they don't wish I believe to ruin us for fear an opposition might form & come into the country.

Lawe explained that the American Fur Company had sent traders into areas where they had always traded -- at Milwaukee, at the Portage of the Fox-Wisconsin Rivers, and even on the Rock River. In September, 1823, the Green Bay Company again contracted for goods from the American Fur Company, but John Lawe did not expect to make any profit. In fact, Lawe seriously doubted whether any of the Green Bay traders would ever recover from their losses in the Indian trade.

John Lawe had good reason to question the economic plight of the Green Bay Company because years of competition and the tactics of the American Fur Company had placed them in inextricable economic difficulties. By November, 1822, Robert Stuart estimated the total indebtedness of the Green Bay Company at $16,000. At this early date, Stuart proposed that the traders mortgage their land and claims to land to the American Fur Company. He also demanded that these mortgages be of short duration, for he realized the bitterness which the traders harbored against the company.

In April, 1823, the American Fur Company merged with Stone, Bostwick, and Company of Detroit necessitating a complete accounting of the Company's business ledgers. Stuart used this opportunity to disband the Green Bay Company and settle its debts. He decided new trading arrangements were
necessary, but expressed confidence only in Augustin Grignon and John Lawe to ever conduct a profitable trade. After 1823, therefore, the American Fur Company again supplied goods to selected traders in the Green Bay region.

The trade steadily declined after 1823. The principal reason was the greater competition especially that of Daniel Whitney and the other merchants at Shantytown. Rather than withdraw from the region, the American Fur Company supplied individual traders hoping a few would derive a fair trade. In 1825, fourteen separate traders were employed with goods totaling $8,344. In 1826, twenty-two traders received $11,617 worth of goods. Thus the profits which could be garnered by any single individual were considerably reduced as the territory was flooded with traders.

Robert Stuart attempted to reduce the losses of the American Fur Company by urging the traders to follow more strict economic procedures. Michael Dousman was sent to Green Bay to work with John Lawe and the other Bay traders. Furthermore, Stuart instructed the traders to issue no more credits to the Indians for a winter's outfit. The large number of traders now in the territory, Stuart said, left little hope of ever obtaining the furs credited to the Indians. To prevent the merchandise stores of Shantytown from obtaining their furs, he told Mr. Dousman to erect a store in the Shantytown area enabling him to keep a careful watch on the opposition. Lawe was also instructed never to advance the white population any credit since they had too few occupations to guarantee payment. Although Stuart did not at this time outlaw trade with the white settlers, he was against making such business a supplementary occupation of the traders. Therefore, he required that trade with the white settlers be conducted on a cash basis.

The strategic economic moves made by Stuart for the benefit of Green Bay and the company had little effect. For the trading season of 1825, not one
Green Bay trader realized a profit. Stuart blamed this failure on the opposition provided by Daniel Whitney. He knew that Whitney was a serious threat to the Green Bay traders, and advised them to hire the traders which Whitney had employed. Stuart himself attempted to hire Paul and Amable Grignon, two of Whitney's more enterprising agents. These men refused to join the American Fur Company, and in the next season Whitney employed seven traders. Therefore, Stuart (to protect the American Fur Company) warned his traders not to reduce their prices in order to compete with Whitney's men. Rather, Stuart said, hold your goods and let Whitney's men compete with each other.

In the 1826-1827 trading season, Stuart expected heavy losses at Green Bay, but he hoped that soon all the traders would be forced into other occupations. Stuart's fears were not without justification. Green Bay had its worst season collecting furs to the value of only $800. The season was equally bad for Daniel Whitney, and he offered to sell his interest in the trade to the American Fur Company. Always the master strategist, Stuart refused Whitney's offer. Conditions were now favorable to the American Fur Company, for Stuart merely wished to produce a stalemate in the Green Bay area. Commenting on Whitney's offer, Stuart clearly expressed his view:

Whitney must have suffered severely — and wishes me to buy him out, but he may make the most of it for altho we cannot abandon that trade, I would rather he should supply some of the people, than we; for whether there is opposition or not, no money is to be made there.

After 1828, the American Fur Company sent fewer goods to Green Bay and conducted the majority of business through John Lawe. If he wished, Lawe was allowed to divide the trade goods among his friends. The American Fur Company had accomplished their objective; the trade was unprofitable for all concerned. How harsh were the business practices of the company? The story is not complete without realizing that the Green Bay traders, in many instances, contributed to
their own difficulties. The correspondence between Mackinac and Green Bay indicated that the traders had little desire or ability to conduct an economic business operation. They were a generation of frontier inhabitants who were accustomed to relative freedom in the Indian trade, and they never quite adjusted to the changing conditions of the frontier's economic life brought by the government and the American Fur Company. The traders often did not bother to go into the interior to obtain the Indian's furs. At other times, John Lawe gave his friends goods on credit knowing that their ability to pay was questionable. Stuart constantly warned Lawe about the outstanding debts of his friends. If Lawe refused to act, Stuart made it clear that he would be held responsible. Stuart once characterized the Green Bay traders' business habits as "there exists among the gentry of that district an unconquerable aversion to economy, and their only care seems to be to get into their profession the means of pampering their indolence . . . ." Finally, there was considerable evidence that the American Fur Company, while trusting John Lawe, worried over his excessive drinking which affected his conduct of the trade.

Despite these numerous problems, there seemed little doubt that the American Fur Company exploited the country and the Green Bay traders. The principal reasons for the increasing indebtedness of the traders were the business tactics of the American Fur Company. The company occupied many of the choice trading sites formerly used by Green Bay personnel, and they often refused to supply Green Bay with an adequate stock of goods to oppose their competition. In effect, the American Fur Company's control of Green Bay was a business tactic designed to safeguard more valuable trading areas in the interior by preventing the competition from gaining a base at Green Bay. The traders, unaccustomed to business tactics and economy, naturally faltered and
fell into debt. Like the country, they were exploited as the frontier monopoly shaped the economic destiny of the western shore of Lake Michigan. But why did the traders continue their affiliation with the American Fur Company? The traders had few alternatives. Fur trading was their only skill and really the only business enterprise at this stage of frontier development. Only in later years with the growth of towns would commercial enterprises offer the possibility of new opportunities. Faced with the decline of the fur trade and the machinations of the American Fur Company, the traders confronted a dilemma. Early in the 1820's John Lawe best expressed the problems of the Green Bay traders:

I will commence in saying that the first year after the war was the last year I saved myself for every year since I have been losing money and not a little in that cursed Indian trade that I have always persisted & do still persist to continue which will soon put me a beggar (but you may well say or ask the question why do you still continue since you find it a loosing business) I will say I do not know what to do else as I am not capable of doing or following any other kind of business. 

From 1828 to 1837, therefore, John Lawe and many other French inhabitants continued their involvement with the American Fur Company. In the early 1830's, John Lawe and the Grignons exploited the old trading areas along the Fox River. As the years passed, the traders, following the Indians, moved further north in the present-day state of Wisconsin. The traders and the American Fur Company also remained at Green Bay for the occasional payment of Indian annuities. At various times since 1829, the government had purchased land from the Indians and in return agreed to pay the Indians an annuity. As in Chicago, the American Fur Company supplied goods on these occasions to obtain the Indian's money. John Lawe depended heavily on these payments for his trade. The importance of these annuity payments was apparent in the early 1830's when the government subsidy arrived too late for the Indians to purchase
goods and still reach the hunting areas for the winter.\footnote{53} For John Lawe, this meant no winter's hunt; and for the American Fur Company, it meant a reduction in the number of furs collected. Thus Ramsay Crooks exerted political pressure on the War Department to pay the Indians at least by early August. Through James Doty, an influential territorial politician and friend of the Secretary of War, Lewis Cass, Ramsay Crooks pressured Washington for earlier Indian payments.\footnote{54} Immediate action was not forthcoming and in both 1834 and 1835, John Lawe again lost money in the trade. On his 1834 outfit, Lawe lost approximately $2700.\footnote{55}

Ramsay Crooks steadily cautioned John Lawe against giving credit to either whites or Indians. Even though the Indian annuity payments arrived late, Crooks prohibited goods being released on credit. He was also, as a general policy, against the selling of any goods to white settlers. Thus Lawe could not conduct a retail trade with the white settlers who, by 1835, more and more began to drift into the Green Bay area.\footnote{56} In November, 1835, Crooks admonished John Lawe for presenting the company a list of debts totaling $1000 which were owed by white settlers. Crooks observed that

You certainly lose more by bad debts, and you have always done so, than you can possibly gain by the good one, and if you did not sell a dollars worth at all to the whites, you would be better off at the end of the year.\footnote{57}

Repeated failures by Lawe and his compatriots plus the inroads of white settlement finally convinced Ramsay Crooks that the American Fur Company should withdraw from Green Bay. Crooks left the final accounting to his agent, Samuel Abbot.\footnote{58} Informed of the Company's intention, Lawe immediately wrote several letters charging that the company had always flooded the territory with traders and charged outrageous prices for goods. Crooks refused to listen to Lawe's complaints and informed Samuel Abbot to disregard Lawe's
charges when assessing the debts of the traders. Crooks apprehended that Lawe and the other Bay traders were raising a furor in order to justify their contemplated repudiation of the debts. Wishing, however, to maintain friendly relations with the Green Bay residents, Crooks did write several letters attempting to explain the company's business policies. After 1837, normal operations of the American Fur Company were terminated at Green Bay. John Lawe was occasionally supplied with goods even as late as 1840, but this was merely a gesture to maintain Lawe's friendship. Thus the fur trade era had passed.

But one might legitimately question why the American Fur Company remained involved in the Green Bay area as late as 1839-1840. Writing to John Lawe, Ramsay Crooks implied that the company was motivated only by friendship for John Lawe:

We would prefer to close all our affairs in your quarter, & shall be pleased to hear that you have made better arrangements for your own interest than those that have recently existed between us, for we have only continued you, under the impression that it was for the advantage & convenience of an old & much esteemed friend, & not for the sake of the profit the business gave us.

Crook's statement told only half the story. As early as 1824, the trade was unprofitable but the American Fur Company remained for tactical business reasons. In the 1830's, the fur trade declined as the territory filled up with white settlers, yet the company remained despite its policy against retail trade with the whites. The company's actions were again occasioned primarily by economic interests. Beginning in the 1820's as the traders fell into debt, they mortgaged lands to the company. This deeding of land continued throughout the 1830's, and the company, of course, remained to assure the payment of debts. In 1833, Robert Stuart strongly advised Augustin Grignon to sell any land which he might hold to the incoming white settlers.
Grignon naturally was expected to use the profits from the sale to pay his debts to the company.

In 1834, the American Fur Company itself underwent a major transformation with John Astor selling his interest to Ramsay Crooks and several other financiers. To expedite the final accounting of company funds, all outfits were to be closed out and their debts liquidated. For the Green Bay traders, this could only mean complete economic disaster. John Lawe faced the future with great anxiety:

... I am very much afraid indeed and God knows what is going to become of me and you all for I do not know which way to turn my head at present. I owe so much that there is not a day passes over my head but what I am thinking of my great troubles & what I am going to do about my debts...

The debts owed by Lawe and his fellow traders were astronomical. James Duane Doty was employed as the company's attorney in 1834 to expedite the transferrence of land into the American Fur Company's hands. The extent of the trader's indebtedness cannot be accurately computed. A reliable indication, however, was that all the land mortgaged in the 1820's and early 1830's was foreclosed to liquidate the debt of $35,000. After 1834 the traders continued to deed land to the American Fur Company indicating that the debt exceeded the sum of $35,000.

As the American Fur Company acquired land titles in Green Bay, the region along the western shore of Lake Michigan witnessed the arrival of thousands of farmers and town dwellers. Rather than withdraw from Green Bay, the lands deeded to John Astor and Ramsay Crooks were plotted into the town of Astor. The value of land, of course, increased rapidly in the era of town speculation, but the traders never shared in its development. A contemporary resident described the conditions which led to the plotting of Astor:
The land was originally owned by John Lawe and the Grignon family. Together with other real estate, it was taken in payment of balance due the old Green Bay Company to the former company; the debt having accrued by loss in the Indian trade for in this business it generally happened that the small traders who purchased their goods at higher prices after years of toil and privation spent in the trade, came out with nothing ... leaving the great monopoly, the lion's share of the profits. The consideration received by the former owners was trifling compared with the present value of the property.66

Since Ramsay Crooks intended to engage in town speculation around the Bay, it becomes obvious why the American Fur Company continued to supply John Lawe and attempted to maintain friendly relations with the residents. James Doty, who served as attorney for the company and agent for its town property, argued strongly in 1834 that John Lawe be permitted to retain his property. Otherwise, Doty explained, public opinion at Green Bay could jeopardize the success of the town at Astor.67 John Astor agreed with Doty's views, and Lawe was allowed certain parcels of land and supplied with goods for years in order to improve the image of John Astor and the American Fur Company.68

At various times, however, the company collected small portions of the remaining debts owed by the traders. The most advantageous time for collecting debts was, as in Chicago, at the various Indian treaties when the government paid the claims of traders against the Indians. In 1836, a Treaty with the Menominee was concluded at Cedar Point, Wisconsin, and the claims were to be paid in 1837.69 Ramsay Crooks considered journeying to the Bay or at least sending an agent so that the Green Bay traders would be forced to pay their debts before spending the money on land or goods.70 In late 1837, at Washington the government concluded treaties with the Wisconsin Winnebago and Sioux. Crooks urged Lawe to go to Washington and press his claims, for part of the money was owed to the company.71 When the claims were eventually paid, the American Fur Company demanded nearly $6,000 in back debts from John Lawe.72
As late as 1840, Lawe signed a contract acknowledging that he alone owed the American Fur Company $22,500.73

During these final years of the trade in Green Bay, two eras of frontier society existed side by side, but there were few relations between them. Without land or capital, the old fur trader did not invest to any significant degree in the land speculation along the Lake shore. Except for supplying John Lawe for public relations purposes, the American Fur Company moved its trade further westward. Ramsay Crooks steadily refused to conduct a retail trade with the whites, and thus the traders only business connection was of little use in the economic life of the new town.

Much the same thing occurred in Milwaukee. In Milwaukee, the fur trade never attained the same character as it did in Chicago and Green Bay. Milwaukee typified the conduct of the trade at the more transitory locations on the lake shore such as Racine, Kewaunee, and Manitowoc. Settlement never developed around these areas until the 1830's, nor were they ever centers for the collection of furs. The first employee of the American Fur Company to reach Milwaukee for regular trade was Solomon Juneau. He remained Milwaukee's principal representative of the American Fur Company until 1836-1837. Throughout his tenure, however, the company supplied numerous other traders at Milwaukee. Jean Beaubien located there at different times as well as James Kinzie and Jacques Vieau.74 John Lawe from Green Bay also sent a representative to Milwaukee, but as usual found the American Fur Company solidly entrenched at this location.75

The Milwaukee trade remained on this basis throughout the 1820's and early 1830's. After John Astor sold out to Ramsay Crooks, consideration was given to closing the Milwaukee outfit. The principal reasons were again
declining game, the influx of white settlers, and the gradual movement of the Indians to lands west of the Mississippi. By 1837, the Milwaukee outfit was definitely closed out, but Juneau received an occasional supply of goods until 1840. In all these areas, the fur trade did not automatically end. In Milwaukee and Green Bay, retail merchants periodically bought and sold furs. The fur trade was again conducted by individuals with only small capital investments. As in Chicago, the fur trade was no longer of any economic significance at Green Bay and Milwaukee.

Solomon Juneau, who had always been Milwaukee's principal trader, hardly noticed the changes taking place in frontier society. As in Chicago and Green Bay, Milwaukee in the 1830's rapidly grew from a fur trading post into a frontier town. Juneau did not realize the value of his land until Morgan L. Martin, an enterprising frontier lawyer, instructed him on the intricacies of town development and speculation. Juneau remained part of the history of town growth in Milwaukee, but this was not due to his foresight or capital, but to the proddings of eastern capitalists and western entrepreneurs.

For nearly twenty years, therefore, the fur trade was the economic base of the frontier on the western shore of Lake Michigan, yet was this trade a significant step in westward expansion and the later growth of towns? There seems little question that the fur trade had no significant effect on regional growth. Obviously, the fur traders and the American Fur Company had a vested interest in sustaining frontier conditions; the advance of white settlement could only represent the decline of the frontier monopoly. Thus the American Fur Company, operating from sites which would later become towns, controlled the country for nearly twenty years. This initial period of town history can be most adequately described as an era of exploitation. When white settlement
finally reached this region, the company moved further west rather than change its basic economic framework for trade with the whites.

What did the American Fur Company leave behind? In its wake were a generation of frontier inhabitants indebted to the company. In the middle 1830's, land speculation was the chief economic interest of town residents, but the traders possessed little capital and almost no land to enter into the mainstream of town development. Perhaps a recent historian of the fur trade adequately summarized its significance:

... The above evidence lends support to the contention that the fur trade as such did not play a very important role in our dynamic westward expansion. It is true that some trappers eventually became guides for government and emigrant expeditions, but their contributions were minor ... The number of persons involved (in the trade) was insignificant and the value of the trade even locally, not very impressive. This is not to say that the American fur trade had no importance as a vehicle of westward expansion, but that its importance must be sought in areas other than economics.

The fur trade and indirectly the American Fur Company did make contributions to the later history of towns, but these were really minor. The fur trader did sustain communities at both Chicago and Green Bay. More importantly, the fur traders located new posts in the interior and along the lake shore, and, to a certain extent, solidified the geographic site of later towns. In the transportation of goods to the interior along the major communication arteries, especially the Illinois River to Lake Michigan connection and the Fox-Wisconsin waterway, the traders indicated the possibilities for the large-scale shipment of goods. Finally, the traders and their descendants were trained in the basic methods of retail merchandising. This training enabled a few to enter the business community of the new towns. But all these minor influences only serve to underscore what has become increasingly apparent; the development of towns required capital and technical skill, neither of which
the fur trade left to town sites on the western shore of Lake Michigan.

In 1833, the site of future towns at Green Bay, Milwaukee, and Chicago were in the same stage of economic and political development as when the story opened in 1816. Neither the traders, nor the American Fur Company, nor the military had any significant effect on their development before 1833. It was an era or "stage" of frontier history which sustained frontier traders and filled the coffers of the American Fur Company. The town sites remained the same, and to speak of a westward movement before 1833 is really inaccurate.

But in that very year conditions were changing; new forces were astir in American life which would hasten the development of towns in less than a decade. This would be the true era of economic expansion, of the westward movement, of town growth. As in the period before, the major winds of change began in the east in government councils, in the financial districts of New York, and in the actions of enterprising capitalists. To these developments, we must now turn.
FOOTNOTES

CHAPTER III

1 Louis Grignon to John Lawe, January 10, 1820, in "The Fur Trade in Wisconsin," WHC, XX, p. 146. Hereafter references to this collection of manuscripts will be cited as WHC, XX. Other traders also complained of a poor hunt. See especially the letters exchanged between Louis Grignon, Jacques Porlier, and John Lawe in the winter of 1820 in WHC, XX, pp. 150-159.


3 Louis Grignon to Charles Grignon, July 23, 1822, WHC, XX, pp. 268-269. Grignon describes here the general areas in which they traded, most being located on the Fox River. Also see "Porlier's Narrative," WHC, XV, p. 439.

4 Copy of an agreement between A. Grignon, Pierre Grignon, Louis Grignon, and John Lawe, WHC, XX, pp. 206-208.


7 Ramsay Crooks to Jacques Porlier, August 24, 1821, WHC, XV, pp. 211-212.

8 Ramsay Crooks to Lewis Rouse, September 4, 1821, and September 30, 1821, American Fur Company Papers, Vol. II, State Historical Society of Wisconsin. Hereafter, this collection of papers will be cited as AFC Papers, WHS. Crooks bluntly told Rouse that he no longer could obtain goods from the American Fur Company.

9 Ramsay Crooks to Joseph Rolette, September 4, 1821, AFC Papers, II, WHS.

10 Ramsay Crooks to Robert Stuart, January 4, 1822, ibid.

11 Louis Grignon to Augustin Grignon, February 19, 1822, WHC, XX, pp. 243-246.

12 Jacques Porlier to Lewis Cass, June 8, 1822, WHC, XX, pp. 258-260. Porlier wrote to Governor Cass on behalf of A. Grignon.
Governor Lewis Cass to John Calhoun, Secretary of War, July 9, 1822, WHC, XX, p. 265. Later in July, Grignon was informed that no action could be taken against Rolette because there was no definite proof. See James G. Gouard to A. Grignon, July 29, 1822, WHC, XX, p. 274. Joseph Rolette was often involved in such incidents and was generally considered the most ruthless trader in the territory. See David Lavender, The Fist In the Wilderness (Garden City, New York: Doubleday & Co., 1964), pp. 321-325.

Ramsay Crooks to Robert Stuart, April 8, 1822, AFC Papers, II, WHS.

Ramsay Crooks to Joseph Rolette, September 5, 1823, AFC Papers, III, WHS.

Copy of an agreement between Joseph Rolette and the Green Bay traders, October 16, 1823, WHC, XX, p. 315; and Robert Stuart to Joseph Rolette, September 10, 1823, AFC Papers, III, WHS.

John Lawe to James Porlier, February 3, 1824, WHC XX, p. 333.

Robert Stuart to Joseph Rolette, August 19, 1822, AFC Papers, II, WHS; Stuart to Rolette, September 10, 1823, AFC Papers, III, WHS.

Ramsay Crooks to Pierre Grignon, October 2, 1821, AFC Papers, II, WHS; I. Mason to Joseph Rolette, August 22, 1822, AFC Papers, II, WHS.

Robert Stuart to Jacques Porlier, October 25, 1821, ibid.

Robert Stuart to Joseph Rolette, August 29, 1822, ibid.


Robert Stuart to John Lawe, October 10, 1821, AFC Papers, II, WHS.

Robert Stuart to Jacques Porlier, October 27, 1822, WHC, XX, p. 290.


John Lawe to Jacques Porlier, November 14, 1823, WHC, XX, p. 322.

John Lawe to James Porlier, February 3, 1824, ibid., pp. 331-332.

Robert Stuart to Jacques Porlier, May 16, 1822, ibid., p. 255.
30. John Lawe to Jacob Franks, August 26, 1822, WHC, XX, pp. 277-278.

31. Ibid.

32. John Lawe to Jacob Franks, September 5, 1823, WHC, XX, p. 308.

33. Robert Stuart to Ramsay Crooks, November 10, 1822, AFC Papers, II, WHS.


35. Robert Stuart to Ramsay Crooks, November, 1823, AFC Papers, II, WHS.

36. U.S., Congress, Senate, Resolutions Concerning the Decline of the Fur Trade, Sen. Doc., 90, 22nd Cong., 1st sess., 1832. In this document, the American Fur Company presented a detailed list of all their outfits for the past fifteen years, the goods sent, the number of people employed, and the profits derived.

37. Robert Stuart to John Lawe and Michael Dousman, August 13, 1825, WHC, XX, p. 378. Michael Dousman was earlier a very successful competitor of the American Fur Company. Now as an employee of the company, he was sent to Green Bay to improve the fortunes of the Green Bay outfit. See Lavender, The Fist In the Wilderness, pp. 345-346.

38. Ibid.

39. Robert Stuart to Ramsay Crooks, July 26, 1826, AFC Papers, III, WHS.

40. Robert Stuart to John Lawe, October 4, 1826, ibid.


42. Ibid.

43. Robert Stuart to Ramsay Crooks, November 23, 1826, AFC Papers, III, WHS.

44. Robert Stuart to Ramsay Crooks, August 18, 1827, ibid. Robert Irwin, Jr., who was also a merchant at Shantytown involved in the Indian trade earlier followed the same course as Whitney and attempted to sell out to the American Fur Company. Stuart also refused Irwin's offer. See Robert Stuart to Robert Irwin, June 9, 1825; AFC Papers, III, WHS.

45. Robert Stuart to Ramsay Crooks, August 18, 1827, AFC Papers, III, WHS.

46. Robert Stuart to Ramsay Crooks, November, 1823, ibid.
Robert Stuart to John Lawe, September 10, 1826, *ibid*. John Lawe continued this practice of releasing goods on credit to his friends even in the 1830's. At one point, Crooks relieved Lawe of the pressure of his friends by crooks himself telling the people that he did not trust their credit. See Ramsay Crooks to John Lawe, November 3, 1835, Lawe Papers, XII, CHS.

Ramsay Crooks to Robert Stuart, January 4, 1822, AFC Papers, II, WHS.

Robert Stuart to John Lawe, November 7, 1824, AFC Papers, III, WHS.

A different interpretation on the American Fur Company's policy toward Green Bay is found in Lavender, *The Fist In the Wilderness*, p. 346. Lavender claims that the principal reason for the failure of the Green Bay traders was their own lack of business skill. However, Lavender fails to consider that the American Fur Company blocked their efforts at every juncture.

John Lawe to Mrs. Hamilton, September 12, 1824, WHC, XX, p. 351.

List of trading licenses granted at Green Bay, 1831-1832, in "George Boyd Papers," WHC, XII, p. 295. Also see the letters of Ramsay Crooks to the Green Bay traders were moving north. (Green Bay and Prairie du Chien Papers, IV, Wisconsin Historical Society.)

Ramsay Crooks to John Lawe, February 16, 1835, AFC Papers, Burton Collection. This collection of American Fur Company Papers centers on the 1830's. The papers are on microfilm at Cudahy Library, Loyola University. Originals are located at the Detroit Public Library, Burton Collection.

Ramsay Crooks to John Lawe, March 7, 1835, *ibid.*, and Ramsay Crooks to James Doty, March 7, 1835, *ibid*.

Ramsay Crooks to John Lawe, November 3, 1835, Lawe Papers, XII, CHS.

Ramsay Crooks to John Lawe, March 7, 1835, Lawe Papers, XII, CHS. Ramsay Crooks steadily refused to allow his traders to sell goods to the white settlers. Crooks' position is discussed in an article by J. Ward Ruckman, "Ramsay Crooks and the Fur Trade of the Northwest," *Minnesota History*, VII (March, 1926), p. 27.

Ramsay Crooks to John Lawe, November 3, 1835, Lawe Papers, XII, CHS.

Ramsay Crooks to John Lawe, August 17, 1836, Green Bay and Prairie du Chien Papers, V, Wisconsin State Historical Society; Ramsay Crooks to William Brewster, December 21, 1836, AFC Papers, Burton Collection; and Ramsay Crooks to Samuel Abbot, May 27, 1837, AFC Papers, Burton Collection.

Ramsay Crooks to Samuel Abbot, June 27, 1837, AFC Papers, Burton Collection.

See especially Ramsay Crooks to John Lawe, July 14, 1837, AFC Papers, Burton Collection. Crooks pointed out that the company never made any profit at Green Bay and continued their interest there merely to aid the traders.
61. Ramsay Crooks to John Lawe, April 4, 1839, Lawe Papers, XIX, CHS.

62. Robert Stuart to Augustus Grignon, November 2, 1833, Lawe Papers, X, CHS.


64. Smith, James Duane Doty, p. 159.

65. There are numerous legal deeds in the John Lawe Papers, Letter Folders 10 to 20, CHS, in which Lawe continually deeded land to the American Fur Company to liquidate debts compiled in the fur trade.


70. Ramsay Crooks to Samuel Abbot, May 27, 1837, AFC Papers, Burton Collection.

71. Ramsay Crooks to John Lawe, October 7, 1837, ibid.

72. Ramsay Crooks to John Lawe, April 4, 1839, Lawe Papers, XIX, CHS.

73. Contract between John Lawe and Samuel Abbot, representative of the American Fur Company, August 28, 1840, Lawe Papers, XXII, CHS.


75. Jean B. Jacobs to John Lawe, November 12 and December 21, 1834, WHC, XX, pp. 360-361, 368.

76. Ramsay Crooks to Solomon Juneau, March 31, 1835, AFC Papers, Burton Collection; Ramsay Crooks to William Brewster, December 21, 1836, AFC Papers, Burton Collection.

77. Ramsay Crooks to Samuel Abbot, October 3, 1837, ibid.

78. Green Bay Intelligencer, 1833, passim; Milwaukee Sentinel, 1837, passim.

80 James L. Clayton, "The Growth and Economic Significance of the American Fur Trade, 1790-1890," in Aspects of the Fur Trade ed. by Russell W. Fridley (St. Paul: Minnesota Historical Society, 1967), p. 72. Clayton's judgment of the effect of the fur trade on selected regions is quite accurate, but this does not touch the question of the profitability of the trade to the American Fur Company and the country as a whole. Predictably, Clayton contends that the fur trade had no important national economic significance, and that actually it declined in volume and profitability under the American Fur Company. (Clayton, "Growth and Economic Significance," p. 70). Numerous authors, however, presented a different view. In one of the earliest monographs on the fur trade, Frederick Jackson Turner felt that the American Fur Company gained large profits at the expense of the traders. Frederick J. Turner, "The Character and Influence of the Indian Trade in Wisconsin," The Early Writings of Frederick Jackson Turner, ed. by Everett Edwards (Madison: The University of Wisconsin Press, 1938), p. 163. John Astor's biographer, Kenneth Porter, also believed the trade was very profitable in the Old Northwest. (Porter, John Astor, II, p. 823). Finally, Paul Phillips who wrote the supposedly definitive study of the American fur trade admitted that the records were not complete enough to speak accurately, but based on the available records, he felt that the American Fur Company made clear profits of over a million dollars from 1822 to 1834. (Paul Phillips, The Fur Trade (Norman: University of Oklahoma Press, 1961), II, p. 361).

81 These generalizations about the trade were especially prominent in the works of Frederick Jackson Turner. See especially Turner, "The Character and Influence of the Indian Trade In Wisconsin," pp. 167-169.

82 Only a very few traders ever entered the retail trade on any significant scale in the towns. Many did become small merchants, but they were never the moving forces behind later town growth unless outside capital motivated their energies. David Lavender, The Fist In the Wilderness, p. XIII, claims that the trading posts "... were training arenas for young men who developed into leading bankers and merchants, mayors, governors, congressmen." In the region under consideration, however, Lavender's generalization does not stand up. Two traders, Gurdon Hubbard and Solomon Juneau, attained some prominence in later communities, but both depended on eastern capital and the directions of skilled town promoters.

CHAPTER IV

The Founding of a Town:
Chicago and Its Financiers, 1833-1837

The decade of the 1830's was a transitional period of the towns on the western shore of Lake Michigan. While the fur trade, conducted under the auspices of the American Fur Company and then later by individual merchants, slowly declined as a significant economic factor, new forces were operating on the destiny of locations such as Chicago, Milwaukee, and Green Bay. The changes were rapid and occurring along with the demise of the fur trade society so that often town promoters operated next to the old fur traders. Thus to a certain extent there was not a clear division of the frontier's various stages, for fur trader society did not automatically cease with the arrival of town promoters. Perhaps Ray Allen Billington's brilliant summary of frontier history made the point more explicit:

No orderly procession of "trappers' frontier", "farmers' frontier," and "urban frontier," moved westward across America; the scene rather was of kaleidoscopic patterns constantly changing within a broad zone that was itself slowly advancing with each passing year. 1

On the other hand, the 1830's marked a significant stage in frontier development. The growth of towns just did not occur during the heyday of the fur trade for its very nature and aims hindered such developments. With the decline of the fur trade at the beginning of the 1830's, the real process of western expansion and town growth proceeded with unparalleled rapidity. All along the western shore of Lake Michigan, speculators and capitalists utilized the old fur trading posts established where rivers ran into Lake Michigan to
promote townsites. One Chicago resident described the mania of townsite speculation in the 1830's:

So utterly reckless had the community grown that they chased every bubble which floated in the speculative atmosphere. The more absurd the project, the more remote the object, the more madly they were pursued. The prairies of Illinois, the forests of Wisconsin and the sandhills of Michigan presented a chain almost unbroken of supposititious villages and cities. The whole land seemed staked out and peopled on paper . . . . Often was a fictitious streamlet seen to wind its romantic course through the heart of an ideal city, thus creating water lots and water privileges. But where a real stream, however diminutive, did find its way to the shore of the lake, no matter what was the character of the surrounding country, some shrewd operator would ride night and day until the place was secured at the Government price. Then the miserable waste of sand and fens, which lay unconscious of its glory on the shore of the lake, was suddenly elevated into a mighty city, with a projected harbor and lighthouse, railroads and canals, and in a short time the circumjacent lands were sold in lots . . . . Not the puniest brook on the shore of Lake Michigan was suffered to remain without a city at its mouth, and whoever will travel around that lake shall find many a mighty mart staked out in spots suitable only for the habitations of wild beasts.2

In the 1830's, there was never any significant agricultural hinterland to support the frontier towns or contribute to their commercial growth, but the towns steadily increased in population and in the number of commercial businesses placing the towns in the forefront of westward expansion. The importance of towns in fostering westward expansion is a most significant new interpretation of western history. Frederick Jackson Turner devoted little attention to the role of the town or village in his writings on frontier history. In the rise of the New West, nevertheless, Turner wrote what became a truism of western historians:

The rise of an agricultural surplus was transforming the west and preparing a new influence in the nation. It was this surplus and the demand for markets that developed the cities just mentioned. As they grew the price of land in their neighborhood increased; roads radiated into the surrounding country; and farmers, whose crops had been almost worthless from the lack of transportation facilities, now found it possible to market their surplus at a small profit.
But the frontier did not operate as Turner had described: towns following in the wake of agricultural expansion. In 1959, Richard C. Wade wrote *The Urban Frontier: The Rise of Western Cities, 1790-1830* in which his opening line marked a significant departure in writings on frontier history: "The towns were the spearheads of the frontier. Planted far in advance of the line of settlement, they held the West for the approaching population." In 1966, Ray Allen Billington in *America's Frontier Heritage* acknowledged his debt to Wade's theme of the urban frontier. Moreover the most recent general history of American urban growth called for the discarding of the belief than an expanding agricultural settlement brought towns and commercial growth in their path. Rather, the authors claimed that

... American expansion was largely a function of urban expansion, and that the civilization which pushed the edge of wilderness always toward the Pacific drew most of its impulses and took most of its direction from cities.

One of the leading American economic historians, Thomas C. Cochran, gave added weight to Wade's original concept at the 1967 meeting of the Organization of American Historians when he observed that businessmen in the guise of speculators and town investors were often the first settlers to locate on the frontier. "Seen another way," Cochran explained, "early towns show that much of the movement to occupy virgin farming land was the filling up of the empty areas around pioneer business centers."

The "process" of westward expansion or the movement of the urban frontier has been a key word among recent historians. The elements of town growth such as land speculation, internal improvements, and retail merchandising have been treated as part of a process, yet even more basically these factors were the result of individual decisions and the business skills of capitalists and entrepreneurs. The men who were involved in townsites promotion at Chicago
and other points along the shore of Lake Michigan were not nameless functionaries in the process of town growth but its most important ingredients. For this reason, their methods of operation, backgrounds, and contributions to town growth will form the story's focus.

Land speculators were probably the most important agents of town growth. In Chicago, these men were present as early as 1833, at least two years before any significant migration of commercial or farming elements. The role of the land speculator and land speculation in western development has been a neglected and confused issue in American history. Frederick Jackson Turner did not even mention the land speculator in his famous essay on "The Significance of the Frontier in American History." Early writers who did discuss land speculation usually found that the land speculators delayed frontier expansion because they prevented the cheap and quick disposal of the public domain. In 1924, Benjamin Hibbard's *A History of the Public Land Policies* concluded that land speculation was detrimental to the proper functioning of a democratic land system. Hibbard claimed that when the speculator held land off the market waiting on a rise in price, he delayed the settlement of the country by the small farmer and inhibited the building of roads, schools, and public buildings. Writing in 1932, A. M. Sakolski in *The Great American Land Bubble* made the first complete study of land speculation. Sakolski's conclusions were basically the same as those of Hibbard; the land speculator was a negative, rather than a positive force in westward expansion.

More judicious treatments of the land speculator began in the 1930's with the works of Paul Wallace Gates. Gates pointed out the many different varieties of speculators from the small farmer to the large eastern corporation. Studying the speculative period in Illinois from 1830 to 1837, Gates
at first agreed with the interpretations of most earlier historians blaming the speculators for Illinois's crushing state debt of 1837 and the slow pace of Illinois' development in the early 1840's. Continuing his studies, Gates tempered his views in the 1940's. Although he still claimed that land speculation was the principal cause of farm tenancy, he admitted that many times the affluent speculator was the only source of capital for local internal improvements. In addition, Gates granted that the speculator's capital often played an essential role in encouraging nationalizing projects such as roads, canals, and waterways. While recognizing their importance, Gates nevertheless remained a consistent critic of the speculators:

For better or for worse, the speculator whether absentee or resident, squatter or banker, local politician or eastern senator, was present on every frontier. He affected every phase of western development and left in all places his indelible mark. His motives and his deeds one may deplore but so characteristically American was he, so dynamic a part did he play in shaping land and cultural patterns that it is difficult to imagine an American frontier without him.

Generally the writings on land speculation have assumed that anything placed in the way of the farmer's ability to obtain land quickly and cheaply was a corruption of American ideals. Most authors, however, have failed to distinguish between speculation in prairie lands and in town lots. In the towns, the speculator was not depriving the settlers of farm lands, nor was he investing in land which could be put to better use. In fact, speculation is almost an inaccurate word for the business investments of eastern and western capitalists in western towns. They invested in town lots hoping for a quick price increase, but at the same time they contributed to the town's development by creating the image of a prosperous town all over the country, by financing the building of stores, bridges, and the paving of streets, and by loaning money to small retail and commercial businesses. Naturally, many
speculators sold their lots again and again in order to gain profits, but these profits were often reinvested in additional lots and improvements. The large eastern investors often took not only a business interest but also a personal pride in their involvement with a struggling western city. In this study of town growth, the focus will be on the individuals who initiated the town's development, and among these the land speculators loomed largest in the fortunes of towns along the western shore of Lake Michigan.

Chicago was long recognized as a possible townsite because of its critical location. As early as 1808, Albert Gallatin mentioned the importance of a possible connection between Lake Michigan and the Illinois River.18 In 1817, Major Stephen Long investigated the feasibility of a canal at this point.19 Little action was taken but knowledgeable observers never failed to comment on Chicago's strategic location. In 1821, Henry R. Schoolcraft praised the fertile farm lands and commercial possibilities of the area between Chicago and Milwaukee.20 In 1825, William H. Keating disagreed with most of Chicago's earlier visitors. He believed that the soil was not nearly as fertile as previously claimed and that lake shipping offered few inducements to merchants. Yet even as a critic, Keating was forced to admit that Chicago was located on a direct line of communication between the Great Lakes and the Mississippi River.21

Despite these reports, Chicago remained an isolated fur trade village throughout the 1820's, but certain factors indicated that the frontier was slowly moving westward. Of prime importance was the extinction of Indian title to land, its survey, and then sale through government auctions. Land cessions in Illinois began as early as 1804 and continued into the late 1830's.22 As the land was purchased, government surveys prepared the way for its eventual
sale to farmers. The town of Chicago itself was actually plotted in 1829. In
1826-1827, Congress had granted the state of Illinois alternate sections of
land along a proposed route for the Illinois and Michigan Canal. This grant
included the limits of Chicago, and, in 1829, the canal commissioners laid
out the original town. The land was then sold in lots to pay for the cost of
the survey. Fur traders and white merchants were the principal purchasers of
the town lots. The price paid for these lots was extremely moderate. Despite
the fact that Chicago was plotted, the Illinois and Michigan Canal pro-
posed, and some Indian lands ceded, Chicago waited several years before
attracting the attention of migrants and capitalists pushing westward with the
favorable economic conditions in the East. For the Chicago area, the
Blackhawk War, which ended the last vestiges of Indian control, and the Indian
Treaty of 1833, which opened large tracts of farm land, were the principal
events which directed white settlement toward the Chicago area. The Blackhawk
War and the Treaty of 1833 advertised to all concerned the opportunities
awaiting the first settlers.

The first people on the scene were not farmers or merchants but the
eastern investors. The speculator arrived nearly two years before the migra-
tion of town artisans and merchants and even longer before farmers arrived in
any significant number, and for several years the speculators were the principal
architects of Chicago's development. There were many different varieties of
land speculators, for sooner or later every individual bought farm land or
town lots hoping for a quick price rise. There were fur traders and squatters
with little capital or interest in the land who sold their claims when popula-
tion pressure brought a negligible price increase. Among the small speculators
were also eastern capitalists and western residents who might own one or two
lots in a town hoping for a small profit. For the history of the American frontier, the most important speculators were the major eastern capitalists who invested from $5,000 to $100,000 as individuals or as a corporation in townsites and farm land. Major eastern speculators ordinarily employed agents throughout the country to supervise the buying and selling of land, the paying of taxes, and the beginning of improvements. In the towns, the conduct of speculation was the same for the large and small investor, for both wished to increase the town's value through improvements. What type of men were these speculators, how did they operate, and how did they underwrite the development of Chicago?

During the 1830's, Arthur and Frederick Bronson were two of the most active speculators at Chicago. The brothers were members of a prominent New York banking family led by their father, Isaac. Isaac Bronson had amassed a considerable fortune by judicious land speculation and money lending to small businesses. By the 1830's, he was recognized as an authority on banking procedures being especially noted for his opposition to wildcat banking. Arthur Bronson associated with Charles Butler a wealthy businessman and politico of New York. As a young man, Butler worked in the offices of Martin Van Buren and slowly became identified with the controlling faction of New York state politics, the "Albany Regency." Arthur Bronson and Charles Butler first cooperated in trying to establish a banking institution at Cincinnati, Ohio. Fearing the opposition of Ohio citizens to eastern capitalists, Bronson and Butler worked through one of Cincinnati's leading citizens to gain a major interest in the Ohio Life Insurance and Trust Company.

The economic interests of Arthur Bronson and Charles Butler extended further west than Ohio. In January, 1833, they discussed plans for a general tour of the West to consider land speculation and business investments. Their
interest in Chicago had been stimulated by the reports from Illinois during the Blackhawk War and the knowledge that soon many tracts of land would be ready for sale. By late January, 1833, the plans for a western tour were completed and the two men set out to accumulate as much information on the area as possible before departure in the spring. Arthur Bronson first turned to his friend, General Winfield Scott, who had led the military forces against the Indians in the Blackhawk War. Scott had just recently returned to New York City from the Illinois country, and he assured Arthur Bronson that it was a suitable area for investment. Scott was especially impressed by the possibilities of Chicago to eventually become a major commercial center.

Bronson and Butler next contacted numerous merchants of New York City one of whom had, on occasion, supplied goods for the early Chicago Indian trade. Fortunately for the future growth of Chicago, Robert A. Kinzie, a son of John Kinzie the Chicago fur trader, happened to be in New York and in contact with this merchant. Kinzie was immediately contacted, and he strengthened Bronson's opinion that Chicago was the place to center his investments. At the same time, Kinzie offered to sell Bronson and Butler his title to several tracts of land in Chicago. A tentative agreement was drawn up giving Butler and Bronson the option to purchase this land after a suitable inspection once they arrived in Chicago.

By August, 1833, Butler and Bronson had reached their main western destination—Chicago. Standing amidst what could only have been the crudest imitation of a town, Charles Butler expressed his vision of Chicago's future:
at St. Louis on the Mississippi, Chicago being an important and commanding point on this great thoroughfare.34

At Chicago, the two men wasted little time in securing an interest in the town. After hiring a surveyor to examine the land offered to them by Robert A. Kinzie, Butler and Bronson rejected his offer. Kinzie owned only a partial share in a tract of land, and Butler and Bronson felt that successful townsite speculation required complete ownership of any specific investment.35 However, they next discovered that an army officer formerly stationed at Fort Dearborn, Captain David Hunter, owned considerable land in the central sections of the town. Correspondence was opened with Captain Hunter, and in November, 1834, Arthur Bronson alone purchased Hunter's land for $20,000.36 The purchase was quite large including a tract of eighty acres adjoining the town, nineteen town blocks, and portions of many other blocks.37 Bronson later sold this property to Charles Butler for $100,000, five times the original purchase price.38

Despite this sale, Bronson remained the most active investor. He bought additional land from many residents of Chicago and maintained business connections with countless Chicago citizens. In August, 1833, he made large purchases of town lots from Thomas J. V. Owen, the Chicago Indian agent, John W. Kinzie, James Kinzie, and Richard J. Hamilton.39 Bronson's land speculation activities were extremely diverse ranging the whole western country.40 Because of this diversity, he could not alone handle the buying, selling, and improvement of this property. In Chicago, he had business connections with at least ten Chicago residents, several of whom acted as his authorized agent in the buying and selling of property. In late 1833, for example, Richard J. Hamilton bought lands for Bronson totaling $3,426.41
Arthur Bronson not only employed agents for his town speculation projects, but he also shared many purchases with frontier residents. In this way, he supported a number of western speculators. Initially sharing purchases with Arthur Bronson, these western entrepreneurs soon had garnered sufficient profits to undertake their own speculations or invest their money in more stable commercial pursuits. In Chicago, for example, Bronson's chief partner and agent was John Temple. Temple was a physician who, upon reaching Chicago in the 1830's, gave up his chosen profession to engage in land speculation and then later in commerce. In late October, 1833, Temple and Bronson agreed to share in the purchase of Chicago town lots and their subsequent improvement. For his services in superintending the property, Temple was not required to provide as much capital as Bronson. Temple supervised occasional sales of the town lots, and then reinvested the money in additional lots and their improvement. Often the purchasers of lots from Temple and Bronson were required to build houses or stores upon the property.

John Temple remained a consistent advocate of Chicago's commercial future, and he continually wrote to Arthur Bronson about the ever increasing need for eastern capital to support city improvements. In June, 1834, Temple commented that "Chicago has so grown that you would not know it & all on this side the river, three streets built up with about two houses for a lot, running parallel with the main branch of the Chicago River." Temple was pleased with the arrival of merchants and artisans, but he still recognized that Chicago's major requirements were the skill and capital of eastern businessmen.

In 1835, Bronson and Temple terminated their partnership in a dispute over the management of the property. Bronson then transferred his business
affairs to another Chicago resident, Walter Newberry. Yet the association had been beneficial for both men and for Chicago. Through his association with Bronson, Temple had access to large capital resources to purchase lots and make improvements. Later Temple was able to invest in land and commercial businesses on his own being typical of the spawning of western entrepreneurs from eastern sources.

Arthur Bronson also had occasional dealings with John H. Kinzie, the son of the Chicago fur trader, who had purchased several lots in 1830 at the canal sale. Bronson owned the town lots contiguous to the Kinzie interests and it was of benefit to both men to see the property advertised and improved. In 1834, Bronson had the town map of Chicago printed and then he personally distributed it to interested eastern investors while John Kinzie circulated the map to various western businessmen. Typical of most eastern capitalists, Bronson was at first hesitant to spend great sums in improving his Chicago property; but due to the constant prodding of men like John Kinzie, Bronson slowly acquiesced in large scale improvements. In 1834, Kinzie alone built a warehouse, and three other buildings in order to provide places of business for retail merchants. He advised Bronson that he should also build on his property explaining that buildings would bring from twenty-five per-cent to fifty per-cent profits through renting, not to mention the effect on the general appearance of their section of the town. Larger financial projects required the cooperation of many property holders, and Bronson was asked to contribute to the building of a hotel or public house.

The intricacies of land speculation also required the skills of a lawyer, and Bronson early employed James Grant to handle some of his legal affairs in Chicago including ascertaining clear title to land, paying taxes, loaning money to town residents, and trying court cases arising from non-payment of
loans or debts. In 1835, Grant loaned money in behalf of Arthur Bronson to several Chicago merchants in addition to a $5,000 loan to Hiram Pearsons who probably employed the capital for street improvements on his lots next to Bronson's property. 52

In these early years, Bronson performed many services for the young town. He employed various people to handle his affairs, shared purchases with town residents, advanced capital for lot improvement, and loaned money to prospective town merchants. Yet Bronson was an investor and always his principal consideration was profit. From his Chicago holdings, it is very difficult to determine the extent of his success, but perhaps two examples are indicative of the skill with which he invested. His original purchase from Captain Hunter for $20,000 was sold a year later for $100,000. 53 In 1833, Bronson purchased several town lots for $1127.25; three years later he sold these lands to a New York associate for $15,000. 54 Bronson, however, always reinvested in Chicago property so that land sales ultimately benefited the town by bringing more financiers into involvement with Chicago's economic growth.

The Bronsons were only the first of many eastern capitalists to invest their money in Chicago real estate. In 1828, Gurdon Hubbard, the former employee of the American Fur Company, realized that the fur trade was declining and moved to Danville, Illinois, to open a retail trade with the white settlers there. He returned to Chicago when its fortunes as a center of white settlement seemed to increase in 1833. Hubbard knew that land speculation, commercial pursuits, and retail businesses would soon be of great importance in the town. Similar to other fur traders of his generation, however, Hubbard owed debts to the American Fur Company which hindered his ability to invest in Chicago's growth. 55 If only he could find a source of capital, Hubbard could
surmount this difficulty. But where was Hubbard to obtain capital for any type of economic investment? Fortunately, Gurdon Hubbard was originally from the East having undertaken the occupation of fur trader as an adventurous young man of eighteen. His family in Middletown, Connecticut, apparently possessed some capital, for Hubbard began writing relatives and old friends about the profits involved in land speculation at Chicago. Eventually, he attracted the interest of two brothers, Edward A. and Samuel Russell of Middletown. The Russells were representatives of a major shipping company which was primarily involved in the China trade. Moreover, the Russell family and the relatives of Gurdon Hubbard were partners in a small manufacturing firm in Middletown.

By late 1833, Edward A. Russell, who handled the family's western land investments, had authorized Hubbard to purchase a large number of Chicago town lots. The arrangement was advantageous for both parties. As land agent for Edward Russell, Hubbard finally had an occupation which enabled him to enter the mainstream of Chicago's economic life. More importantly, eastern capital was again employed in underwriting Chicago's growth.

Edward Russell was very cautious in the conduct of his townsite speculation. Having utilized his friendship with a government surveyor who had surveyed the land around the town, Hubbard sent the field notes to Edward Russell for his own perusal. Russell, however, instructed Hubbard that the majority of his capital should be invested in the town of Chicago itself. Hubbard was also directed to purchase lots only in those sections of the town where it seemed likely that business would center. Additional purchases, Russell said, should be made where major roads or communication arteries enter and leave the town. Edward Russell was not a novice at townsite
speculation having invested in both New York City and Buffalo. His experience in townsite speculation, he tried to impart to Gurdon Hubbard:

I may be mistaken, but one thing is certain, that the place where business will actually center will be the place where lots will become most valuable, and the further you radiate from the centre (sic), the less valuable will lots be. In New York, lots a mile from the centre (sic) of business, never came into comparative value, for twenty years. . . . I merely mention these suggestions to guard you against being carried away with the spirit of speculation . . . .

With this advice in mind, Hubbard invested the capital of Edward Russell primarily in the old town of Chicago, which was originally plotted by the canal commissioners in 1829, and close to the streets bordering the branches of the Chicago River. Lots contiguous to the branches of the Chicago River were called "water lots" and were the most desired by all capitalists for here was the center of commerce and trade. In January, 1834, when Chicago was still little more than a fur trading post, Gurdon Hubbard judged the significance of water lots in Chicago:

As Chicago will be a market for the whole N Western part of our state . . . it will be a point where large quantities of beef and pork will be packed for the Atlantic market & these water lots are well adapted for that business there being a sufficiency of water to admit vessels of any burden for several miles up this branch at all seasons of the year. I am of the opinion they will be used exclusively for that purpose & will command cash at any time, at a considerable advance.

From the beginning of his interest in Chicago, Edward Russell was convinced of the propriety of improving his lots. He claimed that stores and buildings often were of more value in future years than the lot itself.

Thus Gurdon Hubbard continually advised Edward Russell on the most needed type of buildings for a specific area of the town. The capital of Edward A. Russell was also drawn into other areas of the town's development. In 1835, Gurdon Hubbard subscribed money for the Russells toward the building of a
bridge and the paving of streets. Edward Russell, of course, was always primarily interested in increasing the value of his town lots for an eventual sale. The capital which he invested in Chicago, nevertheless, contributed to improvements not otherwise possible. His stores and warehouses were often rented to merchants lacking sufficient capital to build their own stores. Moreover, the improvements undertaken by Edward Russell through Gurdon Hubbard had the secondary effect of providing jobs for carpenters and mechanics in a town not yet able to employ its residents with a normal economic livelihood.

The large eastern speculator never invested in only one area of a town or even one town along the lake shore. Hubbard bought lands for the Russells throughout the state of Illinois and along the lake shore. By 1835, Hubbard himself was able to share in these investments. In 1835, he sold portions of his Chicago property in New York for $80,000, which originally had cost only $5,000. He now also had capital resources which he then reinvested in Chicago businesses and in other towns on the lake shore. In 1835, Hubbard attended a public land sale at Green Bay where he invested in lands at Milwaukee and Green Bay, but he always maintained that Chicago would be the preeminent town on the western shore of Lake Michigan. Later he became one of the original proprietors of Racine, Wisconsin, calculating that it too would one day be an important commercial center.

Starting his career as merely the western agent of Edward A. Russell, Hubbard's fortunes blossomed as the years passed. He opened his own land agency to handle the investments of eastern businessmen. Hubbard employed his brother Christopher, who still resided in the East, to interest easterners in lots at Chicago or adjacent farm lands. By July, 1835, Hubbard's land agency was a startling success, and Christopher Hubbard was instructed to
accept no more small investors. Hubbard was by now in the enviable position
of requiring that his clients must be organized companies of eastern capitalists
with assets of at least $200,000. Thus Hubbard's career was typical of many
western residents who were at first dependent on eastern capital and then
slowly achieved the status of entrepreneurs themselves.

Hubbard still devoted substantial time toward handling the property of
Edward A. Russell despite his other activities. Edward Russell or his brother
Samuel occasionally visited Chicago to check on their property and the progress
of Chicago. With the peak in land prices in 1835 and 1836, Edward Russell
desired to sell many of his lots hoping for large profits. Gurdon Hubbard,
however, tried to stall such action claiming that additional improvements
could only bring higher prices in the future. Writing to Russell in 1835,
Hubbard tried to impress him with Chicago's growing commercial potential by
pointing out that retail businesses had equalled the volume of business for
last year in one month this year. Delay the sale of your property, Hubbard
advised, for "... last week we had 14 schooners in Port ... & are antici-
pating a very heavy fall business." According to Hubbard, the commercial
basis of Chicago was stable preventing any appreciable decline in land values.

Edward Russell remained intent on selling his property. He was familiar
with financial conditions in the East and feared a business recession because
of the general insecurity of banking establishments. On instructions from
Russell, Hubbard began his search for a suitable buyer for the property. His
first consideration was, of course, to sell to a group of capitalists who
would continue to improve the property and contribute to Chicago's growth.
Hubbard even suggested that Russell try to sell his property to Arthur Bronson
and Charles Butler in New York. Bronson and Butler were not interested, and
Hubbard next contacted Robert Sedgwick, a capitalist who already had considerable property at Chicago. Sedgwick offered $200,000 for the property with Hubbard assuming a share. The Sedgwick negotiations collapsed, and Hubbard now tried to form an association of Chicago businessmen to purchase the Russell's property. Major James B. Campbell was to supply the majority of capital with Hubbard also having a large share. While Hubbard searched frantically for a buyer, Edward Russell was becoming more skeptical about the New York money market and the country's precarious financial condition. In April, 1836, he decided that the Campbell deal was too great a risk. Even though Russell admitted that a sale to a group or company would benefit Chicago and assure the continued improvement of the property, he knew that the payment of $200,000 would be spread over several years. Fearing a financial depression, Russell decided to sell his lots in a number of small sales where the purchases would be required to pay within a year. Hubbard, therefore, advertised Russell's property in the Chicago newspapers, and then sold it piecemeal at a public auction. The deeds of sale required 40 per-cent cash down and the balance in twelve months carried at 10 per-cent interest. After the sale, Edward Russell still remained involved at Chicago with a few lots in the business sections of the city.

In their involvement in Chicago, the Russells were responsible for many of the town's improvements, but they were also instrumental in drawing more capital into the Chicago area from the East and from England. Interested friends of Edward Russell continually contacted Gurdon Hubbard for advice on real estate investments. In June, 1836, Edward and Samuel Russell agreed to a scheme in which they would again purchase Chicago lots and adjacent farm lands for sale to foreign capitalists. Their land purchases were to be shared
with Gurdon Hubbard and his brother. The Russells, of course, supplied the bulk of the capital while Gurdon Hubbard was responsible for selecting the land. Christopher Hubbard was commissioned as the trio's land agent to sell the property in England. The plan never matured until the 1840's, but its formulation was a clear example of the efforts of eastern capitalist in western town development.

Charles Butler of New York also initiated his own land speculation schemes. Butler had accompanied Arthur Bronson to Chicago in 1833, but he had not purchased any land at that time. In 1835, however, Butler purchased the Hunter property from Bronson for $100,000. Next Butler organized the American Land Company in association with New York and Boston capitalists. Charles Butler was elected president of the company which was capitalized at $1,000,000. The company's investments were spread throughout the west including both farm land and townsites. Butler then selected his brother-in-law, William Ogden of New York, to handle the company's investments in Chicago and surrounding areas. Ogden came to Chicago with considerable business and political experience. In 1834, he represented Delaware County in the New York State legislature attaching himself to the "Albany Regency," the democratic faction of New York politics. He was a constant advocate of internal improvements calling for state aid to build the New York and Erie Railroad.

Commissioned as agent of the American Land Company, William Ogden arrived in Chicago in May, 1835. His first task was to survey the American Land Company's property, then arrange it into town blocks and lots for sale at future dates. To increase the property's value, Ogden paved streets and erected buildings. In 1836, Ogden and Butler poured $15,000 into the property's
improvement. Even though he prepared the property for sale, Ogden was skeptical, feeling that people would never invest in a wilderness such as Chicago. To Ogden's surprise, he sold one-third of the property in 1835 for $100,000, the price paid for the entire property a year earlier. Thus Ogden soon realized Chicago's commercial possibilities, and he decided to make the frontier town his permanent home. Ogden later became one of Chicago's leading citizens and most enterprising businessmen.

Deciding to establish permanent residence in Chicago in 1836, Ogden's first means of an economic livelihood was as general agent of the American Land Company. At the same time, he handled various real estate transactions for Arthur Bronson. Gradually he increased his contacts with eastern speculators drawing more capital into Chicago. Ogden also invested his own excess capital in townsites and farm land throughout the territory. In addition, his operations enabled smaller speculators or town residents to garner profits. He was occasionally contacted by government surveyors, military personnel, and town merchants who knew of valuable town lots and farm land but lacked the necessary funds to purchase. In this case, Ogden supplied part of the capital and entered the deed in his own name. When the property was sold on the speculative market, he shared the profits with the small western investor.

In 1837 and 1838, Ogden expanded his activities. Letters advertising his land agency were sent throughout the eastern states. Ogden offered to buy tracts of land, pay the annual taxes, and make improvements for a commission usually amounting to 5 per-cent on the eventual sale price. Like most other large speculators, Ogden was not only concerned with immediate profits, but also contributed to the commercial well-being of Chicago. From the beginning,
he claimed that Chicago lots must be continually improved through the building of houses and stores and the paving of streets. In 1836, Ogden expressed his ideas on town promotion:

Large contiguous interests in any town of merit can be by capitalists improved and brought forward into market under very much improved and favorable circumstances and the value much enhanced. To give time to persons that will buy & build is of great consequence as it enables you to get better prices and in the improvement made you are better secured while the property in the vicinity much benefited.95

When Ogden sold the lots of eastern investors, he often required the purchaser to build a store on that lot.96 At other times, Ogden sold lots to merchants giving them nearly three years to pay and thus enabling new businesses to gain a sound financial basis. Ogden also built stores himself in order to provide business locations for new merchants. At one point, Ogden offered the Michigan Lumber Company three lots in the central business sections at a giveaway price merely to attract lumber and shipping interests to Chicago.97 Ogden and his partners were in no sense philanthropists, but they did realize that property values depended on Chicago's economic growth. The interests of speculators and the financial needs of Chicago fortunately coincided.

Land speculation was not alone the prerogative of major companies dealing in town lots and prairie lands. During the 1830's, speculators of every variety were conspicuous along the lake shore and in the interior. All their activities served to bring capital into the area and hasten the arrival of more permanent and steady town artisans and farmers. While the Bronsons, the Russells, and the American Land Company represented the largest interests in Chicago, various other agencies speculated in Chicago and its hinterland.

From as far away as Aberdeen, Scotland, George Smith arrived in the village of
Chicago in 1834. Financed by a group of Scottish investors, Smith immediately purchased Chicago town lots and adjacent farm lands. Returning to Scotland in 1836, George Smith told the Scottish financiers of the commercial possibilities along the western shore of Lake Michigan. Following Smith's recommendations, a joint-stock company was formed in Aberdeen, Scotland, known as the Illinois Investment Company for additional land speculation in America. In the late 1830's, George Smith returned to Chicago as agent of this firm. 98

There were various other speculators at Chicago. The Rockwell Land Company invested in lands at Chicago. Its board of directors included many of the area's most prominent speculators: Dixwell Lathrop, John B. F. Russell, and James Campbell. 99 The story of Chicago land speculation, however, would not be complete without mentioning the smaller speculators, whether from the East or the West, who purchased perhaps one lot or ten, improved the lots, and then sold out. Perusing the records and correspondence of William Ogden and Gurdon Hubbard, one encounters the names of countless eastern residents who, to various extents, financed the early growth of Chicago. One such was John Wright from Sheffield, Massachusetts, who purchased lots in Chicago in partnership with an uncle in Brooklyn, New York. 100 Justin Butterfield of Watertown, New York, hired a western agent to invest in the townsites along the proposed Illinois-Michigan Canal. 101 While their investments were smaller than those of the major Chicago speculators, they, nevertheless, played an important role in Chicago's development.

The principal economic activity of Chicago's population for several years was land speculation. A single town lot often changed hands several times as each owner added an improvement and then sold when the price assured a profit. The actual methods of buying and selling were a mixture of private
transactions between individuals, public auctions, and government land sales.

In Chicago, the most active periods of land speculation took place between May and the close of lake navigation in October. In the summer, Chicago was a bustling village as speculators travelled up and down the western shore of Lake Michigan searching for profitable investments in town sites. In the winter, the business of land speculation switched to New York. Large speculators like Arthur Bronson, Charles Butler, and Edward Russell constantly traded Chicago property with other financiers. Edward Russell found it necessary to remain in constant communication with Gurdon Hubbard, his western agent, so that their sales would not be duplicated. The constant exchange of land seemed to indicate to all concerned that Chicago was financially prosperous. At various times, Chicago speculators traded land among themselves. In 1835, Hubbard traded lots with William Ogden of the American Land Company. In 1836, Hubbard estimated that $150,000 in property was exchanged between the major Chicago speculators. These transactions, Hubbard claimed, were not that profitable for the speculators; yet they produced excitement in the town and precipitated a flurry of land sales among other speculators and a corresponding price rise.

While the transactions among the speculators spurred the constant improvement of Chicago, the most important events both for the town and the investors were the government and state land sales at Chicago. Until June, 1835, most of the lots bought and sold in Chicago were those plotted by the canal commissioners in 1829. The majority of farming land was not surveyed and ready for sale until 1834 when the government established a land office at Chicago and announced its first public sale for June, 1835. The public sale offered farm land in the interior to squatters and settlers. In addition,
land immediately adjacent to the original plot of Chicago was also readied for sale. The second most important public sale was in June, 1836, when the state of Illinois sold additional lots along the route of the proposed Illinois and Michigan Canal. 107

The time of a public land sale was the most active for any town on the lake shore. Speculators, merchants, and farmers were all jammed into the frontier town as the sale began. As the time for the government sale approached at Chicago in 1835, Chicago entrepreneurs expected a rush for town lots and farm lands. 108 Before the public sale in 1835 and 1836, Edward Russell informed Gurdon Hubbard that a large number of capitalists were leaving the East for Chicago. 109 Many individuals attested to the excitement in Chicago at this time. The editor of the Chicago American commented that the large number of capitalists streaming into the town indicated that all believed Chicago was to be the commercial center of the West. 110 An English visitor to Chicago in 1836 witnessed the following scene at the time of the public sale:

I never saw a busier place than Chicago was at the time of our arrival. The streets were crowded with land speculators hurrying from one sale to another. A Negro, dressed up in scarlet, bearing a scarlet flag and riding a white horse with housings of scarlet, announced the time of sale. At every street corner where he stopped, the crowd flocked around him; and it seemed as if some prevalent mania infected the whole people. The rate for speculation might be so regarded. As the gentlemen of our party walked the streets, storekeepers hailed them from their doors, with offers of farms, and all manner of land lots, advising them to speculate before the price of land rose higher. 111

Many, however, thought that the speculators had gone wild at Chicago, One observer commented that "I think they are all crazy. I do not know if I shall be able to find a foot of land but what some one makes claim to . . . ."

In August, 1835, the Oneida Whig, a prominent New York newspaper, printed the
impressions of one financier who considered the Chicago land sale pure folly. According to this view, Chicago real estate was purely a "speculative" investment for Chicago did not have a commercial or agricultural basis. Because of the degree of land speculation and the number of people who were involved, the above was clearly the minority opinion. Yet bad publicity in eastern papers could only hurt Chicago. Thus the editor of the Chicago American answered such charges in an effort to prove Chicago's commercial potential. Citing the growth of population, the increase of business establishments, the number of vessels entering the Chicago harbor, the Chicago American claimed that:

... Chicago exhibits all the bustle and animation of a prosperous and rapidly growing town. And what is the cause of all this? Surely not the extravagant delusions of our citizens. It is because Chicago possesses rare and striking natural advantages.

In following articles, the Chicago American described Chicago's great advantages; the proposed Illinois and Michigan Canal, fertile farm land, and an accessible port to handle the shipment of goods. With this evidence, the editor of the Chicago American concluded that "... Chicago can present arguments enough to satisfy the skeptical, that property here has not merely an imaginary value ... ."

Neither Chicago's eastern critics nor the newspapers of Chicago told the whole story. It is certainly true that when the speculators first arrived in the town in 1833, there was really very little to justify large scale investments except Chicago's geographical location and the dreams of capitalists. But that is exactly the point: the speculators built the town of Chicago. Through the efforts of men such as Arthur Bronson, Edward Russell, and Charles Butler in the East and their western agents, Gurdon Hubbard and William Ogden, and a host of smaller investors, the basis of Chicago's economic growth was
laid. The constant exchange of property brought more and more financiers into
the Chicago community. Working through their western agents, large speculators
built stores, warehouses, and made capital available to small merchants. While
the speculators continually sold their town lots when the price increased,
profits were often reinvested in the town. In addition, men who had begun
their careers as western land agents soon shared in the speculative profits,
and then later turned toward other economic pursuits relating to the town's
commercial life. But all the aspirations and capital investments of entrepre-
neurs depended on the arrival of artisans and merchants who could give suste-
nance to the groundwork prepared by the speculators.
MAP EXPLANATION

The town of Chicago was sold by lots and blocks. A block was usually 320 by 360 feet with each lot measuring 80 by 180 feet. Lot sizes varied, of course, with the course of streets and the contours of the lake.

Not all land in Chicago, however, was sold in lots and blocks. Chicago was first plotted in 1829 by the canal commissioners and these lots and blocks were known as the Original Town. On the map, this area is indicated by a heavy black border. As the years passed, "additions" were made to Chicago, that is, new areas were brought within the city limits. Speculators, such as Arthur Bronson and Edward Russell often purchased land adjacent to the plotted town calculating that business would slowly push the borders of the town outward.

Business in the town originally centered along the Chicago River especially where it first enters the city from Lake Michigan. "Water lots" or those bordering directly on the Chicago River were the most valuable for ships could navigate a good distance down the Chicago River. Forwarding and commission houses, dry goods stores, and general business establishments were located as close to the River as possible.

One must also remember that surveyors only plotted the various blocks and lots. Later the speculators and owners of town property were forced to actually lay out the lots and cut streets and avenues through the wilderness.

Arthur Bronson's property - Actually Bronson owned a great deal more property than indicated here, but this consisted of his major purchases.

The property of Edward A. Russell was located throughout the town on both sides of the Chicago River. The areas indicated here thus show only portions of Russell's holdings. It is very hard to establish which lots were owned by specific individuals because of the constant exchange of lots.
FOOTNOTES

MAP EXPLANATION

1 Homer Hoyt, One Hundred Years of Land Values In Chicago (Chicago: University of Chicago Press, 1933), pp. 28, 428. For a complete discussion of the manner in which cities and towns of the United States were planned and expanded see John W. Reps, The Making of Urban America: A History of City Planning In the United States (Princeton: Princeton University Press, 1965).

2 There are various early descriptions of Chicago indicating the location of the principal business establishments. One of the best was written by a visitor to Chicago in the 1830's. See Daniel Gold, "The City of Chicago In 1837," Daniel Gold Papers, Chicago Historical Society. Additional information can be found in A.T. Andreas, A History of Chicago (Chicago: A.T. Andreas Publisher), I, pp. 128, 131-133, 136-137.

3 The location of Bronson's original purchase was compiled from the description of the purchase in a Legal Deed between Arthur Bronson and David Hunter, November 1, 1834, Arthur Bronson Papers, Letter Folder I, Chicago Historical Society.

4 The location of Edward Russell's property was taken from two letters: Gurdon Hubbard to James Campbell, February 22, 1836, Hubbard Papers, Letter Folder II, Chicago Historical Society, and Edward Russell to Gurdon Hubbard, April 14, 1836, Russell Papers, Letter Folder I, Chicago Historical Society.
FOOTNOTES

CHAPTER IV


3. Frederick Jackson Turner, Rise of the New West, 1819-1829 (New York: Collier Books, 1962), p. 84. Most historians, however, agree that Turner's frame of reference was the agricultural frontier, and he should not be criticized for neglecting the "urban" frontier. In fact, Turner's interests would have eventually carried him to examining the role of frontier towns. There is buried among Turner's papers an outline entitled "The Significance of the City in American History." See Billington, America's Frontier Heritage, p. 20.


5. Billington, America's Frontier Heritage, p. 45.


7. Thomas C. Cochran, "The History of a Business Society," The Journal of American History, LIV (June, 1967), 9. One of the early writers on town or urban history saw that the towns were in the forefront of westward expansion, but the author never elaborated the point. See Bayrd Still, "Patterns of Mid-Nineteenth Century Urbanization In the Middle West," Mississippi Valley Historical Review, XXVIII (1941-1942), 187.

8. The three most recent works on the frontier and urban history have written of town growth or the frontier movement as a process. This is especially true of Wade, Billington, and Glaab and Brown. These works rarely discuss the effect of business and social leadership on town growth. Another trend in historical research and writing is the use of the statistical method by the "New Economic Historians." This is seen primarily in the work of Jeffrey G. Williamson and Joseph A. Swanson, "The Growth of Cities In the American Northeast, 1820-1870," Explorations In Entrepreneurial History, IV (1961), 3-69. However, in recent years some historians have redirected their focus and recognized the importance of selected individuals or capitalists. Arthur M. Johnson and Barry Supple, Boston Capitalists and Western Railroads: A Study In the Nineteenth Century Railroad Investment Process (Cambridge: Harvard University Press, 1967), stress the individual capitalist and the why
and how of his investments. Similarly, Robert Swierenga, "The Western Land Boom: The Story of Easley and Willingham, Speculators," Business History Review, XLI (Spring, 1967), emphasized the skill of these two successful entrepreneurs.

9Ray Allen Billington, "The Origins of the Land Speculator As A Frontier Type," Agricultural History, XIX (October, 1945), 204.


15Ibid., p. 333.

16Paul Gates has not been the only contributor to the study of land speculation. Ray Billington has written two works: "The Origins of the Land Speculator As a Frontier Type," Agricultural History, XIX (October, 1945) and America's Frontier Heritage. Billington claimed that the speculator did retard the process of westward expansion. But this view is being seriously challenged. The best discussion of what is lacking in the historian's treatment of land speculation was found in Douglas C. North, Growth and Welfare In the American Past (Englewood Cliffs, New Jersey: Prentice Hall Inc., 1966), pp. 122-136.

17This is not universally true. Two authors made a very clear distinction between speculators in town lots and those speculating in farm land. See Carlyle Buley, The Old Northwest: Pioneer Period, 1815-1840 (Bloomington: Indiana University Press, 1951), II, p. 148. Also consult Charles Glaab, "Business Patterns In the Growth of a Midwestern City: The Kansas City Business Community Before the Civil War," Business History Review, XXXIII (1959), 156-174. Glaab suggested that Kansas City might have owed its initial development to land speculators who identified themselves with the city's future.


29. Micajah T. Williams in Cincinnati to Arthur Bronson, May 4, 1833, and Arthur Bronson to M.T. Williams, June 4, 1833, Micajah T. Williams Papers, Microcard No. 28, Ohio State Library. This collection is available to historians on microcard. It is of great value for any treatment of town growth in the Old Northwest. Williams was also one of the original investors at Milwaukee. Hereafter this collection will be cited as Williams Papers, Microcard No., OSL.
Charles Butler, "William B. Ogden and Early Chicago," An Address by Charles Butler Delivered in 1881, William B. Ogden Papers, Chicago Historical Society, p. 6. The William B. Ogden Papers are one of the largest collections of any early Chicago resident. The most valuable pieces were Ogden's Letter-books in three large volumes from 1834 to 1850. There were also two folders of miscellaneous correspondence from 1835 to 1843. Hereafter this collection will be cited as Ogden Papers, Letter Folder (L.F.) or Letterbook (L.B.) No., CHS. Information on Butler and Ogden can also be obtained in an early biography: Francis H. Stoddard, The Life and Letters of Charles Butler (New York: Charles Scribner's Sons, 1903), pp. 130-133.


Memorandum of a legal agreement between Robert Kinzie and Arthur Bronson, April 27, 1833, Arthur Bronson Papers, Robert Kinzie Collection, Letter Folder Number 44, Chicago Historical Society. The Bronson Collection is the largest single collection of the letters of a land speculator in the Chicago Historical Society. There are seventy-five letter folders, each folder consisting of Bronson's correspondence with a western agent. The Papers also include several volumes describing Bronson's land holdings throughout the United States. Hereafter, this collection will be cited as Bronson Papers, Letter Folder (L.F.) No., CHS.

Charles Butler in Chicago to Eliza Butler in Geneva, New York, August 4, 1833, Charles Butler Papers, Letter Folder I, Chicago Historical Society. The Butler Papers are a very small collection consisting of only one letter folder. Butler expressed his views of Chicago's future in several other letters especially Charles Butler to Mr. B. Whiting, August 7, 1833, Butler Papers, L.F. I, CHS.


Ibid., pp. 16-17.

Land deed between Arthur Bronson and David Hunter, November 1, 1834, Bronson Papers, L.F. 1, CHS. For the location of Bronson's property in Chicago see the map at the end of the chapter.

Butler, "William Ogden," p. 16, Ogden Papers, CHS.

Each of the individuals mentioned had different business arrangements with Arthur Bronson. However, most of these men originally just sold town lots to Bronson; later they would share in purchases. See the Land Deeds between Arthur Bronson and Thomas J.W. Owen, August 8, 1833, Bronson Papers, L.F. 54, CHS; Land Deeds between Arthur Bronson and Richard J. Hamilton, August 15, 1833, Bronson Papers, L.F. 35, CHS; Land Deeds between Arthur Bronson and John Kinzie, August 23, 1833, Bronson Papers, L.F. 41, CHS.
Bronson purchased land in Illinois, Wisconsin, Indiana, and Michigan. To supervise his real estate, Bronson employed a network of land agents. The extent of Bronson's landholdings can be seen in "Land Book of Arthur and Frederick Bronson," Bronson Papers, CHS.

Land Deeds of Arthur Bronson, October, 1833, Bronson Papers, L.F. 35, CHS.


Legal agreements between John Temple and Arthur Bronson, October 8, 1833, and October 9, 1833, Bronson Papers, L.F. 63, CHS; John Temple to Arthur Bronson, December 8, 1833, Bronson Papers, L.F. 63, CHS.

John Temple to Arthur Bronson, March 19, 1834, ibid.

John Temple to Arthur Bronson, December 8, 1833; February 27, 1834; and June 12, 1834, ibid.

John Temple to Arthur Bronson, April 8, 1835, and May 26, 1835, Bronson Papers, L.F. 63, CHS.

Ibid.


Arthur Bronson to John Kinzie, May 2, 1834, and John Kinzie to Arthur Bronson, May 26, 1834, Bronson Papers, L.F. 41, CHS. John H. Kinzie was the son of the famous Chicago fur trader. He remained in Chicago and in the middle 1830's became associated with land speculation and commercial pursuits.

John Kinzie to Arthur Bronson, June 18, 1834, ibid.

Ibid.

James Grant to O. Bushnell, November 5, 1835, Bronson Papers, L.F. 34, CHS. Pearson had started a major street improvement program in late 1835. See Andreas, History of Chicago, I, p. 192.

Butler, "William Ogden," Ogden Papers, CHS, p. 29.

Land Deed between Arthur Bronson and Robert Sedgwick, April 28, 1836, Bronson Papers, L.F. 61, CHS. There is also a small account sheet compiled by Bronson indicating the original purchase price and the price for this parcel of land which he sold to Sedgwick.

For a discussion of Hubbard's earlier career as a fur trader see Chapter III.
Edward A. Russell to Gurdon S. Hubbard, December 10, 1833, Edward A. Russell Papers, Letter Folder I, Chicago Historical Society. The Russell Papers consist primarily of Russell's correspondence with Hubbard relating to land investments. All the papers relating to real estate are filed in one folder. Hereafter, this collection will be cited as Russell Papers, L.F., CHS.

Mrs. Louis E. Richter, Genealogist, Middlesex County Historical Society, to John Haeger, July 5, 1967; and National Cyclopedia of American Biography, XVIII, p. 82; XXXIV, p. 409.

Edward Russell to Gurdon Hubbard, November 9, 1833, Russell Papers, L.F. I, CHS.

Ibid.

Ibid.

Edward Russell to Gurdon Hubbard, December 10, 1833, Russell Papers, L.F. I, CHS.

See map at end of Chapter IV.

Gurdon Hubbard to Edward Russell, January 3, 1834, Gurdon Hubbard Papers, Letter Folder II, Chicago Historical Society. The Hubbard Papers not only contain information on Hubbard's fur trading exploits, but there are also several folders on his relationship with Edward Russell. Hereafter cited as Hubbard Papers, L.F., CHS.

Edward Russell to Gurdon Hubbard, November 9, Russell Papers, L.F. I, CHS.

Gurdon Hubbard to Edward Russell, August 12, 1834; July 5, 1835; and September 25, 1835, Hubbard Papers, L.F. II, CHS.

Gurdon Hubbard to Edward Russell, July 5, 1835, Ibid. In this letter, Hubbard also warned Russell that they must drain the water from their lots on the north side of the Chicago River or they would not be suitable for sale.

Gurdon Hubbard to Edward Russell, August 17, 1835, and September 1, 1835, Hubbard Papers, L.F. II, CHS. Hubbard also invested in western Illinois at Galena and at Green Bay and Milwaukee.


Gurdon Hubbard to Edward Russell, September 1, 1835, Hubbard Papers, L.F. II, CHS.

See Chapter VII on "The Secondary Towns." Also see Benjamin F. Barker to Jacob Barker, November 16, 1835, Jacob Barker Papers, Box I, State Historical Society of Wisconsin, Madison, Wisconsin.
Gurdon Hubbard to Edward Russell, July 5, 1835, Hubbard Papers, L.F. II, CHS.

Ibid.

Samuel Russell in New York to Edward Russell in Chicago, May 14, 1835, Samuel Russell Papers, Letter Folder I, Chicago Historical Society. This collection is very small consisting of only nine items. Samuel Russell shared in his brother's land investments, but he never handled the business affairs.

Gurdon Hubbard to Edward Russell, July 8, 1835, and September 25, 1835, ibid.

Gurdon Hubbard to Edward Russell, September 25, 1835, ibid.

Edward Russell to Gurdon Hubbard, 1835, Russell Papers, L.F. I, CHS.

Gurdon Hubbard to Edward Russell, July 5, 1835, Hubbard Papers, L.F. II, CHS.

Gurdon Hubbard to Edward Russell, July 29, 1835, Hubbard Papers, L.F. II, CHS; Edward Russell to Gurdon Hubbard, June 6, 1836; and August 5, 1836, Russell Papers, L.F. I, CHS.

Edward Russell to Gurdon Hubbard, May 3, 1836, Russell Papers, L.F. I, CHS.

J.S. North in London, England, to Edward A. Russell, September 18, 1839, ibid. At this time, English investors were interested in Chicago property, but they demanded exact statistics on the commerce of the city.


The surveyor was an important individual in early land speculation. He was often the first person to view the interior country, and he thus knew where the most valuable land was located. The role of the land surveyor has been touched upon in two articles: Dwight L. Agnew "The Government Land Surveyor As a Pioneer," *Mississippi Valley Historical Review*, XXVIII (1941-1942), 369-382; and Verne E. Chatelain, "The Public Land Officer on the Northwestern Frontier," *Minnesota History*, XII (December, 1931), 379-389.

William Ogden to John Sullivan, June 10, 1836, Ogden Papers, L.B. I, CHS. Attached to this letter was Ogden's circular advertising his land agency.

William Ogden to John N. Sullivan, June 10, 1836, Ogden Papers, L.B. I, CHS.

William Ogden to Frederick Bronson, May 26, 1837, Ogden Papers, L.F. I, CHS.

William Ogden to John N. Foster, December 8, 1837, Ogden Papers, L.B. I, CHS.


Chicago American, May 20, 1837. Also see Pierce, *History of Chicago*, I, p. 64.

Justin Butterfield in Watertown, New York, to James B. Campbell, January 11, 1836, May 7, 1836, James B. Campbell Papers, L.F. I, CHS. Campbell invested for Butterfield in Chicago, but they also carried on larger investments in southern Illinois.

John Temple to Arthur Bronson, May 21, 1834, Bronson Papers, L.F. 63, CHS; Edward Russell to Gurdon Hubbard, August 5, 1836, Russell Papers, L.F. I, CHS.

Edward Russell to Gurdon Hubbard, August 5, 1836, Russell Papers, L.F. I, CHS.

Gurdon Hubbard to Edward Russell, Hubbard Papers, L.F. II, CHS.

Gurdon Hubbard to E. Jackson, May 1, 1836, Hubbard Papers, L.F. II, CHS.

Chicago American, June 13, 1835.


Gurdon Hubbard to Samuel Russell, July 29, 1835, and Gurdon Hubbard to Edward Russell, Hubbard Papers, L.F. II, CHS.

Edward Russell to Gurdon Hubbard, May 26, 1835, Russell Papers, L.F. I, CHS. Also see the description of Alison B. Phillips, a New York speculator who claimed capitalists were leaving all the major business centers of the East for the Chicago sale. See Letter of Alison B. Phillips, June, 1835, Alison B. Phillips Collection, Chicago Historical Society.

Chicago American, June 20, 1835.


Dixwell Lathrop in Chicago to John Rockwell, June 11, 1835, Dixwell Lathrop Papers, L.F. I, CHS.

Oneida Whig, 1835, as quoted in the Chicago American, August 15, 1835.

Chicago American, August 15, 1835.

Chicago American, September 19, 1835. In later months, the newspaper continued with a flood of articles praising Chicago's commercial growth. See especially the Chicago American, January 2, 1836.
CHAPTER V

The Growth of a City: The Partnership of Capitalists and Town Residents in Commerce, Retail Businesses and Internal Improvements, 1833 to 1842

While the contention stands that Chicago's initial growth was stimulated by the participation of eastern and western entrepreneurs in land speculation, Chicago's continued expansion necessarily turned upon the development of commercial and retail businesses. All the speculator's efforts in erecting an image of Chicago's prosperity were of little value without the mechanics, merchants, and professional people moving from eastern towns to relocate in the frontier village of Chicago. The real flood of town migration began in late 1834 and increased dramatically in 1835 and 1836 only to taper off in 1837 as a shroud of economic depression spread over the East Coast limiting the resources of those desiring to move West. In the period from 1834 to 1836, however, Chicago solidified its economic position by increasing the number of retail trade establishments, establishing communication and trade with the interior portions of the state, and encouraging the growth of Lake Michigan shipping. When Chicago entered the depression period in late 1837, there were commercial leaders and eastern capitalists with an interest in sustaining and even advancing Chicago's commercial development during the depression years. By 1842, when normal financial conditions returned, Chicago emerged as the pre-eminent city on Lake Michigan's western shore.

The merchant, the artisan, and less directly the farmer were the backbone of any city, and Chicago's development depended upon their acceptance of its
potential as described by capitalists and speculators. But how did such people learn of Chicago's existence and the opportunities available? Many eastern urban dwellers learned of Chicago through letters and personal contacts. Often a relative or friend undertook a journey to the West searching for a town with commercial opportunities. Typically a young man travelling in the West wrote home describing the advantages of each town he visited.² There is no way of gauging either the volume or effectiveness of such letters or later personal contacts in stimulating western migration, but in the case of Chicago evidence does exist that such contacts were important.³ In some cases letters from the West received wider circulation than just the correspondents. In 1834, a young man from Hartford, Connecticut, toured the western towns in hopes of finding a suitable location for a retail business. As he travelled, his letters were displayed in the local post office. Eventually, he selected Chicago as his new home, a choice which certainly affected later emigrants from that area.⁴

Interest in Chicago as a site for economic investment and commercial businesses was also stimulated by the innumerable travelogues and reports of foreign visitors to America. Chicago attracted a considerable number of such callers in the 1830's with the conclusion of the Blackhawk War and the resulting Indian Treaty of 1833. Curiosity, of course, was the magnet which attracted many early travelers, but their accounts, published in 1835 and 1836, often included judgments about Chicago's future. In 1835, Charles Fenno Hoffman's A Winter In the West cited Chicago's strategic location for commerce and predicted its rapid rise as the new trade center of the West.⁵ A Scottish traveler commented that "Almost every person I met regarded Chicago as the germ of an immense city, and speculators have already bought up, at high prices, all the building ground in the neighborhood."⁶
But such foreign and native travel accounts probably appealed to and were read only by the more educated urban dwellers in the East. What of the small shopkeeper, the artisan, and finally the farmer preparing to move West? For these people, guidebooks describing the western country were popular sources of information. One of the more famous was written by John Mason Peck in 1834. While investigating the Illinois country, Peck visited Chicago and immediately surmised that it "... will eventually become the greatest place for business and commerce in all the northwest." Later when Peck published his *Gazetteer of Illinois*, Chicago was mentioned as the most important town on the shores of Lake Michigan. Such rave reviews undoubtedly attracted a good number of town migrants.

Newspapers were also effective conveyors of information about the West. They were cheap and accessible to most prospective emigrants. Eastern newspapers regularly commented on the most favorable townsites in the West. The degree of publicity received by any western town in an eastern newspaper really depended upon the establishment of newspapers in western cities. Until Chicago could boast of its own weekly publication, eastern newspapers could only print the occasional reports of travelers and personal correspondents. Without a newspaper, there was no agency in a western city for collecting facts about population, commerce, and the surrounding farm land and then distributing these facts to the general public. It was not unusual for the Chicago post office to receive letters from the East inquiring about living conditions, wages, and commercial opportunities. Without a dedicated postal clerk or an interested western entrepreneur, such letters remained unanswered.

A principal reason for Chicago's early popularity was that as early as November, 1833, the *Chicago Democrat* was founded. Two years later, Chicago
possessed two newspapers when the **Chicago American** began publication. Communications and correspondence were then opened with newspapers throughout the country. Editors throughout the East perused the columns of the **Chicago Democrat** and **Chicago American** extracting items of interest for their own readers and the prospective emigrant. In 1836, for example, the **Philadelphia Commercial Herald** sent a questionnaire to all western newspapers asking for a description of the town, its location, the number of merchants, the volume of commerce, and the number of buildings. The **American** answered these questions through its editorials knowing that the reply would be printed in newspapers throughout the country. Compiling the reports of travelers and the information gleaned from a western newspaper, eastern editors then advised their readers on the merits of various western towns. Chicago received a good deal of favorable commentary. In 1836, for example, the **Niagara Democrat** described Chicago in the following manner:

> In the list of towns that have sprung up with incredible rapidity, Chicago deserves a conspicuous place - probably the first rank. It is now a little more than three years old; numbers 5000 inhabitants; is a scene of bustle, industry and enterprise, which a few years since would have been deemed the work of fifteen or twenty years to produce. Its commanding location has drawn, and is continually drawing towards it, the capital of this and the eastern states ... labor is high and commands cash; merchants and mechanics are thriving; lawyers and doctors if they do not flourish in their professions, make it up by speculation. All is brisk and promising.

Eastern newspapers performed a vital service in advertising Chicago's opportunities, but the two Chicago newspapers were of even greater significance. In the first years of their existence, the **Chicago American** and **Chicago Democrat** were little more than advertising brochures; important national news usually found coverage only on the back pages. The aim, of course, was to provide information for eastern editors and for emigrants passing through Chicago in search of a western haven. At the same time, the Chicago newspapers
had a surprisingly wide circulation in the East not only among other newspaper offices but among individuals. Thus the columns of the Chicago publications were oriented toward attracting carpenters, masons, and merchants. In 1835, the Chicago American cautioned the prospective migrant that:

Our distant readers must not judge the business of this place by the meager appearance of our advertising columns, for we can assure them that they do not present a fair criterion. Many merchants are extensively engaged in a wholesale and retail business; our harbor is enlivened by the arrival of five, ten, fifteen, and sometimes more vessels, in the course of a week... plainly show that Chicago is fast rising to an eminence which will be equalled by few, and surpassed by none, of the towns now springing up in this... western wilderness.

For the prospective agricultural pioneer upon whose future Chicago would depend for commerce and good supplies, the American initiated a column entitled "Hints to Migrants" in which favorable farm lands were described, methods of obtaining the land from the government were explained, and the most needed and suitable products for market were discussed. That Chicago required merchants, artisans, and farmers was clearly evident in newspapers both East and West.

Having learned of Chicago, the eastern town dweller still faced innumerable obstacles before migration to the West became a reality. First and foremost, the tide of westward migration was regulated by the prevailing financial situation in the East. Most historians today agree that Frederick Jackson Turner's concept of the West as a safety-valve for eastern discontent operating during periods of financial depression was incorrect. The real westward movement began during the favorable economic period which prevailed in the 1830's. However, it still remained true that many who came West were seeking a freer field of economic opportunity. Eastern newspapers continually urged young merchants to go West where they might more easily enter into the business
community. Since most historians directed their attention to the movement of farmers, the writings on westward migration have rarely considered the causes and character of town migration. Artisans and merchants who moved from eastern towns to the West were of many varieties. Some possessed sufficient capital to establish their own stores and sell goods. Others had little capital, and depended upon loans from speculators to rent a store and purchase goods. Mechanics, carpenters, and clerks were also in evidence. Their journey was perhaps the least expensive. If passage from the East was obtained, an emigrant could readily find work in the town of Chicago in 1835 and 1836. The Chicago Democrat and American constantly advertised for workers on public improvement projects such as the harbor, streets, and the Illinois and Michigan Canal. It also seems likely that many farmers worked in Chicago for a few years until sufficient capital was accumulated to start a farm. The speculators who had arrived earlier prepared the way for these emigrants by creating the occupations which sustained the town migrant.

Town migration was particularly unique in that many people moved directly from town to town. The records and correspondence which remain from this early period of Chicago history indicate that ordinarily town migration was a long jump, that is the emigrant, whether he was a merchant, lawyer, or artisan, left his residence in New York or New England and travelled across the country to Chicago. Certainly many stopped enroute at Buffalo and Detroit, but these towns by 1835 already possessed numerous mercantile establishments; the freer field for a young merchant or professional person was Chicago.

The path to Chicago from New England and New York was difficult and tedious. By the end of the Blackhawk War, however, various improvements in transportation and communication had assured that Chicago would receive its
share of the new migration. The Erie Canal, opened since 1825, brought the emigrant as far as Buffalo to await passage on the Great Lakes. Before 1833, passage from Buffalo to Detroit was regular, but few steamboats had ever ventured to navigate the waters of Lake Michigan. The Blackhawk War again, albeit indirectly, provided an impetus to the settlement of Chicago. In need of troops quickly to combat Blackhawk's uprising, the government decided to charter steamboats to transport the troops to Chicago rather than using the overland route. These steamboats were the first to reach Chicago proving that navigation of Lake Michigan was both feasible and practical. From then on, Chicago gained an early lead as the chief port on Lake Michigan's western shore. Thus Chicago received the majority of emigrants, and for a long while those wishing to settle in towns or country further north on the lake shore were often forced to travel by land from Chicago.

Many travelers avoided the all water route to Chicago from Buffalo fearing the dangers of lake travel. The most favorable alternative route was to disembark from a steamer at Detroit and then travel overland by the Chicago Road. Others preferred to take the Chicago Road only as far as St. Joseph, Michigan, then board a steamboat or schooner to Chicago; a regular fleet of steamboats journeyed between these points in the later 1830's.

But again the story of westward town migration appears only as a process, but it was, in reality, an adventure undertaken by individuals. Perhaps by observing the experience of just a few, generalizations on town migration will appear in a somewhat better perspective. Richard Ela of Lebanon, New Hampshire, for example, saw no hope for a mercantile career in Lebanon and decided that "... the West is our object; there is no other hope left for us ..." Setting out from Lebanon in 1834, Ela stopped for a short period in Buffalo to earn his passage to Chicago and to learn more about retail businesses.
Eventually, he reached the West and by-passed Chicago to settle at Plainfield, Illinois. Many young men moved from urban areas in the East to seek their fortune in western towns. This was not a haphazard journey, but those with a little capital picked their future home with great care by looking over each frontier metropolis noting its particular advantages. Elisha Pease from Hartford, Connecticut, indicated the care with which town migrants came West:

I left home with the intention of spending from 3 to 4 months in travelling and learning what the chances were for a young man in this part of the country. I will say to you frankly that a man cannot live as pleasantly here as at the East, but that with a small capital and proper management he cannot fail of laying the foundations for an independence if not a fortune in a few years. I am as undecided about any business as when I started. I have concluded to go as far as St. Louis then I shall stop and review what I have seen, calculate the chances and make a bold push. For Pease, Chicago was already too settled with merchants, and thus he moved further along the lake shore. The same was true of David Roberts of Fredonia, New York, who looked over various towns including Chicago. Arriving in Chicago in 1833, Roberts thought it already too crowded and moved to Joliet, Illinois. Others, though, found the crowded conditions and excitement indications of Chicago's great future. Lemuel Freer departed from New York in the spring of 1836. Buttressed by a small amount of money, he stopped at all the lake port towns evaluating the commercial possibilities of each. Cleveland, Detroit, and Mackinac were, according to Freer, already too well-supplied with retail stores while Green Bay and Milwaukee were too involved in lot speculation to indicate the soundness of their economic position. But Chicago was different in Freer's judgment:

I do not believe she has her equal in the union. There is more buoyancy and enterprise than I ever before saw... Chicago has acquired a form of progression that nothing can stop for twenty years... There are forty merchants here, ten of whom sell goods to the amount of sixty thousand, twenty forty thousand and ten to the amount of from fifteen to twenty thousand...
On the steamboat to Chicago, Freer had the good fortune to meet another merchant from New York who was also spying out a suitable town to locate his general retail business with goods valued at $10,000. Arriving in Chicago, the two men formed a partnership with Freer employing his capital to buy a lot and rent a store. Once established, they soon found their original stock of goods inadequate and sent to New York for an additional $30,000 worth of supplies. Because of his connections with New York merchants, Freer's partner was able to obtain these goods on credit thus enabling the two merchants to maintain a lucrative trade. 33

Similarly Charles Walker from New York sent a relative to Chicago in 1834 with a stock of boots, shoes, and leather speculating that such trade might prosper. Later his brother-in-law, who was floundering in a small village in New York, was sent West to serve as a partner in Charles Walker and Company. 34

Perhaps an even more interesting case was the career of Benjamin Barker. Barker was from Buffalo, New York, and came West in 1832. His brother, Jacob, was a leading Buffalo forwarding and commission merchant. 35 With a small amount of reserve capital, Benjamin Barker visited various western towns, but finally decided that Chicago was to be the major center of the West. 36 After his journey, Barker had little capital left, and for all intents and purposes Barker and his family were marooned in Chicago two years before the heaviest migration. 37 Life was extremely difficult as attested to by his letters, yet Benjamin Barker was able to find assorted jobs in cutting wood and clerking for other merchants. His dream was to set up a small grocery store, but always he lacked the capital. From his arrival in Chicago, he constantly wrote his brother asking him to finance a business in Chicago. 38
In October, 1833, Benjamin Barker tried to convince his brother of the propriety of such an investment:

If we may judge from the start Chicago has taken this summer we may fairly anticipate it will shortly become one of the largest towns in the Western world . . . now is the time to make money here . . . . I have no doubt a rail road or canal between this & the Illinois will be commence within one or two years taking all these things into consideration. I don't see that there can be much risk in commencing business here on a small scale (sic)39

Jacob Barker soon gave in to his brother's requests and agreed to finance a grocery business at Chicago.40 In some cases, therefore, eastern businessmen also directly financed the establishment of retail trades.

Many immigrants who came to Chicago were not as fortunate as Benjamin Barker or Lemuel Freer, for they had neither capital nor eastern connections to sustain them in the first difficult years. From 1834 to 1836, nevertheless, Chicago supplied many jobs for the laborer providing a means whereby countless urban migrants accumulated capital and entered the class of small merchants. Edward Talcott came to Chicago virtually penniless, but he knew that, for a time, he could work as a land surveyor.41 Many other merchants and artisans streamed into Chicago from 1834 to 1836 knowing that wages were high and jobs plentiful because of the various building projects initiated by the speculators such as Gurdon Hubbard and William Ogden.42 A prospective merchant did not have to build his own store immediately because he could rent floor space in a structure erected by the speculators. The marginal retail merchant and general laborer owed much in his first years to the economic groundwork prepared by the early Chicago capitalists.43

Accepting the thesis that the capitalists and speculators aided the transition of eastern town dwellers into the frontier towns, one must yet deal with the common generalization that the speculators and capitalists
hindered the path of the agricultural frontier. As the years passed, the growth of Chicago increasingly depended upon the production of its hinterland and without the development of an agricultural market, Chicago's development would have been seriously curtailed. In the view of most historians, the speculator corrupted the basic ideals of America's land system by monopolizing large sections of fertile farming land and holding it out of production until a suitable price was gained. When actual land sales did occur, such as at Chicago in 1835 and 1836, the speculator supposedly manipulated the sale and government officials so that the settlers were deprived of the choice farming sites. Finally when the settler lacked the capital to purchase a farm, the speculator used the opportunity to loan money at usurious rates of interest. There is certainly truth to all the various charges hurled against the land speculator, but there is another side to the story which indicates that in many cases, especially in Chicago, the land speculators advanced the general progress of westward expansion both in the town and in the country.

Speculation is endemic to any system of capitalism and private ownership. When public land sales were held, the nineteenth century American was foolish to believe that he could escape the appearance of speculation. In defense of the land speculator, it should be realized that he indirectly aided the agricultural pioneer. Many settlers who came West had little capital. They located for a time in a frontier town like Chicago where, through various jobs, they accumulated sufficient funds to return to farming. Moreover, the speculator was hardly in a commanding position in relation to the settlers. Farming pioneers often disobeyed laws or established extralegal organizations to ward off the speculator's competition. At the Chicago land sale in 1835, the squatters formed a committee to protect the claims of each member. The
speculators were prohibited from ever raising the cost of public lands over the minimum government price. Several speculators tried to bid on farming land previously claimed by a settler, but they were forcibly ejected from the sale. Protesting to the legal and military authorities at Chicago, the speculators found that the community, in general, wished to see its farmers receive their just claims. In fact, the Chicago American editorialized that at the 1835 government sale, the settlers received fair treatment and the town's speculators and capitalists had not cheated anyone, but only purchased land not previously claimed or entered by anyone else.

Neither did the speculators always hold land off the market waiting for a price rise nor did they monopolize large tracts of farm land. Pure logic would seem to indicate quite the reverse. A speculator wished a quick return on his property, and to hold land off the market in large sections could only deter settlement and force settlers to other areas. Again Chicago speculators provided a convenient example. Arthur and Frederick Bronson bought considerable farm land in Illinois and Wisconsin yet always stipulated that to garner profits and foster the growth of the whole area, town and country, the property must be disposed of as quickly as possible. Ordinarily the Bronsons avoided monopolizing large sections of land. They realized that if a whole section was purchased the settlers would just avoid that area. Thus the Bronsons instructed their western agent to purchase small tracts in separate locations so as not to deter the normal pattern of settlement. The Bronsons knew that once settlement was established around their locations, their farm land would command a high price. In no case did the Bronsons consider holding land off the market longer than two years.
Speculators certainly engaged in abuses of the land system, but the settlers and other frontier residents were often equally guilty. Officials of the local land offices, the register and receiver, were notorious for engaging in land speculation. Because of their position, they could effectively select the choicest land. Yet surprisingly perhaps to critics of the land speculator, William Ogden, one of Chicago's major town speculators, was the chief spokesman in Chicago against the abuses of the land system. Ogden found that many unscrupulous settlers advanced claims for land which already had been improved by a wealthy farmer or capitalist. Furthermore, Ogden claimed that the whole structure of the local land offices encouraged corruption and fraud. Officials of the land office, Ogden explained, were political appointees lacking special qualifications for dealing with the legal problems surrounding land sales. Ogden certainly was accurate in his criticism for officials of various land offices decided most cases involving the confusion of land titles. Ogden also resented the susceptibility of local land office officials to bribes from wealthy speculators and farmers. Thus he recommended to the Commissioner of the General Land Office that all cases involving land titles should be decided in Washington by knowledgeable lawyers away from the partisan frontier atmosphere.

But this is not to say that the town and farm speculators did not take advantage of their position as Chicago's chief source of capital. Profits were their first consideration and to this all else was frequently subordinated. Both Edward A. Russell and William Ogden invested their capital and that of other easterners in loaning money to settlers who lacked the resources to purchase their claims. In 1835, Russell sent $4,000 to Hubbard specifically for loans to settlers. In the late 1830's, Ogden loaned $15,000 in the same manner. The rates of interest were often usurious, averaging about
12%, but then one must balance this fact against the realization that the
speculator provided the settler the only possible means of purchasing a farm
or the squatter of securing his claim. Without the capital of Edward Russell,
William Ogden, and countless others like them, the agricultural hinterland of
Chicago might have developed at a slower pace eventually affecting the growth
of Chicago itself. Perhaps William Ogden expressed the view of the speculators
most clearly. His view is similar to that of capitalists throughout American
history, but criticism of their position must always consider the system
under which they operated and the advantages which they provided. Writing to
an eastern investor, Ogden described his attitude toward charging high rates
of interest:

Neither does this large scale advance upon money give offense to
the purchaser, he seeks you knowing your rates and desires you to
buy his claim for him which he not having the money to buy would
otherwise lose, together with his house, barn, fence and frequently
improvements equal to fifty or more acres under cultivation of the
plough.58

To make sweeping generalizations about the role of the land speculators
on the agricultural frontier would be to distort the picture. Certainly the
speculators were as guilty of abuses as they were responsible for certain
advances. The conflict occurs in historical writing because to each farmer or
each town resident the case was different. To one, the speculator was a
villain while to another he was a hero. This same ambiguity existed even in
the 1830's. Harsh judgments about the speculators often appeared in the
press. A notable example was in 1836 when the Albany Evening Journal attacked
the American Land Company as a monopoly for purchasing government lands. The
editors claimed that the company's charter was drawn up by Charles Butler's
brother, Benjamin Butler, then Attorney General of the United States. Accord-
ing to the Albany Evening Journal, various high government officials were
prominent stockholders in the American Land Company thereby indicating its attempt to defraud the general public. The Chicago American printed the charges against the American Land Company, but it was equally significant that they presented a rebuttal from Charles Butler, President of the Company. Butler ably defended the actions of the company. Admitting that the majority of the charges were true, Butler pointed out, however, that long before settlers journeyed to Illinois's interior, the American Land Company had already invested in the future growth of the country. As in all western cities, Chicago was at times critical of its capitalists and the American Land Company, but generally the speculators were welcomed to the city because of their contributions to its economic life.

The involvement of capitalists and speculators extended far beyond merely town and prairie speculation, loans to settlers, and the construction of houses and stores. As Chicago grew commercially its most continued need was for internal improvements and chief among these was the building of the Illinois and Michigan Canal. Here too the speculators worked in conjunction with a rising class of western merchants to extend Chicago's communication arteries.

Chicago's major attraction to eastern investors and to farmers had always been its location on a possible thoroughfare between the Great Lakes and the Mississippi River. As early as 1808, Albert Gallatin suggested that a canal between the Illinois River and Lake Michigan could be a major communication artery. When Illinois was admitted as a state in 1818, there was every expectation that a canal project was in the offing. During the 1820's, several charter companies were formed to begin work but all soon collapsed. Finally in 1827, the national government granted Illinois alternate sections
of land along a proposed canal route to aid in financing construction of the
canal, but the project was still in the planning stages in 1833. When
Charles Butler and Arthur Bronson arrived in Chicago in 1833, they realized
its potential but also saw the floundering attempts at a canal project. Butler
was amazed that the state legislature did not recognize the dependence of the
entire state upon such a project. The Chicago Democrat also berated the
state for failure to act, but all efforts seemed to have little effect until
Butler and Bronson arrived on the scene.

While in Chicago, Butler and Bronson were approached by concerned
western citizens, such as John Temple and John Kinzie, and asked to expend
their capital and efforts in obtaining a charter from the Illinois state
legislature for a new private canal company. Butler and Bronson returned
to New York assuring the Chicago citizens that they would consider the project.
In New York, the seemingly shelved the idea, but John Temple in Chicago
flooded their New York offices with requests for a private canal company. In
early 1834, Temple contacted numerous state politicians and received their
assurances of support for a private canal company. This information he sent
to New York, but still Butler and Bronson delayed action. In May, 1834,
Temple appealed to their business sense and desire for profits:

Now my dear friend allow me to scold you a little, for you deserve
it, and no doubt anticipate already the subject – The charter –
the charter – None have yet come to hand ... Away with your
fickleness my Friend - send me the Charter for a Canal – We have
now within our grasp one of the most splendid prizes ever presented
before & if we do not seize it, ours will be the folly and the loss
– indecision is the ruin of all great undertakings – I have been down
into the State three times since the year commenced and have made it
my business to prepare the public mind for a canal & for having it
constructed immediately & indeed there seems no opposition now & the
time is ripe for the work. Do send the Charter & recollect our main
dependence is upon you. To get that Charter from the Legislature,
we will insure.
Later in June, Temple assured Bronson that a private canal company would bring greater profits than any of his land speculation projects. Butler and Bronson finally drew up a charter for a canal company stipulating that the state must convey its land grant to the company. In the intervening years, however, various elements in the state realized the immediate need for a canal which they now felt should not be controlled by eastern capital. Editorializing in November, 1834, the Chicago Democrat called upon the people of Chicago and Illinois to construct their own canals and avoid the hegemony of eastern financiers. Conscious of this hostility, Bronson dropped his interest in a private canal company. Bronson never really wished to build the canal himself, unless it was absolutely necessary. Therefore he decided that since sentiment in the state now seemed to assure the quick construction of a state-operated canal, he warned his western agent not to meddle in the project any longer for "... if the state will undertake either on her own account, our desire being rather to have some communication opened than to do it ourselves." In 1835, Chicago indeed pushed for the immediate construction of a canal. Newspaper editorials increased as Chicago realized that products shipped via an Illinois and Michigan Canal over the Great Lakes to New York would reach market quicker than any southern route to New Orleans. The standard exhortation in 1835 was "Give us this canal, and Chicago will soon be to the West what New York is to the East." But the state had always been hindered by lack of proper financing until 1835 when the state itself contracted for loans to begin construction. However, it was again eastern financiers who opened their coffers to finance the Illinois and Michigan Canal. Arthur Bronson, for example, was one of the
largest holders of canal bonds. When the canal bill was passed in January, 1836, Gurdon Hubbard, William F. Thornton, and William B. Archer were appointed canal commissioners. It was significant that two of these men, Gurdon Hubbard and William B. Archer, had extensive connections with eastern capitalists serving as their agents in land investments. While Hubbard invested for the Russells of Connecticut, Archer shared land purchases with Micajah T. Williams of Cincinnati. Thus leadership of the canal project itself fell to speculators and capitalists.

Not only did eastern money finance the canal, but land speculators such as Bronson, Hubbard, Williams and Russell bought heavily in the sale of canal lands at Chicago in July, 1836, to finance the canal's construction. The Illinois and Michigan Canal never became a reality of Chicago's commercial system until late in the 1840's, yet it had definite effects on the city before that time. Among the towns on the western shore of Lake Michigan, Chicago was the first to consider and actually begin construction of a canal. For capitalists and speculators investigating investment opportunities in Lake Michigan townsites, Chicago thus seemed to offer the best security. Moreover, the beginning of construction in 1836 provided many jobs for laborers and artisans. In its earliest stages, therefore, eastern capitalists contributed to the financing and construction of the Illinois and Michigan Canal.

Commercial growth depended upon improving and inaugurating a communications network. For Chicago and all towns on the western shore of Lake Michigan, harbor improvement assumed primary importance. As early as 1829, when the Illinois state legislature was petitioning Congress for aid in constructing the Illinois and Michigan Canal, a request for harbor improvement
In the early 1830s, there were no adequate harbors on Lake Michigan. At Chicago, ships were forced to dock outside the mouth of the Chicago River and transport goods and passengers to the shore by small boats. The principal obstructions to entering the Chicago River were sandbars which had to be continually dredged away from the river's entrance. Chicago, however, was the first town on Lake Michigan to receive steady appropriations for harbor improvement. The first $25,000 was granted in 1833 and construction of a harbor and the dredging of sandbars began. The early improvement of its harbor gave Chicago a considerable lead over the other towns on Lake Michigan and a virtual monopoly for a few years over lake traffic. For many years after, the Chicago newspapers continually editorialized on the need for harbor improvement. By 1837, ships entered the Chicago River and unloaded goods and passengers at wharves in the principal business sections of the city.

As with the Illinois and Michigan Canal, harbor construction at Chicago served a dual purpose; it not only increased the town's commercial potential, but also provided jobs for emigrants seeking a livelihood in the West. As early as 1834, the Chicago American pleaded for laborers on the harbor project. In 1835, construction was actually slowed when the government engineer was losing workers because of the higher wages offered by speculators in building stores and houses in the town.

As Chicago increased in population, its needs for connections with the interior grew correspondingly. In 1836, a transportation company was formed between merchants of Chicago, Ottawa on the Illinois River and even some towns further south. Its purpose was to transport goods from the East into the interior of Illinois and bring foodstuffs back to Chicago. Yet the interior of Illinois was not filling up rapidly enough to supply farm products
for Chicago, which by 1835 had approximately 3500 people. Chicagoans therefore depended for foodstuffs upon areas to the southwest centering on the Wabash Valley which already was a market oriented agricultural region. Chicago advertised its need for farm products and requested the farmers of the Wabash area to bring their surpluses to Chicago where the highest prices could be obtained. In 1834, a railroad from Chicago to Vincennes was proposed to tap the resources of the Wabash Valley. One contemporary Chicago resident explained the importance of this railroad to Chicago:

The subject of a rail-way from Chicago to Vincennes, is one of deep, I had almost said of vital interest to our citizens. It is true many farms are opening in the neighborhood of Chicago, and the country is rapidly filling up, with a population . . . . But the increase of population in the country is such that it is not able to supply itself with produce; much less is it able to feed the rapidly increasing population of Chicago. This must continue to be the case for five years to come . . . . Thus the conclusion forces itself upon us, that we must forever remain dependent on the Wabash country for something to eat . . . .

But who could build such a railroad to the interior? Again the same names appear in fostering Chicago's development. In 1835, a company was formed and a federal land grant was obtained for a railroad from Chicago to Vincennes; and among its principal directors and stockholders were Arthur Bronson, John Kinzie, Gurdon S. Hubbard, and George Dole. Hubbard and Bronson were to sell shares of stock at both New York and Philadelphia as well as at Chicago. Even though the project proved abortive, its inauguration was symptomatic of the sources of leadership and capital for Chicago's improvements; it was a combination of eastern capitalists and a generation of western merchants whose careers had begun in land speculation.

A similar example was evident in 1836 when the Chicago Hydraulic Company was chartered to bring fresh water into the town. Among its principal stockholders were James Campbell, Robert Kinzie, Gurdon Hubbard, John H. Kinzie,
and Richard I. Hamilton, all of whom had previously been involved in land speculation and presumably were reinvesting their capital gains in Chicago's growth. This became increasingly clear as additional commercial establishments were founded in 1835 and 1836. John Kinzie operated a forwarding and commission business as did Gurdon Hubbard. Each owned shares in various steamboats and established connections with the major shipping lines operating on the Erie Canal. In this way, the orderly and efficient transshipment of goods from New York to Chicago was assured. Hubbard and Kinzie also provided leadership in other areas of town life. Both were involved in town politics serving as councilmen and both were directors of the Chicago branch of the State Bank. William Ogden was also involved in the commercial and political history of Chicago. In 1836, he was the principal organizer of Chicago's own steamboat company to build and charter boats for the Chicago trade. He interested many Chicago merchants, but eventually he turned again for the support of various eastern capitalists. In addition, his project was supported by two representatives of the Illinois Investment Company from Scotland.

As Chicago expanded commercially, therefore, community leadership was controlled by a class of merchants, land speculators, and general entrepreneurs. In most of the major commercial undertakings, certain men played a dominant role in Chicago and appear again and again on the rolls of new companies and in the city government. Most of these names we have already encountered in the history of Chicago: William Ogden, Gurdon Hubbard, John H. Kinzie, and John Temple. In March, 1837, Chicago was finally given a city government to replace its old town status, and in the following May a mayoral election was held. The two candidates were William B. Ogden and John H. Kinzie. At first, the Chicago American showed definite hostility to Ogden because he so
clearly represented eastern capital, feeling that a native son might better serve the interests of Chicago. This, however, was a minority opinion for Ogden was elected Chicago's first mayor indicating the leadership of the city's commercial class. In 1839, Chicago's third mayor was Benjamin Raymond, a dealer in dry goods and one of the city's wealthiest merchants. As the city expanded, all facets of its life turned for leadership to the business community.

But how successful were these early capitalists and speculators in fostering Chicago's economic growth? Statistics unfortunately are rare for early Chicago history, but there were a few reliable indices of economic development. Chicago's population increased dramatically from 1833 to 1837 when it tapered off due to the depression. The number of vessels arriving at Chicago increased from 4 in 1833 to 456 in 1836. Because Chicago had a frontier economy, most foodstuffs and manufactured products were imported. As the years passed, however, Chicago slowly increased its exports to the East. While imports would exceed exports until the middle 1840's, it was evident that Chicago had come a long way by 1837. If one wished to gauge the retail and commercial growth of Chicago, he need only peruse the first issues of the Chicago Democrat in 1833 and 1834 when barely a half page was taken up with the advertisements of retail and commercial establishments. In 1835 and 1836, both the Chicago Democrat and Chicago American devoted three to four pages to business advertisements.

By 1837, therefore, Chicago seemed assured of a continuing economic development. Retail merchants, lawyers, and general artisans streamed into the city with the opening of new commercial endeavors and the unlimited employment on various internal improvement projects. Capitalists such as
William Ogden, Gurdon Hubbard, and John Kinzie continued their real estate speculations but increasingly contributed their business skill and excess capital to encouraging improvement projects and opening subsidiary commercial businesses such as forwarding and commission houses. Their earlier connections with eastern capitalists provided them with an extraordinary opportunity to draw eastern funds into areas other than land and townsite speculation. By 1836-1837, Chicago had its own native city leaders like Ogden, Hubbard, and Kinzie, but their connections with Arthur Bronson and Charles Butler indicated Chicago's development was still a partnership of East and West.

Unfortunately Chicago developed under boom conditions during the nationwide speculative period of the 1830's. The rate of economic expansion did not continue indefinitely. By late 1836, there were signs in the East that the speculative period was slowly drawing to a close. International, national, and local conditions brought on the Panic of 1837 which lasted until approximately 1843.104 In the West, the Specie Circular passed in July, 1836, was the first hint of the curtailment of easy credit which had fostered large land sales and city and state improvement projects. The Specie Circular required local land officials to accept only gold and silver in payment for public land with an exception for actual settlers buying not more than 320 acres.105

But the Specie Circular did not cause the depression, for conditions had long existed within the national and international economic frameworks for financial contractions. As conditions worsened in the East, their effect soon reached the western states. In Chicago, the tightening of credit seemed unpreventable. In May, 1837, the Chicago American mentioned that tight money in New York had slowed the volume of Chicago's trade.106 The newspaper called for positive government action to ameliorate the financial squeeze.107 Yet
the depression in Chicago business circles was not alone the result of eastern financial conditions. Settled in advance of the agricultural frontier, Chicago had to wait for the development of a surplus-producing hinterland before it possessed a balanced economy. The Chicago American realized the defects of Chicago's economic development as early as May, 1837:

In the building up of the West, and developing the sources of its prosperity, so alluring have been the temptations to the mere capitalist and speculator to invest his money, and so splendid, and in fact almost incredible has been his success, that the regular channels of business and means of subsistence have been neglected, and almost every avenue to wealth, except the 'royal road' of magic speculation, has been spurned as unworthy of grave and honorable attention.106

The editor quite correctly recognized the benefits of townsite speculation which brought Chicago from a frontier village to a city in the interval of four years. 109 The fact remained, nevertheless, that Chicago needed the agricultural surpluses of the interior to balance its commerce with the East and supply the home market.

The depression worked great hardships on the commerce of Chicago, but the city's economy did not stagnate during the depression. Population remained fairly steady and trade continued to increase, although at a reduced rate.110 In the years from 1833 to 1836, there had grown up a number of interested eastern investors and a class of western merchants vitally concerned with the fortunes of Chicago. While many western entrepreneurs suffered financial losses during the depression, they remained in the city to wait out the financial storm. At the same time, some large eastern investors, notably Arthur Bronson, continued to pour money into the city throughout the depression. As in earlier years, Chicago depended on the dedication and skill of its businessmen and the capital of eastern financiers.

The depression did not surprise Chicago's capitalists. Arthur Bronson,
Charles Butler, and Edward Russell were cognizant of the deteriorating financial conditions in the East and warned their western agents of the approaching storm. As early as June 30, 1836, Arthur Bronson felt that Eastern financial conditions would eventually precipitate a decline of property values in the West. Consequently, Bronson instructed his numerous western agents to curtail real estate purchases. Charles Butler of the American Land Company attempted to hurry the collection of debts owed to the American Land Company. In 1836, Edward Russell, who had invested in Chicago through the agency of Gurdon Hubbard, also limited further investments and sold a considerable portion of his property before the financial depression hit the country. Despite warnings from eastern financiers, the Chicago business community and especially the real estate promoters were hard hit by the depression. In 1838, a Chicago resident commented that "there is no telling who are good . . . . The Kinzie's are good I should suppose . . . . But it is dangerous to trust anybody now." In 1841, William Ogden found only gloom among Chicago's land speculators:

As regards Chicago, everything has changed mightily since you left, property has depreciated monstrously, it often happens that property which sold for hundreds or even thousands is not now worth even $10. Those too who were richest when you left are of the poorest now. Jamison, Pearson, G. S. Hubbard, James Kinzie, Kimball and Porter, Clybourne, and a host of others for instance & very few of the old stock of 30 are otherwise than deeply embarrassed.

Perusing the records and correspondence of William B. Ogden, however, it was obvious that land speculators and merchants continued business during the depression. Ogden, for example maintained his status as agnet of the American Land Company in selling property and occasionally supervising real estate improvements. At the same time, he handled the town lot investments of various other eastern and western capitalists. By 1837, Ogden centered his real estate interests and those of his customers on the north side of the
Chicago River, and consequently he did everything in his power to draw capital for improvements to that area. Ogden intended that the north side of the Chicago River should become the principal business district of the city. For a number of years, he competed with capitalists and merchants in other sections of the city spurring the general improvement of Chicago. In 1839, Ogden agreed to build stores and houses for a minimal commission if his eastern investors supplied the capital. At other times, he employed eastern capital in the building of warehouses and flour mills to accommodate the increasing agricultural produce shipped to Chicago.

During the depression, William Ogden played an unparalleled role in Chicago's development. While other land speculators who resided in the West suffered financial failures, Ogden was able to weather the depression and increase his own financial standing. Besides land speculation, Ogden was involved in many other business ventures. While he lost money in certain areas, Ogden's innumerable economic investments enabled him to lead Chicago's business community during the depression. In 1839, Ogden indicated the diversity of his economic interests which aided his financial position from 1837 to 1842:

Besides my land, lot, & city matters in Chicago, building renting, improving, & c. I still carry on my Brewery, am concerned with Henry Smith in a large canal contract of near $200,000 in amt. & have taken into my care since my return more than 50,000 acres of land belonging to others, the titles of which in many cases have to be examined, taxes to be paid, examinations to be made & c & c.

Ogden's land agency was a viable concern even as late as 1839. Various eastern capitalists sent money to Ogden which was then loaned to settlers for land purchases. During the depression years, moreover, many capitalists were able to continue their land speculations through Ogden's agency. Beginning in 1837, the Chicago newspapers carried notices of city lots and farm lands, which were delinquent in taxes. If these taxes remained unpaid, the
state and city governments sold the property for the meager price of the back taxes. The original investor usually had from two to three years to redeem his land by paying the back taxes. Because of the seriousness of the depression, though, speculators, like Arthur Bronson and William Ogden, figured that such lands would never be redeemed and thus purchased land at tax sales.

Because of Ogden's excellent financial standing and his access to eastern capital, he was the principal agent of many city improvements. In late 1839, he organized a campaign to build a bridge across the Chicago River giving greater access to the property of his investors on the north side of the Chicago River. Knowing that Chicago lacked the capital to finance the bridge, Ogden wrote to Arthur Bronson in New York hoping to interest him in the project:

The facilities for crossing our River, however, must be greatly increased or business property on the north side will yet suffer great depression. We are now making another effort for a Bridge, but we shall find great difficulty in funds to build it even if we get the vote of the Council to do so, neither the city nor individuals have much money here.

Bronson agreed to aid in the financing of the bridge. Moreover, Ogden succeeded in obtaining backing from several of his clients holding property on the north side of the Chicago River. Ogden himself contributed $1000, and he also interested other Chicago merchants in the bridge.

One of Ogden's more important tasks during the depression was in negotiating loans for Chicago's merchants and professional people. Beginning in 1838, he received a flood of loan applications from Chicago merchants. Ogden himself did not possess the necessary reserve capital to loan money, but Arthur Bronson in New York was quite willing to loan money at an appropriate rate of interest. Bronson ordinarily required land as security, and it was William Ogden's duty to judge the financial responsibility of the loan applicant.
and the quality of the land offered as security. In 1838, for example, John Caton, a Chicago lawyer, applied to Ogden for a $1000 loan to improve his property. Ogden sent the request to Arthur Bronson with the following judgment of Caton:

Chiefly, Mr. Caton is doing a very good law business and is I think responsible, of good habits and character but like the profession generally not always exact in meeting engagements. Still I believe he would meet this & interest probably punctually.132

Bronson loaned money to a great number of Chicago merchants. In the late 1830's Archibald Clybourne borrowed considerable capital to pay the debts arising from his meat-packing business.133 In 1840, Walter Newberry used capital obtained from Bronson to erect buildings on the north side of the Chicago River.134 Larger amounts of capital were disbursed by Bronson to many of his former land speculation partners. In 1838, John Kinzie, who had started his career as a land speculator, operated one of Chicago's leading forwarding and commission houses. The decline of property values, however, found Kinzie in considerable financial difficulty, and he twice turned to Arthur Bronson for loans totaling nearly $10,000 based on the security of his property. Interest on the loans was 12 per cent yearly.135 By 1841, Kinzie was dissatisfied with what he termed Bronson's high-handed business tactics and usurious rates of interest.136 The fact remained, however, that Kinzie would probably have suffered financial collapse without Bronson's help when it was most needed.

Gurdon Hubbard faced difficulties similar to those of John Kinzie. Hubbard also operated a forwarding and commission house as well as a general land agency. In 1837 and 1838, he ignored the deepening financial crisis and bought more land and started improvements by borrowing capital through Arthur Bronson. By late 1838, Hubbard was indebted to Bronson for $10,000,
but he insisted that Chicago and its business community (Hubbard, of course, included himself) were solvent and good for all outstanding debts.\textsuperscript{137} The bright financial picture painted by Hubbard did not exactly correspond with the judgments of his contemporaries. In 1839, a Chicago investor warned one of his eastern connections that Hubbard was in New York, but "I should think it very doubtful whether he will be able to weather the storm. Do not involve yourself further with him..."\textsuperscript{138} Ogden also felt that Hubbard was facing ruin, and by 1840 Hubbard himself doubted whether he could escape the financial morass of the depression.\textsuperscript{140}

In 1839, Hubbard was desperate because Arthur Bronson demanded payment for his loans. To satisfy his debts, Hubbard was forced to sell part of his warehouse in Chicago.\textsuperscript{141} Bronson was then informed by his agent, William Ogden, that further collections from Hubbard would cripple all his commercial activities. Neither Bronson nor Ogden wished to force financial ruin on Hubbard because his warehouses and forwarding and commission business were essential commercial establishments on the north side of the Chicago River.\textsuperscript{142} While Hubbard and Kinzie and many others like them experienced difficult times during the depression, both emerged during the decade of the 1840's to become premier businessmen of the city; part of this growth certainly was due to the capital and good offices of Arthur Bronson.

The connections with eastern capital were increasingly more important during the lengthening years of the depression. As financial contractions first spread over the East coast in 1837, eastern wholesalers who supplied goods to western merchants began investigating the credit position of their western customers. The system was crude and disorganized. Many agents of New York business firms visited the city of Chicago and inquired at bars,
hotels, and among the general populace about the stability of various merchants. Because of this system, many Chicago merchants found their credit in the East limited. As banks closed both East and West, Chicago merchants depended even more heavily on the capital and services of men like Arthur Bronson. But Bronson was not alone in this effort. George Smith who had originally come from Scotland as a representative of the Illinois Investment Company, an organization designed for land speculation, stayed to invest in all segments of the town's economy. As banks closed in the West, Smith realized that the frontier which most needed a means of exchange to conduct business was handicapped. In 1839, therefore, Smith established his own banking house, George Smith and Company, issuing bills of exchange which served as a circulating medium for the debt-ridden community of Chicago.

Two of his former partners, Patrick Strachan and William Scott, then went to New York where they established a brokerage firm which aided the exchange of money between Chicago and the East. Smith provided any number of additional services. He was a regular investor in Chicago improvements especially in steamboats plying the Great Lakes. Furthermore, farmers and merchants who needed assistance in marketing their surpluses received advances from George Smith and Company. As in previous cases, George Smith represented foreign capital which helped to bolster Chicago's economic picture. Alice Smith in her study of George Smith viewed his contributions to Chicago during the depression in the following light:

In the struggle of the panic-ridden city to establish a firm footing, George Smith and his money played no insignificant part. Capital and credit such as he had to offer were needed as never before to get agriculture, transportation, and industry in motion.

With the leadership of western entrepreneurs and the capital of eastern sources, other segments of Chicago's economic life continued to advance. In
1836, William Ogden had organized a steamboat line to run between Chicago and Michigan City, Indiana. The project was finally underway in 1838 because of the investments of numerous eastern and western businessmen. In 1840, Ogden obtained a government mail contract to help finance the line. Despite this, several of the stockholders of the Chicago and Michigan City Steamboat Company went bankrupt leaving Ogden responsible for the debts of the firm. Ogden then sold a part interest of the company to Buffalo merchants who were able to maintain the line. The commercial picture looked even brighter in 1839 when Chicago and Buffalo merchants established the first regular line of steamboats on Lake Michigan. Despite the depression, therefore, Chicago was slowly recognized as the chief port on Lake Michigan. Chicago was far ahead of its rivals along the western shore of Lake Michigan and even was accused of holding a monopoly over the lake shipping by ports on the eastern shore.

Chicago merchants and capitalists also showed great interest in railroad projects. In 1836, the Galena and Chicago Union Railway Company was chartered, but as of 1839 the project had still not advanced beyond the planning stages. Chicago newspapers therefore launched a campaign to revive the company. The principle impetus was a fear of their rival city to the north, Milwaukee. Chicagoans feared that the proposed Milwaukee and Rock River Canal would draw the agricultural surpluses of northern Illinois southern Wisconsin to Milwaukee instead of Chicago. In 1841, the Chicago Daily American prodded Chicago merchants with the following observation:

Thus it will be seen, our Milwaukee brethren are moving ahead for the Rock River Trade, which now comes to Chicago. Will not our citizens open their eyes to the importance of constructing a Rail Road immediately - or will they wait till the growing trade of that vast and fertile region is directed to Wisconsin Territory?
Arthur Bronson and various Chicago property holders supported the railroad project, but the lack of capital caused by the depression prevented real progress until the late 1840's. Yet even during the depression, Chicago continued to talk of and attempt various internal improvements to advance Chicago's commercial position.

Of all the internal improvement projects, the Illinois and Michigan Canal was the most important. Construction on the canal continued throughout the depression until the state of Illinois failed in 1841. But during the most difficult years of the depression, the Illinois and Michigan Canal was a symbol of hope for Chicago merchants and kept the future of Chicago before the eyes of eastern capitalists. In 1839, the state had obtained loans from eastern capitalists to continue work on the canal. Canal construction provided jobs for laborers and the general artisan. Furthermore, merchants in Chicago were given contracts for canal materials which sustained their generally declining trade. William B. Ogden was one of the largest canal contractors and was of the opinion if 1839 that

If our state loans are effected, the rapid progress and heavy disbursements upon the canal for 2 or 3 years to come will sustain us and we shall increase with a large growing and thrifty business until the canal is completed.

Contracts for the canal were often satisfied with canal scrip, a circulating medium which aided the normal commercial transactions of Chicago. In May, 1939, the Daily Chicago American indicated the importance of canal money to the city:

This amount can be circulated to good advantage around the city in the payment of debts and necessary purchases; and the greater portion of it will, no doubt, be expended among us. Our business men should take it, if for no other reason, than the important one of sustaining the canal, and consequently preserving and extending the trade of the city.
Along with other citizens of Chicago, William Ogden attributed Chicago's weathering of the depression to the canal. Beginning in 1839, however, the state showed increasing signs of indebtedness and an inability to continue canal construction. While the Chicago newspapers urged the state to cutback all internal improvement projects, the Illinois and Michigan Canal was defended as the most vital need of the entire state. When it seemed evident that the state legislature was about to halt canal construction, William Ogden and other Chicagoans lobbied in Springfield, but to no avail. In March, 1841, work on the Illinois and Michigan Canal was finally terminated. During the most difficult years of the depression, however, the building of the canal had bolstered Chicago's economy. Bessie L. Pierce in her study of Chicago thought that

Canal construction of the period 1837-1841 was the saving factor in an otherwise hopeless situation supplying Chicago with a means of life, until the appearance of an agricultural surplus offered the first secure foundation for urban development.

For a short time after work on the canal was stopped, Chicago was thrown into a panic. How were the merchants to survive? Where would laborers and artisans find employment? But the picture was not that bleak, for other sectors of Chicago's economy indicated that the depression was drawing to a close by late 1841. In fact, as early as 1839 Chicago appeared to recover momentarily as large supplies of goods arrived from the East and new retail stores were established. Probably the most significant indication of Chicago's future was the statement of the Chicago Daily American in June, 1839, proclaiming that "We (Chicago) are now becoming a producing and exporting country." This, of course, was the key to Chicago's growth. Railroads, steamboats, the Illinois and Michigan Canal were all projects kept alive by eastern capital and western businessmen with the hope of converting Chicago
into the chief export center of the West. In 1839, Chicagoans were premature in believing that the depression was at an end, but there was no mistaking that all preceding developments marked Chicago as a major export center. In the midst of the depression, the Secretary of War, after perusing the reports of the Topographical Bureau who were at work on harbor construction along the western shore of Lake Michigan, seemed to confirm what Chicago's merchants and capitalists had long been struggling for:

The commercial interests of all the states that border upon the lakes is intimately connected with Chicago as a place of trans­shipment and deposits (sic): and the agricultural prospects of Illinois, Indiana, Iowa, and Missouri, are to become greatly dependent upon facilities for business upon a large scale at some point on the southwest part of the shore of Lake Michigan.\textsuperscript{165}

In late 1841, despite the halt of canal work, Chicago seemed to be emerging from the depression. The newspapers were now more cognizant of the city's needs. Land speculation was frowned upon as were farmers and merchants who came West hoping to make a fortune in a day. No longer were the newspapers filled with exaggerated statements of Chicago's economic position. The \textit{Chicago Daily American}, for example, cautioned farmers and city merchants that "The greatest fortunes have been the most gradually acquired."\textsuperscript{166} There were advertisements, it is true, still praising Chicago's excellent business opportunities and the possibilities for farming in the interior, but there was also a new conservatism, a sense of proportion about the needs of Chicago and what could be accomplished.

Of even greater importance to Chicago's development was the arrival of significant amounts of wheat, pork, and other farm products in 1841.\textsuperscript{167} After several years, Chicago now possessed an agricultural hinterland to supply the city and to provide exports to balance its commerce. In 1841, population again began to increase and Chicago was indeed on the road to recovery. By
1841, Chicago was no longer a frontier town. Perhaps the editor of the Chicago Daily American expressed the economic transformation which Chicago had undergone:

It was scarcely but yesterday that we imported nearly every necessary of life into the northern part of this State. Not only did we obtain our dry goods and groceries from the east, but also our flour, our beef and our pork... Grain and beef and pork were articles that received little attention at the hands of gentlemen speculators.

Now however, this tide is about to change. Our own products and our own vessels are daily leaving port for the east. We are no longer a species of colony miserably dependent upon the mother country... The end of the depression, therefore, really marked the end of Chicago's formative period of economic growth. From 1833 to 1842, Chicago had moved from a frontier town to a city with a developed and sustained economy. At first the dream of capitalists and entrepreneurs both East and West, merchants and artisans slowly drifted to Chicago and supported such dreams. The real test occurred during the depression, but eastern capital and western leadership stayed with the city. After 1841, Chicago possessed some semblance of a balanced economy and each year saw trade increase, farm surpluses rise, and new communication arteries radiate from Chicago to the interior of Illinois. But Chicago was not the only city to develop on Lake Michigan's western shore. To the North, Milwaukee, Green Bay, and a host of smaller cities all imagined themselves as the chief port on Lake Michigan. Their development was remarkably similar to that of Chicago helping to clarify the general course of western town growth and partially explain the significance of each city.
### CHICAGO'S COMMERCIAL GROWTH

**TABLE 1 — Land Sales at Chicago.** In 1835, there were 3,626,536 acres subject to entry at the Chicago Land Office. Land Sold to Individuals from 1835 to 1843. a

<table>
<thead>
<tr>
<th>Year</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>1835</td>
<td>370,043</td>
</tr>
<tr>
<td>1836</td>
<td>202,364</td>
</tr>
<tr>
<td>1837</td>
<td>15,697</td>
</tr>
<tr>
<td>1838</td>
<td>87,881</td>
</tr>
<tr>
<td>1839</td>
<td>160,635</td>
</tr>
<tr>
<td>1840</td>
<td>137,382</td>
</tr>
<tr>
<td>1841</td>
<td>138,983</td>
</tr>
<tr>
<td>1842</td>
<td>194,556</td>
</tr>
<tr>
<td>1843</td>
<td>229,460</td>
</tr>
</tbody>
</table>


**TABLE 2 — Population Growth of Chicago.** a

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1829</td>
<td>30</td>
</tr>
<tr>
<td>1830</td>
<td>40-50</td>
</tr>
<tr>
<td>1831</td>
<td>60</td>
</tr>
<tr>
<td>1832</td>
<td>150</td>
</tr>
<tr>
<td>1833</td>
<td>350</td>
</tr>
<tr>
<td>1834</td>
<td>1,800</td>
</tr>
<tr>
<td>1835</td>
<td>3,265</td>
</tr>
<tr>
<td>1836</td>
<td>3,820</td>
</tr>
<tr>
<td>1837</td>
<td>4,170</td>
</tr>
<tr>
<td>1838</td>
<td>4,000</td>
</tr>
<tr>
<td>1839</td>
<td>4,200</td>
</tr>
<tr>
<td>1840</td>
<td>4,470</td>
</tr>
<tr>
<td>1841</td>
<td>5,752</td>
</tr>
<tr>
<td>1842</td>
<td>6,248</td>
</tr>
<tr>
<td>1843</td>
<td>7,580</td>
</tr>
<tr>
<td>1844</td>
<td>8,000</td>
</tr>
</tbody>
</table>

a. Pierce, History of Chicago, I, p. 44. Pierce compiled these statistics from all available sources including census reports, travel accounts, and newspapers.

**TABLE 3 — Ship Arrivals at the Port of Chicago.** a

<table>
<thead>
<tr>
<th>Year</th>
<th>Ship Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1833</td>
<td>4</td>
</tr>
<tr>
<td>1834</td>
<td>176</td>
</tr>
<tr>
<td>1835</td>
<td>250</td>
</tr>
<tr>
<td>1836</td>
<td>456</td>
</tr>
</tbody>
</table>
At various times the Chicago newspapers tabulated the number of vessels arriving at Chicago. These statistics were compiled from the following issues: Chicago American, December 15, 1835; and the Chicago American, December 10, 1836.

TABLE 4 — Imports and Exports at the Port of Chicago.

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1836</td>
<td>$325,203.90</td>
<td>$1,060.00</td>
</tr>
<tr>
<td>1837</td>
<td>$373,677.12</td>
<td>$11,065.00</td>
</tr>
<tr>
<td>1838</td>
<td>$579,174.61</td>
<td>$16,044.75</td>
</tr>
<tr>
<td>1839</td>
<td>$630,980.26</td>
<td>$33,843.00</td>
</tr>
<tr>
<td>1840</td>
<td>$562,106.20</td>
<td>$228,635.74</td>
</tr>
<tr>
<td>1841</td>
<td>$564,347.88</td>
<td>$384,862.24</td>
</tr>
<tr>
<td>1842</td>
<td>$664,347.88</td>
<td>$659,305.20</td>
</tr>
<tr>
<td>1843</td>
<td>$771,849.75</td>
<td>$682,210.85</td>
</tr>
<tr>
<td>1844</td>
<td>$1,686,416.00</td>
<td>$785,504.23</td>
</tr>
</tbody>
</table>

FOOTNOTES

CHAPTER V

1 The best available statistics on Chicago's population from 1830 to 1840 were found in Bessie L. Pierce, A History of Chicago, Vol. I: The Beginning of A City (New York: Alfred A. Knopf, 1937), p. 44.


3 There are innumerable letters at the Chicago Historical Society of visitors to Chicago from 1834 to 1837. Most were young men investigating the economic opportunities offered by various western towns. Footnote 2 indicates just a few of these smaller collections.

4 Elisha Pease in Chicago to Gideon Welles in Hartford, Connecticut, July 23, 1834, Elisha Pease Collection, L.F. 1, CHS.


7 John M. Peck to Alexander F. Grant, February 17, 1834, John M. Peck Collection, CHS.


10 Chicago American, October 3, 1835.

11 Ibid., December 31, 1836.

12 Ibid.

13 Niagara Democrat as cited in the Chicago American, July 2, 1836. Chicago, of course, also received unfavorable publicity, but in general
Chicago was praised as the leading western city in the 1830's.

14 The circulation of the Chicago Democrat, for instance, ranged over the entire country. This is clearly seen in the "Subscription Books" of the Chicago Democrat. See the John Calhoun Papers, Chicago Historical Society. Calhoun was the first editor of the Chicago Democrat.

15 Chicago American, August 8, 1835. There are other articles praising Chicago in the newspapers. The most interesting and informative include Chicago Democrat, December 17, 1833; Chicago Democrat, November 26, 1833; Chicago American, June 13, 1835; and Chicago American, June 27, 1835.

16 Chicago American, August 1, 8, and 29, 1835.


20 The types of town migrants who journeyed to Chicago were mirrored in the various small collections of papers at the Chicago Historical Society. See especially the Elisha Pease Papers, Edward Talcott Papers, and the Lemuel Freer Papers.

21 Chicago Democrat, January 28, 1834; Chicago American, October 3, 1835.

22 Again the path of migration to Chicago was mirrored in the Lemuel Freer Papers, Elisha Pease Papers, and Edward F. Talcott Papers.


24 Mil e M. Quaife, Chicago Highways Old and New (Chicago: D. F. Keller and Co., 1923), p. 34.

This route is described in a letter from Dixwell Lathrop to John A. Rockwell, June 11, 1835, Dixwell Lathrop Papers, L.F. 1, CHS; L. Grant to Mrs. Francis Grant, May 17, 1836, Joseph Quarles Papers, Vol. I, State Historical Society of Wisconsin; and Quaife, Chicago Highways, p. 34.


28. Ibid., pp. 434-436.

29. Elisha Pease to Gideon Welles, July 23, 1834, Elisha Pease Papers, L.F. 1, CHS.

30. Ibid.

31. David L. Roberts in Chicago to Mrs. Roberts, November 9, 1835, David L. Roberts Papers, L.F. 1, CHS.

32. Lemuel Freer to L. Hamblin, May 23, 1836, Lemuel Freer Papers, L.F. 1, CHS.

33. Ibid.


35. Information on the background of Jacob Barker of Buffalo, New York, was obtained through the manuscript librarian at the Buffalo and Erie County Historical Society. See Richard M. Hurst to John Haeger, November 13, 1967.

36. Benjamin F. Barker to Jacob Barker, Buffalo, New York, July 19, 1832, Benjamin F. Barker, L.F. 1, CHS.

37. Benjamin Barker to Jacob Barker, August 2, 1832, Barker Papers, L.F. 1, CHS.

38. Benjamin Barker to Jacob Barker, September 6, 1832; January 27, 1833; March 30, 1833, Barker Papers, L.F. 1, CHS.

39. Benjamin Barker to Jacob Barker, October 10, 1833, Barker Papers, L.F. 1, CHS.

40. Benjamin Barker to Jacob Barker, May 29, 1834, Barker Papers, L.F. 1, CHS. Barker later moved from Chicago to settle in Racine, Wisconsin, where he and his brother played a major role in the development of Racine.

41. Edward Talcott in Chicago to N. Hunt Ormsbee, June 23, 1835, Talcott Papers, L.F. 1, CHS.
The newspapers of Chicago constantly talked about the high wages prevalent in the city. See especially the Chicago Democrat, January 28, 1834, and Chicago American, October 3, 1835.

Remember it was a policy of the land speculators to build stores for renting to merchants. See especially John Kinzie to Arthur Bronson, June 18, 1834, Arthur Bronson Papers, L.F. 41, CHS; Edward Russell to Gurdon Hubbard, November 8, 1833, Edward Russell Papers, L.F. 1, CHS; and William Ogden to John Foster, December 8, 1837, William B. Ogden Papers, L.B. 1, CHS. There is no accurate way of estimating the actual number of migrants who came to Chicago and worked on buildings or harbor and canal construction. The idea that their transition to town living was easier because of the occupations made available through speculator's building projects has to be culled from the correspondence of both the speculators and town artisans. However, a reliable indication of the need for general laborers and merchants in Chicago can be found in the numerous advertisements for laborers appearing in the Chicago newspapers from 1834 to 1837. See especially the following issues: Chicago Democrat, August 13, 1834, and Chicago American, September 5, 1835.


The above statement is part of Douglas C. North's call for a complete rewriting of studies on land speculation. North feels that our public land policy has never been properly understood. See Douglas C. North, Growth and Welfare in the American Past (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1966), pp. 122-136. Today the speculator in our society is being considered in a different light. In a recent national magazine, the land speculator past and present was pictured as follows:

... Land speculation is an integral part of American economic activity. The courageous speculator is a dynamic force in our nation. Without risk capital devoted to future expansion, without daring and optimistic projection, the American people would never have conquered a continent and created a standard of living the envy of the world.


The use of towns as a stopping place for farmers was first pointed out by Frederick Jackson Turner, The United States, 1830-1850: The Nation and Its Sections (New York: W.W. Norton and Co., 1962), p. 278.
Buley, The Old Northwest, II, p. 153. There have been only a few studies of the role of land clubs or claim associations. See Robbins, Our Landed Heritage, pp. 66-67; Benjamin F. Shambaugh, "Frontier Land Clubs or Claims Associations," American Historical Association Report, 1910, I, pp. 67-85.

John T. Kingston, "Early Western Days," WHC, VII, 339-340. Kingston was present at the land sale and wrote his impressions of the speculators and settlers.

Chicago American, June 20, 1835.

This same line of argument has been taken by North, Growth and Welfare, p. 133.

Arthur Bronson to A. Burnham, February 13, 1836, Micajah T. Williams Papers, Microcard No. 33, Ohio State Library. This citation refers to the number of the card on which this letter is found. Hereafter this collection is cited as Williams Papers, Microcard No., OSL.

Ibid.

The district land offices consisted of a register and receiver. The receiver accepted the money for lands and made the appropriate entry records. The register took note of original filing claims. The two men sat as a court of law whenever land claims were disputed. If they disagreed, the case was submitted to the general land commissioner in Washington. See Verne E. Chatelain, "The Public Land Officer on the Northwest Frontier," Minnesota History, XII (December, 1931), 379-389. The government realized that often its officials were guilty of corruption in handling the public lands. See the American State Papers, Public Lands, VII, p. 202.

William B. Ogden to Honorable James Whitcomb, Commissioner of the General Land Office, October 18, 1837, Ogden Papers, L.B. 1, CHS.

Ibid.

Edward Russell to Gurdon Hubbard, May 26, 1835, Russell Papers, L.F. I, CHS.

William Ogden to Joseph Sheffield, October 17, 1839, Ogden Papers, L.B. II, CHS.

Ibid.

Albany Evening Journal as quoted in the Chicago American, August 12, 1836.

Buley, The Old Northwest, II, p. 150. Also see the Chicago American, August 30, 1839, where the editor acknowledged the arrival of James Murray, a Scottish capitalist.


Chicago Democrat, November 26, 1833, and December 10, 1833.


John Temple to Arthur Bronson, February 27, 1834, Bronson Papers, L.F. 63, CHS.

John Temple to Arthur Bronson, May 21, 1834, Bronson Papers, L.F. 63, CHS.

John Temple to Arthur Bronson, June 12, 1834, Bronson Papers, L.F. 63, CHS.


Chicago Democrat, November 19, 1834.

Arthur Bronson to Lucius Lyon, December 13, 1834, Lucius Lyon Papers, William L. Clements Library, Ann Arbor, Michigan. Microfilm copies of this collection as it relates to the Wisconsin area are held by the State Historical Society of Wisconsin.

Chicago American, June 8, 1835; September 26, 1835; and October 10, 1835.

Ibid., September 26, 1835.

The problem of financing the canal are discussed in Putnam, Illinois and Michigan Canal, pp. 31-33.
William B. Archer to Micajah Williams, May 29, 1836, Williams Papers, 33, OSL. Archer and Williams were partners in plotting the town of Lockport, Illinois.

Pierce, History of Chicago, I, p. 47.

In 1836, the canal commissioners advertised in eastern newspapers for laborers. See Putnam, Illinois and Michigan Canal, p. 38.


Chicago American, December 12, 1835; December 3, 1836.

Chicago Commercial Advertiser, June 6, 1837.

Chicago Democrat, August 13, 1834. In 1835, the government engineer advertised for additional laborers. See Chicago American, September 5, 1835.

James Allen to Brigadier General Charles Gratiot, September 30, 1835, James Allen Papers, L.F. 1, CHS.

Chicago American, January 2, 1836. This company is also discussed in Elmer A. Riley, The Development of Chicago and Vicinity As a Manufacturing Center Prior to 1880 (Chicago: McElroy Publishing Company, 1911), p. 35-36.

Chicago Democrat, June 3, 1835.

Chicago Democrat, July 9, 1834.

Chicago American, September 26, 1835. Also see Pierce, History of Chicago, I, p. 114.

Copy of "An Act to Incorporate the Chicago Hydraulic Company, January 19, 1836," Chicago American, April 9, 1836.

Gurdon Hubbard advertised his firm in the Chicago American, June 20, 1835. John Kinzie also regularly advertised in the Chicago American. See especially the edition of June 27, 1835. Hubbard's connections with eastern shipping lines was especially evident in a legal agreement which indicated his ownership of shares in thirteen separate commercial vessels. See Articles of Agreement for Hubbard and Company, September 23, 1837, Hubbard Papers, L.F. IV, CHS.


William Ogden to Charles Butler, July 21, 1836, Ogden Papers, L.B. I, CHS.
The first ruling clique in any frontier town came from the business and commercial community. It was this group which had the greatest stake in the society. The emergence of ruling aristocracies in frontier towns has been adequately discussed by Billington, America's Frontier Heritage, p. 132; Wade, The Urban Frontier, p. 77. The author realizes that people besides Ogden, Kinzie, and Temple played a role in Chicago's development. Yet Ogden and the others were especially prominent and were typical of the town's economic and political leadership.

See Table of Statistics at the end of the chapter.

Edward Russell to Gurdon Hubbard, April 14, 1836, Russell Papers, I, CHS.

Solomon Wills to James Campbell, August 12, 1838, James Campbell Papers, L.F. I, CHS.

William Ogden to H. Moore, January 25, 1841, Ogden Papers, L.B. III, CHS.

William Ogden to Arthur Bronson, March 5, 1839, Ogden Papers, L.B. I, CHS; William Ogden to W.E. James, December 19, 1840, Ogden Papers, L.B. III, CHS; and Ogden to Lt. Marcy, March 5, 1839, Ogden Papers, L.B. I, CHS.

In Chicago, rivalry among the different sections of the city to become the chief business center seems to have added to the town's general development. However, in other towns along the lake shore, the competition among different sections was more intense and may have actually slowed the development of the town.

William Ogden to Lt. Marcy at Fort Winnebago, March 5, 1839, Ogden Papers, L.B. I, CHS; William Ogden to Messers Bushnell, Fitch, and Starr, March 11, 1839, ibid.

William Ogden to S.L. Hinckley, August 19, 1839, Ogden Papers, L.B. II, CHS.

William Ogden, for example, was in debt for $40,000 in 1840 as endorser for other people's notes and also lost money in a steamboat company in 1840. See Pierce, History of Chicago, I, p. 69.

William Ogden to A. Wheeler, August 19, 1839, Ogden Papers, L.B. II, CHS.

William Ogden to Joseph Sheffield, October 17, 1839, ibid.

Chicago American, March 4, 1837; Chicago Daily American, April 10, 1840.

Solomon Wills to James B. Campbell, May 13, 1838, Campbell Papers, L.F. 1, CHS. In this letter, Willis described exactly how speculation at tax sales was conducted.

Certificate of tax sale for Arthur Bronson, May 10, 1840, Bronson Papers, L.F. 6, CHS.

William Ogden to Arthur Bronson, March 5, 1839, Ogden Papers, L.B. I, CHS.

William Ogden to Arthur Bronson, November 22, 1839, Ogden Papers, L.B. II, CHS.
128. William Ogden to Arthur Bronson, December 18, 1839, ibid.

129. William Ogden to E.J. Bussing, December 6, 1839; William Ogden to Charles Butler, December 7, 1839; and William Ogden to A. Wright, December 26, 1840, ibid.

130. William Ogden to Walter L. Newberry, February 2, 1840, ibid.

131. William Ogden to Arthur Bronson, January 15, 1838, and February 9, 1838, Ogden Papers, L.B. I, CHS.

132. William Ogden to Arthur Bronson, January 24, 1838, ibid.

133. Archibald Clybourn to Arthur Bronson, October 5, 1841, Bronson Papers, L.F. 23, CHS.

134. Walter Newberry to Arthur Bronson, September 4, 1840, Bronson Papers, L.F. 47, CHS.

135. Legal agreement between John Kinzie and Arthur Bronson indicating Kinzie's debt of $10,000, March 12, 1838, Bronson Papers, L.F. 41, CHS; John Kinzie to Arthur Bronson, April 2, 1838, Bronson Papers, L.F. 41, CHS.


137. Gurdon Hubbard to Arthur Bronson, February 6, 1840, Hubbard Papers, L.F. II, CHS; Legal Bond between Arthur Bronson and Gurdon Hubbard indicating Hubbard's indebtedness of $9,350, July 11, 1838, Hubbard Papers, L.F. IV, CHS.

138. Solomon Wills to James Campbell, February 12, 1839, Campbell Papers, L.F. I, CHS.

139. William Ogden to Arthur Bronson, November 22, 1839, Ogden Papers, L.B. II, CHS.

140. Letter of Gurdon Hubbard, February 10, 1840, Hubbard Papers, L.F. II, CHS.

141. Gurdon Hubbard to Arthur Bronson, June 26, 1839, Hubbard Papers, L.F. II, CHS; William Ogden to Arthur Bronson, November 22, 1839, Ogden Papers, L.B. II, CHS.

142. William Ogden to Arthur Bronson, December 18, 1839, Ogden Papers, L.B. II, CHS.

143. The Chicago newspapers discussed the tactics of New York merchants at length and even suggested that Chicago merchants might look for new markets. The most informative issues were Chicago American, March 18, 1837, and April 29, 1837. The system itself was apparently organized by New York merchants during the depression. See the very excellent article by Bertram Wyatt-Brown, "God and Dun and Bradstreet, 1841-1851," Business History Review, XL (1966), 432-450.
Alice Smith, George Smith's Money: A Scottish Investor In America (Madison: The State Historical Society of Wisconsin 1966), pp. 15-30. Smith's company was not the only such institution. In 1836, the Chicago Marine and Fire Insurance Company was incorporated and provided banking facilities for the city. See Pierce, History of Chicago, I, p. 59.


Ibid., pp. 59-62.

Ibid., p. 58.

William Ogden to Charles Butler, July 21, 1836, Ogden Papers, L.B. I, CHS.

William Ogden to S. R. Hobbie in Washington, February 16, 1840, and April 29, 1840, Ogden Papers, L.B. II, CHS.

William Ogden to John Coster, June 11, 1840, Ibid., and William Ogden to S. R. Hobbie, November 12, 1840, Ibid.


Daily Chicago American, May 14, 1840.


Daily Chicago American, February 17, 1841. Also see Daily Chicago American, October 19, 1839, where the railroad is also discussed.


William Ogden to Charles Butler, June 17, 1839, Ogden Papers, L.B. II, CHS. Also see Ogden's comments in letter of William Ogden to O. Bushnell, February 9, 1838, Ibid.

Daily Chicago American, May 8, 1839.

William Ogden to Richard J. Wells, February 9, 1839, Ogden Papers, L.B. I, CHS.
Daily Chicago American, May 29, 1839, and September 3, 1839.

William Ogden to Colonel Hamilton at Springfield, January 5, 1841; William Ogden to Charles Butler, January 19, 1841; and William Ogden to William Haas, March 16, 1841, Ogden Papers, L.B. III, CHS.

Pierce, History of Chicago, I, p. 71. It is also of significance that in 1840, work on the Chicago harbor ceased for a short period. Both the harbor and the Illinois and Michigan Canal were again started in the middle 1840's.

Statistics are unavailable for this period, but the newspapers in 1839 were filled with reports of optimism by Chicago merchants. See especially the Daily Chicago American, April 19, 1839; April 20, 1839; May 14, 1839, and October 8, 1839. 

Ibid., June 14, 1839.


Daily Chicago American, August 24, 1841.

On August 20, 1841, the Daily Chicago American commented that "Two or three thousand bushels (wheat) per day brought into the city, with the immense increase to be anticipated of each successive season . . . ." In December 31, 1841, the Daily Chicago American said that "Our most intelligent businessmen are of opinion, that about five times the quantity of pork will be packed in the city during the present winter that there was during the last."

See statistical tables at end of chapter.

Daily Chicago American, September 8, 1841.
CHAPTER VI

Milwaukee: The Establishment of A Town, 1833-1841

Next to Chicago, Milwaukee was the most important townsite on Lake Michigan's western shore. In the 1820's, Milwaukee was a smaller fur trade post than Chicago, but it also was controlled by the American Fur Company under the supervision of Solomon Juneau. By 1835, Milwaukee became one of the most popular townsites on Lake Michigan. The pattern of development was similar to that at Chicago. Land speculation was the first occupation of Milwaukee's residents. During the first years of Milwaukee's development, eastern financiers and their western agents provided the capital and leadership in advancing building construction, internal improvements and commercial growth. By 1842, Milwaukee was no longer a frontier town, for the intervening years had witnessed the development of commercial and retail businesses and a surplus-producing agricultural interior. ¹

Attention was first directed towards Milwaukee in 1831 when Major Samuel C. Stambaugh was appointed commissioner to obtain the cession of Indian lands in southeastern Wisconsin. In 1831, the Menominee Indians ceded the land which opened the townsite of Milwaukee to purchase by speculators. Exploring the country purchased from the Indians, Stambaugh raved about the agricultural possibilities of land from Green Bay to Milwaukee. ² Despite Stambaugh's Report, the area of present-day Illinois and Wisconsin was little known until after the Blackhawk War in 1832-1833.³ Then news about the fertile farming land and possible townsites was spread over the East coast. Slowly emigrants
headed West, but for obvious geographical reasons Milwaukee was slower to attract attention than Chicago. The major routes to the West were overland and ran south along Lake Michigan's southern shore. Turning northward, the Chicago Road first extended only to Chicago. Milwaukee's more northerly location on the lake shore deprived it of this initial emigration. Until the middle 1830's, a decent road did not exist between Chicago and Milwaukee. Moreover, steamboats plying Lake Michigan rarely stopped at Milwaukee in the early 1830's, but instead journeyed to Chicago where all passengers disembarked. In 1835, Solomon Juneau was forced to offer the captain of a vessel a town lot to dock his boat at Milwaukee.

There were several conditions which led to the popularization of the Milwaukee townsite all of which were interrelated. The development of roads was dependent upon population pressure and the desire of emigrants to move north. Western emigrants also moved to locations where farm land and town lots were available. Throughout the 1830's, Indian lands in Wisconsin were purchased by the government, surveyed, and then readied for public sale. While the town of Chicago was plotted in 1829 and town lots offered at a general sale in 1833, the site of Milwaukee was not legally registered until 1835. Thus the beginning of town lot speculation, which attracted more and more eastern capital, began at a later date in Milwaukee. At the same time, agricultural land surrounding Milwaukee was not opened for public sale until 1839 forcing early settlers to squat on the public domain hoping that their claims would be validated at the public sale in 1839. Thus the progress of the townsite at Milwaukee and its agricultural interior was noticeably behind similar developments in Chicago.
Milwaukee was separated into three sections, each represented by different financial interests. Geographically, Milwaukee was divided into an east side and a west side by the Milwaukee River. To the south, the Milwaukee River was joined by the Menominee River dividing the townsite into a third section. Throughout its early history, Milwaukee was affected by constant feuding among the different sections.

But who were Milwaukee's town promoters and land speculators who settled each of these sections? Morgan L. Martin of Green Bay was the first to envision a town on the Milwaukee River. In 1833, Martin had undertaken a tour of the territory of Wisconsin searching for farm and townsite speculations. Visiting Milwaukee, Martin immediately decided that its location marked it as a future lakeport. At this time, Solomon Juneau resided at Milwaukee in order to conduct the declining business of the American Fur Company. Martin explained to him the possibilities of the Milwaukee townsite, but Juneau was apparently incapable of visualizing the country three or four years in the future. According to Morgan L. Martin,

His (Juneau) first hint of the prospective value of his location at Milwaukee came from me, and he was so incredulous that it was sometimes difficult to prevent his sacrificing his interest to the sharks who soon gathered around him.

Martin, however, needed Juneau acquiescence to further the promotion of the east side of the Milwaukee River. Having resided at this location for a number of years, Juneau was eligible to claim pre-emption rights to the land. Martin therefore purchased a half of Juneau's claim for $500 agreeing to do all that was necessary to secure the pre-emption rights and promote the townsite. Martin also purchased other claims of early fur traders thus monopolizing the land on the east side of the Milwaukee River. To hurry the survey of the land, Martin wrote to the Surveyor General of the Michigan Territory.
By 1835, he had secured all the necessary legal titles. During this period, Solomon Juneau remained uninterested in the whole venture preferring instead to carry on the American Fur Company's faltering trade. Juneau never even entered into a written agreement with Morgan L. Martin feeling that Martin's project was visionary. In 1835, Juneau expressed his half-hearted interest in townsite speculation to Morgan L. Martin:

I told him that what you would do for our common interest would be agreeable to me. With the reservation of 4 lots for me and 2 lots for my brother you can do what pleases you . . . . I have referred it entirely to you to do as you please but I hope you will ask a good price.

In later years, Solomon Juneau took a more active interest in Milwaukee's future handling the majority of business associated with the buying and selling of land while Martin attended to other financial interests at Green Bay. Juneau thus became one of Milwaukee's major business and political leaders. Yet this role he assumed only because of the skillful prodding and business acumen of Morgan L. Martin.

Being a western businessman residing at a frontier outpost such as Green Bay, Morgan L. Martin had little access to large capital resources. Townsite promotion, however, was an expensive proposition, requiring the buying of land, the construction of buildings, and the paving of streets. Where did Martin obtain the capital needed for such large expenditures? He was fortunate in contacting ten eastern capitalists and one other western entrepreneur who supplied the majority of capital for buying land and making improvements. Martin and his eastern partners formed a company known as Morgan L. Martin and Company " . . . for that especial purpose that is to say of making improvements at the mouth of the River Milwaukee . . . ." With an initial capital outlay of $20,000, Morgan L. Martin was appointed the company's general agent for buying, selling, and making improvements on the land. Under the terms of
the contract, Martin was also commissioned to purchase additional lands along the lake shore provided they were possible townsite locations or possessed lumber or mineral deposits. In no case was Martin authorized to purchase farm lands since its speculative value was considerably less than townsite investments.16 By May, 1835, Morgan L. Martin and Solomon Juneau possessed the capital resources to inaugurate improvements on the east side of the Milwaukee River.

While Martin was arranging the financial backing for the East Side, another visionary western citizen happened upon the Milwaukee site. In 1834, Byron Kilbourn had received an appointment as a government surveyor of the public lands bringing him to the Wisconsin country. Kilbourn was originally from Connecticut, but then moved to Ohio with his family. He began his career as an engineer on the Ohio canal system in the 1820's, experience which proved a great asset in his later years at Milwaukee. In 1834, Kilbourn selected Milwaukee's west side for townsite speculation because it would give him access to the region's agricultural interior.17

Like Morgan L. Martin, Byron Kilbourn did not possess the capital resources to engage in townsite speculation. In the person of Micajah T. Williams, though, Byron Kilbourn also had the backing of an eastern capitalist. Williams was from Cincinnati, Ohio, where his career exemplified that of a western entrepreneur. He was well-acquainted with the needs of frontier towns having served as commissioner to study the feasibility of a canal system for Ohio in 1821. In 1823, he was a canal commissioner in Ohio where he conducted surveys, supervised construction, and solicited eastern capital for financing the canals. By the 1830's, Williams was an affluent businessman with financial connections in eastern circles and political influence in Ohio and in
Washington. In 1831, he was appointed Surveyor General of the Michigan Territory. Then in the early 1830's, he formed an association with several eastern financiers and land speculators including Arthur Bronson and Charles Butler. With the capital of these eastern financiers and the leadership of Williams, the Ohio Life Insurance and Trust Company was organized to conduct a general banking business and to invest in farm lands. Micajah T. Williams was the company's first president. With his knowledge of internal improvements, western banking, and national politics, Williams became one of Milwaukee's most important townsite promoters. Although Williams invested in townsites throughout the western states, Milwaukee was his principal interest. At one point, Williams delineated what he believed were the ingredients of a prosperous city:

The growth and prosperity of cities comes from several sources. Location suited to commerce - a surrounding country well adapted to agriculture, and inviting to those who may desire new homes; and, last, but by no means the least, men of high character, ability, industry and a deep interest in the general welfare among the populations.

Having decided on the feasibility of townsite speculation at Milwaukee, Kilbourn contacted Micajah T. Williams of Cincinnati, under whom he had worked on the Ohio canals, about a partnership in the promotion of the townsite. In May, 1835, Kilbourn and Williams agreed that each would contribute an initial $8000 for the purchase of the land on Milwaukee's west side and share the cost of improvements. Thus Milwaukee now had two sections, each with its own promoters and each hoping to be the town's principal business district. In these early years the West Side came to be known as Kilbourntown and the East Side as Juneautown.

To the south of Juneautown and Kilbourntown was an area called Walker's Point. It was first settled by George H. Walker and several friends all of
whom were comparatively young men seeking a suitable occupation. Walker was involved in the Indian trade in northern Illinois before moving to Milwaukee in 1834 where, along with his friends, he established a claim to the land in Milwaukee's southern section. Walker's Point never really threatened to become Milwaukee's major business area because Walker had few initial connections with eastern financiers. Walker's Point, nevertheless, provided bothersome competition to the other promoters.

For several years, Milwaukee's speculators only had claims to the land since the government did not conduct a public sale of the Milwaukee lands until July and August of 1835. At the government land sale in Green Bay in 1835 each of the promoters secured legal title to their claims. Before the sale, Byron Kilbourn discovered that his original investment was not sufficient to purchase the necessary lands. Thus he requested Micajah Williams to obtain loans from several Ohio banks. Kilbourn also drew additional eastern capitalists into the Milwaukee project, one of whom was Charles Butler. By late 1835, Milwaukee's speculators had secured title to the land and then proceeded to improve and sell the property.

The maneuvers of Morgan L. Martin, Solomon Juneau, and Byron Kilbourn in securing claims to Milwaukee lands and in arranging the plotting of town lots brought the townsite to the attention of western entrepreneurs and eastern capitalists. In 1835, the Green Bay Intelligencer commented that

> There is already a town laid out at the mouth of the Milwaukee (sic), where they are selling quarter-acre lots at $500 and $600. This Fall there will be one hundred buildings up. Fifty people are living there, and a gentleman supports a school at his own expense ... . Land speculators are circumambulating the country and Milwaukee is all the rage.

As news of the Milwaukee townsite spread across the country, a host of smaller speculators descended upon the town. Some represented their own
interests while others invested the money of eastern speculators. One contemporary described the mania for Milwaukee lots in the following manner:

Many of the most careful businessmen in the East came here so anxious to invest their money that they often bought thousands of dollars' worth of land unseen before sleeping, with full assurance that it would double in value before morning.28

The original proprietors of the Milwaukee townsite sold town lots to a variety of speculators who improved the lots and then sold to another speculator. This constant exchange of property gave the impression of great prosperity at Milwaukee. But who were some of these speculators? John Haight left his home in Vermont in 1835, and arriving at Milwaukee he observed that "Milwaukee is a place of considerable importance and bids fair to be in a short time as large a town as Chicago."29 Haight and his father invested their own capital and that of several easterners including Daniel Webster, Caleb Cushing, and Thomas H. Perkins in farm land and Milwaukee town lots.30 Another of Milwaukee's smaller speculators was Joshua Hathaway who came to Milwaukee from New York State. He acted as agent for several New York financiers in the purchase of Milwaukee lots and farm lands.31 Later Hathaway established his own agency for buying lands in Wisconsin territory.32 Arthur Bronson also invested at Milwaukee through one of his Wisconsin agents from Green Bay, Albert G. Ellis.33

But land speculation was not alone the province of eastern capitalists and their western agents. Emigrants to Milwaukee and its surrounding hinterland usually invested their small capital resources in one or two lots and often bought land for relatives in the East. William Gardner, for example, came to Milwaukee in 1837 to practice law, but he also handled the investments of friends and relatives.34 All of Milwaukee's first citizens whether they were doctors, lawyers, or artisans invested in town lots if at all possible.
One Milwaukee resident claimed that the chief business of the town was land speculation. He refused to purchase farm land because:

I can say to you with the utmost confidence that I have no doubt but what I can clear you 100 per cent every year at the least calculation. This government land speculation is the surest, but there is not so much to be made as there is in town property. 35

Small speculators bought and sold Milwaukee town lots for quick cash returns, and they rarely improved the property to any significant degree. Yet this was not true of the town's principal promoters. Solomon Juneau and Morgan L. Martin, for example, spent nearly $100,000 on their Milwaukee property in building stores and houses and in grading streets. Furthermore, they built a hotel, and in 1836 paid a local contractor $5,000 to erect a court house. 36 Juneau engaged bricklayers, carpenters, and general artisans to handle the construction of buildings. 37 Later both Juneau and Martin exerted political pressure on territorial representatives in Washington to obtain the site of the post office, land office, and county offices in their section of Milwaukee. 38 All these efforts enabled them to attract more buyers for town lots; the profits from sales then being reinvested in additional improvements for the East Side.

Byron Kilbourn and Micajah T. Williams developed their section in much the same manner as Juneau and Martin. Beginning in September, 1835, Kilbourn exerted all his energies toward selling town lots to obtain capital for improvements. To sell Milwaukee town lots more quickly, Kilbourn went to Chicago because of its greater population. 39 While in Chicago, he sold Archibald Clybourne, a Chicago merchant, one-sixteenth of the entire Milwaukee plot for $5,000. Because Clybourne was a prosperous merchant, Kilbourn figured that he could direct capitalists and merchants to Milwaukee. 40 At Chicago, Kilbourn was anxious to sell as many lots as possible in order to
give the impression that Kilbourntown would eventually be the central business section. Purchasers of town lots, however, were usually required to construct buildings or to survey streets.\footnote{41} Sales of town lots were brisk throughout 1835 and 1836. Reporting to his partner, Micajah T. Williams, Kilbourn explained that "I have made some sales at from two to three hundred per-cent above former prices, and in a few cases four hundred per cent."\footnote{42}

But Kilbourn did not hoard his initial profits from lot sales. In 1837, he claimed that all his profits had been used in erecting buildings and paving streets. The construction of buildings alone, Kilbourn explained, had cost nearly $13,000.\footnote{43} Moreover, Kilbourn constantly urged Williams to expend capital in Milwaukee. Stores and warehouses are our most immediate need, Kilbourn explained, and they can be rented at a fair profit.\footnote{44} Kilbourn and Williams, of course, were interested in eventually deriving huge profits from their Milwaukee investment, but in the first years their major concern was to make certain that the West Side would be the town's principal business area. Explaining the abnormally large expenditures for improvements to Williams, Kilbourn explained that "... it was important in the highest degree that the proprietors should do something in the way of improvement and business, by way of gaining an impulse, and to counterbalance in some degree the efforts on the other side made by the proprietors there."\footnote{45}

At Walker's Point, the same process of townsite improvement occurred but on a substantially reduced scale. George Walker did not have the capital resources to launch major improvement projects. Moreover, Walker's Point was inundated by small capitalists who had little interest in expending large sums on further lot improvement. In 1836, James Doty from Green Bay bought heavily in land at Walker's Point in conjunction with eastern financiers, but
he continually advised selling this land for more favorable townsites elsewhere on the lake. Similarly John H. Tweedy settled at Walker's Point and invested the funds of many eastern friends. Tweedy soon discovered that Walker's Point was handicapped because of the large number of small property owners who refused to agree on any specific improvements. In desperation, Tweedy instructed one of his clients that

I hope sir you will come in person and put up a store on Walker's Point. I advise you and Beres if you wish your purchases to turn out well to be here on the spot and put your own shoulders to the wheel. More than half depends on the personal exertion of the proprietors.

At various times, Walker's Point seemed to threaten the interests of Milwaukee's more prosperous east and west sides. In 1836, for example, Solomon Juneau feared that Walker's Point capitalists were lobbying in Washington to obtain the transfer of the post office to their section of town. As the years passed, Walker's Point declined as a viable contender for the town's business section. The contest then centered between the East Side controlled by Juneau and Martin and the West Side of Kilbourn and Williams. For nearly a decade, these two sections competed for land sales, merchants, and retail businesses. By spurring the pace of improvements, this competition was healthy for all of Milwaukee. At other times, the competition was a definite hindrance to the town as each section deliberately slowed the progress of its neighbor. Kilbourn, for example, located on the west side of the Milwaukee River had access to the interior, and it was his intention to monopolize the agricultural surpluses. Juneautown had greater access to Lake Michigan and hoped to monopolize trade and commerce. In the original political organization of Milwaukee, there were actually two towns. In 1837, Solomon Juneau was Mayor of the East Side while Kilbourn held the same position on the West Side. The quarrel at times defied all logical analysis for
in order to prosper both sections needed access to Lake Michigan shipping and
the agricultural interior.

The rivalry between the sections was enlivened in July, 1836, when the
*Milwaukee Advertiser* was established. The paper was drawn to the West Side
by Byron Kilbourn and served as a propaganda organ specializing in slighting
the interests of Juneau and Martin. 50 Not to be outdone, Solomon Juneau and
Morgan L. Martin partially financed the *Milwaukee Sentinel* which was first
issued in June, 1837. 51 At times the quarrel between the two settlements
reached ridiculous proportions. In 1836-1837, Byron Kilbourn constructed a
bridge across the Menominee River to the south to divert traffic from Chicago
to the West Side of the Milwaukee River. 52 Yet Kilbourn refused to cooperate
in building a drawbridge linking the East and West Sides fearing the advan-
tage for Juneautown. Writing to Williams in 1837, Kilbourn indicated his
hostility to such a bridge:

... And as to a bridge over the river, I consider it out of
the question; but if they should succeed contrary to all expec-
tations in erecting it, I will take good care that they shall
have no use of it ... 53

Kilbourn planned to purchase two small steamboats which he would pass
under the drawbridge so frequently that it could never be closed. 54 In the
1830's, Micajah Williams also opposed any bridge connection with the East
Side. In 1840, he threatened legal action on the grounds that a bridge would
prevent the free navigation of the Milwaukee River. 55 Yet by 1840 Kilbourn
had retracted his earlier views and no longer blocked the construction of
bridges between the sections despite the objections of Williams. 56

While competition between the sections continued, Solomon Juneau and
Byron Kilbourn inaugurated commercial improvements of their respective town-
sites. In 1837, Juneau organized a stock company for building a steamboat
to run between Milwaukee and Buffalo. The largest shares were held by Martin and Juneau, but the project collapsed during the depression.\textsuperscript{57} In 1837, Byron Kilbourn built the steamboat, \textit{Badger}, to ferry people from Lake Michigan to the West Side.\textsuperscript{58} According to a resolution of the West Side Council Kilbourn's steamboat was to serve only the West Side:

> But not in any case to touch on the east side of the river, nor to take load or passenger on from the East Side in her upward or downward trips at any time, or under any circumstances, during the year 1839.\textsuperscript{59}

Despite the rivalry between the sections, Milwaukee attracted more and more emigrants from urban areas in the East. The largest group of people were from small towns in New York and New England.\textsuperscript{60} Their migration to Milwaukee depended to a certain extent on the advertisement of Milwaukee through newspapers and travel books. In 1834, Peck's \textit{Gazetteer} admitted that Milwaukee was very sparsely settled but claimed that "... a beautiful town site is said to exist, American families are settling it, and it is expected to become soon a place of considerable business."\textsuperscript{61} Because newspapers reached such a wide audience, they were more effective in popularizing the Milwaukee townsite. The \textit{Green Bay Intelligencer} first recognized the townsite at Milwaukee in 1835 and mentioned its possibilities as a commercial center.\textsuperscript{62}

The establishment of Milwaukee's two newspapers, the \textit{Milwaukee Advertiser} and the \textit{Milwaukee Sentinel}, gave the town promoters means through which Milwaukee's advantages for farming and urban emigrants could be explained.\textsuperscript{63} Articles increasingly appeared in eastern papers about Milwaukee in 1837 and 1838. Typical of these articles was the statement of the \textit{New York Commercial Advertiser} in February, 1837:

> The main point in Wisconsin upon the lake, I have no hesitation in saying, is this place. It is now not two years old, and yet it presents quite the appearance, in the number of its stores,
warehouses, and mechanics shops, and in its population and trade, of an eastern lake port some fifteen years standing.64

Personal correspondence also played a major role in drawing mechanics and professional people to Milwaukee. Increase A. Lapham, for example, came to Milwaukee at the request of Byron Kilbourn to serve as his assistant in handling land transactions. Lapham had previously worked under Kilbourn when he was an engineer on the Ohio canal system.65 John Tweedy, who came to Walker's Point in 1836, attracted many of his young friends from Connecticut to the new town.66 There were always jobs for the emigrants on the various construction projects. Labor was so scarce that Juneau was forced to recruit carpenters and masons with promises of high wages and perhaps an interest in one or two town lots.67

The transition of eastern emigrants into town life at Milwaukee was facilitated by the speculator's efforts in building stores and warehouses, in paving streets, and in providing job opportunities. Moreover, Milwaukee's town promoters played a conspicuous role in aiding the settlement of the interior. One of the major reasons for Milwaukee's slower development compared to Chicago was that the public lands immediately adjacent to Milwaukee were not opened for public sale until 1839.68 Although many farmers squatted on the public lands and established claims, they always feared that their claims would not be validated at the public sale. Realizing that Milwaukee's development depended on the settlement of the interior, Kilbourn and Juneau assisted the farm population before the public sale. In 1837, Byron Kilbourn was the principal organizer of the Milwaukee County Agricultural Society for informing new emigrants about the most fertile land and the most appropriate products for cultivation. Kilbourn served as the society's first president with Solomon Juneau as vice-president.69 Backed by the capital of Kilbourn
and Juneau, the society issued an agricultural journal and took steps toward establishing experimental farms. 70

The farmers of the Milwaukee area also organized the Milwaukee Claimants Union. The Union registered the claims of farmers in the Milwaukee region in order to prevent conflicting claims and land speculation. 71 Milwaukee's town promoters supported the Claimants Union wishing to see the interior's orderly settlement. 72 When the government finally held a public land sale in 1839, the farmers and settlers secured their claims without competition from land speculators. The Claimants Union regulated the sale so that its members obtained their claims at the minimum government price. A few speculators tried to bid up the land's price, but they were forcefully ejected from the sale. 73 Both Milwaukee newspapers agreed that the settlers received their just claims. 74 Moreover, the Milwaukee land sale occurred during the height of the depression. Many of the farmers were without sufficient capital to purchase their claims even at the government price, but they were able to borrow money, admittedly at high rates of interest, from town promoters. Because town promoters and speculators were often the only source of capital for farmers, they were needed and welcomed by the agricultural population surrounding Milwaukee in 1839. 75

Unlike Chicago, Milwaukee was hit by the depression just as the promoters embarked on a major scheme of town improvements in 1837. Milwaukee, however, did not stagnate during the depression because population and trade continued to increase, although at a slower rate than preceding years. Capitalists and speculators were naturally affected by the depression. In May, 1837, Kilbourn calculated that he was owed $37,000 from lots purchased during the speculative period. 76 Kilbourn realized that these outstanding debts would probably
never be satisfied, yet he assured Micajah T. Williams that "I... shall do all in my power for our best interests, but at present I can affect but little; I cannot change the times, but wait their results with hope for the future." 77 Kilbourn, though, prevented Williams from disposing of his Milwaukee property advising him that commerce and agriculture would eventually return to normal. 78 Increase Lapham, Kilbourn's assistant, expressed the same attitude toward Milwaukee during the depression:

We begin to feel the pressure of the times here in the woods, money is scarce, provisions scarce and dear, very little doing in the way of making improvements, in fact Milwaukee begins to be a dull place and will now jog along at the rate of other towns. There is no doubt however that it is a valuable location and will sustain itself through these hard times. It is the natural port of entry for a large portion of Wisconsin, embracing some of her most valuable lands. 79

Despite the hardships which the depression caused, Milwaukee's promoters and many of their eastern backers contributed to the establishment of retail businesses and internal improvement projects. Solomon Juneau, who directed the expenditure of capital on the East Side, was in considerable financial difficulty, but he turned to Morgan L. Martin for capital to sustain his operation. 80 Kilbourn also tried to conduct business in a normal pattern. He operated a general land agency handling investments all over the territory. At great personal risk, Kilbourn also supported various merchants in establishing or maintaining businesses. Describing his financial operations at Milwaukee, Kilbourn indicated his importance to the town's business section:

In my operations here, with an eye out to the improvement of the place, and relying on payment being made to meet my engagements, I incurred some liabilities contrary to all my fixed rules of business - For instance in order to aid (Leland) in completing his tavern, which is a large and expensive house, and to aid him in furnishing supplies when he wanted a backer, I became responsible with him for about $3500 - To aid (Hinman) in erecting a house, I endorsed for him at the Green Bay bank to the amt. of $3,000 - To get into operation the steam boat to keep up our intercourse with the Lake, I assumed responsibilities of which about
Because of such large expenditures, Kilbourn soon found himself in financial difficulty. Through his partner, Micajah Williams, and his eastern banking connections, Kilbourn was able to borrow $10,000 to continue his projects at Milwaukee. Williams also donated several town lots for significant cultural improvements. In 1842, for example, he provided a town lot for the building of a scientific lyceum.

During the depression, foreign capital played a significant role in Milwaukee's banking establishments. In 1836, the Wisconsin territorial legislature had authorized the organization of the Bank of Milwaukee with Solomon Juneau as one of its first directors. Because of its involvement in land speculation, the Bank of Milwaukee failed during the depression forcing the legislature to repeal its charter. Now, at the very height of the depression, Milwaukee was without a financial institution to exchange money and to loan capital to farmers and merchants. As in Chicago, however, George Smith from Scotland used his capital resources and profits from land speculation to provide banking facilities for Milwaukee's residents.

In 1839, George Smith received a charter from the Wisconsin territorial legislature to establish the Wisconsin Marine and Fire Insurance Company. George Smith held the majority of stock in the company with smaller portions controlled by citizens of Milwaukee and Smith's backers in Aberdeen, Scotland. Because of Smith's involvement with a similar institution at Chicago, Alexander Mitchell, Smith's assistant, supervised the Wisconsin Marine and Fire Insurance Company. The company provided many services, otherwise unobtainable, for Milwaukee residents during the depression. Businessmen unable to pay debts and farmers lacking the capital to purchase land were able to obtain
loans. The company also made advances to merchants and farmers involved in trade with the East. 86

With the assistance of men like George Smith, Byron Kilbourn, and Morgan L. Martin, Milwaukee businesses did not collapse during the depression. Moreover, many of these same men attempted to secure large-scale internal improvements. Unlike Chicago, Milwaukee did not have any significant projects, such as roads and canals, underway before 1837. Milwaukee thus embarked on a scheme of internal improvements just as financial conditions deteriorated across the nation. The course of improvements was affected not only by the depression but also by a growing rivalry between Chicago and Milwaukee. Because many of the speculators had invested in all or many of the lakeport towns and their interest was in seeing all such towns advance, this rivalry was not at first of great proportions. Furthermore, Milwaukee and Chicago each had a well-defined backcountry which ultimately would ship its agricultural surpluses to the closest port. In 1836, Kilbourn recognized this fact:

There are no conflicting interests between Green Bay, Milwaukee, and Chicago, each has its own appropriate country; and that naturally united to Milwaukee by common interest is at least equal in extent and fertility, and I hesitate not to add, will sustain a more dense population than either of the others. 87

There were certain areas, nevertheless, which seemed capable of exploitation by both Milwaukee and Chicago. One was the Rock River region which included south-central Wisconsin and northern Illinois. The competition for the surpluses of this area was clearly indicated by the chief engineer of the Milwaukee and Rock River Canal:

It is true that Illinois is making great strides with her internal improvements, and will be able in a few years to give access to Lake Michigan upon her public works for our produce. But will Wisconsin remain inactive and suffer the hard earned products of her citizens to be carried away by Illinois to fill the coffers of that state? It is a self-evident fact, that unless she makes use
of the advantages given her by the General Government, all the important trade of the country will be diverted into the state of Illinois by her canals and rail roads. 88

Fearing that Chicago might tap the agricultural resources of the Rock River country, Milwaukee citizens were anxious to build a canal. While competition between Chicago and Milwaukee stimulated improvements in Milwaukee, other town rivalries actually hindered the success of these ventures. In the first place, the Wisconsin Territory was divided among different sections all contesting for political power and control of appropriations for improvements. Southwestern Wisconsin was the most powerful section in the 1830's primarily representing the lead mining interests. In the North, Green Bay contested for power while in the southeast Milwaukee was first coming to prominence. 89 On the western shore of Lake Michigan, at the same time, Wisconsin possessed numerous towns competing for appropriations for harbor and canal projects. Finally, Milwaukee itself faced the competition of the east and west sides for commercial dominance. All of these rivalries affected Milwaukee's development. Like Chicago, however, most major projects were sponsored and led by town promoters and eastern capitalists. The Milwaukee and Rock River canal and the quest for an adequate harbor at Milwaukee provided clear examples of the workings of these forces.

From the beginning, Byron Kilbourn led the fight for internal improvements at Milwaukee. When the town was still little more than a fur trade post, Kilbourn wrote to Senator Louis Linn of Missouri at Washington soliciting his aid in obtaining government appropriations for Milwaukee. 90 At a public meeting in 1836, Kilbourn urged Milwaukee's citizens to support either a canal or railroad to the Mississippi River. 91 According to Kilbourn, a railroad or canal would enable Milwaukee to capture the lead trade of southwestern Wisconsin. In the 1820's, the lead of this region was shipped down the Mississippi
River to New Orleans and then to eastern markets. Kilbourn believed that lead could be shipped overland to Milwaukee and then eastward by the Great Lakes. But Milwaukee faced the competition of Green Bay over an improved Fox-Wisconsin waterway. In late 1837, the territorial legislature issued a charter of incorporation for a company to build a canal from Milwaukee to the Rock River. In January, 1838, the Milwaukee and Rock River Canal Company was organized, stock sold, and a board of directors appointed with Byron Kilbourn as president.

The canal advocates were always faced with one major problem—money. In February, 1838, the Wisconsin territorial legislature drafted a petition to Congress requesting a land grant to aid in the canal's construction. The legislature then appointed Byron Kilbourn to carry the petition to Washington and lobby there for the grant. Before his departure for Washington, Kilbourn asked Micajah Williams, his eastern partner, to exert his influence among the politicians in Congress. Kilbourn remained in Washington for several months carrying on conversations with influential politicians who might hurry congressional action on the land grant. The efforts of Kilbourn and Williams were rewarded for in June, 1838, Congress granted alternate sections of land along the proposed route of the Milwaukee and Rock River canal.

The congressional land grant solved only part of the canal's financial problems. Because of the depression, subscribers to canal stock were small in number, and Kilbourn discovered that he needed additional eastern capital in the form of stock subscriptions and loans. He first contacted eastern capitalists who held an interest in Milwaukee town lots. Because he had few connections with other bankers and financiers in the East, Kilbourn again requested Williams' assistance:
To this end, (that is to get money) and to give me some small credit as I am properly entitled to with capitalists in N.Y. I would request of you to furnish me with some letters to such of the money men there as you may think proper and with whom you are intimately acquainted.98

Because of the depressed state of the economy, Kilbourn was unsuccessful in arousing significant interest in the canal among eastern capitalists.99 As he sojourned in the East seeking money, the canal project became involved in state and town politics. As the political feud worsened in Milwaukee and throughout the territory, Kilbourn terminated his eastern tour and returned to Milwaukee in July, 1838.100 The quarrel centered on the congressional land grant which stated that the land was to be sold at $2.50 per acre with no exemptions for actual settlers along the canal route.101 Kilbourn soon discovered that he was charged with obtaining the land grant knowing that settlers would suffer.102 At this time, Kilbourn was a candidate for a position on the council of the Wisconsin state legislature. He was opposed by Alanson Sweet from the East Side, who along with the Milwaukee Sentinel, propagated the charge that Kilbourn deliberately acted against the interests of the small farmers. The Milwaukee Sentinel and Sweet were joined in the fight against the canal by James Doty from Green Bay who favored internal improvement projects elsewhere in the state. In the summer of 1838, Alanson Sweet and Kilbourn aired their quarrel in the pages of Milwaukee's two newspapers.103 The end result was that Kilbourn failed in his bid for election to the territorial council. Even more important was the fact that progress on the canal was slowed by the opposition of residents of Milwaukee's East Side as well as the resistance of town promoters in other areas especially James Doty of Green Bay.

Since Kilbourn's efforts to finance the canal failed, the territorial legislature established a new canal organization with additional powers of
borrowing money for construction in 1839. John H. Tweedy from Milwaukee was authorized to negotiate a loan in the East. Yet Tweedy also ran headlong into the conservatism of eastern financiers beset by a financial depression. According to Tweedy, it was virtually impossible for western states to borrow money in the East because

... The opinion was prevalent that the states generally, and especially the new states, were attempting to do too much and that many of their schemes of internal improvements were extravagant and visionary. The opinion was frequently expressed by some of the most eminent financiers, that the stocks of many of the states might not find a ready sale for many years, and that they would be compelled to partially suspend if not entirely arrest the progress of their public works.

When the state failed to obtain loans for canal constructions, opposition to the canal grew more vocal. Kilbourn fought to protect the canal project from collapsing because of the opposition of the East Side of Milwaukee and the Green Bay interests. In 1840, Kilbourn claimed that the East Side "... most certainly entertain so violent a hostility to the west side, that many, if not most of them, would rather see the whole place sacrificed and sink out of existence than that the west side of the river should prosper." In a last desperate effort to save the canal project, Kilbourn again journeyed to the East and pleaded with eastern financiers to loan money for construction. As Kilbourn prepared to depart for New York, Micajah Williams instructed him that loans would be virtually impossible to obtain but assured Kilbourn that he had "... opened an active correspondence on this subject, and am pushing it in New York, and on this side of the mountains."

Kilbourn and Williams, however, had little success in 1840 in negotiating any further loans for the canal project. After the national elections in 1840, James Doty was appointed governor of the Wisconsin Territory. He immediately repealed Kilbourn's commission to negotiate loans. Exerting pressure on the
territorial legislature, Doty succeeded by 1841 in ending the Milwaukee and Rock River Canal project.\textsuperscript{108} The history of the Milwaukee and Rock River canal clearly illustrated the leadership of town promoters and their extensive dependence on the capital resources of the East. When eastern capital failed to materialize in support of the canal project, its fate was virtually sealed. Yet the project also faced the constant workings of state and town politics which combined with financial conditions wrecked any hopes for success.

The efforts to construct a harbor at Milwaukee faced problems similar to those which plagued the canal project. While Chicago had received appropriations for harbor construction from the federal government in 1833, Milwaukee did not begin agitation for such improvements until 1835. The site of a harbor at Milwaukee was surveyed in 1836, but with the onset of the depression Congress refused appropriations for construction.\textsuperscript{109} Yet Milwaukee leaders did not become quiescent with the government's failure to act. In late 1836, Byron Kilbourn attempted to raise money among the citizens to start harbor construction.\textsuperscript{110} Throughout the next several years, the Milwaukee newspapers constantly editorialized on the need for a harbor. In July, 1837, the Milwaukee Sentinel mirrored the general attitude of the town:

\begin{quote}
Our bay is the safest refuge for shelter in a gale to be found on the lake. In this particular, nature has favored Milwaukee above her sister towns, and with the assistance of the government we could soon have the best harbor in the West. The great and rapidly increasing business of our town requires a speedy appropriation by Congress for its improvement.\textsuperscript{111}
\end{quote}

In January, 1838, a meeting of Milwaukee citizens organized by Solomon Juneau and others drafted a petition to Congress.\textsuperscript{112} At the same time, Juneau maintained contact with local politicians in Washington lobbying for a harbor.\textsuperscript{113} But why did Milwaukee face such difficulties in obtaining harbor appropriations? Part of the reason undoubtedly was the depression and the
reduced amount of government funds available for such projects. Furthermore, Milwaukee was in competition with other Wisconsin towns on the lake shore for harbor funds. By 1839, Milwaukee citizens realized that with the depression only one or possibly two towns could possibly hope for an appropriation, but Milwaukeans were convinced that "Milwaukee is the greatest commercial town on Lake Michigan, save Chicago; her importance is generally acknowledged, and her claims upon the attention of the general government are unquestioned." In 1840, the citizens of Milwaukee presented a lengthy memorial to Edward Curtis, Chairman of the Committee on Commerce of the House of Representatives. In this memorial, Milwaukee residents admitted that Congress faced a difficult task in deciding which Wisconsin towns should receive harbor funds. Yet the memorialists then listed commercial statistics to prove Milwaukee's leadership in population and trade over the other towns.

While rivalry among Wisconsin harbor areas certainly made Congress's task more difficult, Milwaukee's interests were also hindered by an intra-town squabble. When harbor construction was first discussed, two different sites were suggested. One was at the natural mouth of the Milwaukee River as it entered Lake Michigan. Proponents of this location claimed that this would be the least expensive location. Yet Kilbourn and Juneau opposed this southern location, for it was a half mile from where the East and West sides had established the central business sections of the city. For many years, the controversy excited Milwaukee citizens with charges of political corruption hurled back and forth. In 1843, the government finally appropriated money for the construction of a harbor at the natural outlet of the Milwaukee River. Kilbourn and his forces screamed political bribery, but they never identified the source of this corruption. Faced with this useless harbor location,
Kilbourn then united the capitalists of the east and west sides plus interested eastern investors and began construction of another harbor a half mile further north where the business sections of the town were located. Until the 1850's, Milwaukee was hindered by this competition between harbor locations, but then government funds were redirected toward Kilbourn and Juneau's sections of the town. All the efforts of the town promoters in the area of internal improvements were intended to increase the town's economic position. Each year population, the number of ship arrivals, and the amount of exports from the Milwaukee harbor increased. The depression, of course, slowed the rate of economic development, but by 1841 the town seemed to have recovered. Milwaukee now had reached the stage where its economy was practically self-sustaining. The interior was sufficiently developed to supply surpluses for the town and for shipment to the East. In 1839 and 1840, for example, wheat first arrived at Milwaukee for shipment to eastern markets. In 1839, Milwaukee registered exports valued at $43,568, in 1840, $53,828, and in 1841, $286,777. The people also recognized the importance of a developed agricultural interior. As early as September, 1837, the Milwaukee Sentinel commented that

People generally have turned their attention to the tilling of the land during the present season, and spend their capital in improving their farms instead of buying lots in paper Cities and Villages; - all this has a tendency to increase the growth of our town materially, and as the back country increases in population, so must the town increase - as the rich farming sections lying West and Southwest fills up, and the prairies and openings become converted into rich and productive farms, it will form the only sure basis on which a city can safely be built up, and will be the surest evidence of future success and prosperity. . . .

With the semblance of a balanced economy, Milwaukee thus had bridged the gap between a frontier village and a town. Its development was very similar to that of Chicago. Both towns were originally established by town speculators
or promoters with the financial aid of eastern capitalists. As the years passed, the Milwaukee promoters like Morgan L. Martin, Solomon Juneau, Byron Kilbourn, and Micajah T. Williams supplied the capital and the leadership for the majority of Milwaukee's improvements. Again this emphasis on town speculators and eastern capitalists does not diminish the equally important role of smaller merchants, yet it becomes increasingly clear that the promoters led the way in the most significant areas of Milwaukee's development.

In 1841, however, Milwaukee was in no sense the equal of Chicago. A comparison of the basic commercial statistics of the two towns indicated that Chicago surpassed Milwaukee by a considerable margin in population, in ship arrivals, and in the value of exports. Chicago had an advantage over Milwaukee merely because of geography and its consequent earlier settlement. Located further north on the lake shore, Milwaukee waited on the natural movement of people to settle its agricultural interior. Chicago, moreover, had embarked on needed improvements, such as a canal and a harbor, several years before Milwaukee. Thus Chicago earlier attracted merchants, commerce, and eastern capitalists. When Milwaukee did enter the stage of town development, it was confronted with state sectionalism, intra-town rivalry, and competition from other Wisconsin towns on the lake shore. While Chicago also faced state and intra-town competition, it was of little significance compared to that at Milwaukee. Through a combination of geography, state sectionalism, and town rivalry, Milwaukee in 1841, while reaching the status of a town, found itself considerably behind the colossus of the lakes—Chicago.
MILWAUKEE'S COMMERCIAL GROWTH

TABLE 1 -- Land Sales at Milwaukee. The majority of farming land surrounding Milwaukee was not opened for public sale until 1839. The figures represent the amount of money received at the Milwaukee Land Office.a

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1836</td>
<td>$88,432.10</td>
</tr>
<tr>
<td>1837</td>
<td>$90,131.31</td>
</tr>
<tr>
<td>1838</td>
<td>$69,350.24</td>
</tr>
<tr>
<td>1839</td>
<td>$785,950.57</td>
</tr>
<tr>
<td>1840</td>
<td>$138,661.02</td>
</tr>
<tr>
<td>1841</td>
<td>$103,547.48</td>
</tr>
<tr>
<td>1842</td>
<td>$149,816.75</td>
</tr>
<tr>
<td>1843</td>
<td>$192,401.11</td>
</tr>
</tbody>
</table>

a"Address by Increase Lapham," cited in the Western Historical Company, History of Milwaukee, p. 192.

TABLE 2 -- Population Growth of Milwaukee

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1836</td>
<td>700</td>
</tr>
<tr>
<td>1840</td>
<td>1,712</td>
</tr>
</tbody>
</table>

aThere are no adequate figures for Milwaukee's population during the early period. The above figures were the most reliable estimates from Still, Milwaukee, p. 570, and James S. Buck, Pioneer History of Milwaukee (Milwaukee: Milwaukee News Company, 1866), I, p. 49.

TABLE 3 -- Ship Arrivals at the Port of Milwaukee,a

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrivals</th>
</tr>
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<tbody>
<tr>
<td>1835</td>
<td>2</td>
</tr>
<tr>
<td>1836</td>
<td>19</td>
</tr>
<tr>
<td>1837</td>
<td>97</td>
</tr>
<tr>
<td>1838</td>
<td>126</td>
</tr>
<tr>
<td>1839</td>
<td>182</td>
</tr>
<tr>
<td>1840</td>
<td>174</td>
</tr>
</tbody>
</table>

a"Address by Increase Lapham," cited in Western Historical Company, History of Milwaukee, p. 192. Also see the Milwaukee Sentinel, March 10, 1840.
TABLE 3 -- Imports and Exports at the Port of Milwaukee.

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1835-1836</td>
<td>$588,950</td>
<td>$26,145</td>
</tr>
<tr>
<td>1837</td>
<td>$641,235</td>
<td>$47,745</td>
</tr>
<tr>
<td>1838</td>
<td>$783,458</td>
<td>$47,690</td>
</tr>
<tr>
<td>1839</td>
<td>$866,740</td>
<td>$43,568</td>
</tr>
<tr>
<td>1840</td>
<td>$1,147,803</td>
<td>$53,828</td>
</tr>
<tr>
<td>1841</td>
<td>$1,805,277</td>
<td>$286,777</td>
</tr>
</tbody>
</table>

\(^a\) Address by Increase Lapham," cited in Western Historical Company, History of Milwaukee, p. 192.
Morgan L. Martin was born in New York where he attended college and studied law. He practiced for a short time at Detroit and then came to Green Bay. He was a prominent citizen of Green Bay, and he was often involved in territorial politics. From 1831 to 1835, he was a member of the legislative council of Michigan Territory, which at that time included Wisconsin. For biographical information on Martin see Reuben G. Thwaites, "Sketch of Morgan L. Martin," WHC, XI, 380-381.

Morgan L. Martin to James Buck, September 1, 1876, in James S. Buck, Pioneer History of Milwaukee (Milwaukee: Milwaukee New Publishing Company, 1876), I, p. 17.

Still, Milwaukee, p. 11.

Solomon Juneau to Morgan L. Martin, December 1, 1833, Morgan L. Martin Papers, Box III, State Historical Society of Wisconsin, Madison, Wisconsin. There are three collections of Martin Papers. One is found in a larger collection of Green Bay material at the State Historical Society of Wisconsin and entitled the Green Bay and Prairie du Chien Papers. There is also the Morgan L. Martin Papers consisting of fourteen separate boxes. Finally, there is a collection of Martin Papers at the Green Bay Historical Society which have been microfilmed. The collection cited in this footnote will hereafter be designated as the Martin Papers, Box, WHS.

Solomon Juneau to Morgan L. Martin, May 6, 1835, Martin Papers, Box III, WHS, and Still, Milwaukee, p. 15.


Ibid. There is another copy of Martin's agreement with the eastern capitalists in the Martin Papers, Box III, WHS.

Information on Kilbourn's early career can be found in Still, Milwaukee, p. 13; Howard L. Conrad (ed.), History of Milwaukee From Its First Settlement to the Year 1895 (Chicago: American Biographical Publishing Company, 1895), I, pp. 21-22.


20. Williams invested in townships throughout the western states. Information on his investments in Ohio can be gained through the article by Scheiber, "Entrepreneurship and Western Development," Williams also had a major interest in Lockport, Illinois. See William B. Archer to M.T. Williams, August 2, 1836, Micajah T. Williams Papers, Microcard No. 34, Ohio State Library, Columbus, Ohio. There is a microcard edition of these papers at the State Historical Society of Wisconsin, Madison, Wisconsin. Hereafter this collection will be cited as Williams Papers, Card No., OSL.

21. Micajah T. Williams, "Sketch of the Life of Micajah T. Williams," Williams Papers, 64, OSL.

22. Contract between Byron Kilbourn and Micajah Williams, May 5, 1835, Williams Papers, OSL.


25. Byron Kilbourn to Micajah Williams, May 19, 1835, Williams Papers, 31, OSL.

26. Ibid.


30. Contract between Stephen Haight and John Davis, January 14, 1836, Haight Papers, Box I, WHS.

31. Joshua Hathaway to Levi Beardsley of Cherry Valley, New York, May 27, 1837; June 10, 1837; and October 30, 1839, Joshua Hathaway Papers, Box I, WHS.


33. Albert G. Ellis to James Murray, July 11, 1836, Bronson Papers, L.F. 29, CHS.


Morgan L. Martin to James Buck, September 1, 1876, cited in Buck, Pioneer History of Milwaukee, I, p. 17; Articles of agreement between Solomon Juneau and Enoc Darling to build a court house, April 2, 1836, Martin Papers, Box IV, WHS.


Solomon Juneau to Morgan L. Martin, September 20, 1836, Martin Papers, Box IV, WHS.

Byron Kilbourn to Micajah Williams, September 16, 1835, Williams Papers, 32, OSL.

Byron Kilbourn to Micajah Williams, October 6, 1835, ibid.

Byron Kilbourn to Micajah Williams, October 30, 1835, ibid.

Byron Kilbourn to Micajah Williams, May 21, 1836, Williams Papers, 33, OSL. Also see Byron Kilbourn to Micajah Williams, May 9, 1836, ibid.

Byron Kilbourn to Micajah Williams, February 27, 1837, Byron Kilbourn Letters, Letter Folder I, State Historical Society of Wisconsin.

Ibid.

Ibid.

See letters of James Doty to G. A. Patterson, December 30, 1835; James Doty to Messrs W. S. Packer and Benjamin Clapp, January 1, 1836; and James Doty to Benjamin Clapp, October 18, 1836, James Duane Doty Papers, Henry E. Huntington Library, San Marino, California. Microfilms of the Doty Papers are available at the State Historical Society of Wisconsin.

Isaac Burns to John Tweedy, January 3, 1837, and John Tweedy to John C. Barth, March 13, 1837, John H. Tweedy Papers, Box I, State Historical Society of Wisconsin.

Solomon Juneau to Joshua Hathaway in Washington, January 5, 1836, Hathaway Papers, Box I, WHS; Solomon Juneau to Morgan L. Martin, March 31, 1836, Martin Papers, Box IV, WHS.
A description of the feuding between the different sections of Milwaukee is found in Buck, *Pioneer History of Milwaukee*, I, p. 95. In 1839, the two original villages were legally united into the town of Milwaukee, but this move did not end the sectional quarrel. See Still, *Milwaukee*, p. 36.


Byron Kilbourn to Micajah Williams, February 27, 1837, *Byron Kilbourn Letters*, L.F. I, WHS.

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New York Commercial Advertiser, February 4, 1837, as cited in the Milwaukee Sentinel, August 22, 1837.

S.S. Sherman, Increase Allen Lapham, A Biographical Sketch (Milwaukee: The Milwaukee News Company, 1876), pp. 5-6. Once in Milwaukee, Lapham also became involved in land speculation with the support of Micajah Williams. See Increase Lapham to Micajah Williams, September 26, 1836, Williams Papers, 35, OSL.

Henry Kingsley to John Tweedy, May 23, 1837; C. Coffing to John Tweedy, July 29, 1837; and Churchill Coffing to John Tweedy, August 23, 1836, John Tweedy Papers, Box I, State Historical Society of Wisconsin, Madison, Wisconsin.


The best discussions of the settlement and development of the agricultural interior were found in the works of Joseph Schafer. Schafer utilized census reports, soil survey maps, and other statistical evidence to chart the growth of the interior. For this study, the two most helpful works were Joseph Schafer, Four Wisconsin Counties (Madison: State Historical Society of Wisconsin, 1927) and Town Studies (Madison: State Historical Society of Wisconsin, 1924).


"Constitution of the Milwaukee County Agricultural Society, January 28, 1837," Increase A. Lapham Papers, Box I, WHS.


Shortly after the founding of the claimants union, Milwaukee area farmers decided it was too large and formed another union which more closely represented the interests of the town of Milwaukee and its immediate interior. See Conrad, History of Milwaukee, I, p. 36; "Address by Increase Lapham," in Western Historical Company, A History of Milwaukee, p. 182.

Western Historical Company, A History of Milwaukee, p. 118.


Ibid., and Joseph Schafer, Four Wisconsin Counties, pp. 74-75.

Byron Kilbourn to Micajah Williams, May 7, 1837, Williams Papers, 35, OSL.

Byron Kilbourn to Micajah Williams, July 11, 1837, Williams Papers, 36, OSL.
Ibid.

79. Increase Lapham to Darius Lapham, September 27, 1837, Lapham Papers, Box XVIII, WHS.

80. Solomon Juneau to Morgan L. Martin, October 23, 1837; November 3, 1837; and April 8, 1839, Martin Papers, Microfilm Reels II and III, WHS.

81. Milwaukee Advertiser, July 1, 1837. Kilbourn also circulated a lengthy advertisement of his land agency throughout the country. A copy of this circular can be found in the Lucius Lyon Papers, Microfilm Reel I, WHS.

82. Byron Kilbourn to Micajah Williams, February 20, 1839, Williams Papers, 39, OSL.

83. Ibid.; Byron Kilbourn to Micajah Williams, September 6, 1839, Williams Papers, 39, OSL.

84. Increase Lapham to Micajah Williams, February 4, 1842, Williams Papers, 50, OSL; Micajah Williams to Increase Lapham, March 19, 1849, Williams Papers, 62, OSL.


87. Letter of Byron Kilbourn to the Public, July 28, 1836, Milwaukee Advertiser, July 28, 1836.


89. The sectionalism of territorial politics in Wisconsin, of course, first really came to the fore when the area was designated as a territory in 1836. A good description of territorial politics is found in Alice Smith, James Duane Doty: Frontier Promoter (Madison: State Historical Society of Wisconsin, 1954).


Memorial of the Legislative Assembly of the Territory of Wisconsin

Presented to Congress, December 21, 1837, for an Appropriation for a Railroad from Lake Michigan to the Mississippi River, Miscellaneous Folder, State Historical Society of Wisconsin. This Memorial listed the reasons why Wisconsin desired a railroad. The efforts of Milwaukee and Green Bay to tap the lead trade was brilliantly summarized by Orin Grant Libby, "Significance of the Lead Shot Trade In Early Wisconsin History," WHC, XIII, pp. 293-334.

Moses M. Strong, History of the Territory of Wisconsin From 1836 to 1848 (Madison: Democrat Publishing Co., 1885), p. 598. Also see Milwaukee Sentinel, June 30, 1838.

Strong, History of the Territory of Wisconsin, pp. 599-600.

Byron Kilbourn to Micajah Williams, February 2, 1838, Williams Papers, 37, OSL.

Byron Kilbourn to Micajah Williams, March 29, 1838, ibid.

Byron Kilbourn to Micajah Williams, June 13, 1838, ibid. Also see Strong, History of the Territory of Wisconsin, p. 602.

Byron Kilbourn to Micajah Williams, May 28, 1838, Williams Papers, 37, OSL.

Byron Kilbourn to Micajah Williams, July 16, 1838, ibid.

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Byron Kilbourn to Micajah Williams, September 19, 1838, Williams Papers, 38, OSL.

Milwaukee Sentinel, July 31, 1838; Milwaukee Advertiser, August 4, 1838.

Strong, History of the Territory of Wisconsin, pp. 606-608; Governor Henry Dodge to John Tweedy, August 6, 1839, John Tweedy Papers, Box I, WHS.

John H. Tweedy to Governor Henry Dodge, October 8, 1839, Tweedy Papers, Box I, WHS.

Byron Kilbourn to Micajah Williams, January 18, 1840, Williams Papers, 42, OSL.

Micajah Williams to Byron Kilbourn, March 10, 1840, Williams Papers, 60, OSL. Also see letters of Micajah Williams to J.J. Perkins in New York City, 1840, ibid.


110 Byron Kilbourn to Micajah Williams, December 5, 1836, Byron Kilbourn Letters, L.F. I, WHS.

111 Milwaukee Sentinel, July 18, 1837.

112 Ibid., January 16, 1838.

113 Solomon Juneau to Joshua Hathaway, Washington, January 5, 1836, Hathaway Papers, Box I, WHS; Solomon Juneau to Lucius Lyon at Washington, January 2, 1837, Lyon Papers, Microfilm Reel I, WHS.

114 Milwaukee Sentinel, November 12, 1839.

115 Memorial to the Honorable Edward Curtis, Chairman of the Committee on Commerce, House of Representatives, by the Citizens of Milwaukee, Milwaukee Sentinel, March 10, 1840.

116 See map at the end of the chapter.

117 Milwaukee Sentinel, July 18, 1837.

118 Byron Kilbourn to Micajah Williams, July 20, 1843, Williams Papers, 56, OSL; Charles Williams in Milwaukee to Micajah Williams, May 4, 1843, Williams Papers, 55, OSL. For a discussion of the harbor dispute see Gregory, *History of Milwaukee*, I, p. 312.


120 See statistical tables at the end of the chapter. In 1839, the value of exports did decline, but immediately increased the next year.

121 Milwaukee Sentinel, September 7, 1841.

122 See statistics at the end of the chapter.

123 Milwaukee Sentinel, September 12, 1837.

124 See statistics at the end of the chapter. For a comparison with the statistics of Chicago's development see the tables at the end of Chapter V.
CHAPTER VII

The Secondary Towns: Townsite Development at Green Bay, Manitowoc, Kewaunee, Sheboygan, Racine, and Kenosha

While Chicago and Milwaukee were the two most important commercial centers in the 1830's, townsites were plotted at almost every juncture of rivers and Lake Michigan. Except for Green Bay, most of these townsites in the 1820's were little more than occasional meeting places of the fur traders and Indians. During the speculative period of the 1830's, some locations, such as Green Bay, Racine, and Kenosha, attracted considerable attention, while others such as Kewaunee, Manitowoc, and Sheboygan were speculative dreams which did not actually develop until the 1840's and 1850's. Despite the varying degrees of success encountered by these townsites, the patterns and methods of development were remarkably similar to those observed at Chicago and Milwaukee. After the decline of the fur trade and the cession of Indian lands, capitalists and land speculators plotted the towns before the arrival of urban and farming emigrants from the East. At each townsite, the speculators constructed stores, paved streets, and attempted to establish communications with the interior and the East. The leadership for these projects was, as before, a combination of eastern and western capitalists.

Green Bay was the largest of the fur trade villages on the western shore of Lake Michigan. During the 1820's, Green Bay had attracted a small number of merchants and professional people desiring to make a new start in the West. Arriving in 1820's, were persons to be significant during the period of town...
growth. Morgan L. Martin, Daniel Whitney, James Doty, and Albert G. Ellis. 2
Until the 1830's, however, these people were forced to engage in occupations related to the fur trade. Daniel Whitney, for example, employed his own traders to compete with the American Fur Company while James Doty served as agent and lawyer for the American Fur Company. Actual town growth did not begin until the 1830's when the fur trade declined, Indian lands were ceded, and the tide of white settlement moved west. 3

Before town development could begin, Indian title to the land around Green Bay had to be secured by the national government. This process actually began in 1825 at Prairie du Chien when the Indians agreed to the military occupation of Fort Howard at Green Bay as well as white settlement there. 4 In 1831, the Menominee Treaty secured most of the land in the Green Bay area for settlement. 5 After government surveys, the land was opened for public sale in 1835 at the Green Bay Land Office. At this sale, hordes of speculators descended upon Green Bay as did farmers anxious to secure squatter claims. 6

Farmers and speculators who came to Green Bay in 1835 were probably somewhat surprised to discover that three separate towns were rapidly rising in the region and contesting for business and commercial hegemony. Actually the designation, Green Bay, in this period, referred to a complex of towns around the juncture of the Fox River and the bay leading to Lake Michigan. 7 Geographically the most prominent towns site was plotted by the officials of the American Fur Company and appropriately named Astor. A short distance away was the village of Navarino laid out by Daniel Whitney, and then further south was De Pere. In point of time, Navarino was the first town plotted. Its proprietor, Daniel Whitney, had first come to the Green Bay area during the heyday of the fur trade. He certainly did not conform to the patterns of
the normal frontier trader, for Whitney was involved in a number of economic enterprises. Yet his principal occupation was in supplying goods to many residents of Green Bay not connected with the American Fur Company. Throughout the early 1820's, Whitney extended easy credit to many Green Bay traders, and by 1826 he was receiving their land claims in payment for outstanding debts. In 1829, he laid out the town of Navarino. Because settlers and capitalists had not as yet reached the area of Green Bay, the sale of lots at Navarino was extremely slow until 1834. Whitney, nevertheless, made necessary improvements, such as building stores, and houses, in anticipation of the territory's eventual settlement. Navarino first attracted widespread attention in 1833 when Whitney assisted in the establishment of a newspaper, the Green Bay Intelligencer.9

The Green Bay Intelligencer provided Navarino as well as other townsites in the Green Bay area with advantageous publicity, in its first issue, the Intelligencer claimed that one of its principal goals was "... the advancement of the country west of Lake Michigan. In this we have a direct and intense interest, which we shall be very unlikely to forget."10 The Navarino townsite was recommended to emigrants because of the communications network of the Fox and Wisconsin Rivers and the availability of government lands.11 As more and more settlers approached the Green Bay area in 1835, the sale of Navarino lots increased. Whitney himself purchased land throughout the territory and established a forwarding and commission house at Navarino. But Navarino did not attract heavy eastern investment confining it to the class of a secondary townsite.12

Five miles south of Navarino, several Green Bay capitalists including James Doty, Morgan L. Martin, and George Lawe organized the Fox River Hydraulic
Company in 1836 to construct a dam on the Fox River. The men then extended their investment to plot a townsit near the dam called De Pere. De Pere advertised extensively for laborers and made a few efforts to attract capitalists, professional people, and political institutions to its location. The town, however, never succeeded in gaining the interest of eastern capitalists or even the whole-hearted attention of western entrepreneurs. Morgan L. Martin, for example, was primarily promoter of the Astor townsite and invested at De Pere merely to increase the general development of the territory. He never considered it a threat to the Astor location a short distance away.

In the Green Bay region, the most viable townsit was at Astor. It was plotted as an indirect result of the American Fur Company's control of the fur trader. As the fur trade dwindled in volume and profitability, the French-Canadian traders surrounding Green Bay gradually deeded their land claims and land titles to John Astor's American Fur Company. Observing the success of townsites at Chicago and Daniel Whitney's project at Navarino, Astor decided to lay out a town on the land obtained from the fur traders. John Astor was not a novice at land speculation since he already had extensive investments in New York state and in Canada. To supervise the building and management of the townsit, Astor required a western agent, and James Duane Doty was the most logical choice. Doty had arrived at Detroit in 1818, and, at the age of nineteen he was admitted to the bar. In 1823, he was appointed a Michigan territorial judge. At the same time, Doty worked for the American Fur Company in securing land titles from the old fur traders. Moreover, he was well-acquainted with the agricultural and commercial possibilities of the entire territory having participated in several exploring expeditions. Thus on March 5, 1835, John Astor, Ramsay Crooks, Robert Stuart, and James Doty
united in partnership to plot the town of Astor. The property was originally valued at $2500 with Astor controlling 75 per-cent; Ramsay Crooks, 20 per-cent; Robert Stuart 5 per-cent; and James Doty 25 per-cent. Doty was to earn his share of the property by acting as the townsite's general agent in selling lots and inaugurating improvements.19

Doty's first problem was the hostility of the old fur traders toward the Astor townsite which was located on land they earlier had owned. Many of the traders felt that John Astor had treated them harshly in appropriating their land claims for past debts. Since John Lawe was the acknowledged leader of the old community, he was allowed to retain part of his land claims. A lenient policy toward John Lawe, Doty explained, would temper the hostility of local inhabitants who otherwise might jeopardize the development of Astor.20 Doty next turned his attention toward plotting the physical dimensions of the town. He arranged streets and avenues, measured lot sizes, and established lot prices. The town's main streets were to run parallel to the Fox River giving Astor the greatest possible number of lots fronting on the river. Various lots in the town were then reserved for future public buildings such as the post office, the land office, and the county seat; all of which Doty ultimately hoped to attract to the town.21

Once the physical layout of Astor had been surveyed, the proprietors were prepared to sell lots to speculators and town emigrants. John Astor, Ramsay Crooks and Robert Stuart held very definite views on the proper method of lot sales. To attract business interests to the town, Doty was instructed to sell at low prices to merchants and artisans.22 James Doty was in full accord with this view, and he concentrated his sales on merchants often requiring them to build stores and warehouses. Observing the methods of town promotion
elsewhere in the West, Doty hoped that after a year the remaining lots could be sold at competitive prices since Astor, by then, would naturally attract capitalists and merchants.\(^{23}\) In August, 1838, Doty delineated his methods for building an image of Astor's prosperity:

I agreed to sell about 30 lots at nominal prices, in order to establish commercial and mercantile business there, that it might immediately compete with the adjoining town. This is the principal reason of its rapid increase in value, as it placed it on a footing with other Western Towns. I also made a similar arrangement with some of the officers and several mechanics. Having now enough of these, I should commence selling lots at their market value, as this will be the surest method of increasing the value of the whole. The sale of one lot, either by the Proprietor of a Town or by one to whom he has sold, increases the value of those he retains. The price of lots in the Town of Chicago was created in this manner. There is much speculation now in this country, I therefore think it is best to sell largely at prices which I have no doubt can be obtained.\(^{24}\)

For the first two years of Astor's development, Doty sold lots at minimal prices to any interest which might possibly increase the townsite's potential. In this manner, he attracted the government land office, various county offices, and professional people to Astor. In 1837, for example, Doty enticed the postmaster, then at Navarino, to Astor promising him several town lots at reasonable prices and a new office building.\(^{25}\) While Doty originally intended to increase lot prices after a year, he soon found that merchants and professional people could only be drawn to Astor through reduced lot prices. John Astor grew impatient with this scheme, but Doty explained that it was necessary in order

To obtain improvements ... to sell at very low rates, because this appears to be the custom of Proprietors in other towns. I have lately been at Milwaukee where I find this is the case; and where the proprietors are expending about $20,000 in grading streets.\(^{26}\)

Doty thus followed his own inclinations and continued to attract merchants and artisans to the town by very low lot prices. Many times, he
loaned money to merchants preparing to build a store or warehouse. Yet Doty and John Astor not only sold lots at Astor to merchants and artisans, but they early recognized the need of drawing more and more capitalists into involvement with the townsite. In 1835, Doty suggested that some lots at Astor should be sold in New York at a general auction sale where higher prices could be obtained. John Astor, however, sold shares of Astor to a number of selected eastern capitalists including Samuel Stocking, Chester Jennings, and Charles Butler. Thus the town of Astor had interested eastern financiers whose money could be employed for further improvements. Commenting on the sale of shares to Samuel Stocking, John Astor indicated the reasons for attracting such people:

This disposition we deemed the more valuable and important, as Mr. Stocking is wealthy, is considered one of the most prudent men in the state, and is possessed of much practical knowledge connected with the building up of country towns, and land operations generally.

In May, 1836, James Doty undertook a journey to the East in order to confer with Astor and solicit the interest of additional eastern capitalists. Having little success in New York City, Doty then traveled to Buffalo in order "... to interest those in this city who have control of the greatest number of vessels on the Lakes - and this is the most favorable point to secure this object." At Buffalo Doty encountered Jacob Barker, of the large forwarding firm of Barker and Holt. Learning that Barker was departing for the West, Doty decided to take passage on the same steamboat with hopes of using the voyage to interest Barker in the Astor project. Jacob Barker, however, refused to invest at Astor since he was already involved at Racine, Wisconsin.

In addition to eastern capitalists, Doty also sold lots to town residents
and western speculators. In July, 1836, he conducted a general auction sale of the real estate at Astor. At other times, Doty sold lots to speculators who traveled throughout the territory reselling property as they journeyed from town to town. In 1836, for example, Doty sold fifty-eight lots to a Mr. Van Dorn. Van Dorn then stopped at St. Louis, New Orleans, and Philadelphia where he sold the lots. Doty, of course, hoped such sales would publicize the townsite at Astor and attract new investors.

When John Astor, Ramsay Crooks, and Robert Stuart originally established the Astor townsite, there was never any general agreement as to how long they would remain connected with the project. Periodically, John Astor received offers from entrepreneurs interested in purchasing the entire townsite. Worried over the threat to his investment at Navarino, Daniel Whitney offered $25,000 for Astor in May, 1835. While John Astor was often tempted to liquidate his interest, Ramsay Crooks and James Doty prevented such action by assuring John Astor that the property would double in value. In August, 1835, James Doty optimistically reported to Astor that

If money continues to flow from the Eastern cities to the West for the next years as it has for the last six months, this property should not be sold for less than $100,000. Whether it will so continue you are of all men the most competent to judge. . . .

John Astor, however, was never satisfied with the townsite's progress. Often he criticized Doty's handling of the concern because of excessive sales at low prices to merchants and artisans. At other times he objected to Doty's prolonged absences from Astor to attend legislative sessions of the territory. Moreover, John Astor continually fretted over the competition of other townsites in the Green Bay area. Doty did his best to reassure John Astor that their townsite possessed the greatest potential for future growth. According
to Doty, both Navarino and De Pere were secondary locations incapable of serious competition unless capitalists turned their attention in that direction. In February, 1836, Doty explained to John Astor the relative position of their townsite:

This town, like all others, must have its rivals; and whether it will be able to compete successfully with all, time alone can determine. I see none from which any fears ought to be entertained at present. But there certainly are points near us, where, if a large amount of capital should be invested in improvements and in trade, it would greatly lessen the value of real estate here.38

James Doty actually had left the challenge clearly up to John Astor and his eastern associates warning them that town promotion required continued lot sales and significant investments of capital for improvements. Like western entrepreneurs in other towns, James Doty tapped the resources of eastern capitalists to inaugurate improvements at Astor. To expedite the flow of capital from East to West, John Astor obtained the general consent of the major eastern investors to expend their capital for improvements at Astor.39 Doty, of course, had to continually request John Astor to release these funds. In 1836, for example, John Astor balked at donating several lots for the Presbyterian Church, but James Doty insisted that this edifice was essential to the town. Eventually John Astor donated the required lots and even contributed $300 to the church's construction.40 In 1837, James Doty subscribed $2,000 to erect public buildings for housing county offices and professional people and requested additional capital from John Astor for "it is usual for Proprietors of Western towns to contribute something towards works of a public nature, and where there are rival towns this seems to be indispensably necessary."41

Doty early recognized that one of the townsite's principal requirements was a public house or hotel. According to Doty, many strangers visited Astor
but rarely stayed to investigate its potential because of the absence of public accommodations. Thus Doty set aside four lots for a hotel, but its actual construction required considerable capital. Explaining the need for a hotel to John Astor, James Doty calculated that the project would cost $10,000; funds which were just not available in the West. Thus Doty threw the burden on John Astor who turned to the other eastern investors for capital. When sufficient funds had not been procured by 1837, Doty reminded John Astor that Navarino now possessed a hotel providing serious competition for their townsite. Eventually, Astor possessed a hotel reputed to be one of the finest in the West.

Doty inaugurated a number of other improvements to increase Astor's attractiveness. With the aid of John Astor and the other eastern financiers, Doty supervised the grading of streets. In 1836, he constructed a dam across the Manitou River to bring fresh water into the town. Later Doty built a bridge across the Manitou River enabling Astor to receive the majority of emigrants travelling overland to the Green Bay region. To increase the townsite's connections with the interior, Doty proposed a network of roads costing $10,000. While many of these projects were rejected by John Astor, Doty's persistence succeeded in garnering many improvements for the town.

During the 1830's, James Doty also played an important role in all of Wisconsin's internal improvement schemes. He did not believe the region could develop without a general system of roads and canals throughout the territory. Yet Doty had his pet projects dependent on where his economic investments were concentrated. Besides his interests at Astor, Doty was also the principal proprietor of Madison, a town which was later designated as the territorial capital. Moreover, he was involved at Manitowoc along with
various eastern capitalists. For the first year of their association, John Astor criticized Doty's projects throughout the territory feeling that it affected his care of the Astor property. By late 1836, however, John Astor changed his view and gave Doty additional capital to invest in townsites and canal projects throughout the territory. Doty, nevertheless, pushed for improvement of the Fox and Wisconsin Rivers to increase the commercial possibilities of Astor. As early as 1832, he wrote to a New York financier requesting funds for a canal company because

It must be obvious to all who look with an intelligent eye to that portion of the western country, that the great northern thoroughfare between the Great Lake and the Mississippi River, is, and for an indefinite period must continue to be, by the Fox and Wiskonsin (sic) rivers . . .

Doty, however, was certainly not unique among town promoters, for all the Green Bay capitalists and speculators considered internal improvements, in the form of canals and railroads, an important step to commercial development. Capitalists in the Green Bay region unfortunately faced the problems of inadequate financing brought on by the depression in 1837. Similar to the situation at Milwaukee, Green Bay never launched significant projects until the depression period when their efforts were seriously handicapped. Moreover, the Green Bay region faced the economic and political competition of other towns on the lake shore as well as the sectional rivalry of southwestern Wisconsin's lead mining region. Those projects which were inaugurated, nevertheless, derived capital from the East and leadership from western entrepreneurs.

The first plan to attract the interests of Green Bay residents was the improvement of the Fox and Wisconsin Rivers. This route had been employed for generations to transport furs from the interior to Green Bay, but by the late 1820's western entrepreneurs, such as Daniel Whitney and Morgan L. Martin,
saw that the lead mined in southwestern Wisconsin could be shipped to Green Bay rather than its normal route down the Mississippi River to New Orleans and then to eastern markets. At the first public meeting held at Green Bay in 1829, Morgan L. Martin and others petitioned Congress for funds to improve the Fox and Wisconsin Rivers. In 1829, a canal company was organized under the direction of Martin but little was ever accomplished. Daniel Whitney opened a shot-tower on the lower Wisconsin River at Helena in 1830 hoping eventually to transport lead shot to Green Bay. Yet capital was always insufficient to construct such a communications network.

As the region became more settled in the mid 1830's, Morgan L. Martin, James Doty, and Daniel Whitney renewed their efforts to launch a canal company. Improvement projects were recommended by newspaper editorials and public meetings. In 1836, the Green Bay Intelligencer contained an editorial entitled "Everything As Individuals - Nothing As a Community" in which citizens were asked to support a canal between the Fox and Wisconsin Rivers. The editorial pointed out that

While we are inactive, the people of Milwaukee and Chicago are alive and doing; the one are starting a railroad and the other a canal to communicate with the Mississippi - all over new routes, while we in possession of the old long travelled route, are asleep, and letting them take away the commerce from us.

The Green Bay Intelligencer further recognized that the smaller cities on the western shore of Lake Michigan, such as Manitowoc and Racine, were already discussing canal schemes to link them with the interior. To a certain extent, these smaller towns represented a threat to Green Bay's hopes for commercial hegemony.

Another start was made in an effort to improve the Fox and Wisconsin Rivers in 1834 with the establishment of the Portage Canal Company headed by
Daniel Whitney. Yet again the project was stymied by insufficient capital. As the years passed, Wisconsin politicians and capitalists petitioned Congress for appropriations. In 1837, a bill for granting an appropriation for the development of the Fox and Wisconsin Rivers was before Congress, and Doty urged John Astor to exert his influence among various members of Congress. Yet the Milwaukee and Rock River Canal received the only major appropriation for territorial improvements. Green Bay promoters now turned to other devices. In 1838, Doty, with other area capitalists, formed the Fox River Transportation Company to move merchandise from southwestern Wisconsin to Green Bay. Doty personally journeyed to the lead mine area to obtain contracts for shipping lead via the Fox River Transportation Company to Green Bay. Doty, of course, hoped John Astor would invest capital in the firm. Noting the establishment of the Fox River Transportation Company, Doty explained to Astor that "... there is not sufficient capital in this country to prosecute this business as extensively as it ought to be." Despite numerous attempts, Green Bay never succeeded in capturing the lead trade of southwestern Wisconsin or tapping the agricultural interior along the Fox and Wisconsin Rivers. While in 1839 and 1840 the Wisconsin Democrat bragged that more and more lead was finding its way to Green Bay, in actual fact Milwaukee and Racine were rerouting the lead trade overland to their ports on Lake Michigan.

In their attempts to secure an adequate harbor and steamboat connections with the East, the promoters in the Green Bay area encountered many of the same difficulties as in their drive for improvement of the Fox and Wisconsin Rivers. These capitalists succeeded in obtaining a few improvements, but nowhere near the achievements at Chicago and Milwaukee. The principal deficiency at Green Bay was capital; town promoters like Daniel Whitney at
Navarino and James Doty at Astor were not able to command the financial resources that were available to Chicago and Milwaukee speculators. Harbor facilities were early recognized by the speculators as a necessary ingredient of future commercial growth. In 1835, there was not a harbor of any consequence at Green Bay, and thus it was very difficult for ships to approach the mouth of the Fox River to deposit goods and passengers. Fearing the possibility of running aground, many ship captains avoided Green Bay. In 1835, the Green Bay Intelligencer called on the people to improve their own harbor warning them that

... Unless the people of Green Bay will incur the paltry expense, (and that right soon) of a few dollars or a few hundred dollars in improving their harbor, they must be content to see the commerce of the Lakes find another channel to the Mississippi. 64

Few Green Bay citizens, however, had the necessary capital reserve to contribute to harbor construction. Thus Daniel Whitney undertook the required improvements on his own. 65 In 1836, James Doty pressured Congress into surveying the Fox River for a permanent harbor. Because of the depression, Green Bay, like Milwaukee, never received government appropriations until the 1840's. 66

Commercial development at Green Bay was also hindered because of its inability to establish steamboat or water communications with the East. From their inception, Astor and Navarino were avoided by captains of lake vessels. According to contemporaries, captains of lake vessels considered the time and expense of stopping at Green Bay excessive when the majority of passengers and cargo were destined for Chicago. 67 James Doty attested to this fact and indicated its effect on the Astor townsite:

I was greatly delayed in my return in consequence of the refusal of steam-boats to touch at this place on their way to the head of the Lake; and for the same reason I saw more than a hundred
emigrants go from Detroit to other places, when they were extremely desirous of coming here. Doty warned John Astor that the townsite would never attract widespread attention until steamboats regularly plied between Astor, Detroit and Buffalo. Unless Green Bay citizens used their own capital to finance a steamboat company, the Green Bay Intelligencer predicted that Green Bay would continue to fall behind other towns on the lake shore.

James Doty again took the lead in encouraging Green Bay capitalists to build or charter steamboats. In 1836, Doty requested John Astor to subscribe capital for a steamboat to run between Green Bay and Detroit. According to Doty, the proprietors of Astor must assume a large portion of this stock even though "... it should only return their simple interest, for it is certain that without a regular communication of this kind the public can never be made to realize the value of this point." John Astor agreed to the proposition, and Green Bay soon had at least one regular steamboat.

But one steamboat was hardly sufficient when other lakeports, such as Chicago, had regular packet service with eastern ports. At other times, Doty suggested additional steamboat investments, but John Astor steadily refused. Throughout its early history, lack of proper communications with the East remained a glaring inadequacy of Green Bay. As late as 1847, John Astor's agent at Green Bay claimed that it was the most inaccessible spot on the lake shore. Merchants who ordered goods from the East often had them shipped to Chicago, then transferred to smaller vessels plying the trade along the lake shore.

Green Bay, therefore, despite the efforts of Doty and occasional subscriptions of capital by John Astor failed to develop a communications network.
As in all frontier communities one of the most important and needed institutions at Green Bay was a bank. In this project also, James Doty and Morgan L. Martin led the way with the assistance of eastern capital. The history of banking at Green Bay again showed the conflicts among the different sections of the territory for commercial and political leadership.

In 1835, Morgan L. Martin was chiefly responsible for obtaining a bank charter from the Michigan Territorial Legislature. Assistance in framing the charter and securing capital was provided by Martin's two brothers, John and William, who lived in New York State. The bank was capitalized at $100,000 and governed by a board of elected directors which included Morgan L. and John Martin and James Doty.

While Morgan L. Martin and John Martin were primarily responsible for obtaining the charter, it was never certain who would control the bank's stock or where it would be located. According to the charter's provisions, the major stockholders reserved the right to locate in either Brown or Iowa counties. There were several different factions contesting for the bank's control. Primarily they were divided between Doty, Martin, and Whitney representing the North and Green Bay and Lucius Lyon and Frederic and Arthur Bronson representing the South. In 1834, Lucius Lyon had agreed to invest in farm land and townsites for Arthur Bronson of New York. Lyon himself was a delegate to Congress from the Michigan Territory in 1833, when Wisconsin was still part of Michigan Territory. When Arthur Bronson first learned of a proposed bank, he wrote to Morgan L. Martin offering his capital resources and financial leadership:

From my knowledge of the country it strikes me that this institution if confined to the management of discreet skillful agents, with advantageous connexions (sic) formed in this city, and elsewhere, and well organized, may be made one of the most productive stocks in the country, and at the same time of great public benefit.
Bronson, however, seemed to have ulterior motives. It was his intention to secure control of the Bank of Wisconsin and then move the bank to Cassville, a townsite development on the Mississippi River in the southwestern part of the territory. Bronson's plans were defeated because Green Bay speculators were able to gain control of the bank. John Astor subscribed $10,000 in bank stock and Morgan L. Martin, through his brother John in New York, managed to interest other eastern capitalists thus garnering the majority of the bank's stock.

But where was the bank to be located within the Green Bay region—Astor or Navarino? Doty immediately requested John Astor and the other eastern proprietors to donate lots and supply capital for building a bank building because

It is the only institution of the kind chartered in this country, and wherever it is located it is likely to determine the business to that point. We are contending with a Town which has its business established. (Navarino) Mr. Whitney paid I am informed about $2,000 premium upon shares of stock purchased by him, to obtain a majority of the votes in order to secure its location in Navarino, which shows that he regards it as a measure of considerable importance.

Because Doty succeeded in donating lots for a bank building, it located at Astor in 1837.

After defeating the southern interests for control of the Bank of Wisconsin, William and John Martin in New York advised their brother, Morgan L. Martin, to sell their controlling shares of stock because of the country's deteriorating financial condition. Morgan L. Martin always resisted the idea. By 1838, however, the Bank of Wisconsin was in financial trouble and the Martins were held responsible. Anxious to preserve the bank's financial standing, Morgan L. Martin approached George Smith who was involved in both the Wisconsin Marine and Fire Insurance Company at Milwaukee and George Smith
and Company of Chicago. Smith considered taking controlling interest of the bank, but before he could act, the territorial legislature investigated the bank's financial position and then revoked its charter in 1839. The Bank of Wisconsin failed during the depression, but its establishment through the leadership of Morgan L. Martin and the capital of eastern financiers mirrored the basic course of town development.

The financial depression had effects on all segments of Astor and Navarino's economy; internal improvement appropriations were just not available from the national government, eastern money was more difficult to obtain, and banking credits were restricted. Beginning in 1837, Doty's letters to John Astor became extremely pessimistic as capital was more difficult to procure. To attract merchants and artisans, Doty sold lots on credit knowing that payment might be delayed for years. By 1838, the Wisconsin Democrat filled each issue with notices of lots at Astor and Navarino available for public sale because of failure to pay taxes. While John Astor remained involved with the Astor townsite, many eastern investors were overextended and forced to sell their property at Astor or stop payment on their original shares. Expressing the general condition of the townsite in June of 1839, James Doty claimed that "the times are no better here, but rather worse. There is no money in this country and we are living by barter."

By 1840, James Doty himself was in financial difficulty. As a member of the territorial commission for erecting public buildings, Doty had used part of the money for his improvement schemes. Panic-stricken by a possible territorial investigation of his financial affairs, Doty requested John Astor to loan him $12,000 to cover the missing funds. Robert Stuart counselled John Astor to grant Doty's request because Doty's "... inability not to do
so (that is pay back the money), would at once destroy his credit and political influence, and this would be a greater loss to the Astor property alone, than twice $12,000." 91 Doty thus was supported by John Astor during the depression; his reputation was preserved leading eventually to his appointment as governor of the Wisconsin Territory in 1841. 92

Both Astor and Navarino suffered during the depression, but as in other lake towns, the easing of the financial contraction began in late 1839 and 1840. The most encouraging sign for the Green Bay region was basically a change of attitude, a realization that further town development required a surplus-producing agricultural interior. In an editorial in the Wisconsin Democrat in 1839, this change of economic orientation was apparent:

If but one-half of the money which has been expended on useless buildings had been applied to the improvement and cultivation of farms instead of now being compelled to expend our thousands for the benefit of foreign markets, we might have a surplus of agricultural products for exportation.

Unoccupied stores, the high price of provisions, and the general complaint of hard times, should admonish business men, men of capital, that if they wish to invest funds in a manner that will ultimately tend to their own advantage as well as to the substantial good of the community, they must turn their attention to the cultivation of the soil .... 93

But farming did not develop as quickly in the immediate hinterland of Green Bay, and in this lay one of the chief reasons for Green Bay's slower growth compared to Chicago and Milwaukee. 94 Geography again played a large role in western development. The overland routes to the West ran along the southern shore of Lake Michigan, then turned north to Milwaukee and Green Bay. Thus Green Bay waited on the natural movement of population to the North. But geography was not the sole reason for Green Bay's slower development, for transportation connections with the East were never established. Despite the efforts of James Doty, Green Bay never established a regular line of steamboats
with the principal port of Buffalo. Moreover, the townsites at Astor and Navarino did not have access to the large number of capitalists as did Chicago and Milwaukee. 95

South of Green Bay, the majority of secondary towns were located within the present-day boundaries of Wisconsin. The United States government purchased Indian title to the lands along the western shore of Lake Michigan at two treaties. The Menominee Treaty of 1831 purchased the land on which Kewaunee, Manitowoc, and Sheboygan were later plotted while the Indian Treaty of 1833, negotiated at Chicago, cleared title to the land where Kenosha, Racine, and Milwaukee were located. 96 Between 1833 and 1835, the majority of this land was surveyed and then sold at the government land sale at Green Bay in 1835. While townsites were already underway at Green Bay, Chicago, and Milwaukee, speculators and capitalists utilized every available location. In 1836, the Green Bay Intelligencer mentioned six separate settlements within Wisconsin which voiced pretensions of town status. 97 Later that same year, the Green Bay Intelligencer described the mania of townsite speculation:

In a few days after the close of navigation the excitement attendant on the Land Sales seemed to die away, and little was expected till the opening of the season. But the speculators cannot rest. Within the last three days many thousand dollars have been paid in the entry of lands at the Green Bay Land Office: Agents are sent on for companies - monies remitted to the Clerk of the Office, citizens of this place employed to make the entry, and in one way or another the business of entering Public lands is going on at a brisk rate. The principal points now sought are Manitowoc and Rock Rivers . . . . A year ago Milwaukee was suspected of having some pretensions to a townsit. But now we have done speaking of that place; the speculators are all past there - it is an old place; Lots have reached the maximum - say 1000 to 5000 - The attention is now directed further down the Lake. Sac Creek, Sheboygan, Sleeping River, and Manitowoc are at this moment the rage. Within a week the lands have risen from $10 to $250 per acre at Manitowoc - they talk of a communication direct from thence to Fort Winnebago! At the Sheboygan, the most beautiful, and we doubt not the most important town site on the Lake . . . . 98
Next to Green Bay, the first townsite on the northwest shore of Lake Michigan was Kewaunee. It was first brought to the attention of western capitalists in September, 1836, when the Wisconsin Democrat advertised its location in an article most likely written by the town's promoters. According to this article, Kewaunee's two most notable attractions were the Kewaunee River which was navigable five miles into the interior and even shoreline which would permit harbor construction. The Kewaunee townsite was under the direction of Joshua Hathaway who had previously invested at Milwaukee. Hathaway advertised extensively throughout the Wisconsin Territory and in Chicago for merchants and artisans. Lot purchasers were promised a reduction of 40 per-cent if a dwelling or store were erected. Hathaway also had financial backers, chief of whom was Levi Beardsley, a New York banker.

Shortly after the Kewaunee site was established, the depression of 1837 forced many of its supporters to withdraw. One Chicago lawyer informed Hathaway that he could not meet his payments on lot purchases. Kewaunee, then, faded from the list of viable townsites until the late 1840's.

South of Kewaunee, the next most popular site was Manitowoc. This location was at first the creation of western entrepreneurs led by James Duane Doty of Green Bay. After establishing Manitowoc, Doty planned to connect the Manitowoc River by canal with a small stream running into Lake Winnebago. According to Doty's scheme, this canal would tap the resources of the agricultural interior as well as increase Manitowoc's potential as a port city.

In 1835, Doty began directing eastern capital to the townsite. He interested two New York capitalists, Benjamin Clapp and John C. Halsey. Doty had met both men through his earlier association with John Astor's American
Fur Company. Clapp was an executive in the New York offices of the American Fur Company while John Halsey operated an eastern retail firm which, for many years, had supplied the American Fur Company with goods. In 1836, Doty persuaded the two men to sell their land at Milwaukee and then reinvest the money at Manitowoc. Associated with James Doty in plotting the Manitowoc site was Albert G. Ellis of Green Bay. Ellis was part-owner of the Green Bay Intelligencer and also operated as a land agent for eastern financiers. His principal eastern connection was James B. Murray, a brother-in-law of Arthur Bronson. Murray was attracted to the Manitowoc site because Ellis and Doty claimed it had excellent harbor facilities and would soon be linked by canal with Lake Winnebago.

Various attempts were made by the chief speculators at Manitowoc to obtain the necessary internal improvements. In January, 1837, Ellis, Doty, and James Murray urged Wisconsin's territorial delegate, George Jones, to petition Congress for harbor appropriations at Manitowoc. George Jones requested congressional aid, but the depression had brought the curtailment of government spending ending Manitowoc's hope for harbor construction.

Located south of Manitowoc, Sheboygan experienced a similar development. In 1835, a government surveyor judged that Sheboygan was a better harbor location than Milwaukee since forested land in the interior provided ample building materials. The obvious availability of the Sheboygan site did not escape the eyes of western capitalists. At the Green Bay land sale in 1835, Daniel Whitney, Joshua Hathaway, and George Smith purchased most of the land surrounding Sheboygan. These entrepreneurs then formed a company, plotted the village of Sheboygan, and commenced selling lots to interested eastern capitalists. The proprietors built stores and a hotel in 1836.
They also felt confident that the Troy and Erie Steamboat Line from Buffalo would make regular trips there. Initial publicity through the Green Bay Intelligencer was excellent since the newspaper claimed that

The site is unquestionably the most beautiful one upon the western shore of Lake Michigan, and the land in its vicinity and from thence to Lake Winnebago surpassed by none in the Territory.

In 1835 and 1836, many of the most important western speculators purchased land at Sheboygan. James Doty, Morgan L. Martin, William B. Ogden, and Gurdon Hubbard directed eastern capitalists to the site. Moreover, Sheboygan attracted a number of merchants and lawyers all believing that it would eventually dominate Lake Michigan's western shore. With the onset of the depression in 1837, however, many speculators found themselves overextended, harbor construction faltered, and the backcountry failed to attract farmers.

Slowly the town's merchants and artisans moved away, perhaps to Milwaukee and Chicago. A contemporary resident described the failure of the townsite:

A number of framed dwelling-houses and stores were erected during the fall and village lots rose rapidly in value. A lot which two years afterwards could not have been sold for as many shillings, was considered a bargain at five or six hundred dollars. At the same time there was not a farm in the country; not twenty acres of cultivated land within forty miles. But this was no obstacle to building a western city in 1836. No one stopped to consider that in order to establish commerce, to sell merchandise, to ply the various mechanic arts, there was a necessity for a productive class in the vicinity. Everybody was expecting sudden affluence from the rise in the prices of wild lands. There was a temporary show of prosperity, while they were patronizing one another which continued during the time they were fitting up their houses, and getting settled in them. This was very encouraging while it lasted. But all of a sudden, it was discovered that everybody was out of money and that nobody had anything to do.

While the settlements between Green Bay and Milwaukee experienced great difficulty, two other townsites south of Milwaukee, Racine and Kenosha, achieved limited success. On numerous voyages along the western shore of Lake Michigan, Gilbert Knapp, an ex-naval officer, was the first to consider
a townsite at Racine. Once the Indian title to the land was cleared by the Treaty of 1833, Knapp interested Gurdon Hubbard, one of Chicago's major speculators, in plotting a townsite there. But neither Hubbard nor Knapp had the necessary capital resources. Fortunately, Benjamin Barker, an eastern emigrant, visited the Racine area in 1835, Barker had been supported in his western migration by his brother Jacob Barker, a partner in a large Buffalo forwarding business. On the advice of his brother, Jacob Barker then formed a partnership with Hubbard and Knapp to share in the expense and profits of the Racine project. Since Gurdon Hubbard lived at Chicago and Jacob Barker at Buffalo, the majority of promotional work fell to Gilbert Knapp and Benjamin Barker, acting as his brother's agent.

To attract more capitalists and merchants to the Racine area, Jacob Barker sold many of his town lots. In 1837, he sold a half interest in his property to Stephen Ives and Marshall Strong. Marshall Strong was from New York, and, although a lawyer by profession, he operated a dry goods store in partnership with Stephen Ives at Racine. The town's principal landholders also led the way in establishing Racine's business potential. Benjamin Barker, with the financial support of his brother Jacob at Buffalo, built a warehouse and a general store. Gilbert Knapp sold lots at reduced prices to merchants who agreed to construct stores and houses. Later Knapp and Hubbard erected a public building to accommodate a court house and county offices. To improve Racine's connections with the interior, Benjamin Barker and Marshall Strong constructed a bridge across the Root River running through Racine.

One of the immediate needs of any frontier town was adequate publicity which usually depended upon the establishment of a newspaper. As early as 1836, Gilbert Knapp expressed his desire for a newspaper, but at first he lacked the necessary capital. Writing to Jacob Barker, Knapp emphasized the
great need of a newspaper for "... one man can do much to praise his country, but when the newspaper talks it is with a thousand tongues (sic)."  

Thus Knapp asked Jacob Barker for financial support and aid in lining up eastern subscribers.  

Because of the depression, however, Knapp was not able to establish a newspaper until February, 1838, and then it was only in circulation until October, 1838. Yet the newspaper was a joint undertaking of the major town promoters including Knapp, Stephen Ives, and Marshall Strong.  

During its short existence, the Racine Argus advertised the town's advantages to merchants and farmers. In one issue, the Racine Argus claimed that the town's merchants were incapable of handling the large retail trade.  

In March, 1838, the newspaper commented that  

... It (Racine) was first settled about three years ago. Its growth since that time, although not as rapid as some others, has been gradual and permanent. While many places that, during the rage of speculation for the last two years, have outstripped us, now retrograde, or at least have to stand still for the country which sustains them to settle and improve, our march, not having been in advance of the surrounding country, which is now rapidly settling, will continue onward. There is not, in our estimation, any place in the Territory that promises a more rapid and permanent growth, nor any place where the enterprising capitalist could use his money to better advantage than this.  

Despite such promotional efforts, Racine grew slowly. The depression handicapped commercial and retail businesses and slowed the pace of improvements. At one point, Gilbert Knapp and other capitalists tried to establish a bank and later a mutual fire insurance company, but both projects failed to attract sufficient stock subscriptions.  

Internal improvements, such as a harbor and a railroad to the interior, were also stymied by the lack of capital. As in all lakeport towns, the proprietors immediately realized the need for harbor improvement. In 1836, ships were forced to unload passengers and
cargo into smaller vessels which could navigate the shallow waters close to the shore. Both Benjamin Barker and Gilbert Knapp improved this mode of transportation by building small vessels to carry passengers and goods from the larger sailing ships.\textsuperscript{131} Knapp also purchased a full-sized schooner in 1836.\textsuperscript{132} Of course, Racine possessed a decided advantage because Jacob Barker owned steamboats and a forwarding house in Buffalo. Yet Barker's commercial connections were of little value without an adequate harbor. While government surveys were made at Racine for a harbor, no government action followed. Gilbert Knapp twice journeyed to Washington to lobby in Congress.\textsuperscript{133} Jacob Barker signed petition after petition and encouraged prominent eastern businessmen to support harbor improvement at Racine.\textsuperscript{134} The lack of harbor appropriations at Racine was again due to the financial depression; Congress did not have the necessary funds for harbor improvement anywhere on the western shore of Lake Michigan until the mid 1840's.\textsuperscript{135} Through capital subscriptions by Racine citizens, a minimal program of harbor improvements was undertaken in 1840.\textsuperscript{136} In order to tap the agricultural resources of the interior, the Racine promoters chartered two railroad lines in 1838 known as the Root River Railroad and the Racine and Rock River Railroad Company. Both charters, however, were soon forfeited when the promoters failed to obtain the required stockholders.\textsuperscript{137}

The depression also affected the economic position of many of the town's proprietors. In late 1837, Benjamin Barker left Racine to return to Joliet, Illinois, because of financial failure. His share of the Racine property was claimed by creditors throughout the territory. Eventually, Jacob Barker was forced to satisfy his brother's debts.\textsuperscript{138} Harrahll Strong in 1839 considered leaving Racine because "... the growth of Racine has been too slow for me."
I find myself embarrassed with debt, with no means or prospects, if I stayed, of extricating myself." It was not until the early 1840's with the increasing agricultural production of the interior that Racine became a viable townsite.

The original settlement of Kenosha was unique for its primary purpose was settlement and not speculation. The origins of Kenosha or Southport as it was called in the 1840's actually began at Hannibal, Oswego County, New York, where in 1834 a number of farmers and businessmen talked increasingly about moving to the western states. John Bullen, Jr., who was then post-master at Hannibal, took the lead and invited the most respected community members to a dinner at his home where the principal topic of conversation was western migration. To render the move as cheap and quick as possible, the Western Emigration Company was established. In Article I of the company's constitution, its aims were clearly stated:

For the purpose of aiding those disposed to emigrate to the Western States or Territories, in the purchase of land and the pursuit of agriculture, manufactures, mechanics and other branches of industry, and the formation of a desirable community . . . .

In the spring of 1835, the Western Emigration Company dispatched several members to explore the western shore of Lake Michigan for a possible townsite and fertile farming lands. The exploring party stopped at Milwaukee, but found that land prices there were too high. Racine offered little inducement since Gilbert Knapp and Gurdon Hubbard had already claimed the majority of land. Finally, the Western Emigration Company decided on Pike Creek, a small stream flowing into Lake Michigan about ten miles south of Racine. Once the news reached Hannibal, New York, a small party of eight families came West to settle at Pike Creek.

It was only a short time until the settlement at Pike Creek attracted
the interest of speculators all over the territory. In late 1835, a Chicago land dealer, Augustus Garrett, offered to purchase the whole tract. In 1836, Charles W. Turner, a member of the Western Emigration Company, became dissatisfied and staked out a claim to lands along the Pike River, a mile north of Pike Creek. Then other investors came to the two settlements from Racine, Milwaukee, and Chicago. By 1836, however, the Western Emigration Company disbanded by the mutual consent of its members.

Little information remains about the early history of the settlements at Pike Creek and Pike River, but occasional bits of information indicated that the progress of the towns was similar to that at other points on the lake shore. For example, the original members of the Western Emigration Company had claimed farm land as well as plotted a town, but as in the Milwaukee area they were forced to wait until the government land sale in 1839 to secure legal title to the land. Thus the leaders of the community formed the Pike River Claimant's Union in 1838 to protect the settler's land until the public sale. Harbor improvement was also an early demand of residents of both communities. In 1837, the settlement of Pike Creek sent Charles Durkee to Washington to lobby for harbor appropriations. But he also ran into the problems created by the depression, and government funds were refused. Yet Pike River and Pike Creek also contested for a possible harbor site, a quarrel which prohibited development at either point. William Ogden of Chicago was the largest investor at Pike River, and he, of course, desired the harbor to be located contiguous to his property. When Ogden learned that Charles Durkee of Pike Creek had been sent to Washington, Ogden also considered journeying to that city to prevent Durkee from gaining an advantage. By 1839, the two settlements were united in the village of Southport and both now worked for a
A local citizen indicated the importance of harbor construction to the struggling town:

Building lots are worth here from 75 to 200. If the Govt. would make an appropriation for a harbor here we should shortly have a right smart place. We have one of the finest and most healthy backcountries you can imagine .... No man can form anything like a correct idea of the country without seeing it - Govt. ought to make an appropriation soon - for in less than five years there will be a large surplus of butter, cheese, Pork Lard, wheat & beef dependent on eastern and southern markets for sale. ... 151

Despite the absence of government aid, the citizens undertook many improvements such as roads and bridges. Construction was begun on a harbor, but it never proved useful. 152 Similar to other lake shore towns, Kenosha waited until the 1840's and government funds for an adequate harbor. 153

Not all townsites on the western shore of Lake Michigan could emerge as major commercial centers, even though each promoter envisioned that result. There were various reasons for the slow development of these secondary townsites. Kewaunee, Manitowoc, and Sheboygan faced the same problem as Green Bay; agriculture did not develop in the north until later decades. Thus trade was stymied. South of Milwaukee, Racine and Kenosha had more settled interiors, but they faced the competition of the already thriving commercial ports of Chicago and Milwaukee. Moreover, all the secondary townsites confronted the financial difficulties caused by the depression. Harbor improvement, canal connections with the interior, and the general construction of stores and houses were all slowed by the scarcity of capital. Yet the original settlement and promotion of the secondary townsites exemplified many aspects of western town growth. In the first years, speculation played a major role in the economic life of the towns. The speculators plotted the towns, attracted emigrants, and provided jobs in constructing stores and houses. Initially western entrepreneurs located the secondary townsites, but they eventually
turned to the resources of eastern financiers. Gilbert Knapp and Gurdon Hubbard depended on Jacob Barker at Buffalo. James Doty worked closely with John Astor and solicited the funds of additional easterners such as Benjamin Clapp and John Halsey. Morgan L. Martin financed his interests in the Bank of Wisconsin and in land in the Green Bay region through his brothers, John and William, from New York. As in Chicago and Milwaukee, the pattern was clear; town growth was a cooperative venture of eastern capitalists and western entrepreneurs.
CHAPTER VII

1. The Green Bay area has not attracted the attentions of either the amateur or professional historian during the period of town growth. There are, however, two early histories of Green Bay which are encyclopedic in character and provide a fund of useful information: Ella Hoes Neville, Sharah Greene Martin, and Deborah Martin, Historic Green Bay, 1634-1840 (Green Bay: Published by the authors, 1893); Deborah Martin, History of Brown County, Wisconsin (2 vols.; Chicago: The S.J. Clarke Publishing Co., 1913); and William A. Titus, History of the Fox River Valley, Lake Winnebago, and the Green Bay Region (3 vols.; Chicago: The S.J. Clarke Publishing Co., 1930).

The most authoritative information on Green Bay is found in the more recent works of Alice Smith especially her biography of James Doty: Alice E. Smith, James Duane Doty, Frontier Promoter (Madison: The State Historical Society of Wisconsin, 1954).

2. The arrival of numerous white settlers at Green Bay has been described by two contemporaries: Ebenezer Childs, "Recollections of Wisconsin Since 1820," WHC, IV, pp. 153-195; Albert G. Ellis, "Fifty-Four Years' Recollections of Men and Events in Wisconsin," WHC, VII, pp. 207-268.

3. For a brief period, John Lawe, the fur trader employed by the American Fur Company, purchased land in the Green Bay area between 1824 and 1829, and laid out the small town of Menominee ville. During this period, however, white settlers were not moving to Green Bay nor was Lawe able to maintain his town due to losses in the fur trade. Information on Lawe's early townsite can be found in Alice Smith, "Daniel Whitney, Pioneer Wisconsin Businessman," Wisconsin Magazine of History, XXIV (1940-1941), 289-292.


6. Green Bay Intelligencer, September 12, 1835. The newspaper advertised extensively that a public sale was to take place. An actual description of the sale has been provided by Elizabeth T. Baird, "Reminiscences of Life In Territorial Wisconsin," WHC, IV, p. 242.
Generally, the region was referred to as Green Bay which encompassed the townships of Navarino, Astor, and DePere. In 1838, Astor and Navarino were united in the town of Green Bay, but each site retained its identity as a ward of the town. See Neville, Sarah Martin, and Deborah Martin, *Historic Green Bay*, p. 260.

Daniel Whitney's early career was described in Alice Smith, "Daniel Whitney, Pioneer Wisconsin Businessman," *Wisconsin Magazine of History*, XXIV (1940-1941), 283-285.


Green Bay Intelligencer, December 11, 1833.

Ibid., February 19, 1834.

Alice Smith, "Daniel Whitney," p. 291; Green Bay Intelligencer, January 8, 1834.

Green Bay Intelligencer, April 12, 1836; June 1, 1836.

See Chapter VI for a description of Martin's involvement at Milwaukee.

James Doty to John Astor, August 20, 1836, John Astor Papers, Vol. 22, Baker Library, Harvard University. The John Astor Papers are on microfilm and held by Cudahy Library, Loyola University. Hereafter this collection will be cited as Astor Papers, Vol. No.

For a discussion of the process of acquiring land which was followed by John Astor and the American Fur Company see Chapter III.


Statement of Shares held by the Proprietors of Astor, April 16, 1836, Astor Papers, 22. Also see Smith, *James Doty*, p. 161.


John Astor, Robert Stuart, and Ramsey Crooks to James Doty, March 5, 1835, Astor Papers, 22; James Doty to John Astor, November 8, 1835, Astor Papers, 22. Also see Smith, *James Doty*.

John Astor, Ramsey Crooks, and Robert Stuart to James Doty, March 5, 1835, Astor Papers, 22.

James Doty to John Astor, August 19, 1835, *ibid.*

James Doty to John Astor, September 14, 1835, *ibid.*; James Doty to John Astor, April 24, 1837, *ibid.*

James Doty to John Astor, October 18, 1836, *ibid.*

*Ibid.*; James Doty to John Astor, April 24, 1837, Astor Papers, 22.

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49 James Doty to John C. Halsey, January 2, 1836, James Doty Papers, Vol. I, Huntington Library, San Marino, California. This collection is small and has been microfilmed. The designation of I, refers to microfilm reel No. 1. Hereafter cited as Doty Papers, Huntington Library.

50 James Doty to John Astor, October 1, 1836; James Doty to John Astor, February 6, 1837, Astor Papers, 22. Also see Smith, James Doty, p. 168.

51 In 1836, Doty received an additional $5,000 to invest all over the territory. See James Doty to John Astor, October 18, 1836, Astor Papers, 22.

52 James Doty to W.R. Tillon, February 9, 1832, Doty Papers, I, Huntington Library.

53 The most authoritative works on sectionalism in Wisconsin between the lead mining interest in the southwest and the northern interests at Green Bay have been written by Orin Grant Libby, "Significance of the Lead Shot Trade In Early Wisconsin History," WHC, XIII, pp. 293-334, and "Chronicle of the Helena Shot-Tower," WHC, XIII, pp. 335-374.


55 Martin, History of Brown County, I, p. 173.


57 Green Bay Intelligencer, June 1, 1836.

59 James Doty to John Astor, December 7, 1837, Astor Papers, 22. In 1838, when Doty was elected delegate to Congress, the Congress debated and almost passed several plans for internal improvements in Wisconsin, but the depression wrecked any new appropriations. See Smith, James Doty, pp. 188-191.

60 Wisconsin Democrat, June 23, 1838; Milwaukee Sentinel, June 12, 1838; and James Doty to John Astor, May 1, 1838, Astor Papers, 22.

61 James Doty to John Astor, August 8, 1838, Astor Papers, 22.

62 Wisconsin Democrat, October 15, 1839.

63 According to Orin G. Libby, the lead trade was a significant factor in establishing Milwaukee as the chief Wisconsin port on Lake Michigan. By the 1840's, a trade route was fairly well established which saw the majority of lead shipped to Milwaukee rather than Green Bay. See Libby, "Significance of the Lead-Shot Trade," pp. 312, 325.

64 Green Bay Intelligencer, May 19, 1835.

65 Ibid., June 13, 1835.


67 The best description of the difficulty of lake travel and especially to Green Bay was found in Nelson Olin, "Reminiscences of Milwaukee in 1835-1836," Wisconsin Magazine of History, XIII (1929-1930), 203.

68 James Doty to John Astor, June 18, 1836, Astor Papers, 22. Also see James Doty to John Astor, July 25, 1836, Astor Papers, 22.

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70 James Doty to John Astor, June 18, 1836; John Astor to James Doty, July 20, 1836, Astor Papers, 22.

71 For example, Chicago had regular steamboat service with Buffalo by 1838. In addition, newspaper advertisements of shipping were conspicuously rare in the Green Bay newspapers compared to those at Chicago. See R.G. Plumb, "Early Harbor History of Wisconsin," Transactions of the Wisconsin Academy of Sciences, Arts, and Letters, XVII (1911), 189, and Chicago Daily American, April 8, 1841.

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75. Legal agreement between Isaac Bronson and Lucius Lyon, October, 1834, Lucius Lyon Papers, Microfilm Reel 1. The originals are held by the William L. Clements Library, Ann Arbor, Michigan. The State Historical Society of Wisconsin possesses one reel of microfilm dealing with Lyon's activities in Wisconsin. Hereafter cited as Lyon Papers, I.

76. For a description of Lyon's early career see George W. Thayer, "Life of Senator Lucius Lyon," Michigan Pioneer and Historical Collections, XXVII, pp. 404-408.

77. Arthur Bronson to Morgan L. Martin, June 4, 1835, Morgan L. Martin Papers, Box III, WHS.

78. George Deniston to Lucius Lyon, July 24, 1835; Arthur Bronson to Lucius Lyon, August 6, 1835; and Frederick Bronson to Lucius Lyon, October 24, 1835, Lyon Papers, I.

79. John Astor to James Doty, May 9, 1836, Astor Papers, 22; William Martin to Morgan L. Martin, October 5, 1835, Martin Papers, Box IV, WHS.


82. William Martin to Morgan L. Martin, July 8, 1836; July 9, 1836; and September 1, 1836, Morgan L. Martin Papers, Box IV, WHS.

83. Milwaukee Sentinel, December 17, 1839.

84. John Welles to Morgan L. Martin, October 11, 1838, Martin Papers, Microfilm Reel 3, WHS.

85. Smith, James Doty, p. 25.

86. James Doty to John Astor, December 12, 1837; February 3, 1838; and April 1, 1835, Astor Papers, 22.

87. Wisconsin Democrat, 1838, passim.


89. James Doty to John Astor, June 12, 1839, Astor Papers, 22.
The reasons for the Green Bay region's slower agricultural settlement were many. The best discussion of this agricultural development is found in Schafer's Winnebago-Horicon Basin. Schafer claims that the presence of the New York Indian tribes in the Winnebago area until 1836 prevented many settlers from locating there and deterred others from even moving to that area. (See Schafer, Winnebago-Horicon Basin, pp. 77-78). William Raney verified the pattern of settlement in Wisconsin by using census reports and population maps for 1850 which show that southeastern and southwestern Wisconsin attracted the majority of farmers while the more northerly areas in the interior and along the lake shore were considerably behind in population. (See Raney, Wisconsin-A Story of Progress, pp. 91-93).

Any statement about the relative amount of trade, number of steamboats, and agricultural produce remains very tentative for the Green Bay region. Newspapers did not, except on isolated occasions, mention or keep track of statistics as was the case in Chicago and Milwaukee.


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CHAPTER EIGHT

CONCLUSION

In the mid 1840's, the formative period of town development on the western shore of Lake Michigan had drawn to a close. Future years would bring railroads to tap the agricultural interior, shipping lines to utilize the Great Lakes system, and a new immigration of farmers, merchants, and capitalists. Chicago and Milwaukee solidified their positions as the most important commercial centers, but at the same time each of the secondary townsites developed their own balanced economies. The establishment of such viable townsites has been the focus of this study.

The development of the western shore of Lake Michigan went through two distinguishable stages. In the first stage the government, the American Fur Company, and individual traders were of special importance while in the second stage land speculation, eastern capitalists, and western entrepreneurs were of primary consideration.

After the War of 1812, the American government sought to pacify the Indians and dispel British influence in the lucrative fur trade operating from centers at Chicago and Green Bay. The first step was to establish a military post at Fort Howard at Green Bay and rebuilt Fort Dearborn at Chicago. Then Indian agents were sent to this frontier area to regulate the conduct of the Indian trade by licensing fur traders and assuring that British influence over the Indian tribes was curtailed. Finally the factory system was employed to buy Indian furs and sell goods at fair prices.
But the government's policies were poorly conceived and implemented, for contradictions abounded within the system. Indian agents licensed traders who then competed with the factory system. Frontier traders resented the intrusions of all government institutions. The military was to protect the traders from the Indians when they had maintained friendly relations for generations. The Indian agent enforced government laws, such as the license law of 1816, which required the traders to submit to regulations in a previously independent frontier business. The factory was resented because it was a business enterprise competing for the Indian's furs. By 1822, the government closed its factories and assumed a purely regulatory role over the frontier and the fur trade.

While the national government searched for a suitable frontier policy from 1815 to 1822, a new institution had entered the picture — the American Fur Company. Established by John Jacob Astor and managed by Ramsay Crooks and Robert Stuart, the American Fur Company was a major business corporation designed to exploit the Indian trade. In its initial years of operation, the American Fur Company utilized the confusion surrounding government policy to entice the fur traders to join the company. The license law of 1816, for example, changed so often that the fur traders never knew from one year to the next whether they could participate in the trade. Yet the American Fur Company through influence on national and local officials provided assurances that licenses would be available. The American Fur Company contributed to the failure of the factory system by aiding local traders in competing with the government business. The western shore of Lake Michigan was hardly a placid and remote wilderness, for the national government and the American Fur Company competed for control of the Indians and the fur trade.
From 1822 to 1833, the American Fur Company was the principal agent of frontier society. Trading headquarters were established at the two centers of civilization, Chicago and Green Bay. The company exercised complete control of the traders assigning each one to a specific region and regulating the profits of any selected trader. The Green Bay and Chicago traders found themselves unable to garner sufficient profits under this system, and they slowly accumulated huge debts to the American Fur Company. When the fur trade declined in the 1830's because of increasing white settlement and the sale of Indian lands, the fur traders and the American Fur Company withdrew leaving few positive economic or social contributions to the next stage of frontier society. The fur traders lacked land and capital both having been lost to the American Fur Company for debts compiled in the trade. While they had occupied and solidified the geographic sites of future towns, such as Green Bay and Chicago, and indicated the usefulness of waterways, such as the Illinois and Michigan Canal and the Fox and Wisconsin Rivers, the fur traders and the American Fur Company never developed the land or commercial facilities of the towns because the fur trade economy required the most primitive conditions. In sum, the fur trade era was a "stage" of frontier history designed to exploit the country for the moment. Thus the towns on the western shore of Lake Michigan did not develop in the period from 1815 to 1833. The real period of "westward expansion" occurred within a decade from 1833 to 1843 when emigrants from the East arrived with the necessary capital and technical skill to build towns from the primitive fur trade villages.

Leading the westward march to the towns were eastern land speculators. From Green Bay to Chicago, these men poured capital into the frontier villages dreaming of future western metropolises on the lake. In Chicago, Arthur
Bronson, Charles Butler, and Edward Russell were the major eastern financial investors who were represented by western agents like William Ogden and Gurdon Hubbard. In Milwaukee, Micajah Williams of Cincinnati formed a partnership with Byron Kilbourn while Solomon Juneau turned to Morgan L. Martin of Green Bay who invested the capital of a group of New York financiers. At Green Bay, James Doty plotted the town of Astor through the capital resources of John Astor. At smaller towns, the story was the same. Manitowoc, Kewaunee, and Racine were all established through the resources of eastern capitalists with their interests being managed by western entrepreneurs like Gilbert Knapp at Racine.

Townsites along the western shore of Lake Michigan quickly attracted the attention of financiers, merchants, and farmers across the nation. In the first few years, the exchange of town lots represented the principal economic activity of town residents, for farmers and merchants reached the towns at a later date. But the speculators were preparing the way by improving streets and constructing stores and houses. These improvements, of course, brought higher prices when a particular lot was sold. Yet the major speculators owned innumerable lots and profits from sales were often reinvested in other areas of the town. The eastern financier employed many western agents who emerged as leaders of the community in commerce and politics. Gurdon Hubbard and William Ogden in Chicago, Byron Kilbourn and Solomon Juneau in Milwaukee, James Doty in Astor, and Gilbert Knapp in Racine owed their economic and political success partly to their association with eastern speculators in western towns.

As the towns developed, new areas of commerce and retail business opened up. The speculators, such as Arthur Bronson and Micajah T. Williams, provided
the capital to build stores and warehouses which were then rented to merchants as yet unable to finance the construction of their own establishments. Merchants, for example, were able to borrow capital through William Ogden and Gurdon Hubbard in Chicago who obtained the funds from their eastern partners. Emigrants arriving in these bustling western villages discovered that jobs were plentiful because of the manpower requirements for constructing stores and houses. Gradually a generation of western entrepreneurs directed their interests to new businesses. Gurdon Hubbard, for example, opened a commission and forwarding business while William Ogden and Byron Kilbourn operated land agencies.

But the continued development of the town required a balanced economy. In their first years, Chicago, Milwaukee, and Green Bay purchased all manufactured products and food supplies from the East or nearby settled regions. As the backcountry was settled, farmers were able to ship surpluses to the towns. To a lesser extent, the speculators also played a significant role in developing the agricultural frontier. Farmers were able to obtain loans for the purchase of land from Byron Kilbourn and William Ogden. These same men assured the proper functioning of the land system by establishing organizations of farmers to protect their land claims.

Throughout these years, town promoters sought to increase communications with the interior and the East. In Chicago, Arthur Bronson and Charles Butler constantly pushed the Illinois and Michigan Canal, at one point they even considered financing the canal through a private company. When construction was undertaken by the state, Arthur Bronson was one of the heaviest subscribers to canal bonds. William Ogden and Gurdon Hubbard, the principal agents of eastern capital at Chicago, supervised the financing and building
of the canal as members of the canal board. In Milwaukee, Byron Kilbourn was
the principal organizer of the Milwaukee and Rock River Canal Company, and he
utilized his connections with Micajah Williams to gain access to the financial
circles of the East for capital to support the project. James Doty and Morgan
L. Martin advised the improvement of the Fox and Wisconsin Rivers and con-
stantly appealed to their eastern backers for capital. While Chicago succeeded
in chartering a canal, Green Bay, Milwaukee, and Racine failed because eastern
capital was not available when financial conditions deteriorated across the
country in 1837. Without the sizable investments of eastern financiers, in-
ternal improvement projects in the West were stymied. Similar conditions
existed in the development of water communications with the East. Steamboats
and steamboat companies were chartered by western entrepreneurs who eventually
requested men like Arthur Bronson and Micajah Williams to subscribe the neces-
sary capital. When the depression of 1837 hit the western towns, the develop-
ment of commerce and business slowed, but it did not cease. Eastern capitalists
and western entrepreneurs had a vested interest in the survival of the various
townsites. Arthur Bronson loaned money to Chicago citizens throughout the
depression while Byron Kilbourn performed the same services at Milwaukee.
George Smith, who had invested at numerous locations, established banking
facilities at both Milwaukee and Chicago providing a medium of exchange for
the towns. By 1843, financial conditions had returned to normal across the
country, and the towns possessed the needed commercial and business organiza-
tion to inaugurate a new era of expansion.

In 1843, Chicago, followed by Milwaukee, was the most important center
of trade and commerce on the western shore of Lake Michigan. The superiority
of Chicago and Milwaukee over other locations was the result of the develop-
ments of the preceding decade. Geography played a major role in determining
the status of each townsite. The majority of emigrants travelling West journeled overland by the southern end of Lake Michigan, then turned north to Chicago. As population pressure increased, the tide of settlement of both the agricultural interior and towns moved north to Kenosha, Racine, and Milwaukee. Towns like Green Bay, Manitowoc, and Sheboygan never had a developed agricultural interior until the 1850's limiting, of course, the developments in the areas of trade and commerce.

Because Chicago was settled earlier, it naturally attracted more investors and began internal improvements before its rivals along the lake shore. Settled in 1833, Chicago had taken steps toward building the Illinois and Michigan Canal, improving the harbor, and chartering steamboat companies before the tightening of credit in 1837. Green Bay, Milwaukee, and various secondary townsites, on the contrary, were established approximately two years after Chicago just as the depression struck the western country. These townsites were forced to suffer the money shortages of the depression period before implementing internal improvements schemes which already were a reality at Chicago. In the decade after 1843, Chicago and Milwaukee would compete for the agricultural surpluses of the interior, but even in 1843, there was little doubt that Chicago had forged a considerable lead in the volume of trade, in the number of commercial businesses, and in the strength of its entrepreneurial leadership.
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John Jacob Astor Papers, Baker Library, Harvard University. The collection consists of fifty-four volumes covering Astor’s letters and business records from the Astoria adventure to the final sale of his Green Bay property in the 1830’s. Cudahy Library, Loyola University, possesses a microfilm copy of the entire collection.

Jacob A. Barker Papers, WHS. The collection consists of one box of the letters between Jacob Barker and his brother, Benjamin, at Racine, Wisconsin.

Benjamin F. Barker Papers, CHS. Before moving to Racine, Benjamin Barker lived in Chicago from 1833 to 1834. This collection consists of twenty-four letters of Benjamin Barker to relatives in the East about the hardships of frontier life in Chicago.

Jean B. Beaubien Collection, CHS. This collection is very small. There are no letters of Jean Beaubien, but there are various letters of his son discussing his father’s involvement in the fur trade.
Henry van der Bogart Papers, CHS.
Van der Bogart was an early Chicago resident and land speculator. Arriving in Chicago in 1831, he wrote several letters describing the frontier community.

Arthur A. Bronson Papers, CHS.
This is probably the most valuable collection for the study of land speculation in the Old Northwest and especially in Chicago. There are seventy-four letter folders including Bronson's correspondence with countless Chicago residents.

James B. Campbell Papers, CHS.
Small collection of a Chicago land speculator.

Charles Butler Collection, CHS.
A few letters remain between Butler and eastern residents. The principal item is the Diary of Charles Butler which was copied from the original in the Library of Congress.

James Duane Doty Papers, Huntington Library, San Marino, California. This collection consists of Doty's letterbooks and a journal compiled during the 1840's. Microfilm copies of this collection are held by the Wisconsin State Historical Society.

James Duane Doty Papers, Western Reserve Historical Society, Cleveland, Ohio. This is a very small collection with only a few personal letters and Doty's own notes on the Old Northwest. Microfilm copies held by the Wisconsin State Historical Society.

James Duane Doty Papers, WHS.
Three boxes and twelve volumes of Doty's correspondence on Wisconsin's territorial politics and land speculation.

Lemuel C. Freer Collection, CHS.
Freer was a visitor to Chicago in the 1830's, and two letters remain which indicate his view of the town.

Palmer Gardner Collection, WHS.
Assorted letters of an early Milwaukee resident.

Daniel Gold Collection, WHS.
Several letters of observation by an eastern resident on the frontier village of Chicago.

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Extremely large collection of correspondence, land deeds, government documents, and territorial petitions relating to Green Bay and Prairie du Chien. There are 123 volumes arranged topically according to Indian affairs, military affairs, or land speculation.
John T. Haight Papers, WHS.  
Originally a resident of Vermont, Haight came West in the 1830's. His papers mirror the career of a land speculator who invested for many eastern capitalists.

Joshua Hathaway Papers, WHS.  
Hathaway was a prominent land speculator throughout the Wisconsin territory. There is information in the collection on both Milwaukee and Kewaunee.

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Hubbard's papers are valuable for tracing the career of a frontier resident from fur trader to land speculator to city merchant. The collection consists of Hubbard's letters to various eastern merchants especially Edward Russell.

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Lapham worked closely with Byron Kilbourn in promoting the townsite of Milwaukee.

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One letter folder of letters describing early Chicago.

Bernadus and David Laughton Papers, CHS.  
Assorted letters of two early Chicago fur traders.

John Lawe Papers, CHS.  
The Lawe Papers consist of over one-hundred letter folders. Many of these folders deal with the period after 1840, but a great deal of the material covers the fur trade era and the period of town development at Green Bay.

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One box of correspondence of John Lawe.

Byron Kilbourn Papers, WHS.  
Kilbourn was one of Milwaukee's major promoters, but unfortunately only about twenty letters of Kilbourn remain.

The Lyon Papers are a very large collection, but items relating to land speculation in Wisconsin have been catalogued separately. The Wisconsin State Historical Society possesses a microfilm copy of the Lyon material relating to Wisconsin.

Morgan L. Martin Papers, WHS.  
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A separate collection which concentrates on Martin's involvement in Green Bay. The original papers are held by the Green Bay Historical Society, but a microfilm copy is held by the Wisconsin State Historical Society.

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Elisha Pease Collection, CHS.
Early description of Chicago.

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Early description of Chicago.

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Russell was a major eastern investor at Chicago. The letters contain the instructions of Russell to his agent at Chicago, Gurdon Hubbard.

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APPROVAL SHEET

The dissertation submitted by John Haeger has been read and approved by members of the Department of History.

The final copies have been examined by the director of the dissertation and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the dissertation is now given final approval with reference to content and form.

The dissertation is therefore accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

Date

Signature of Adviser