

# Franklin Steele, Frontier Businessman<sup>1</sup>

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THE ACTUAL WORK of transforming the frontier into farms and cities was carried on by the stream of settlers, but working with, or sometimes ahead, of them were the businessmen who directed the conquest of the wilderness. They brought capital and labor together; sent logging crews into the pineries; built bridges, canals, and railways; bought, sold, and transported commodities; laid out townsites and planned cities; started industries; developed mines; and nearly always speculated in land. Among such leaders in the building of frontier Minnesota was Franklin Steele, the entrepreneur who founded Minneapolis and, in the period from 1837 to 1860, helped to open the Northwest to settlement.

The Steele family was of mixed Scottish and Welsh stock; it played a role of some importance in the political and military affairs of Pennsylvania during and after the American Revolution. General James Steele was inspector general of the Pennsylvania militia during the War of 1812, and at various times he was a member of the legislature of that commonwealth. Franklin, his youngest son, was born in 1813. Little is known about Franklin Steele's boyhood, education, and training, but the fact that his penmanship was fair and that he made few mistakes in spelling and grammar in the letters which survive indicates that he had some education.<sup>2</sup>

According to one account, apparently written by John H. Stevens, a close friend and business associate, Steele's entrance onto the public scene came when the young men of Lancaster, Pennsylvania, chose him to take a gift from them to President Andrew Jackson in Washington. Jackson was said to have been pleased with Steele, whose

<sup>1</sup> A revised version of a paper read before a joint meeting of the Mississippi Valley Historical Association and the Agricultural History Society at Lexington, Kentucky, on May 9, 1942. *Ed.*

<sup>2</sup> The Steele Papers are in the possession of the Minnesota Historical Society. They include a manuscript life of Steele, from the first three pages of which this information is drawn.

charming manner was often a subject of comment, and to have advised him to go to the Minnesota country, describing the Falls of St. Anthony as a valuable water-power site. This account has the earmarks of a legend, but apparently it is based upon Steele's own story. At any rate, Steele did go west to Minnesota, and even as a young man he had some influence in the Democratic party of the new region.<sup>3</sup>

In 1837 Franklin Steele went to Fort Snelling, then in Wisconsin Territory. His entire stock of capital was said to have been a thousand dollars. In September, 1837, he learned that the St. Croix Valley had been acquired from the Indians. Immediately, he and a companion left Fort Snelling in a bark canoe, taking with them a scow filled with laborers and equipment, and paddled down the Mississippi and up the St. Croix as far as the present site of Taylors Falls. There they made two land claims covering the eastern or Wisconsin bank of St. Croix Falls, where they built two log cabins. Steele planned to engage in logging operations, but he lacked the capital and equipment for a sawmill. In the spring of 1838 he went down the Mississippi by canoe as far as Prairie du Chien and then by steamer to St. Louis, where he formed a partnership with a group of men from Missouri, Illinois, and Iowa. The steamer "Palmyra," the first to ascend the St. Croix, was chartered, supplies for a sawmill gathered, and the services of thirty-six laborers secured. During the journey north the partners organized the St. Croix Falls Lumbering Company.<sup>4</sup>

Upon the arrival of the company of adventurers, a mill and dam were built at St. Croix Falls. The lumber company was not very successful in its early years in spite of the cheapness of water power and the plentiful supply of timber. Labor and supplies had to be transported from St. Louis, and the managers were inexperienced. At the end of a year's operation, however, Steele sold out his interest for thirteen thousand dollars — not a bad increase on a capital of a thousand dollars. With his profits he purchased the store at Fort

<sup>3</sup> Life of Steele, p. 4.

<sup>4</sup> William H. C. Folsom, "History of Lumbering in the St. Croix Valley, with Biographic Sketches," in *Minnesota Historical Collections*, 9:293.

Snelling, where he became sutler to the army post by appointment of President Van Buren.<sup>5</sup>

Steele carried on a profitable trade at Fort Snelling. He sold supplies to officers and men, to occasional settlers and lumbermen, and to the Indians. He carried the largest stock of goods in the Northwest at the time; clothing, food, tobacco, and liquors formed the bulk of his sales. He seems to have sold goods both at retail and wholesale, supplying smaller traders with goods for the Indians. Much of his business was done on credit and in the case of the Indians the debts tended to accumulate. In a small way, he carried on a banking business, loaning money, cashing drafts, and forwarding funds for the army officers.<sup>6</sup>

In the latter part of 1838—the exact date is uncertain—Steele made a claim on the land adjoining the Falls of St. Anthony. Around this very valuable water-power site the towns of St. Anthony and Minneapolis sprang up. St. Anthony later became part of Minneapolis, but in the early days it was an important town in its own right because the most valuable millsites were in St. Anthony on the east side of the Mississippi. According to General Richard W. Johnson, Steele's brother-in-law and the executor of his estate, the land was claimed in the following manner: Late one winter evening Major Joseph Plympton, the commanding officer at Fort Snelling, received news by mail that the land east of the Mississippi had been opened for settlement. He took Captain Martin Scott into his confidence and proposed that early the next morning they should make pre-emption claims about the Falls of St. Anthony. Army officers were not allowed to make such claims, but the custom of the country was to respect claims that were made ahead of survey. Unfortunately for the plans of the officers, Steele had received the same information by the same mail, and he decided not to wait for morning. He got a wagon, piled in boards, nails, straw, and potatoes, and, together with Norman Kittson, a fur trader, set out for the falls. The two men crossed the Mississippi on the ice, made a rude shack of boards, planted the

<sup>5</sup> Folsom, in *Minnesota Historical Collections*, 9:294; life of Steele, p. 4; *Minnesota in Three Centuries*, 2:96 (New York, 1908.)

<sup>6</sup> See the Steele Papers for 1849-54.

potatoes in holes in the snow, and then went to sleep in the straw, covered with buffalo robes. When the two officers arrived the next morning, they were shown the "farm" of potatoes in the snow and were hospitably invited to breakfast. Eventually Steele proved up his claim at the falls, although he had some difficulty with claim jumpers.<sup>7</sup>

Steele gradually bought other claims until he owned about a mile of river frontage, including the valuable site at the falls and several islands in the river. The land consisted only of claims, since it had not yet been surveyed. In 1847 Steele decided to begin lumber operations on the upper Mississippi, but he lacked capital. He tried to interest eastern capital in developing the falls, and in June, 1847, William Cheever, a representative of eastern interests, went to St. Anthony to look over the situation. Steele had only his claim as security, and, since it was located on unsurveyed land, it was deemed insufficient. Finally, it was agreed that financial aid would be forthcoming provided an exploration of the upper Mississippi and its branches showed plentiful and easily available supplies of timber. Daniel Stanchfield, who was selected to make the survey, reported that he saw more timber than seventy mills could cut in as many years. On July 10, 1847, Steele agreed to sell nine-tenths of his claim to Cheever, Robert Rantoul, Jr., Caleb Cushing, who later became attorney general in Pierce's cabinet, and others. Steele was to receive ten thousand dollars and was to use the money to build a dam and a sawmill.<sup>8</sup>

In October, 1847, a number of Maine lumbermen were hired to come to Minnesota and were set to work building the dam. Unfortunately, the first logs intended for use in its construction were lost in the river. This was a serious blow, since it involved a loss of three thousand dollars, but Steele grimly pushed ahead and built the dam from hardwood logs cut on islands in the Mississippi near the falls. Then the boat carrying the tools and mill machinery was sunk in

<sup>7</sup> Richard W. Johnson, "Fort Snelling from Its Foundation to the Present Time," in *Minnesota Historical Collections*, 8:437; William W. Folwell, *A History of Minnesota*, 1:228, 452-454 (St. Paul, 1921).

<sup>8</sup> *St. Anthony Express*, January 28, 1854; *Minnesota in Three Centuries*, 4:409.

the Erie Canal, and, finally, the eastern capitalists were unable to carry out their part of the agreement.<sup>9</sup> In spite of these trials, Steele never wavered. The work progressed, and it marks the beginning of the great lumber industry that centered about the Falls of St. Anthony.

There were further difficulties. The winter of 1847-48 was severe, provisions were scarce, and prices were high. White women had not yet arrived, and the men had to do their own cooking and laundering. Lumber for building living quarters and the mill was difficult to obtain; some was secured from an old government sawmill on the Mississippi, and the rest was purchased at the St. Croix mills and hauled overland from St. Paul, the head of navigation. Mill irons were transported all the way from Maine. The energy and persistence of Steele overcame all difficulties, and in September, 1848, two saws began running.<sup>10</sup>

In the meantime the property had reverted to Steele, and in 1848 he bought his claims from the government at the minimum price of a dollar and a quarter an acre. He still needed capital, and the next year he sold a half interest in his St. Anthony holdings to Arnold W. Taylor of Boston for twenty thousand dollars. Taylor was an eccentric individual whose contradictory qualities made for trouble in a frontier community. He was described as simple, easily duped, shrewd, diffident, talkative, a spendthrift, and a miser. It was his habit to hide cigars in lumber piles and offer them to passersby.<sup>11</sup> He became a barrier to the progress of the little frontier settlement. The trouble was that Taylor wished to hold the townsite for a speculative advance in price, whereas Steele wanted to sell lots on easy terms to actual settlers. Steele could not give clear titles to the settlers, and Taylor would not. After some preliminary maneuvering, Steele, by exerting pressure upon Taylor, was able to buy him out. When the citizens of St. Anthony heard the news, they were so overjoyed that they gave Steele a complimentary supper at midnight.

<sup>9</sup> *St. Anthony Express*, January 28, 1854; *Minnesota in Three Centuries*, 4:409; Steele to Ard Godfrey, October 11, 1848, Steele Papers.

<sup>10</sup> *St. Anthony Express*, January 28, 1854.

<sup>11</sup> *St. Anthony Express*, January 28, 1854.

followed by speeches, toasts, and songs until 2:30 A.M., and dancing until dawn.<sup>12</sup>

Not all citizens of St. Anthony, however, welcomed the sale. Taylor had contracted a number of debts, and, since he had transferred his share of the property to Steele before the creditors could collect, they claimed that the transfer had been made with fraudulent intent. A number of cases grew out of these claims and one of them found its way to the United States Supreme Court. Finally, in 1855, Steele's title was confirmed and the suitors were perpetually enjoined from making an adverse claim to Steele's property.<sup>13</sup>

Steele next became involved in a movement to have the Fort Snelling reservation reduced in size and opened for settlement. This was necessary if the town of Minneapolis was to grow, since the reservation came to the banks of the Mississippi. It was chiefly through his efforts that Congress in 1855 extended the pre-emption laws over part of the Fort Snelling area. When the news of the passage of the bill reached Minnesota Territory on February 15, 1855, public meetings were held bestowing thanks upon Steele, Henry M. Rice, and the others who were responsible for its passage. Steele's large acquaintance with leading eastern politicians of the Democratic party, his lavish hospitality while at Washington during the winters, and his charm aided Minnesota on other occasions as well.<sup>14</sup>

Steele's last big land exploit was not so much in the public interest and did not have so happy an ending. An act of 1819 had given the secretary of war power to sell military sites which might have become useless for military purposes. There was some doubt that this act applied to the Fort Snelling Reservation. Consequently, in March, 1857, apparently at the instance of Henry M. Rice, the Minnesota

<sup>12</sup> *St. Anthony Express*, January 24, 1852, January 28, 1854; W. H. Mitchell and J. H. Stevens, *Geographical and Statistical History of the County of Hennepin*, 21-126 (Minneapolis, 1868).

<sup>13</sup> Agreement between Steele and Taylor, March 23, 1853; opinion signed by Judge Moses Sherburne, December 26, 1854; judgments signed by Sherburne, March 20, May 1, 1855, Steele Papers.

<sup>14</sup> *Minnesota in Three Centuries*, 2:96; John H. Stevens, *Personal Recollections of Minnesota and Its People and Early History of Minneapolis*, 261 (Minneapolis, 1890); Isaac Atwater and John H. Stevens, eds., *History of Minneapolis and Hennepin County*, 1:389 (New York and Chicago, 1895).

Territorial delegate, a rider was attached to the army appropriation bill extending the act to cover all military sites or such parts of them as were useless for military purposes. In April, 1856, prior to the passage of the bill, Steele offered to buy the reservation, less the military installations, for seventy-five thousand dollars, estimating the land to amount to about five thousand acres. This offer was refused by Jefferson Davis, then secretary of war.<sup>15</sup>

The reservation consisted of about eight thousand acres. If sold in one tract, it would be out of the reach of all but a few speculators who might combine to beat down the price. Early in 1857 rumors were afloat in Minnesota to the effect "that some grand scheme of speculation was on hand in regard to the Fort Snelling" Reservation.<sup>16</sup> It was some time before what had actually occurred was revealed.

In April, 1857, a group or company of eastern speculators was formed for the purpose of acquiring the Fort Snelling Reservation. Dr. Archibald Graham, a physician from Lexington, Virginia, took the lead in forming the group. He contributed no money to the first installment paid for the reservation, the plan being that he was to pay for his share later out of profits on sales. Graham's personal reward was the post of factor, or secretary, of the company for two years at an annual salary of five thousand dollars. John C. Mather and Richard Schell, members of the New York state senate, were the other known partners in this first group. Mather's expenses on a trip to Minnesota to attend the sale were paid by the government, since John B. Floyd, the secretary of war, had appointed him to examine certain claims at Fort Ripley, and Fort Snelling was on his path. Schell characterized himself as a Wall Street stock speculator.<sup>17</sup>

Graham hurried out to Minnesota before the end of April, 1857, and induced Steele to join the group as a co-purchaser with a third interest. As for the other partners, Graham's share was to be a ninth and the remainder was to be divided between Mather and Schell.

<sup>15</sup> *Fort Snelling Investigation*, 413 (35 Congress, 1 session, *House Reports*, no. 351—serial 965); Folwell, *Minnesota*, 1:432-434, 503-515.

<sup>16</sup> *Daily Minnesotian* (St. Paul), April 3, 1857.

<sup>17</sup> *Fort Snelling Investigation*, 2, 103-115, 160-173, 175-183.

Steele was to make the purchase for the group, and the maximum price to be paid was set at a hundred and twenty thousand dollars.<sup>18</sup>

After returning to Washington, late in May, 1857, Graham set out for Minnesota again, this time in the company of William K. Heiskell, who had been appointed one of the commissioners for the sale by Floyd. The other commissioner, a former commandant of the post, Major Seth Eastman, had been sent to Fort Snelling to survey the reservation into forty-acre tracts, so that it could be sold to men of small means. The commissioners decided to sell the reservation as a whole at a private sale. They claimed that by making a secret and private sale they could get a better return for the government, for they affected to believe that a public sale would result in the formation of a claim association or other combination which would hold the price down to the legal minimum of a dollar and a quarter an acre. The commissioners wrote to Steele, soliciting a bid. Steele renewed his previous offer of seventy-five thousand dollars. This was refused. Steele then offered ninety thousand dollars, a third of which was to be paid immediately and the balance in two equal annual installments. This offer was accepted and the sale was made on June 6, 1857. The commissioners later testified that they had forgotten to include security or interest payments on the installments.<sup>19</sup>

It would appear that Steele's interest in making the purchase lay in the possible value of the reservation as a townsite between St. Paul and Minneapolis. This was a vain hope for many years, but early in 1857 land speculation stimulated extravagant dreams about the immediate future of Minnesota. On July 25, 1857, Steele paid the first installment of thirty thousand dollars to the assistant treasurer of the United States at New York, and orders were issued on July 31, 1857, turning over the reservation to Steele, with the exception of the military installations and about thirty acres reserved for burial grounds. The fort itself was placed in his possession on July 19, 1858, and the post was abandoned until the Civil War years.<sup>20</sup>

<sup>18</sup> *Fort Snelling Investigation*, 2-4, 103-115, 160-173, 175-183.

<sup>19</sup> *Fort Snelling Investigation*, 20-25, 89-103, 304-329, 334-336, 362.

<sup>20</sup> *Sale of Fort Snelling Reservation*, 10, 95 (40 Congress, 3 session, *House Executive Documents*, no. 9 — serial 1372).



Robert Smith, a Congressman from Illinois, had hoped to be a party to the speculation. He claimed to have written several letters to the secretary of war before the sale was made asking for information and offering to bid upon the reservation. According to the secretary of war, none of Smith's letters was received before the sale. Smith demanded a Congressional investigation. A committee was appointed and, after accumulating a great deal of testimony, it recommended that the sale be vacated.<sup>21</sup>

But since Steele had made the first payment, he was allowed to remain in possession of the reservation. As a result of the depression of 1857 and of the notoriety connected with the sale, the value of the property declined. In fact, on January 19, 1858, Dr. Graham testified before the Congressional investigating committee that not one dollar from sales had been realized, while about eight thousand dollars had been expended on the property—probably in laying out city lots and constructing roads.<sup>22</sup> Steele failed to make the remaining payments, and in January, 1859, suit was entered against him for the unpaid balance. He countered with an offer to pay ten thousand dollars in four months and the remainder as soon as possible. This offer was not accepted and title to the property remained with the government, though Steele was allowed to retain possession of the reservation.<sup>23</sup>

In April, 1861, the reservation was commandeered for the use of federal troops and it remained in the hands of the government for some years after the war. In 1868 it was decided to bring the matter to a settlement. The advice of the military was sought, and General W. T. Sherman, who had personally inspected Fort Snelling in May, 1866, submitted two reports. He stated that although the sale had been declared fraudulent by a Congressional committee, he was convinced from a personal examination of the affair that "Steele was not involved in the fraud." Sherman recommended that a compromise settlement be effected with Steele, but that part of the reser-

<sup>21</sup> Johnson, in *Minnesota Historical Collections*, 8:435; *Fort Snelling Investigation*, 38.

<sup>22</sup> *Fort Snelling Investigation*, 105.

<sup>23</sup> *Sale of Fort Snelling*, 4, 97.

vation be retained as a military post, and be used as a "rendezvous for troops."<sup>24</sup>

On his part, Steele had a claim against the government for rentals of the reservation, covering some eighty-one months from April, 1861, to January, 1868. At a rate of two thousand dollars per month, it amounted to a hundred and sixty-two thousand dollars. From that amount Steele deducted sixty thousand dollars, the balance of payments still due from the original sale, leaving a net claim of a hundred and two thousand dollars in his favor.<sup>25</sup> In the settlement that was reached, the government kept about fifteen hundred acres, including the post buildings, and Steele received the remainder, some sixty-four hundred acres. Since thirty thousand dollars had been tied up for some twelve years, it was estimated that the reservation cost Steele about nine dollars an acre. This was far below its real value. The purchase of the reservation had been a successful speculation.<sup>26</sup>

These episodes from the life of Franklin Steele, who had been a sutler, lumberman, land speculator, and townsite promoter, may serve to illuminate the careers of similar frontier builders. It is certain that men like Steele played an important, though not well-known, role in organizing and directing the energies that were to tame the frontier. They possessed qualities and traits of character—courage, daring, energy, perseverance, vision, intelligence, and worldly wisdom—that made them leaders in frontier areas.

<sup>24</sup> *Sale of Fort Snelling*, 9, 97-100.

<sup>25</sup> *Sale of Fort Snelling*, 93.

<sup>26</sup> Johnson, in *Minnesota Historical Collections*, 8:435-437.



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