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# Land, Lobbies, Railroads

## *and the ORIGINS of DULUTH*

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WHEN AMERICAN BUSINESS turned westward in the decade after the Civil War, it found that the course of empire followed a line of steel rails. Railroads led to land, and land led to politics. The interplay of these three factors is vividly illustrated in the early development of Duluth.

Northeastern Minnesota in the late 1860s was an area ready for settlement. At this time, it attracted the interest of Jay Cooke, the Philadelphia financier, who observed there a vast domain of timber, mineral, and agricultural resources. Easily accessible through the Great Lakes, and little more than a hundred and fifty miles from the head of navigation on the Mississippi, it seemed ripe for profitable exploitation by Eastern and European capital. For nearly twenty years a northern transcontinental railroad had been under discussion, with an outlet at the head of Lake Superior its logical terminal, and there Cooke foresaw a great inland port, commanding a waterway which would link the resources of the Northwest with the industry of the East. His ef-

forts to implement this plan included a land grant bill for the development of the Duluth harbor which would have given him and his associates a private empire at the head of the lakes had the political climate of Minnesota and the nation not brought about its defeat.

Schemes for connecting by rail the waterborne commerce of the Great Lakes and the Mississippi River had their origin as early as 1854. An abortive Minnesota land grant law, passed by Congress in that year and almost immediately repealed, contained provision for such a line.<sup>1</sup> In 1857 the Minnesota territorial legislature chartered the Nebraska and Lake Superior Railroad Company and gave it a grant of swamp lands. This company, like many another premature railroad, never got beyond the paper stage. By 1861, however, the exportation of small grains, particularly wheat, was becoming increasingly important to the economy of the state, and the need of central Minnesota for a trade outlet to the East created pressures which led to a legislative act reviving the company under a new name. The reorganized road, called this time the Lake Superior and Mississippi Railroad, fell heir to the swamp land grant of its predecessor.<sup>2</sup> Under the active leadership of William L. Banning,

<sup>1</sup> United States, *Statutes at Large*, 10:302, 575.

<sup>2</sup> Minnesota, *Special Laws*, 1861, p. 201-213. Federal laws of 1850 and 1860 granted to the various states the swamp lands within their borders. See United States, *Statutes at Large*, 9:519, 12:3.

a St. Paul banker and real-estate dealer, a group of Minnesota businessmen set out to secure adequate funds for the new company. Since its swamp land grant of approximately 694,000 acres from the state was not in itself sufficient to attract Eastern capital, the promoters persuaded the St. Paul city council to vote a subsidy of \$250,000 to be raised by the sale of city bonds. If in addition the road could secure a federal land grant, the St. Paul business group felt that it would stand a fair chance of attracting investors.<sup>3</sup>

Such a grant was certain to face vigorous opposition in Congress, primarily from the Wisconsin and Illinois railroads, which controlled all transportation facilities between Minnesota and the East in the early 1860s. Hostility was encountered also from several Minnesota communities which had hoped to be terminals of a line from Lake Superior. The charter of the Lake Superior and Mississippi road specified St. Paul as its point of contact with the Mississippi River, arousing jealousy in Minneapolis, St. Anthony, Anoka, and St. Cloud.<sup>4</sup>

To promote the introduction and passage of a land grant bill for "the construction of a railroad from the city of St. Paul to the head of Lake Superior" a pressure group was organized in Washington early in 1864 under the leadership of Congressman Ignatius Donnelly and Senator Alexander Ramsey of Minnesota. Such a bill was introduced in the Senate, which passed it on March 10, and it later received the approval of the House with an amendment providing that the grant should be made to the state of Minnesota rather than directly to the Lake Superior and Mississippi Railroad Company. This amendment enabled the opponents of the line to make a last-ditch stand in the state legislature. The practical advantages of St. Paul as a transfer point prevailed in the end, and the Lake Superior and Mississippi won the day.<sup>5</sup>

The grant consisted of five alternate sections of land on each side of the proposed right-of-way, which was to follow a course parallel to the Wisconsin boundary and run

through the present communities of Pine City and Hinckley to the head of Lake Superior at Duluth. When Congress increased the lands of all Minnesota railroads in 1856, the federal grant of the Lake Superior and Mississippi was raised to an estimated area of 960,000 acres. This, together with the state swamp lands, gave the road a total of well over 1,600,000 acres—a small amount in comparison to the grants received by the transcontinental lines, but liberal considering the length of the road and the fact that it was to be built entirely within one state.<sup>6</sup>

Approximately a third of the company's acreage was in pine lands. Its most immediate value was as a source of timber, both for construction of the road itself and for sale on the market. In time, it was hoped, a connection would be made with the Sioux City Railroad, and lumber could then be sent through to the Missouri Valley, by-passing competition with the large sawmills at Stillwater and Minneapolis.<sup>7</sup> The railroad promoters were also sanguine that lands cleared of timber would appeal to settlers and would command a higher price than uncleared government acres. In addition, the company

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<sup>3</sup> William W. Folwell, *A History of Minnesota*, 3:119n. (St. Paul, 1926); *St. Paul Press*, November 21, 1863; Minnesota, *Special Laws*, 1864, p. 309–312. Some time later St. Louis County voted a subsidy of \$150,000 to the Lake Superior and Mississippi Railroad. See Henry V. Poor, *Manual of the Railroads of the United States*, 1871–72, p. 116.

<sup>4</sup> R. J. Baldwin to Ignatius Donnelly, January 25, March 3, 1864, Donnelly Papers, owned by the Minnesota Historical Society.

<sup>5</sup> William P. Murray to Donnelly, December 21, 1863; Donnelly to Murray (copy), January 13, 1864, Donnelly Papers; *Statutes at Large*, 13:64. For a full discussion of this contest see Lester B. Shippee, "The First Railroad Between the Mississippi and Lake Superior," in *Mississippi Valley Historical Review*, 5:121–142 (September, 1918).

<sup>6</sup> *Statutes at Large*, 13:526; Poor, *Manual*, 1871–72, p. 116.

<sup>7</sup> Robert H. Lamborn to Jay Cooke, J. Hinckley Clark, and associates, November 3, 1869, Cooke Papers, owned by the Historical Society of Pennsylvania in Philadelphia. The Minnesota Historical Society has microfilm copies. Unless otherwise indicated, Cooke Papers used in the preparation of this article are in the Pennsylvania collection.



A view of Duluth in 1871, showing Minnesota Point and Superior Bay

planned to develop townsites along the line and to lay out a city at Duluth, thus greatly enhancing the value of the lands affected.

IT WAS through Banning that Jay Cooke became interested in the head of Lake Superior and its projected railroad. As early as 1865 the Minnesotan, then president of the company, sought unsuccessfully to secure Cooke's backing. Though not a frontiersman in the common sense of the term, Cooke had long been aware of the possibilities offered by the West, and by 1866 he had acquired, through the agency of Banning, some investment in northern Minnesota pine lands. In June, 1868, the financier went by boat from Detroit to the Duluth area to inspect the lands he had purchased and to judge

<sup>8</sup>Henrietta M. Larson, *Jay Cooke: Private Banker*, 249 (Cambridge, 1936).

<sup>9</sup>Harlan Hatcher, *The Great Lakes*, 314 (New York, 1944). Superior was established in the early 1850s by a group of Southerners as a "watering place" and a land speculation scheme, but the Civil War interrupted its growth. See George Fort Milton, *The Eve of Conflict*, 105 (Boston, 1934); Allan Nevins, *Ordeal of the Union*, 2:86 (New York, 1947).

for himself the prospects of northern Minnesota and of the proposed railroad.<sup>8</sup>

Cooke reached his destination dressed in all the finery of an Eastern gentleman — "top hat, cloth shoes, long coat, colored waistcoat, gold watch chain and stick" — surprising the natives with his flamboyant attire. From his headquarters at Superior, he explored Duluth Harbor in a canoe. As a traveler he admired the scenery, but as a businessman he saw the possibilities of Duluth and of the proposed railroad, though the frontier village at the time had only about a hundred people. Its twenty crude buildings, located on a strip of land between Lake Superior and the unbroken wilderness of northern Minnesota, included a school, a land office with little business, and the dwellings of a few hardy white men. Even within the state, the settlement was little known except by traders and fishermen of the Great Lakes region.<sup>9</sup>

Upon returning to Philadelphia, Cooke began to consider seriously the financing of the proposed railroad, and in the autumn of 1868 Jay Cooke and Company and E. W. Clark and Company bought, on joint ac-

count, a small block of Lake Superior and Mississippi Railroad bonds. Overnight, in the eyes of Minnesotans, Duluth became an infant Chicago.<sup>10</sup>

By the spring of 1869 a boom was in full swing. Early in May George B. Sargent arrived to establish a bank and real-estate office, and to assume responsibility for the land investments of Cooke and his partner in the Minnesota and other enterprises, William G. Moorhead. Other Easterners and some Minnesotans with speculative capital to invest hurried to buy up choice lots near the waterfront or elsewhere on the surveyed but uncleared site of the future city. Prominent among the Minnesota men involved was Governor William R. Marshall.<sup>11</sup>

Along with their original investment in the Lake Superior and Mississippi line, Cooke and his associates had acquired an interest in the Western Land Association, a subsidiary of the railroad corporation. It had been formed for the purpose of promoting settlement along the right-of-way and developing townsites, and it served as the railroad's chief instrument in the improvement and parceling out of company land holdings in Duluth. The association eventually owned some 7,000 town lots in and about the future city, plus nearly 4,000 acres of land in other parts of St. Louis County.<sup>12</sup>

Local settlers regarded the association

with mixed feelings. To many it appeared as an enormous land monopoly, controlled by Philadelphia interests for the purpose of exploiting the region at the expense of the people living there. Some complained that its lots were held at prices which discouraged settlement. Noting that the company was engaged in making new surveys along the lake shore, the editor of the *Duluth Minnesotian* on July 31, 1869, questioned "whether sound public policy does not forbid to allow *one* party to grab all the harbor frontage of Duluth." He was careful, however, not to include Cooke in his general criticism of the Western Land Association. In the paper's next issue, dated August 7, he hastened to assure his readers that "In reference to Jay Cooke, Esq., and the Clarkes, the men who have furnished the sinews of war for our enterprise, we have always believed that they will act in entire good faith with the old settlers here and carry out *all* their pledges."

<sup>10</sup> Larson, *Jay Cooke*, 250; *St. Paul Dispatch*, July 21, 1868; *Duluth Minnesotian*, May 22, 1869.

<sup>11</sup> Larson, *Jay Cooke*, 252; *Duluth Minnesotian*, June 5, 19, 1869; Sargent to Cooke, March 1, 1869, Cooke Papers.

<sup>12</sup> Ellis P. Oberholtzer, *Jay Cooke: Financier of the Civil War*, 2:110 (Philadelphia, 1907); *Duluth Minnesotian*, March 19, 1869; undated note of Edwin M. Lewis, trustee for Jay Cooke and Company in bankruptcy, Cooke Papers, owned by the Ohio Historical Society.



DULUTH in 1870, showing shanties of railroad workers

The first efforts to market Lake Superior and Mississippi Railroad bonds were successful, Jay Cooke and Company selling \$2,077,000 and E. W. Clark and Company \$521,000 worth of paper. Within a year, however, the market declined, and by the fall of 1869 it became clear to Cooke that the railroad bonds had to compete with "many other good bonds offering all around us." Before its line was completed on August 2, 1870, the railroad was in a weak financial position. Since the banking concerns which backed the roads were too deeply involved to withdraw even had they wished, they co-operated in extending aid, and by the end of the year Jay Cooke and Company had "tied up \$300,000 in bonds for which there was scarcely any market."<sup>13</sup>

When they first committed themselves to the enterprise, the Eastern bankers secured representation in its management. Two of their associates became directors of the road, and two other Philadelphia men were named vice-president and secretary-treasurer. Later, an arrangement was made to replace Banning as president upon the road's completion between St. Paul and Duluth, and when this agreement became effective in 1870, Frank H. Clark of the Philadelphia banking house assumed the office. Thus management of the railroad passed from the hands of the original promoters, and the Philadelphia group acquired complete control, being represented by nine out of thirteen members on the board of directors.<sup>14</sup>

<sup>13</sup>Larson, *Jay Cooke*, 252, 330; Harris C. Fahnestock to Cooke, December 18, 1869, Cooke Papers.

<sup>14</sup>Lake Superior and Mississippi Railroad Company, Board of Directors, *Annual Report . . . to the Stockholders*, 1871, p. 5 (St. Paul, 1871); Oberholtzer, *Jay Cooke*, 2:107.

<sup>15</sup>Larson, *Jay Cooke*, 276-279; Oberholtzer, *Jay Cooke*, 2:167; *Superior Times*, February 25, 1871; Donnelly to Cooke, April 12, 1870, Cooke Papers.

<sup>16</sup>David Dale Owen, *Report of a Geological Survey of Wisconsin, Iowa, and Minnesota*, 417 (Philadelphia, 1852); Charles L. Anderson and Thomas Clark, *Report on Geology and Plan for a Geological Survey of the State of Minnesota*, 24-26 (St. Paul, 1861); Henry H. Eames, *Report of the State Geologist on the Metalliferous Region Bordering on Lake Superior*, 11 (St. Paul, 1866).

These new managerial arrangements may have facilitated control over operational aspects of the railroad, but they did little, if anything, to establish a sound economic basis for the line.

A NEW FACTOR entered the situation on January 1, 1870, when Jay Cooke and Company agreed to become the financial agent of the Northern Pacific Railroad. Since Duluth was to be its eastern terminal, the importance of the port increased accordingly. It was expected that the new city would not only compete with Chicago for the trade of central and southern Minnesota, but that it would become in time the single great outlet to the East for the Red River Valley and the plains of North Dakota.

The Northern Pacific gained entry to the Duluth port facilities by purchasing a half interest in the section of the Lake Superior and Mississippi line extending west from Duluth to Thomson's Junction. Construction was begun at the latter point on February 15, 1870, and the Northern Pacific's tracks soon stretched across Minnesota to the Red River at Moorhead. With its completion to the state's western boundary, Jay Cooke not only controlled a vast land area in northern and eastern Minnesota, but he also held the key to its outlet on Lake Superior. The land grants of the two railroads bisected the state from east to west and from north to south, and included every odd-numbered section within a hundred miles of Duluth.<sup>15</sup>

By this time iron was known to exist in the area, though its extent was not even vaguely suspected. As early as 1850 its presence had been noted by Joseph G. Norwood, and throughout the 1850s and early 1860s the belief persisted that there was mineral wealth in the region north and west of Lake Superior. This was confirmed in 1866 by the first state-sponsored geological survey, which reported high quality iron ore in the vicinity of Lake Vermilion.<sup>16</sup>

The possibility of developing iron in Minnesota first came to Cooke's attention in 1869 after his banking agent in Duluth, Sargent,

associated himself with a Michigan syndicate which was interested in iron deposits around Duluth and in the area of the Mesabi Range. Sargent sent ore samples to Cooke, who was highly intrigued, and promptly envisioned Duluth as a center for iron processing and shipping.<sup>17</sup> Establishment of such an industry would provide the Northern Pacific with a convenient supply of iron for rails and other construction materials, and would further boost land values in the neighborhood of Duluth. The extent to which iron could be mined on railroad lands was not definitely known, but there was great likelihood that the company's vast land grants included some valuable ore holdings.

Within a year Cooke and the officials of the two railroad companies were exploring the possibilities of using charcoal furnaces and rolling mills at Duluth for manufacturing rails and other equipment for their lines. The Northern Pacific board of directors appropriated \$500,000 to be used in erecting as rapidly as possible rolling mills to manufacture Bessemer steel rails for its road. At the same time, Cooke's firm issued an advertising pamphlet which announced that "There are mountains of iron ore within the Land Grant, from which the Road will undoubtedly, and at an early day, supply itself with rails and other iron."<sup>18</sup> On July 12, 1870, the *St. Paul Pioneer* predicted confidently that a railroad would soon be built from Thomson's Junction to the iron mountains up the St. Louis River.

THE FOCUS for these extensive schemes was Duluth, and the development of the port was the keystone of Cooke's plans. A prerequisite to the capture of the wheat-carrying trade was the erection of adequate handling facilities. Accordingly, in 1869 the Union Improvement and Elevator Company was organized under Minnesota law, with Cooke's backing. Capitalized at \$500,000, the new subsidiary was entrusted with the construction of elevators at Hastings and Stillwater. These were to serve as transfer points for grain carried by river boats to Stillwater

and by rail to Duluth for water shipment to the Eastern mills. At Duluth another elevator with a capacity of 550,000 bushels and the most modern steam-powered equipment was built to handle grain for transshipment. Beyond this, Cooke looked forward to the time when flour and feed mills would be constructed at Duluth and the finished products shipped directly to Eastern consumers.<sup>19</sup>

The development of the harbor itself presented a number of physical problems. Duluth lay on the northern shore of Superior Bay, the natural entrance to which was near the southern shore, opposite the town of Superior. Nearly seven miles of narrow twisting channel separated this entrance from the deep, protected waters of Duluth's inner harbor. By way of contrast, Minnesota Point, only 250 feet in width, separated the harbor from the lake. An obvious solution for the problem was the building of a ship canal, and it was among the projects considered by army engineers when they surveyed the harbor in 1869.<sup>20</sup> They concluded, however, that dredging a channel from the

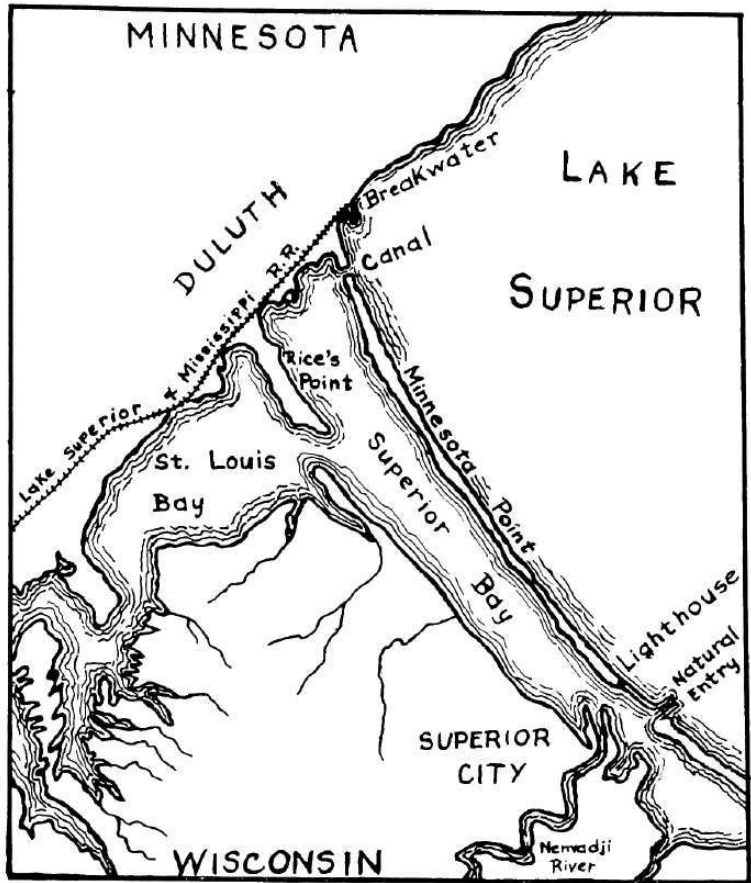
<sup>17</sup> Hal Bridges, *Iron Millionaire: Life of Charmagne Tower*, 138-140 (Philadelphia, 1952); Commissioner of the General Land Office, *Report, 1864-65*, p. 135 (38 Congress, 2 session, *House Executive Documents*, no. 1—serial 1220). The idea of manufacturing finished iron products for railroad construction in Minnesota was not new in 1870, nor were Cooke and his associates the first to consider it. See, for example, T[homas] C[lark] in the *St. Paul Press*, April 13, May 8, 1862.

<sup>18</sup> Banning to Cooke, March 24, 1870, Cooke Papers; Edwin F. Johnson to C. C. Andrews, August 3, 1870, Andrews Papers, owned by the Minnesota Historical Society; *Duluth Minnesotan*, October 29, November 12, 1870; *The Northern Pacific Railroad's Land Grant, and the Future Business of the Road*, 3 (New York, 1870). The latter is number 33 in a bound volume of pamphlets relating to the Northern Pacific Railroad, which is in the library of the Minnesota Historical Society.

<sup>19</sup> Larson, *Jay Cooke*, 330.

<sup>20</sup> "Report on the Harbor of Du Luth, Minnesota," in Chief of Engineers, *Report, 1870-71*, p. 111-119 (41 Congress, 3 session, *House Executive Documents*, no. 1—serial 1447); Dwight E. Woodbridge and John S. Pardee, eds., *History of Duluth and St. Louis County*, 137-145 (Chicago, 1910).

THE harbor of  
Duluth and Superior  
in the early 1870s



natural entrance would be less costly than building a canal.

Far from satisfied with this decision, the promoters of Duluth organized the Minnesota Canal and Harbor Improvement Company, which was chartered by the Minnesota legislature and incorporated on March 8, 1870, "to construct a ship canal at some convenient place through Minnesota Point in the County of St. Louis, Minnesota, so as to connect the waters of Lake Superior with the Bay of Superior and so as to permit the passage of Propellers and other craft through said canal and to dredge and improve the Bays of Superior and St. Louis so as to make the same navigable for Lake

Steamers and other vessels and to construct and maintain such necessary Piers, Wharves and Landings within said Bays as may be deemed necessary for commercial purposes." The corporation had a capital stock of \$500,000, consisting of 5,000 shares at \$100 each. The first board of directors included officials of the two railroads and representatives of the Philadelphia interests.<sup>21</sup>

It was hoped that in the long run financing of the contemplated improvements would be underwritten by the federal government through a land grant. Accordingly, the Duluth Harbor bill was introduced in Congress in March, 1870. This provided for "aiding in the improvement of the harbor of Duluth . . . by the construction of a breakwater in the lake, external and parallel to Minnesota Point, so called, and the opening of a canal through Minnesota Point of sufficient capacity to admit the passage of the largest

<sup>21</sup> Minnesota, *Executive Documents*, 1870, p. 736; "Articles of Association of the Minnesota Canal and Harbor Improvement Company," March 5, 1870, Ramsey Papers, owned by the Minnesota Historical Society.



RAILROAD yards  
on Duluth  
waterfront, 1872

vessels navigating the lake from the lake into the inner harbor in the bay of Duluth, and to dredge and improve the bays known as the bays of Superior and St. Louis.” In addition, the bill granted to “the State of Minnesota, in trust for the Minnesota Canal and Harbor Improvement Company . . . five hundred thousand acres of public lands.” It stated further that the grant should be selected from public lands of the United States “nearest to the harbor of Duluth and within the said State of Minnesota, to which no preemption, homestead, or other valid right may have attached; but such selection shall not be made from lands designated as mineral lands; and the words ‘mineral lands’ shall not be understood to mean lands containing coal or iron.” The words “nearest to the harbor of Duluth” were later amended by the bill’s sponsors to read “in the counties of St. Louis, Carlton, and Lake.” The measure provided that half the grant would be given to the company after \$250,000 from its own funds had been expended for improvements, and that the title to the second half

of the grant would be given to the company when another \$250,000 had been spent for harbor facilities. The first expenditure was to include wharf and dockage improvements already made by the Lake Superior and Mississippi Railroad. Almost as soon as the bill should be passed, therefore, 250,000 acres would accrue to the company. These were to be “sold by the company within five years from the issue of the patents for the same,” the lands remaining at the end of that time reverting to the United States. The grant, however, did not stipulate to whom they were to be sold, nor did it limit the selection of lands to odd-numbered sections — a restriction which, like the exclusion of mineral rights, was customary in such bills.<sup>22</sup>

Although this was the first grant of land requested for harbor improvements in Minnesota, it would have been the third federal grant controlled by the capitalists who were financing the Northern Pacific and Lake Superior and Mississippi railroads. If passed,

<sup>22</sup> *Congressional Globe*, 41 Congress, 2 session, p. 2443, 4416.

the bill would have given the Philadelphia group control over nearly all the land within a hundred miles of Duluth, including every possible approach to the harbor. The latitude which it allowed in the selection of lands would have enabled its backers, by judicious choice of odd-numbered sections beyond the limit of the railroad grants, to include the Vermilion iron region. Together, the three grants — two for railroads and the third for harbor improvements — would have constituted one of the largest land grabs by one financial group in United States history.

Guidance of the measure through Congress was entrusted to a motley group of railroad men and politicians. Foremost among these was former Minnesota Congressman Donnelly, whose term of service in the House had ended in 1868. Denied re-nomination by his party, he had run unsuccessfully as a bolting candidate and earned the bitter enmity of the state Republican organization and particularly of its leader, Senator Ramsey.<sup>23</sup> His changed political status notwithstanding, Donnelly retained considerable influence with his previous colleagues in the House, and as a paid lobbyist for Jay Cooke and Company, he was in a position to give valuable tactical advice. It was his suggestion that Cooke first attempt to get a land bill through Congress, and failing in this, he could then “fall back upon a money appropriation, and the work we had performed for the one measure would [be] to our advantage in the other.” Donnelly succeeded in saving the bill when opposition from the war department threatened to kill it in committee, and, finally, he suggested that the grant be changed to allow

<sup>23</sup> See Rhoda R. Gilman, “Ramsey, Donnelly, and the Congressional Campaign of 1868,” in *Minnesota History*, 36:300 (December, 1959).

<sup>24</sup> Donnelly to Cooke, March 5, April 13, 1870, Cooke Papers; Banning to Donnelly, April 13, 16, 1870; to Henry Cooke, April 13, 1870, Donnelly Papers; to Donnelly, April 20, 1870, Ramsey Papers.

<sup>25</sup> Donnelly to Cooke, April 12, 22, 1870, Cooke Papers; Banning to Donnelly, April 8, 16, 1870, Donnelly Papers.

selection of lands from the “counties of St. Louis, Carlton, and Lake,” rather than restricted to lands “nearest the harbor of Duluth.” Lake County was added as an afterthought by Donnelly, since he knew the congressmen would think that 500,000 acres from two counties would give the company nearly all the land the counties contained. It was, however, welcomed by the bill’s backers for totally different reasons. “This amendment,” wrote Banning to Donnelly, “will add vastly to the value of the Bill. . . . With the Bill thus amended we can secure the iron formation in direction of Vermillion, Pine lands, &c. *Keep this very quiet*. But by all means get the Amendment.” Writing at the same time to Henry Cooke, brother and business partner of Jay, Cooke, noted that the change would increase the value of the measure and be “unobjectionable to Minn[esota] delegation and to Congress. Please help Mr. Donnelly get bill amended.”<sup>24</sup>

No doubt Donnelly told the truth when he wrote to Cooke: “You may rest assured I am doing the best I can to get the most valuable grant with the fewest restrictions.” Nevertheless his mercurial temperament, independent views, and abnormal sensitivity to personal slights created difficulties. Banning, who had suggested Donnelly’s employment to Cooke and was at the time a personal and political friend of the Minnesotan, found it necessary to write to him on April 8: “Your interest in this Harbor Land Grant Bill is so direct and large that I beg of you to stick to it until you get it thro’.” Following a disagreement with Robert H. Lamborn, secretary-treasurer of the Lake Superior and Mississippi, Banning suggested that Donnelly work directly with the Cookes and not waste time with any lesser railroad officials. Lamborn, on his part, feared that Donnelly’s radical letters and speeches attacking the protective tariff would make an unfavorable impression upon certain members of Congress, especially the “iron” delegates from Pennsylvania.<sup>25</sup>

The presence of Donnelly as one of the

chief lobbyists apparently made it difficult for Senator Ramsey to enter into the spirit of the affair. He had to be reminded on a number of occasions that the best interests of Minnesota depended upon the passage of the harbor measure, and he was told that all the influence of the Philadelphia group, which was considerable, would be brought to bear on Congress, because Eastern money was being invested heavily in Duluth. Ramsey's enthusiastic support was vital, since it remained for him to shepherd the measure through the Senate, Donnelly's influence being limited to the House.<sup>26</sup>

Perhaps it was in the hope of encouraging the Senator that his friend and former political lieutenant, ex-Governor Marshall, was sent to Washington, thus adding to the already congested atmosphere. Marshall was promised the position of land commissioner for the Northern Pacific because of his knowledge of Minnesota and because he had been a member of an exploration party sent out by Jay Cooke and Company for the Northern Pacific.<sup>27</sup>

Banning, in addition to keeping an eye on Donnelly, busied himself writing letters to members of Congress and rallying support for the bill in Minnesota. Through an associate in Duluth he urged prominent Democrats there to write Eugene Wilson, their representative in Congress, asking him to support the harbor bill. He also saw to it that petitions were circulated in that city requesting legislators to work in favor of the measure.<sup>28</sup>

One potential stumbling block was opposition from the financial backers of the city of Superior. This nonresident group owned nearly sixty per cent of the property of the Wisconsin town and had controlled it for fifteen to twenty years without investing money to improve the area or to build even one mile of railroad. Concerning them, Henry Cooke wrote his brother that "we had made them the most liberal overtures, but our very liberality had stimulated in them the hope that by exacting more they would get it, and that with a view to driving us

to terms they had organized this opposition. I thought we had reason to complain of this interference of Wisconsin against us, who are doing all we can for her benefit, and in favor of those who had never spent a dollar or struck a blow in her behalf."<sup>29</sup>

The jealousy of Superior's proprietors was not shared by all its residents. Many of them were by no means averse to the construction of a breakwater and to general harbor improvements, believing that this would benefit their town as well as Duluth and would encourage development of the entire northern section of the state. Banning thought that by working through this group, the Wisconsin members of Congress could be influenced in favor of the harbor bill. Henry Cooke undertook personally to enlighten Senator Timothy Howe of Wisconsin, showing him plans of the Duluth-Superior area and indicating that the improvements called for in the Duluth Harbor bill would also increase the efficiency of Superior. He pointed out that, among other advantages, the proposed breakwater would furnish a harbor of refuge from the gales of Lake Superior, and the canal would give a second entrance to Superior Bay, augmenting the existing one. A provision for dredging this bay included in the bill was regarded as a sop to the Superior faction. Cooke at one time told Donnelly to do as he pleased in regard to this matter, as it seemed "to be probably about as little of the evil as we can expect to have thrust upon us."<sup>30</sup>

THE TERMS of the land grant caused a furor in the Senate. The provision that "'mineral lands' shall not be understood to mean lands containing coal or iron"

<sup>26</sup> Banning to Ramsey (copy), April 19, 1870, Donnelly Papers.

<sup>27</sup> Oberholtzer, *Jay Cooke*, 2:125, 128, 175.

<sup>28</sup> Banning to Donnelly, April 8, 16, 19, 1870, Donnelly Papers; to Ramsey, April 20, 1870, Ramsey Papers; to Cooke, April 27, 1870, Cooke Papers, Ohio Historical Society.

<sup>29</sup> Henry Cooke to Cooke, March 22, 1870, Cooke Papers.

<sup>30</sup> Cooke to Donnelly, April 14, 1870, Donnelly Papers.

prompted Senator James Harlan of Iowa to ask "why the framers of the bill desire to grant to the company mineral lands, such as coal and iron lands." Ramsey answered: "I think at this time there is no discrimination against coal and iron lands. Lands containing gold and silver are excepted from the grants; but in our legislation we do not discriminate against mere coal and iron lands, they are so universal everywhere; but I am not aware that there are any in that region . . . of any great significance."<sup>31</sup>

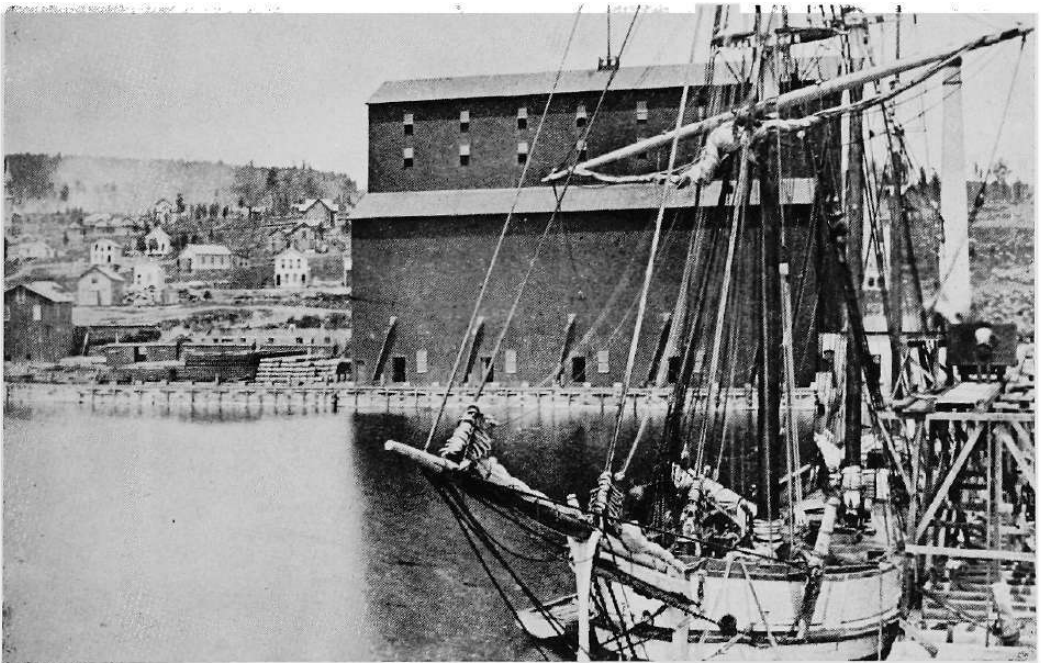
If Ramsey actually did not know that abundant and rich iron deposits existed within the three counties of St. Louis, Carlton, and Lake, he must have been one of the few persons of importance in either Minnesota or Pennsylvania who was not in on the secret. It was true, however, as pointed out

<sup>31</sup> *Congressional Globe*, 41 Congress, 2 session, p. 4416, 4756. Senator Harlan soon stopped opposing most of the sweeping clauses of the harbor bill. His change of attitude doubtless is explained in a letter from a certain D. C. Forney to Donnelly, demanding pay for persuading the Senator to withdraw his objections to the bill. See Forney to Donnelly, July 10, 1870, Donnelly Papers.

by the Minnesota Senator, that coal and iron were not generally excluded from grants. Most of the area in the three counties was unsurveyed and unplatted, and according to common practice the iron that was known to exist could have been held by the company after its official discovery.

The absence of any restriction limiting the grant to odd-numbered sections was called to the attention of his colleagues by Senator Eugene Casserly of California. He proposed an amendment which would insert such a limitation, because "That is in accordance with the general plan of these grants, which, I suppose, proceed on the principle that it shall not be in the power of these companies to acquire great masses of land lying together in one body; that their interests shall be directed to alternate sections, so that in that way they may aid in the improvement and increase the value of the even-numbered sections." Ramsey countered by declaring that the amendment would nullify the bill, the odd-numbered sections having already been appropriated for railroad grants. When Casserly expressed doubt

ELEVATOR A, erected in 1870 to handle Duluth's earliest grain shipments



that all such sections could have been taken up, Ramsey assured him that it was "very nearly so." The Californian then concluded that he did not think Ramsey "right in any point of view that it should be in the power of this or any other company to take up five hundred thousand acres of land, or any considerable portion of it, in one solid block."<sup>32</sup>

This seems to have expressed the sentiments of many congressmen. Despite the murky atmosphere created by swarms of lobbyists and the many personal and political pressures, they remained reluctant to endow one group of private individuals with such unlimited economic power over a given region. Scarcely two months earlier, they had agreed to a huge extension of the Northern Pacific land grant and were thus no doubt doubly willing to see the harbor bill die. In the rush of business during the closing hours of the session, the bill failed to come to a vote.<sup>33</sup>

Had it passed, the measure would have granted to Cooke and his associates lands which Donnelly estimated to be worth nearly two million dollars if sold directly to settlers. This valuation was based on the required sale price of two dollars and fifty cents per acre, but it did not include the price of the timber that could have been removed before selling the lands. The bill did not stipulate to whom the lands were to be sold, and this omission fitted well into the scheme of the Philadelphia group for controlling the iron resources of the area.<sup>34</sup> Ore for all purposes would have been in the hands of Cooke and his associates, and the iron furnaces and rolling mills that were planned could well have become a reality. Duluth might have become a second Chicago, as Cooke had hoped, and the development there of trade, transportation, and iron processing would probably have led to the establishment of other manufacturing industries. The use of large coke and electric smelters might eventually have placed Duluth at a disadvantage as a refining center, but the mining industry would have started in Minnesota twenty years earlier than it actually did. Since the

supply of iron for the Eastern manufacturing states was limited, a new source would have been welcomed in the 1870s. With modern industrial expansion in the United States just beginning, the financial leaders of the nation were well aware that a tremendous need existed for the basic raw material—iron.

The potential was enormous, but so was the drain of capital, and even the resources of the Philadelphia financier could not support it. In the economic crash of 1873 the banking firm of Jay Cooke and Company failed, crushing Duluth's hopes for early growth. Cooke preceded the financial giants of American industry and in some respects paved the way for their accomplishments. Eventually, however, although somewhat delayed, Pennsylvania interests did play a part in exploiting Minnesota's greatest wealth. With the completion of the Northern Pacific, the opening of the Red River Valley and the Great Plains to wheat production, and the development of the Minnesota mining industry in the 1880s and 1890s, Duluth became an important port for the Great Lakes' trade and Cooke's dream became a reality.

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<sup>32</sup> *Congressional Globe*, 41 Congress, 2 session, p. 5476.

<sup>33</sup> Oberholtzer, *Jay Cooke*, 2:178–180. A few weeks after the death of the bill, the people of Duluth took the matter of harbor improvements into their own hands. In the fall of 1870 they began construction of a canal which they completed on June 13, 1871, in the face of an injunction secured by a group of Superior citizens who claimed that such a channel would damage the natural outlet of Superior Bay by creating new currents. See Woodbridge and Pardee, *Duluth and St. Louis County*, 137–145.

<sup>34</sup> Donnelly to Cooke, April 12, 22, 1870, Cooke Papers; Banning to Donnelly, April 2, 1870, Donnelly Papers.

THE DRAWING on page 91 first appeared in *Harper's Weekly* for April 29, 1871; the photograph on page 99, showing Elevator A, is reproduced through the courtesy of the St. Louis County Historical Society. The pictures on pages 92 and 96 are taken from the collection of the Minnesota Historical Society. The map on page 95 was adapted from one which appeared in a promotional pamphlet on Duluth, written by H. T. Johns and published in 1873.



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