TRANSPORTATION AS A FACTOR IN THE DEVELOPMENT OF THE TWIN CITIES

One can imagine standing near the walls of Fort Snelling about the time of its completion in 1823 and reflecting that in this region a more commanding position could scarcely have been chosen. On a bluff overlooking the right bank of the Mississippi, it was admirable from the point of view either of military strategy or of picturesqueness.¹ Just above it were the Falls of St. Anthony, which made a break at this point in the navigation of the Mississippi and were later to furnish the power so vital to the early development of the lumbering and flour-milling industries. Just south of the fort the Mississippi was joined by the Minnesota or St. Peter's River from the west, and a few miles farther south the St. Croix came in from the east. This spot was thus a natural center for the waterways of the district.

The establishment of Fort Snelling was followed within a short time by the settlement near at hand of a number of fur-traders. They chose a much more humble location on the south bank of the Minnesota, near enough to the fort for communication and protection. This little settlement, known as Mendota, became the outpost of the American Fur Company, which at that time controlled much of the fur trade of the vast district to the north and west. By way of the Minnesota River, with brief portages, canoe travel was possible through Big Stone Lake and Lake Traverse and thence down the Red River of the North into Canada. Above the Falls of St. Anthony canoes could be paddled by the skillful Indians or half-breed fur-traders most of the way to the source of the Mississippi. These two routes, together with the St. Croix, furnished an admirable system of transportation to the few

who were then interested in traveling over this sparsely settled Indian territory. At favorable spots on these rivers were located the semipermanent outposts of the fur-traders.  

The particular spot on which Mendota was established was not in all respects, however, the most advantageous in the region. The banks of the river at this point were low and liable to inundation in the spring, and there were obstructions in the river bed which made the last few miles of the approach from the south difficult. Furthermore, as transportation on the St. Croix increased, the fact that Mendota was to the west of the Mississippi put the settlement at something of a disadvantage in communicating with this district. For these reasons, it is easy to understand why, as time passed, trade gradually moved to St. Paul. This community, which was established some years later than Mendota, was originally settled by a group of farmers and a few merchants engaged in the lowly traffic of furnishing hard liquor to the soldiers at the fort. St. Paul was a few miles below Mendota, and thus escaped the worst obstructions, it was on the east side at a place where the banks were high but not precipitous, and it offered a fine landing place for the boats coming up the Mississippi. This settlement had, therefore, an unrivalled command of the transportation routes to the north and the west, to the east and the south. It is not surprising that in 1849 the American Fur Company recognized this advantage by transferring its headquarters from Mendota to St. Paul, which was thenceforth the chief commercial outpost for Minnesota.

Most of the transportation in this district was carried on by water, but land routes soon developed partly because of the long cold winters which shut off water transportation during nearly half the year. Many of the overland trails made by the Indians were adopted by the whites as they settled in the terri-


Among the first roads were those connecting St. Paul with Fort Snelling and Mendota, Stillwater, and other points on the St. Croix. Winter trails, paralleling the rivers, were also developed. But the most widely used of all the land routes were those followed in the trade between St. Paul and Pembina, the American Fur Company post on the Red River near the Canadian boundary.

It has already been noted that a fairly practical water route existed for the trade via the Minnesota and Red rivers. But the overland trails soon supplemented and eventually supplanted communication by water. One of these trails followed the Minnesota River; two ran up the Mississippi River for a way and then struck west and north. Over them came the increasing volume of furs brought down from Pembina each year by the Red River cart trains, which took back food, ammunition, Indian goods, and later, agricultural supplies. These trains were the most picturesque feature of transportation in the Northwest. The carts, built entirely of wood, with solid wheels, proclaimed their arrival for miles ahead by their creaking axles. The trains, in later years composed of hundreds of carts, arrived at the falls in July and the Indians and bois brulés who manned them camped on the outskirts of St. Paul for the week or more that it took to exchange their furs for the traders' supplies. Then the long slow return journey began.

This describes the situation in the decade following 1840, when St. Paul was scarcely more than an outpost of the American Fur Company, a commercial center of less than 150 buildings with a tributary empire that extended hundreds of miles to the north and west. Already to its primary interest in the fur trade was being added another, that in the lumber industry. This began on the St. Croix in 1838 with the session of the first land by Indian treaty. St. Paul was not itself a center for the logging industry, but it was so much the source of supplies for the lumberman that for a time logs passed current as a medium of exchange in the little frontier town.
As was the case in the fur trade, much of the Minnesota lumber business with the outside world was carried on through St. Paul.

Communication between the Northwest and the East until after 1850 was feasible over three main channels. Before Fort Snelling was established, indeed before the United States had actually assumed control over this remote part of its domain, the white man had penetrated into the Northwest via Montreal, the Great Lakes, and the network of rivers and lakes along the Canadian boundary. The Northwest Company, a Canadian fur concern, had secured a fairly firm hold on the fur trade even before the establishment of the American Fur Company, and it yielded this control only gradually and reluctantly. A large proportion of the trading supplies, even after 1820, reached the Northwest posts by way of Lake Superior. But after Sibley settled at Mendota in 1834 as the representative of the American Fur Company, the Mississippi River became the chief avenue of communication.

There were still two alternative approaches. The first led from Green Bay on Lake Michigan over the Fox and Wisconsin rivers to the Mississippi at Prairie du Chien. This course had been followed by the soldiers who established Fort Snelling. Subsequently it was used chiefly for mail, express, and passenger travel, and later it became the route of a military road. The second course, which used the Mississippi all the way from St. Louis, was the most important one for freight shipments until after 1850. The first steamboat to ascend the upper Mississippi arrived at St. Paul in 1823, and though there was no regular service until 1847, the number of boat arrivals increased fairly steadily until a peak of considerably more than one thousand was reached in 1858. In addition to the settlers and their goods these boats brought up the river manufactured articles of all kinds needed in a frontier community and, until

---

well into the fifties, a considerable proportion of the grain, meat, and dairy products consumed in the new territory. These were paid for largely by the furs that went to St. Louis, and later in part by the lumber that was sent to markets at various river points. The Northwest was greatly handicapped by the long annual period when river transportation was impossible; a road which was completed from St. Paul to Galena in 1850 only partially solved this problem.5

Until the time of the Civil War transportation was carried on either by water or overland by pack horse, cart, or sled. During this period settlement in the Northwest was limited to the river valleys, where in general the richest as well as the most available land was to be found. Before the end of the period, steamboats were in use not only for the trade below St. Paul, but were running on the Minnesota, on the Mississippi above the falls,— this traffic began in 1850,— and, after about 1860, even on the Red River, where traffic extended south as far as Breckenridge and Moorhead. The inauguration of steamboat transportation on the Red River shortened the trips of the Red River carts, which henceforth were used only to connect the Red and the Mississippi River boats. Overland trade in general increased steadily, however, and new roads were constantly being built. A military road was constructed from Mendota west to the Big Sioux, and several plank-road companies were chartered by the territorial legislature, though none of the projected roads ever materialized.6 A daily line of wagons ran between St. Paul and St. Anthony after 1850; a stage line to Duluth was organized in 1854; Burbank's express began business during the decade; and by 1859 there were three bridges across the Mississippi, two at the falls and one at St. Paul. On at least one occasion in 1861 an outfitting company regularly engaged in that sort of business dispatched

a train of wagons from St. Paul for the upper Missouri and Yellowstone district.\(^7\)

It may be seen that by the decade of the sixties not only was it clear that the Northwest was to be settled more rapidly and more thickly than had once been thought possible, but it had come to be fairly obvious that the chief commercial center for this area was to be located near the Falls of St. Anthony, where the land as well as the water routes seemed to converge naturally. This supremacy of St. Paul and its twin St. Anthony, which had received its start from the lumber industry opened on the upper Mississippi after 1840, was not achieved without a struggle. Their rivals included not only Mendota, but Stillwater on the St. Croix, whose growth in the early years of the lumber industry was very rapid, and in the southern part of the state such points as Hastings, Red Wing, St. Peter, and Winona.\(^8\) All these places had local advantages, but none of them could offer so many, or such important ones as the Twin Cities — a combination of strategic position, available power, established trade routes on both land and water, and powerful men interested in their welfare — and none of them, therefore, were able to wrest the primacy from the Twin Cities.

The great handicap of dependence upon water transportation was keenly felt by the ambitious residents of these cities, however, especially in communicating with the East. Such highways as were constructed eased the situation somewhat, but they did not solve the problem, because of the slowness and the expense of the transportation they afforded. With the rapid

\(^7\) *Pioneer and Democrat* (St. Paul), June 2, 1859; September 14, 1861.

\(^8\) Hastings and Red Wing were early centers of considerable importance in the grain trade, St. Peter at one time came very near supplanting St. Paul as the state capital, and when railroads were first projected Winona was looked upon as the logical railroad center of the region. Folwell, *Minnesota*, 1:382-387; William Anderson (in collaboration with Albert J. Lobb), *History of the Constitution of Minnesota with the First Verified Text*, 47, 53, 59 (University of Minnesota, *Studies in the Social Sciences*, no. 15 — Minneapolis, 1921).
influx of settlers after 1850, the territory was brought to the realization that adequate transportation depended upon the construction of railroads, and newspaper articles concerning railroads projected or desired became common. Agitation for railroads became steadily more widespread and more persistent; Congress was asked for a land grant in 1854 and would probably have given it but for the unseemly activities of its prospective beneficiaries. In this year, the first railroad reached the Mississippi River, the Chicago and Rock Island, and though this event was celebrated in the Twin Cities with fitting ceremonies, the desire of the territory for railroads of its own was only sharpened. A number of charters were granted by the territorial legislature to companies which presented more or less definite plans for construction; and when the longed-for land grant was finally secured from Congress in 1857 it was promptly turned over to four companies, three of which had been chartered previously. One of these roads, ambitiously termed the St. Paul and Pacific, was to build from Stillwater via St. Paul and St. Anthony to Breckenridge; one from Winona west via St. Peter to the Big Sioux River; one from La Crescent to join the second line at Rochester; and the last from Minneapolis via Mendota and Faribault to the southern boundary of Minnesota.

These fine plans were soon wrecked by the panic of 1857, and though the eager Minnesotans treated the companies with all possible lenience, even going so far as to involve the state credit through an issue of guaranteed railroad bonds, not a mile of railroad was constructed by any of the roads. Nevertheless, other companies were chartered, and some construction was begun. The first railroad trip in the state was made in 1861, a distance of some two hundred yards over a road from St. Paul toward St. Anthony, later to become part of the

---

9 Minnesota Democrat (St. Paul), January 12, 1853; Minnesotian (St. Paul), February 2, 1853; February 18, 1854; St. Anthony Express, June 3, 1853; Folwell, Minnesota, 1: 329-350.
10 For a discussion of these bonds see Folwell, Minnesota, 2: 37-58.
In 1865, there were but two hundred miles of railroad in the entire state.

It was at about this time that railroad construction began to take on promising proportions. The decade or so after the Civil War was, of course, a period of very rapid development in the territory west of the Mississippi. Settlers from the east and from Europe poured in with increasing rapidity, new lands were opened up, and the yield of grains in Minnesota alone increased from 7,515,906 bushels in 1860 to 76,003,139 in 1880. Such expansion meant a vastly increased volume of trade; for the first time this part of the country had a large amount of surplus produce to send out, and with the profits it was buying an increasing amount and variety of consumers' goods. This situation goes far to explain the fact that while in 1865 there were but 210 miles of railroad in Minnesota, in 1870 there were 1,092, and five years later, 1,957. The peak of the steamboat trade had been reached before 1860; within the next decade it shrank to comparative insignificance, for the first all-rail route from St. Paul to Lake Michigan was completed in 1867. This was followed by a road to Lake Superior in 1870, and a more direct road to Chicago in 1871; by 1872 there were at least three railroad routes between the Twin Cities and Lake Michigan.

At the same time, roads were being pushed into the area west of the Twin Cities, facilitating the transportation of goods to and from the tributary area. In 1871, two roads, one from St. Paul and one from Duluth, reached the Red River, and the Red River cart passed finally from the scene. In 1873 the railroad commissioner reported that six roads, which seem to have had as their primary purpose the opening up of trade territory, were already built or in process of construction. The period of rapid construction was brought to a sudden close by the panic of 1873, but by this time, the framework of lines had been con-

11 This trip is the subject of interesting comment in the Pioneer and Democrat of September 20, 1861.
structed, to the west as well as to the east. Many branch lines and feeders had yet to be added and the important Sault Ste. Marie road was still to be built, but one short decade had produced almost a complete change in the transportation system of the Northwest.

Almost before this pressing problem of securing adequate transportation facilities had been solved, another phase of the transportation problem had come into prominence. This was the question of railroad charges. So far as the Northwest and particularly the Twin Cities were concerned, the absolute level of freight rates was scarcely as important as the relative adjustment of rates to different points within the area and the relation between rates accorded the different marketing centers upon which the Northwest depended. The railroads were kept under constant pressure, to be sure, to lower their general level of rates, and as the result of several factors, they were on the whole rather sensitive to this pressure. The rapid decline in freight rates throughout the country was made possible by the falling cost of construction and upkeep and by the increasing volume of business. It was made necessary by the competition of railroads with water transportation and by competition among the railroads themselves. In the Northwest the railroads first had to meet competition with the Great Lakes and the Mississippi River traffic; shortly after 1870 the road to Duluth was competing also with the lines running to Chicago and Milwaukee. It was this factor of competition that made the construction of the Sault Ste. Marie line in the eighties so significant. This project was planned by the Canadian Pacific Railroad and it was encouraged and supported by the Minneapolis millers. The opening of the new line was the signal for a violent rate war with the roads running to Chicago. It thus played no small part in securing to the Twin Cities the low rates that have been such an important factor in their development.

The agitation against the railroads, so conspicuous during the seventies, was less a complaint against the general level of
rates than against discriminatory rates. Among the first complaints voiced to the newly installed railroad commissioner of Minnesota in 1871 was a just objection to the railroad practice of cutting rates wherever competition was met and finding compensation in high rates where the shipper had no alternative. Even more unfair in the minds of the general public, though harder to prove, was the discrimination practiced by the railroads as between shippers. Evidence is not lacking, for instance, to show that the Minneapolis millers were alert in securing the rebates commonly accorded to large shippers before the period of government regulation.\(^{12}\)

The people of Minnesota attempted to assure fair treatment to all shippers and all points within the state by the establishment of a railroad commissioner, who later was replaced by a commission of three members, empowered by state laws to bring the necessary pressure to bear upon the railroads. This attempt at state regulation was attended with the same small measure of success in Minnesota as in other states. The commission did perform a valuable service, however, in making investigations and according publicity to certain questionable practices of the railroads. Its influence was considerably increased in 1897 when a law was passed empowering it to investigate rates on its own motion. In 1905 another law was passed, directing the commission to investigate rates within the state, and it was claimed that as a result of this examination, class rates were reduced twenty to twenty-five per cent, and rates on agricultural products ten to twenty-eight per cent.\(^{13}\) At length the state went too far in its regulation, and in the Minnesota Rate Cases the railroads were freed from obedience to cer-

\(^{12}\) For example, a letter from William D. Washburn to William D. Hale, dated December 8, 1883, contains the following statement: "You or Joe should say to the M. & St. L. people that we expect the same drawback on our shipments by that line as are accorded to other parties. . . . It is necessary to be constantly on the qui vive in these matters or else you will get left." The letter is among the Hale Papers in the possession of the Minnesota Historical Society.

\(^{13}\) Railroad and Warehouse Commission, \textit{Reports}, 1900, p. 8; 1906, p. 11.
tain demands of the state commission on the grounds that these demands imposed a direct burden upon interstate commerce.\(^{14}\)

Other phases of the rate problem were of even greater importance to the Northwest, and they have particularly agitated the Twin Cities in their constant struggle to secure and maintain a position as the chief center for the economic life of the Northwest. The rates to and from the Twin Cities are but a part of the whole scheme of rates, and a change in any part of this network, giving advantage to one point at the expense of others, is at once the subject of bitter attack. The chief rivals of the Twin Cities have been and are Duluth, Chicago, and Milwaukee. The chief rate problems have been (1) the adjustment of lake and rail rates to and from the East as compared with the rates accorded these rival points; (2) the maintenance of the "milling-in-transit" privilege or its equivalent, especially on the "out-of-line haul" from the southwestern part of the Twin City area;\(^{15}\) (3) the all-rail rates on merchandise from the Atlantic seaboard; and (4) the adjustment of inbound grain rates to Minneapolis, as compared with those to Duluth, Chicago, Milwaukee, and Sioux City. On the maintenance of a satisfactory position with reference to all these problems depends the continued prestige of the Twin Cities; they can increase the strength of their

\(^{14}\) Simpson Et Al., Constituting the Railroad and Warehouse Commission of Minnesota v. Shepard; Same v. Kennedy; Same v. Shillaber, in 230 United States, 352-473. See also the report of this case in 33 Supreme Court Reporter, 729-769.

\(^{15}\) "Milling-in-transit" is an arrangement by which grain can be shipped into a milling center, made into flour, and sent on to the East at the through rate applying to grain, with a fixed allowance for shrinkage in weight as a result of milling. It was first established in 1870 to aid millers of the Northwest in their competition with eastern mills, and was an important factor in building up a milling center in Minneapolis. Eventually, however, the railroads came to use it as a tool to force payment of the through rate on grain at the local shipping point, offering as an alternative a high local rate to the Twin Cities. This meant that in cases where the through transportation was not desired, the balance of the transit rate had to be sold in Minneapolis, often at a considerable loss to the shipper. In 1885, the Minnesota railroad and warehouse commission
position only by securing some advantage not accorded to rival centers. This, it may be imagined, in the face of the increasing control of the Interstate Commerce Commission, is not an easy thing to do; indeed, on the whole, the Twin Cities have little more than held their own.

Chicago was the object of jealous regard by the Twin Cities from the time of the completion of an all-rail route to that point. It was an older, more firmly established center, and it had all the advantages of alternative water or rail transportation. For these reasons, Chicago was able to secure rate adjustments which the newer center to the west could not obtain. In 1874 Chicago was made the one hundred point in rates from the East, rates to points west of it being fixed as a certain percentage of the Chicago rate, on the basis of mileage. This tended to make shipments from the East break bulk at Chicago, giving that city a position of importance as a point of transshipment.

With the completion of the Minneapolis, St. Paul, and Sault Ste. Marie Railroad in 1888, the whole rate relationship between the Twin Cities and Chicago was profoundly disturbed, since that road cut the through rate between the Twin Cities and the East. In 1897, an agreement was finally reached establishing a "lake-and-rail" rate twenty-one cents higher, first class, from New York to the Twin Cities than from New York to Chicago. This was fifteen cents higher than the rate issued a ruling that the railroads should lower the local rates so as to make them a practical alternative to the through transit rate, and with the compliance of the railroads, the breaking down of the "milling-in-transit" arrangement was well begun. At the present time, it has been practically abolished and for it has been substituted a system of proportional rates between the Twin Cities and Duluth and Chicago. This system makes the through rate from western points to the Twin Cities, thence to Duluth or Chicago, bear a direct relation to the direct rate from the western point to Duluth or Chicago. This enables Minneapolis still to draw a fair proportion of grain from local points, mill it, and ship it East at as low a rate as could be secured by direct shipment.

16 For instance, the rate from Chicago to St. Paul was fixed at seventy-five per cent of the rate from Chicago to Omaha.
from New York to Duluth. This relation was maintained, practically unchanged, until 1911, when the Interstate Commerce Commission placed Duluth upon a parity with Chicago, leaving the Twin Cities with a twenty-one cent differential as compared with either point. Although the Twin Cities protested violently, they were unable to prevent the change, and this relation has been maintained to the present time, save that with the general rise in freight rates as a result of the World War the Twin Cities suffered not only from the general proportional rise, but also from an increase in the differential, which in the opinion of their traffic experts leaves them in a less favorable relation to Chicago and Duluth.

So far as grain rates are concerned, the Twin Cities have on the whole maintained a favorable position in comparison to Chicago, save that in 1920 a decision of the Interstate Commerce Commission, abolishing practically all the remaining arrangements for "milling-in-transit" at Minneapolis, substituted therefor proportional rates of eleven cents per hundredweight, Twin Cities to Chicago, and five and five-tenths cents per hundredweight, Twin Cities to Duluth. Minneapolis protested at this, but the protest was overruled. The rates from local points east to Chicago were based on Minneapolis when the direct route was through Minneapolis, and were lower than the rate via Minneapolis when the direct route was shorter than the route through Minneapolis. This left Minneapolis in a somewhat less favorable position to compete with Chicago for grain from southern Minnesota and South Dakota. By the same decision, the rate on flour from Minneapolis, which had been two and five-tenths cents lower than the rate on wheat, was increased so as to bring it up to the wheat rate.

With reference to the relationship between the Twin Cities and Duluth, the struggle for comparative advantage has been equally keen. The first railroad to reach Duluth was the Lake

17 "Rates on Grain and Grain Products from Northwestern Points," in 56 Interstate Commerce Commission, 133-146.
Superior and Mississippi, which was completed from the Twin Cities in 1870. In the eighties, James J. Hill moved the headquarters of the Great Northern to Duluth and purchased a steamship line on Lake Superior, thus increasing Duluth's importance as a transportation center. In 1888 the Duluth, South Shore, and Atlantic Railroad made connections which secured Duluth an all-rail line to the East. Already that city had begun to compete with Minneapolis in the grain trade; now it demanded, and secured, a merchandise rate from the East as low as the one to Chicago and lower than the one to the Twin Cities.\(^{18}\) The later rivalry of Duluth with Chicago and the Twin Cities in rates to and from the East has already been sketched; it has been able, in general, to hold its own, and even to make some important advances. It seems to have been the tendency of the interstate commerce commission to reduce the Twin City rate advantages, perhaps feeling that too many concessions have been made on account of the water competition which, in recent years at least, has been only potential. The state railroad and warehouse commission has also done what it could to favor Duluth at the expense of Chicago.

In 1915 Duluth complained of grain rates before the Interstate Commerce Commission, asking for an increase in the proportional rate between Minneapolis and Duluth from five to six cents. In spite of strong arguments presented by Minneapolis, Duluth was sustained in her claim. In the same year Duluth complained of jobbing rates from the East, pointing out that local jobbers received no rate advantage in shipping from the East to Duluth in carload lots, breaking bulk there, and shipping to points west in less than carload lots. Minneapolis jobbers, on the other hand, received considerably lower rates when they broke bulk at Minneapolis than when the less than carload shipments were made from the East. Further-

\(^{18}\) Logan G. McPherson, *Railroad Freight Rates in Relation to Industry and Commerce of the United States*, 120 (New York, 1909); *Minneapolis Tribune*, August 8, 9, 1883.
more, according to the Duluth case, in rates to points west, when Minneapolis had the advantage in mileage its rate was considerably lower than Duluth's, but when Duluth had the advantage of distance, less of a discrimination was made in its favor. This case remained undecided until 1919, when Duluth's complaint was disregarded.

With the rise in rates since 1920 Minneapolis seems to have suffered somewhat in comparison with Duluth. Grain rates from Duluth to Buffalo were no higher in 1923 than in 1914, but the all-rail flour rate from Minneapolis east had risen from twenty-five cents per hundredweight to forty-three and five-tenths cents. The result has been a stimulation of grain shipments to Duluth and a tendency to send flour east "rail-lake-rail" by way of Duluth. This is one of the factors to which the Minneapolis millers attribute what seems to be a relative decline in the past few years in the position of Minneapolis as a milling center.

A complete history of the part played by transportation in the development of the Twin Cities would far transcend the limits of a brief article. The main purpose of the present study is to show that transportation has been a determining factor in that development, from that early day when the sites of the two cities were selected to the present time. A second object has been to give some idea of the various aspects which the problem of transportation has assumed at different periods in the history of the Twin Cities.

MILDRED HARTSOUH

SMITH COLLEGE
NORTHAMPTON, MASSACHUSETTS