2-1-1940

The Boom in Sioux City

Marie Haefner

Follow this and additional works at: https://ir.uiowa.edu/palimpsest

Part of the United States History Commons

Recommended Citation

Haefner, Marie. "The Boom in Sioux City." The Palimpsest 21 (1940), 54-64.
Available at: https://ir.uiowa.edu/palimpsest/vol21/iss2/4

This Article is brought to you for free and open access by the State Historical Society of Iowa at Iowa Research Online. It has been accepted for inclusion in The Palimpsest by an authorized administrator of Iowa Research Online. For more information, please contact lib-ir@uiowa.edu.
The Boom in Sioux City

The eastern capitalist, visiting Sioux City where he had been led to invest some capital early in the nineties, would have taken heart at the appearance and activity of that western town. Conveyed about the bustling streets by trolley cars, on the elevated railroad, or by the cable line, he must have been impressed by the many new buildings, the number of business establishments, and the attractive residences. Even among the local inhabitants, pride in the growth of the town was mingled with wonder, for Sioux City was rising on the crest of a lusty boom.

The natural advantages of Sioux City, upon which promoters during the preceding decade had staked, made, or increased their fortunes, were obvious. John K. Cook, a government surveyor, impressed with the beauty and geographical location of the site, staked out a claim and platted a town there in 1854. Even earlier, Théophile Bruguier, employed by the American Fur Company, had recognized the commercial significance of the point at the confluence of the Missouri and Big Sioux rivers. From the Red River Valley and the lakes of Minnesota, the Big Sioux provided a
direct route to the mighty Missouri which, with its tributaries, reached through the Dakotas to the Rocky Mountains and, sweeping past the mouth of the Big Sioux, turned southward toward the Gulf and the markets of the Mississippi Valley. As the river was the principal resource when the town was founded, it continued to be an important factor in the commercial life of the city. A dozen steamboats at a time tied up at the wharf. As late as 1892 two lines of boats were put in service above Sioux City, and surveys were made at that time by the United States government for extensive improvements of the river channel.

Any one with a sense of geography could have pointed to that spot on the map and said, "Here is the natural location for the metropolis of the upper Missouri Valley. Here waterways converge, here plain and prairie meet, here the cattle range and grain fields merge, here must be the center for distributing supplies to the people who cultivate the resources of that vast region." Sioux City was built just below the junction of three States. From the surrounding territory as far as the head of navigation in Montana, the city received produce and exchanged goods. The immediate trade area was considered to comprise northwest Iowa, northern Nebraska, and all of South Dakota — more than 120,000 square miles.
Moreover, the middle Missouri Valley was not seriously affected by drouth periods. The soil was fertile and sponge-like in quality, retaining a high ground-water level, yet well drained and deep. Thus, in 1887, a dry year for nearly the entire country, this region reaped a bountiful harvest. Corn was the chief crop, although other grains were raised in abundance. In 1889, more than half of the total flax crop of the United States was grown within a radius of one hundred and fifty miles of Sioux City.

By 1880 Iowa ranked first among the States in hog production, and to the west lay the wide cattle-range country. Sioux City was ideally situated to become a great livestock market. Business men focussed their attention upon this prospect, anticipating the time when Sioux City would challenge the older livestock centers of the United States.

The steady increase in business in the eighties was encouraging. Immigration continued to fill the adjacent territory, and Sioux City’s wholesale as well as retail trade expanded as the country merchants increased their orders. The capital needed for continuous business development flowed steadily into Sioux City’s trade and financial channels. Eastern investors exploited the opportunity for big profits.
Newcomers to Sioux City, attracted by the enterprise and promise of the place, found employment in the many rising manufactories — in the linseed oil works, built in 1884 and said to be the largest establishment of its kind in the United States; in the oatmeal mill; in the several large flour mills; in the stove works, the engine works, and the plow works; in soap, candy, carriage, mattress, overall factories; in the pottery works; in the large brick and tile yards; and in the growing wholesale trade. By 1890 there were, according to the United States census, 196 reported manufacturing establishments in Sioux City and their products that year were worth over $14,000,000.

The livestock traffic began with the importation of "feeders" to a limited territory surrounding Sioux City, where farmers wished to use their surplus corn and fodder. A few men started to capitalize on the advantage of Sioux City being situated between the range and the feed lot. In 1871 James E. Booge opened the first packing plant. Ten years later the James E. Booge and Sons Packing Company was organized and the first genuine packing plant in Sioux City was built. This establishment, employing 350 men, had a daily capacity of 1600 hogs in winter, and 800 in summer. Following the success of the Booge packing plant, two other large packing houses were
established toward the end of the decade — that of the W. H. Silberhorn Company, a "Chicago packer", and that of Ed Haakinson & Company, the latter originally built for Robert D. Fowler, also of Chicago. In 1890 more than 680,000 hogs, 33,500 cattle, and 15,000 sheep were packed at the Sioux City plants. Hog receipts for packing had increased 63 per cent in two years; cattle receipts, more than 74 per cent. Sioux City by 1890 had risen to fifth place in the nation's packing industry within a few years.

The Sioux City Live Stock Exchange had already been started in 1888 by a small group of stockmen trading in the Sioux City market. It was a natural consequence of the success of the million-dollar Union Stock Yards Company. By 1892, however, the packing business in Sioux City lost its local character, when the Cudahy Packing Company, a national concern, took over the Haakinson house. Meanwhile, the Booge plant was sold to the Union Stock Yards Company, which leased it to the "Sioux City Packing Company", a Chicago concern associated with the great Anglo-American Packing Company.

The tremendous impetus in the growth of Sioux City business and manufacturing, typified by the packing industry, stimulated plans for civic expansion and improvement. Companies were or-
ganized for the purpose of promoting the establishment of factories. They had large real estate holdings at convenient points on railroad lines and offered substantial aid to new enterprises. Real estate agents laid out remote "additions" in which lots were purchased by town residents as well as by speculators. Leeds, in the Floyd Valley, was platted in the spring of 1889 by the Leeds Land and Investment Company, three miles from the city limits. The Lynn addition was laid out east of Leeds. West of the original Sioux City, the Riverside park area was developed on the banks of the Big Sioux River; while Morningside, on the southeast, became Sioux City's residential and cultural suburb.

This extension of the community made the city one of such "magnificent distances" that street railways had to be built. Progress was swift. In 1884 the passengers, transported along unpaved streets, sat in a green car drawn by a mule. Horse-cars were in operation until April, 1890, when electric cars replaced them. By 1892 seven lines of city railways offered rapid transit to Sioux City residents over tracks totaling some fifty miles. There were four and one-half miles of elevated road. One of the officers of the Sioux City Cable Railway Company was William Phoenix, the inventor of the cable line.
Thus, in a few years, Sioux City changed from a small town to a city. Paved streets, sidewalks, street cars, water-works, bridges, railroad yards, public buildings, and innumerable smokestacks—all attested to the rise of a modern metropolis. The assessed valuation of Sioux City property rose from $1,148,000 in 1882 to some $20,000,000 in 1892.

The rapid expansion of building operations and of the mercantile and manufacturing interests involved a heavy demand upon the banks. Financial companies of all kinds were hastily organized. Sioux City in 1892 had nineteen banks and twelve loan and trust companies, almost all of which had been established within the preceding decade. One bank had a capital of a million dollars! The annual report of the United States Comptroller of the Currency showed a rise in the amount of exchanges in Sioux City from some nineteen million to more than fifty million dollars within three years.

Perhaps the most vital factor in Sioux City's boom was the railroads which entered the city from all directions like spokes in the hub of a wheel. Most of the great railroad lines of the west either came to Sioux City directly or had traffic arrangements to enter. The Chicago, Milwaukee and St. Paul Railroad, the Chicago, St.
THE BOOM IN SIOUX CITY

Paul, Minneapolis and Omaha Railroad, the Sioux City and Northern, and the Pacific Short Line had shops there. The Sioux City Terminal Railroad and Warehouse Company served roads whose own tracks did not enter Sioux City. Although Omaha had won the terminal point of the Union Pacific on the Missouri River, the Sioux City interests hoped the building of the Pacific Short Line to Ogden would balance that advantage. The Sioux City & Northern, a local enterprise, was an instance of the rapidity with which some of the construction was accomplished. On July 1, 1889, it existed only on paper; six months later it was a well-constructed road, nearly one hundred miles long.

The exuberant spirit of progress and prosperity was reflected in the social life, in the cultural activities, in the architecture, and particularly in the famous corn palaces which were built in five consecutive years beginning in 1887. The wealthy class of people, grown wealthier and more numerous, moved from fine homes to palatial residences in the "suburbs". "First families" began to appear in Sioux City society, whose functions assumed a semi-formal air, making a compromise between Eastern and Western social traditions. Boating clubs and other sporting organizations thrived. Music and drama, their performances
given in the new Peavey Grand Theatre, were freely patronized. Literary circles became wider and livelier. Scientifically minded persons formed an association that contributed much to the intellectual growth of the community. The University of the Northwest, which became Morningside College in 1894, was founded in 1888. Sioux City built a public library early in the nineties.

Toward the end of 1892 news items began to appear in the Sioux City press suggesting cross currents in the tide of business. The Journal in September carried the news from London that "the commercial and financial situation is looked upon with deepest apprehension". Likewise in September, the Journal, mentioning a financial expedition of the city treasurer, remarked: "Anderson just back from his eastern trip, says he found money rather closer than he had expected, the cholera scare being the reason assigned for the stringency." Meanwhile the local market was reported to be hampered by the closing of the Haakinson packing house; that the prices were the lowest since June; and that the cattle market was "generally dull and unchanged".

Representatives of the jobbers and manufacturers association of Sioux City, whistling as they passed the cemetery of other booms, declared late in 1892: "The past three or four years have wit-
nessed a number of periods of business depres­sions and financial stringency the country over which in many localities have been trying and dis­astrous. The fact that during this time there has not been a business failure in Sioux City is worthy of emphasis.”

At one o’clock on April 25, 1893, D. T. Hedges, the wealthiest man in Sioux City, whose millions were invested in many business enterprises, as­signed all his property to his creditors. A few minutes later the Union Loan and Trust Com­pany, which carried most of the business of the various companies and whose notes had been sold in Chicago, New York, and other eastern cities, declared its failure. The persons involved in these crashes — owners of the Union Stock Yards, pro­prietor of one of the packing plants, officers of two railroad companies and of the Sioux City Ter­minal Railway Company — were the leading citi­zens of the city which had grown so prodigiously from a town of 7400 in 1880 to a city of over 38,000 in 1890.

Business and industry somehow recovered. But many of the principal managers of the Sioux City boom were permanently ruined. Eastern investors lost everything they had staked in the bonanza and for many years the name of Sioux City was anathema in bond markets of Boston and New
York. As the dominant factor in Sioux City’s packing industry, the Union Stock Yards Company, grown until it owned most of the packing properties in 1893, salvaged what the panic had threatened with utter destruction. The company was reorganized after it had gone into receivership as the Sioux City Stock Yards Company. By 1896 the most critical period for the company had passed, and the packing industry in Sioux City was by 1897 re-established on a firm basis.

Civic pride which had ridden high in Sioux City during its boom did not disappear in the business disasters. More substantial foundations were laid and gradually the city resumed its destiny as the center of the region which geography, agriculture, and commerce indicated. By 1910 Sioux City had 10,000 more inhabitants than in 1890, and nearly 25,000 more came in the next ten years. Perhaps the tradition of “building up” is best expressed in the title of the publication of the Chamber of Commerce, “Sioux City Spirit of Progress”.

Marie Haefner