

ECONOMIC HISTORY OF THE ILLINOIS RIVER
VALLEY

BY

ERNEST L. BOGART

University of Illinois, Urbana

The topic which has been assigned to me is a large one, and in order not to wander too far afield, I shall confine myself to certain aspects of the economic history of this river valley, especially those connected with the development of transportation. The men who first settled this country were pioneers, and I think we do not always realize the hardships which the early pioneers experienced. The people who left the Atlantic seaboard, then the industrially and culturally most advanced section of the United States, and moved out west undoubtedly did so in order to improve their economic position. But when they did so, we must remember that they cut themselves off from everything which they held dear. The journey from, say, Connecticut to Illinois was more toilsome and expensive than the journey, three times as long, from Europe to Connecticut, and it constituted more of a break with home and friends.

After the first pioneers had reached this Illinois country, then practically untenanted and undeveloped, they built homes and proceeded to raise food and develop the resources. But, cut off as they were from the older sections of the country by poor and inadequate means of transportation, they could neither obtain supplies nor market their own surplus and were almost wholly dependent upon their own production. They were true backwoodsmen. Because they were poor, they lacked most of the things which we accept as a matter of course today, both household equipment and industrial and agricultural tools; and because they did not have intercourse with the East or with Europe they were unable to buy these things by selling the products of their farms. As a result they carried on a self-contained economic existence, but were unable to raise their standard of living. As producers they lacked market facilities and as consumers they lacked the opportunity of getting the things they needed. The only method by which they could extricate themselves from this dilemma was by improving the means of transportation. This was the essential condition of the opening up the interior of the continent. Always important, it became absolutely vital after the westward movement carried the population across the Appala-

chian mountains and away from the accustomed markets on either side of the Atlantic ocean.

Let us note briefly the position of the earlier settlers in the Ohio Valley. For them there were two routes to markets: one was overland to the East and the other was down the Ohio and Mississippi rivers to New Orleans. The overland route to Philadelphia or Baltimore, through one of the mountain passes in the Appalachian chain, was long and difficult and over it only articles of considerable value and small bulk could be profitably transported, such as furs and ginseng. Some hogs and cattle were also driven east, but in general this route was unsatisfactory. The other route, down the rivers, was easier and cheaper. Products could be loaded on rafts, barges, arks, and other water craft and floated downstream to New Orleans. Goods would be accumulated during the winter in the upper valley and, when the spring freshets made it possible to float them down, whole flotillas of vessels would cut loose and start their journey. The market at New Orleans, small and precarious at best, was soon glutted and the returns were frequently very small. The farmer of one hundred years ago got as little for his crops as his descendent does today.

Illinois, situated far to the west, was able to avail itself of only one of these routes, that down the Mississippi. The settlers in this territory had therefore a very limited outlet for their products. This was the situation until 1814 when the first steamboat was built at Pittsburgh and proceeded downstream. But although the boat had gone down it could not return up the river against the swift current. Not until 1816 were sufficient improvements made in boilers, paddle-wheels, and other parts, so that the steamers could move upstream by their own power. In that year, the *Enterprise* steamed up the river from New Orleans to Cincinnati, and a new epoch in western transportation was begun.

The advent of the steamboat spelled a new era of prosperity for this part of the country. River towns in Illinois now came into their own. Cairo was pictured as a commercial metropolis central to all the Union, at whose wharves ocean-going ships laden with the produce of Europe and the West Indies would discharge their cargoes—the Venice of the New World. Alton showed the steadiest commercial development during the 'thirties and was expected to surpass St. Louis. In 1826 Peoria was laid out along the Illinois River and four years later the first steamer arrived here. In 1831, seventeen steamboats landed their cargoes at the wharves of the village, which was growing fast and promised to become one of the important towns of the west. In 1838 Peoria had daily stage connections with Springfield, and three times a week stages ran between it and Galena, Ottawa, and Rushville.

But those parts of the State not touched by rivers, remained undeveloped and untenanted. The northern part of the State was more or less a wilderness. Peoria was really an outpost on the northern fringe of settlement in Illinois. Beyond it were to be found only a small settlement at the mouth of Chicago River and another at Galena near the lead mines. In all this territory, between Peoria on the south to Wisconsin on the north and east to the Indiana border, the population in 1830 was only 1,310. The movement of traffic was not sufficiently great as yet to warrant the building of means of transportation in addition to the natural waterways. These served adequately the needs of the sparsely settled and scattered Illinois settlements. The movement for further improvement in transportation facilities had to come from some more densely settled eastern state, and the necessary impetus was furnished by New York.

In 1825 the Erie Canal was opened and at once the complexion of the east-west trade was changed. A through water route was provided by which products could be shipped between Ohio, Indiana, or Illinois, and the Atlantic seaboard. This canal had profound and revolutionary effects. New York City grew as never before and soon far outstripped Philadelphia and other eastern seaports. At every point on the canal where a river touched it a new town sprang up, as at Rochester, and these cities grew rapidly. But the greatest effect was on the west, especially along the Great Lakes. The western farmer profited in two ways: the goods he bought from the East could now be had at one-half or one-third the former prices, and he was able to sell his agricultural products for double or treble what he had formerly obtained. If these benefits were to be distributed to the settlers in the central or southern parts of the western states, away from easy access to the Great Lakes, it would be necessary for these states to build their own canals. This fact was quickly appreciated and Ohio led the way in 1835 with the construction of the Ohio Canal, running from Cleveland to Portsmouth on the Ohio River, and followed soon after with the Miami and Erie Canal. Indiana built a long canal clear across the state, and Michigan and Wisconsin projected improvements far beyond the needs or financial capacity of their scanty populations. Illinois was the last state to enter the field of canal building, with the Illinois and Michigan Canal.

Illinois was late because most of her population had settled in the southern half of the State, which was adequately served by the river traffic. By 1835, however, the northern section had a considerable population, which became increasingly insistent upon connection with Lake Michigan and the advantages of the through water route to New York. The General Assembly responded to the pressure by passing the act of

February 10, 1835, providing for the appointment of a canal commission and the issue of a state loan. The federal government was also persuaded to make a grant of public land for five miles on either side of the proposed route. On July 4 of the following year the new declaration of independence of transportation was celebrated with appropriate ceremonies with the beginning of the Illinois and Michigan Canal at Canalport on Chicago River.

The route of a canal across the State of Illinois was clearly marked by nature, and had long been recognized—by Marquette, by Gallatin, and by later writers. When the State was admitted to the Union in 1818, the northern boundary had been pushed sixty-one miles to the north in order that this natural route might lie wholly within the State of Illinois. As an engineering project the way was clear. But from a financial standpoint a more inauspicious time could not have been chosen. Several difficulties at once arose. As is usual in such undertakings the cost of construction had been underestimated and the initial estimate was revised several times, and always upward. The financial panic which came in 1837 proved a very serious blow to the prospects of an early completion of the canal. Most of the money was borrowed from England and as the financial situation became worse, especially after the repudiation of their debts by certain of the states, it became impossible to obtain additional funds from this source. An appeal was made to the English bondholders to advance sufficient money to complete the canal, since the unfinished project was utterly worthless. This they finally agreed to do on condition that the canal be managed by trustees of their selection until they were repaid. As this was manifestly to the advantage of all concerned this arrangement was made, and the canal was thus administered for twenty-three years or until the canal debt was expunged in 1871.

The Illinois and Michigan Canal was completed in 1848 and at once proved a great success. In endeavoring to estimate its economic importance we must, however, distinguish at least three different periods in the history of the canal. The first one, to 1848, was one of construction and was marked by land speculation and rapid settlement. The population in the district between Peoria and Chicago grew from about 20,000 in 1835 to 125,000 in 1850. Chicago, which was only a trading post in 1834, had 20,000 inhabitants when the canal was opened in 1848. The story of land speculation and the enormous rise in prices is so familiar that it need not be repeated here.

The second period, between 1848 and 1854, was that of the canal's greatest prosperity. We today cannot estimate its value or its importance to the domestic commerce of Illinois at that time. It represented a

tremendous move forward and provided a through waterway across the State between New York and New Orleans. The Ohio and Indiana canals had been handicapped by large lockage and by shortage of water, but the Illinois and Michigan Canal was superior in both these respects. Through the canal came lumber, shingles, posts, and other forest products from Michigan, which found their way as far west as Leavenworth, Kansas. Merchandise from the East and agricultural implements of Chicago manufacture passed in the same direction for distribution to the canal and river towns and by them to the interior settlements. In return the farm products from the regions traversed by the canal and Illinois River, together with sugar, molasses, coffee, and other tropical products from New Orleans found their way through this water route to northern and eastern markets. Its effect on the cities along its route were similar to those observed on the Erie Canal twenty-five years earlier.

A strong impetus was given to the development of Peoria, whose population doubled between 1847 and 1850. During this period 579 buildings were erected, and in the latter year some 1,286 steamers touched at the Peoria wharf. Even more rapid was the growth of Chicago, whose population increased from 20,000 in 1848 to 75,000 in 1854, and whose importance as a commercial distributing point dates from this period. The effect on prices was also significant. Before the opening of the canal wheat sold on Illinois River at 50 cents, whereas the usual price in Buffalo was about \$1.20 a bushel. After the completion of the canal the prices of farm products in Illinois doubled and the cost of eastern manufactures and other goods was cut in half.

The third period marks the rise of effective railroad competition and the gradual but steady decline in importance of the canal and river traffic. In 1847, Rock Island and LaSalle Railroad was chartered to run between these two towns in the apparent expectation that it would serve as a feeder to the canal by drawing to it some of the upper Mississippi trade. Four years later the road was extended to Chicago and renamed Chicago and Rock Island Railroad. It paralleled the canal and at once became a competitor rather than a supplement. The passenger traffic deserted the canal for the quicker rail route almost immediately, and soon the freight began to follow. A long but hopeless struggle now began, the outcome of which is familiar to you all. It was not until 1899, however, that the first serious break in canal traffic occurred, but this was followed the next year by a sharp drop and within a few years the traffic was so small that statistics of its amount were no longer collected.

The story of the construction of the Sanitary Ship Canal and of the revival of the Illinois River commerce will be told by others. Permit me to say just a word in conclusion. What shall we judge from this brief survey? There is one thing which I think we may learn, and that is that the transportation problem is never solved. Most of us came here by automobile. One of your speakers has just mentioned the airport to be built at Peoria, and the next speaker will discuss the Inland Waterways Corporation. We never stand still. Illinois and Michigan Canal, with Illinois River, was a phase of the economic development of this river valley, and although we have left that far behind he would be a bold man who would speak dogmatically of the future. We must be open-minded as to what constitutes good transportation. Did the canal pay? That is hard to say, as it depends somewhat upon who makes up the statistics, but an accountant would undoubtedly answer in the negative. But from the broader social point of view I should say that the State made a good investment at the time it built this canal. It played its part, served its turn, and today has passed into history. From this history let us learn the lesson that it offers.