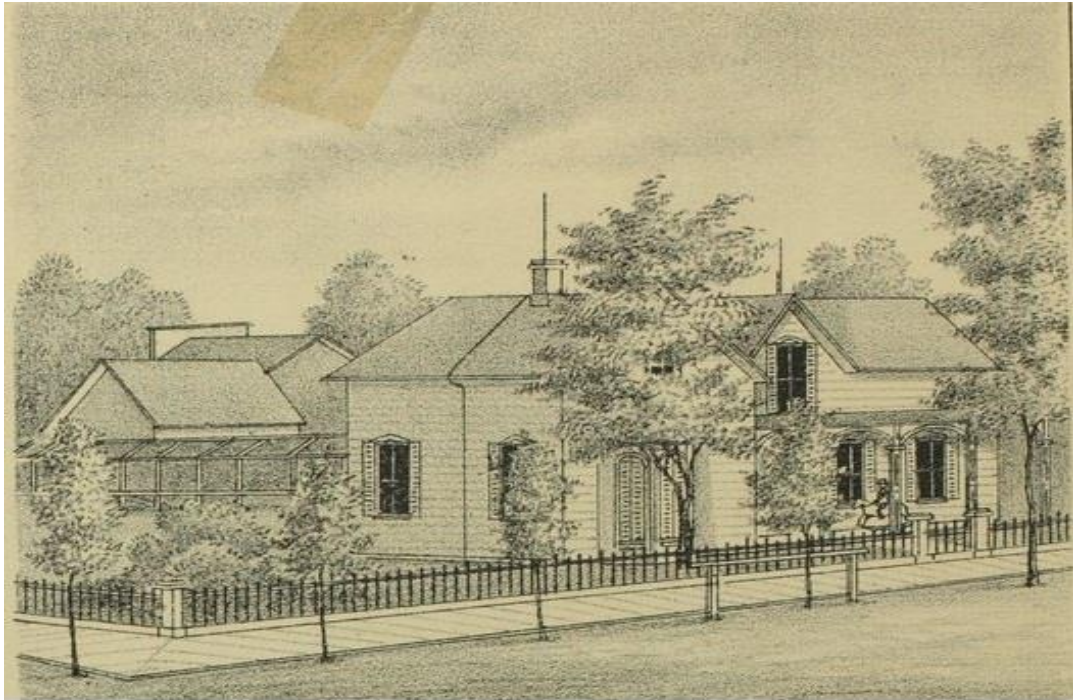


Boom, Bust, Bust
Severance, Doniphan County, Kansas: 1869 – 1950
An Economic Analysis

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This is an economic analysis of the decline of Severance, Kansas, by a KSU economics major. The author has used census data, newspaper articles and advertisements, and comparative investigations of surrounding towns to develop his ideas.

Severance, Kansas is a small town in northeastern Kansas that had all of the economic factors that one would expect of an up and coming community hub that would prosper and endure for many years. Severance is located in the township of Wolf River, part of Doniphan County. It had an ideal location on both the Wolf River and the St. Joseph and Denver City Railroad, both of which could be exploited to spur economic growth. John Severance founded the town in 1869 with the help of C. C. Clonch and Robert Gunn.¹ Together they plotted the area on a 40 square acre piece of land. The town hosted a post office that served two rural routes which opened in December 1869 just after the town was incorporated.² The post office was built with funds raised by Robert Gunn from promoters who also invested in a general store opened by Gunn.¹ Severance is located just 30 miles west of the Missouri River and the city of St. Joseph and 18 miles south of the Nebraska border. The close proximity to St. Joseph and the access of a railroad to the city meant that Severance could sell goods produced in town or the surrounding land to a close market with cheap transportation costs.

Businesses of Severance

Severance had two key resources for businesses to capitalize on: a railroad and a river. The town built a railroad depot in 1874 to help ship out grain, gain easier access to both capital for their businesses, and purchase consumer goods.¹ The construction of the depot violated an agreement with the town's attorney Joel Ryan, who had opened a depot on the railway just three miles away. It is not sure how they settled this disagreement, but the depot was opened with \$500 given to Robert Gunn by the same investors who helped him open the general store and

¹ Graden, Debra F. *Kansas towns & cities as of 1912: includes a list of extinct towns bonus index of biographies from volumes 1, 2 & 3 extracted from "Kansas"*. Leavenworth, KS: Grey Ink, 1997.

² "Kansas Post Offices, 1828-1961." *Kansas Post Offices, 1828-1961 - Kansas Historical Society*. N.p., n.d. Dec. 14, 2016.

post office. The location of the depot was poor and there was no view of town from the platform.³ This would not help local business, as any passengers on the trains, patrons or workers, could not easily spot any stores that they may have been interested in visiting. This was poor planning by Gunn and anyone else who had helped construct the depot.

Nevertheless, the construction of the train depot helped grain business in Severance excel. In a December 13, 1917 publication of the *Kansas Chief* newspaper, an article appears advertising the buying of grain, coal, flour, and feed by the Severance Grain Company. The business belonged to the Aunt Jemima Mill Company of nearby St. Joseph, Missouri⁴. The founding of the Aunt Jemima business in nearby St. Joseph was a stroke of luck for the Severance grain dealers. It meant that they had a large buyer of grain that they could sell to at lower prices due to the cheap transportation costs. This was good for business in Severance and would appeal to farmers in the surrounding area.

Many historical accounts reference a private bank that was established in Severance in the year 1877. In the October 25, 1877 *Kansas Chief* there is a small article that gives continuity to this claim. The article reads, “B.F. Harpster has bought R. Small’s store building, and is having it put in order for a bank, to be used by himself.”⁵ Harpster can be found throughout many other newspapers referencing Severance of the time, usually recording the purchase of land

³ Cutler, William G., *History of the State of Kansas, Containing a Full Account of Its Growth from an Uninhabited Territory to a Wealthy and Important State ... Also, a Supplementary History and Description of Its Counties, Cities, Towns, and Villages .. Chicago: A.T. Andreas, 1883.*

⁴ “The Severance Grain Company,” *Kansas Chief*, December 13, 1917.

⁵ “B.F. Harpster has bought R. Small’s store,” *Kansas Chief*, October 25, 1877.

or some small business. It can be assumed that he was a sort of entrepreneur of the area and tried to make money off of the small farms of the area.

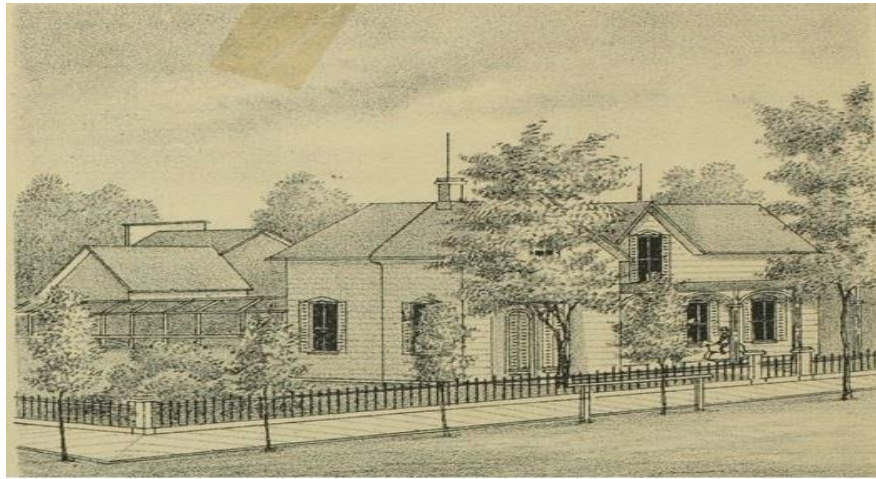


Figure 1. Lithography. Residence of B.F. Harpster in Severance, Kansas. 1882. SOURCE: Historical plat book of Doniphan County, Kansas

There were only a handful of established businesses that ever operated in Severance, one of them being a blacksmith and wagon maker. In the *Kansas Chief* published on November 23, 1893, there is an article titled “J.L. Hall & Son – Blacksmith and Wagonmakers.” The article describes how J.L. Hall the town blacksmith had travelled to the Republican Convention in the nearby town of Troy but decided not to stay to get the nomination of sheriff. Instead, he stated, “I will stay by this shop, and am always ready, early and late, to do anything in my line. The class of work I do will justify the prices I charge. Born in Michigan and been in Severance 13 years.”⁶ Hall and his family businesses provided an important service to the townspeople of Severance as their manufacturer and mender of hardware. It can be assumed that Hall used the railroad as a way of obtaining physical capital and raw materials for his work.

Decline of Business

⁶ “J.L. Hall & Son – Blacksmiths & Wagonmakers,” *Kansas Chief*, November 23, 1893.

The Severance mill advertised an elevator able to house 12,000 bushels of grain and new cribs for corn being constructed in connection that would hold 40,000 bushels. This pales in comparison to the nearby White Cloud mill that processed over 150,000 bushels of grain a year, depending on crop conditions and yield.⁴ As the Aunt Jemima Company, Severance's largest buyer of grain in the immediate proximity, grew more successful, its demand for larger quantities of grain at lower prices would also grow. One assumption is that that the small Severance mill would not be able to keep up with demand enough to warrant the business of Aunt Jemima, especially after it was bought by Quaker Oats Company. With the loss of their number one buyer of grain, the Severance mill may have had trouble finding steady buyers of their yields. Also, with the small size of the mill, it would not create a large enough employment base to provide a substantial reason for people to move to the area in search of work. Anyone in search of employment as a grain dealer or a member of that business would most likely be attracted to the nearby towns of White Cloud or Atchison, which will be discussed in the next section: competing towns.

As discussed earlier, B.F. Harpster was the sole owner of the only bank to ever open in Severance. However, his establishment of a private bank for only his use in the area would not likely foster any economic growth. It seems that Harpster used the bank strictly to store funds for his own investments and possibly those of his close friends. The citizens of Severance would have to travel to the nearby towns of Troy or Highland if they were to conduct any banking needs. This meant that any savings that they deposited would be available for investments in areas surrounding Severance which were close economic opponents. Had Severance created its own commercial bank open to the public, it could give loans to the people to invest in new business and ventures that could bring more commerce and trade to the area. The absence of a commercial bank would be even more of an impediment after 1913, when the United States government created the Federal Reserve. The Federal Reserve would supply loans to commercial banks to then loan out to citizens for investments in homes, businesses, and

soon to come, automobiles. After the creation of the Federal Reserve, it was a rare occurrence for a bank not to comply with regulations so that it could access funds from the reserve. Without a commercial bank, the citizens of Severance would have had to travel to other towns to conduct any banking needs. And as consumerism grew in the early 1900s, trips to the bank would become more common than in previous years.

Other than advertisements in newspapers, there is not much information on the blacksmith business owned by J.L. Hall. However, the advertisements do not change over the years until they disappear from the newspapers forever. This is interesting because after the introduction of the automobile to Kansas, most blacksmiths that stayed open for business changed their business model to accommodate automotive repair. It seems that J.L. Hall either never followed this trend or perhaps he moved his shop to a location that would see more prospective customers. This seems on track with the population statistics of Severance, which begin to see their first decline in the 1910s and 1920s when the automobile became a staple for rural Kansas citizens. After the departure of Hall's business and the declining population of Severance, it can be inferred that entrepreneurs looking to invest in automobile repair shops would pass over Severance as a lucrative location to open business.

Competing Towns

Three towns in close proximity to Severance that could be reasons for siphoning off both residents, businesses, and potential businesses are Highland, Troy, and Atchison. Highland, Kansas, is the closest competitor to Severance, just seven miles north. Highland's most prominent business is its college that has been around since the opening of Presbyterian missions in 1837.⁷ With the presence of a college, whose closest competitor is the Catholic Benedictine College in Atchison, there would be a myriad of business opportunities to cater to both the

⁷ Blackmar, Frank Wilson (1912). *Kansas: A Cyclopedia of State History, Embracing Events, Institutions, Industries, Counties, Cities, Towns, Prominent Persons, Etc.* Standard Publishing Company, p. 843.

students and residents. Highland's population was about the same as Severance until 1900, at which time the Highland population grew almost 60%. It is also the same decade that Severance's population first began to take a fall and never recovered. It can be assumed that at least a fraction of the residents of Severance who left had travelled to the nearest town that had at the same time been growing at an astounding rate for such a short amount of time.

Troy, Kansas, is the county seat of Doniphan County and is located just 13 miles east of Severance. Being the county seat, Troy attracts businesses who hope to gain customers who have to make trips to the courthouse. This results in the economic principle called reflexivity, the effect of new businesses in Troy causing the incentive for other businesses involved in different markets to pursue the same customers, and so on. Troy saw its largest increase in population since its founding between 1900 and 1910, the same years that Severance saw its population dwindling for the first time. As the same with Highland, it can be assumed that a fraction of these new residents were former residents of Severance in search of a town that could provide a higher standard of living.

Atchison is the largest of the three towns in close proximity to Severance. The population of Atchison grew steadily the same years as residents of Severance begin to move out. Although the relative growth to the existing population is not as large as the numbers of both Highland and Troy, the nominal numbers are about the same, in the hundreds. Atchison was located on a much larger railroad, the Santa Fe, and thus attracted more and larger businesses. Atchison had numerous grain elevators which were larger than Severance's. Because of this it attracted the businesses of Bungie and Midwest Grain Products, both of which would become multi-million dollar businesses that endure still today and employ hundreds of

Atchison residents. The larger grain industry in Atchison could have siphoned off residents in Severance that had previously been working for the Severance Grain Company.

Severance			Troy		
Year	Pop.	% Change	Year	Pop.	% Change
1860			1860	131	
1870			1870	639	387.8
1880	375		1880	694	8.6
1890	377	0.5	1890	730	5.2
1900	424	12.5	1900	750	2.7
1910	383	-9.7	1910	940	25.3
1920	350	-8.6	1920	1013	7.8
1930	312	-10.9	1930	1042	2.9
1940	266	-14.7	1940	1049	0.7
1950	197	-25.9	1950	977	-6.9

Atchison			Highland		
Year	Pop.	% Change	Year	Pop.	% Change
1860	2,616		1860	120	
1870	7,054	169.6	1870	282	135
1880	15,015	114.1	1880	441	56.4
1890	13,963	-7.6	1890	493	11.8
1900	15,722	12.6	1900	780	58.2
1910	16,429	4.5	1910	763	-2.2
1920	12,630	-23.1	1920	809	6
1930	13,024	3.1	1930	788	-2.6
1940	12,648	-2.9	1940	764	-3
1950	12,792	1.1	1950	717	-6.9

Figure 2. Table. Shows the Population Change From 1860-1950 For Severance, Troy, Atchison, and Highland.

An Unfortunate Location

Unlike its surrounding competitors, Severance was bypassed by every major highway to pass through the area. In 1913, major highway construction was begun on a former route of the Pony Express, under the name Rock Island Highway, just seven miles north of Severance. Just a year later the association that managed the highway merged with four others to become the

PPOO (Pike's Peak Ocean-to-Ocean Highway Association).⁸ The highway would come to stretch from Colorado to Ohio and be named US36. Both Highland and Troy were lucky enough to be along the path. This created a lucrative opportunity for both people and businesses to move to these towns. The road US36 would become a major highway for both commuters and travelers. The first construction of this highway coincides with the beginning years of Severance's decline in population. Three miles east of Severance, Kansas highway K-7 was also laid out. The pavement of K-7 began in 1932 and by 1937, had reached Troy.⁹ K-7 serves as a convenient way for commuters to travel along the northeastern border of Kansas and Missouri. The bypassing of Severance by both of these major highways was a significant blow to the through traffic of Severance. After the completion of both highways, the only automobile traffic through Severance would be residents of the town or the rural area surrounding the town.

The Final Nail in the Coffin

The post office in Severance finally closed in 1992 and was the last business to leave the town.² Considering the circumstances, the town has persisted rather well, with 94 residents still living there today.¹⁰ The decline of the town can be attributed to three factors: poor business decisions, close competition, and an unlucky location. The businesses that were opened in Severance during its boom were led by businessmen who made poor decisions. Had they adapted their business models, they may have been able to keep the businesses alive, allowing an economic stimulus that every thriving town needs. In addition, Severance was located directly in the middle of a triangle of competition, each town hosting businesses that could compete with

⁸ "Flea Market, Garage Sales, Antique, Treasure Hunt, US Highway 36 | Phillipsburg, Kansas." *Flea Market, Garage Sales, Antique, Treasure Hunt, US Highway 36 | Phillipsburg, Kansas*. N.p., n.d. Dec. 15, 2016.

⁹ "Kansas Highways Routelog." *Kansas Highways Routelog*. N.p., n.d. Dec. 15, 2016.

¹⁰ Stewart, ACSD Carolyn. "CENSUS OF POPULATION AND HOUSING." *Census of Population and Housing - U.S. Census Bureau*. N.p., n.d. Dec. 14, 2016.

Severance's with more customers. Lastly, the unfortunate location of Severance and the bypassing of two major highways by just a few miles could not have been foreseen. Severance is an interesting town with a colorful history and discovering an understanding of how the town went boom, bust, bust has been captivating.

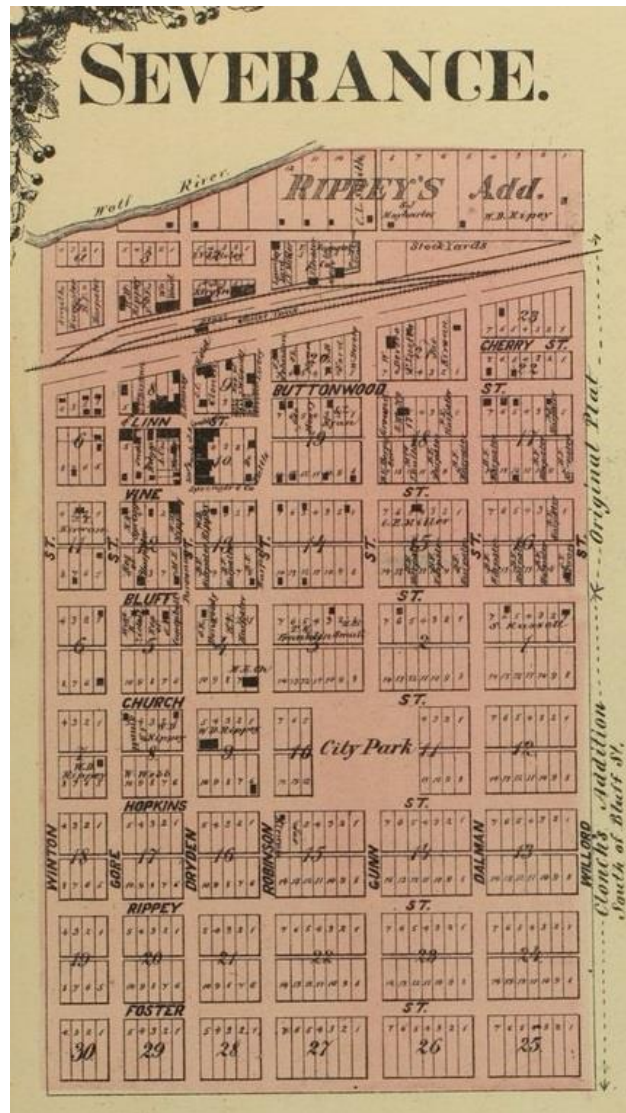


Figure 3. Map of Severance, Kansas. 1882. SOURCE: Historical plat book of Doniphan County, Kansas

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