

A Mercantile History of Sioux City in the 1880s

by William Silag

On the first day of 1885, editor George Perkins of the *Sioux City Journal* wrote, "A city, like an individual, does not and can not live to itself alone [but must] grow in the growing needs of its environment." For Sioux City it was the needs of "the magnificent territory included in northwest Iowa, southern Dakota, lower Minnesota, and Nebraska across the Missouri River that has made Sioux City what it is today."

Magnificent indeed, the territory stretched nearly one hundred miles north and two hundred miles west toward the Rocky Mountains. Sioux City stood south and east, the apex of a triangular range covering one hundred twenty thousand square miles. Long barren, the territory's agricultural possibilities remained untapped till the western railroads drew the Upper Missouri region into the mainstream of national commerce in the 1870s. None of this

had been inevitable, Perkins reminded his readers New Year's morning: "the natural advantages, admirable and undeniable as they are, would never have lifted it to the important position it now holds without the concurrent agency of its businessmen, who have had the wisdom to see, and the energy to seize upon and profit by these advantages."

Perkins was partially correct, though economic forces from outside the community figured heavily in the local success story of the 1880s. Sioux City's businessmen had been unusually tenacious in their effort to forge transportation links between the Upper Missouri region and the centers of American trade. Beginning in 1855 and continuing through the era of the Civil War, local businessmen had underwritten twenty-five years of relentless promotion — advertising, political lobbying, and investment in dozens of transportation projects — much of it quite costly to the municipal treasury and to the individual merchants

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involved. Yet in 1880 Sioux City numbered barely seven thousand people, not even half the populations of similarly situated Missouri River towns such as Kansas City and Omaha, whose growth Sioux Citians sought to emulate. These older cities had long since established themselves as entrepôts of western agricultural commerce. Their hinterlands, having filled quickly in the wake of trunk-line railroad service soon after the Civil War, already contributed mightily to the nation's commodity markets. They had been spared delays in railroad construction, poor harvests due to pests, and the untimely effects of a national business crisis in slowing the rate of rural settlement, all of which contributed to the late and somewhat sluggish start of Sioux City's growth as a regional market center in the 1870s.

Economic prospects in the Upper Missouri improved considerably in 1880 when a consolidation of several of the city's northern feeder lines into the Chicago, Milwaukee, and St. Paul railroad system relieved Sioux City businessmen of an enormous financial burden and permitted them to concentrate on other commercial interests. The consolidation gave Sioux City a place in James J. Hill's Great Northern Railway network, stretching from the Great Lakes to the Pacific Slope. As editor Perkins noted at the time, "the importance of this system, or the magnitude of its prospective busi-

ness, can hardly be overestimated," for the Great Northern made Sioux City the hub of commercial traffic moving into and out of the northern prairie. It strengthened the city's hold on the wholesaler's market of the Upper Missouri country, which had been threatened periodically by commercial agents from St. Paul and even Omaha during the 1870s, and eventually would also bring tens of thousands of farm families, producers of grain and livestock, into Sioux City's rural hinterland.

Until the late 1860s Sioux City's wholesale market extended in long thin bands along the Missouri River and its tributaries to the north and west of the city serving army outposts and Indian agencies. Completion of local railroads feeding into regional trunk lines during the 1870s doubled the potential size of that market and enabled local supply houses, including those headed by long-time Sioux City merchants Henry Booge, D.T. Hedges, and Edwin Kirk, to seek out customers for their groceries, hardware, and dry goods among the pioneer retailers of hinterland towns in northwest Iowa. In addition, at least a dozen new wholesaling firms appeared in Sioux City to take advantage of the rising demand for farm and household supplies in the enlarged trade area.

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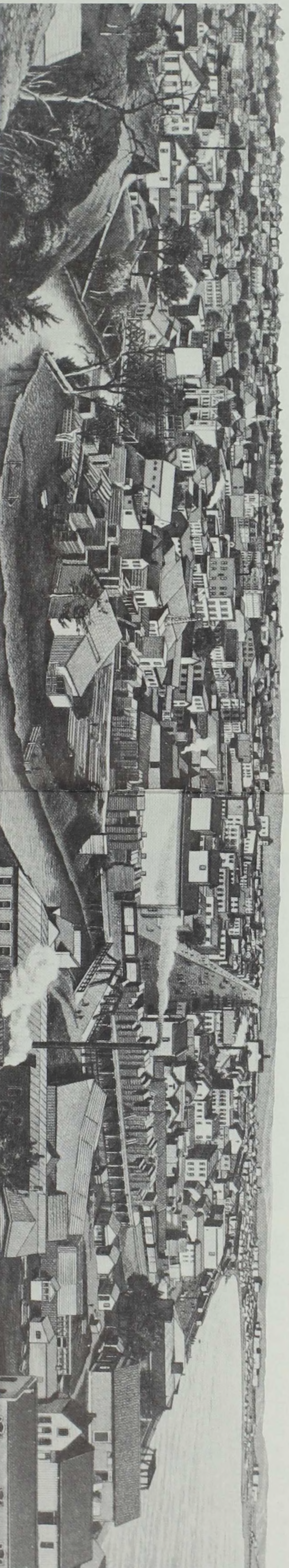
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market went unchallenged, for neither Fort Dodge nor Omaha wholesalers expressed much interest in the territory. In 1872, however, the opening of the Sioux City and St. Paul Railroad brought commercial travelers from Minneapolis and other western cities into Plymouth, Sioux, and Cherokee counties, a development that infuriated *Journal* editor Perkins. Sioux Citians, including such suppliers as Booge and Hedges, had helped finance construction of the northern rail line and now, ironically, it threatened to become their undoing. Perkins chastised local wholesalers for permitting such an invasion and admonished them to repel the intruders with a more aggressive pursuit of the hinterland trade.

Statistics of commerce for these years are hard to come by, but it would appear from local newspaper advertisements that the Sioux City men managed to regain control of most of this market soon after the Chicago, Milwaukee, and St. Paul Railroad entered the Upper Missouri country in 1880. The immediate effect of the CM & StP's absorption of the region's smaller carriers was a reduction of freight rates for Sioux City jobbers, which enabled them to claim they could undersell their Minneapolis and Omaha competitors in most lines of merchandise. By 1885 they had secured a strong position in a market that would grow from about 100,000 people to more than 400,000 by 1900.

Sioux City's pioneer wholesalers carried diverse inventories; a merchandiser such as Henry Booge offered retailers everything from farm machinery to soda crackers. As the number of hinterland retailers increased, however, each wholesaler in Sioux City tended to specialize in one or two areas of trade that had proved particularly successful and let newcomers handle the abandoned lines of merchandise. Milton Tootle, for instance, gradually divested himself of a large grocery

operation in order to concentrate on a more profitable dry goods business. Other Sioux City dealers began to specialize in hardware, boots and shoes, and drugs. By the mid-1880s hefty profits were made in every line of trade. As wholesale grocer Conrad Schenkberg discovered, increases in the demand for goods often outran a merchandiser's ability to build up an inventory. Schenkberg opened his business in 1882 and enjoyed sales of \$350,000 in the first year, \$450,000 the next. When interviewed in 1885, he said that he expected the annual figure to reach \$650,000, but noted that "if we had double the capital we could easily double our business. We have all we can do."

Wholesale houses already employed a total of 412 men in 1881, about 20 percent of Sioux City's entire labor force, and paid in wages nearly \$200,000. In addition, local merchants gave work to an indeterminate number of artisans, express agents, depot clerks, and professional men who involved themselves in one way or another with the rising tide of wholesale merchandise shipped through Sioux City on its way to consumers in the city's hinterland. In the 1880s the traffic included feed grains, furs and hides, coal and stove wood, agricultural implements, liquor and wine, saddlery, dry goods and notions, boots and shoes, hardware, sewing machines, books and stationery, crackers, china, and crockery. Each of these products was the specialty of at least one local mercantile house. Commission merchants, commercial agents, and general dealers added a potpourri of other items to Sioux City's wholesale trade, helping to build up an annual sales volume that topped \$6 million as early as 1881. And the future beckoned, as an investor's guidebook noted that year: "the need of more commercial houses is the crying need of the city. The field is large, and the harvest is plentiful, but the laborers comparatively few."

Although trade statistics are not completely reliable, figures compiled for city directories in the 1880s show that between commercial

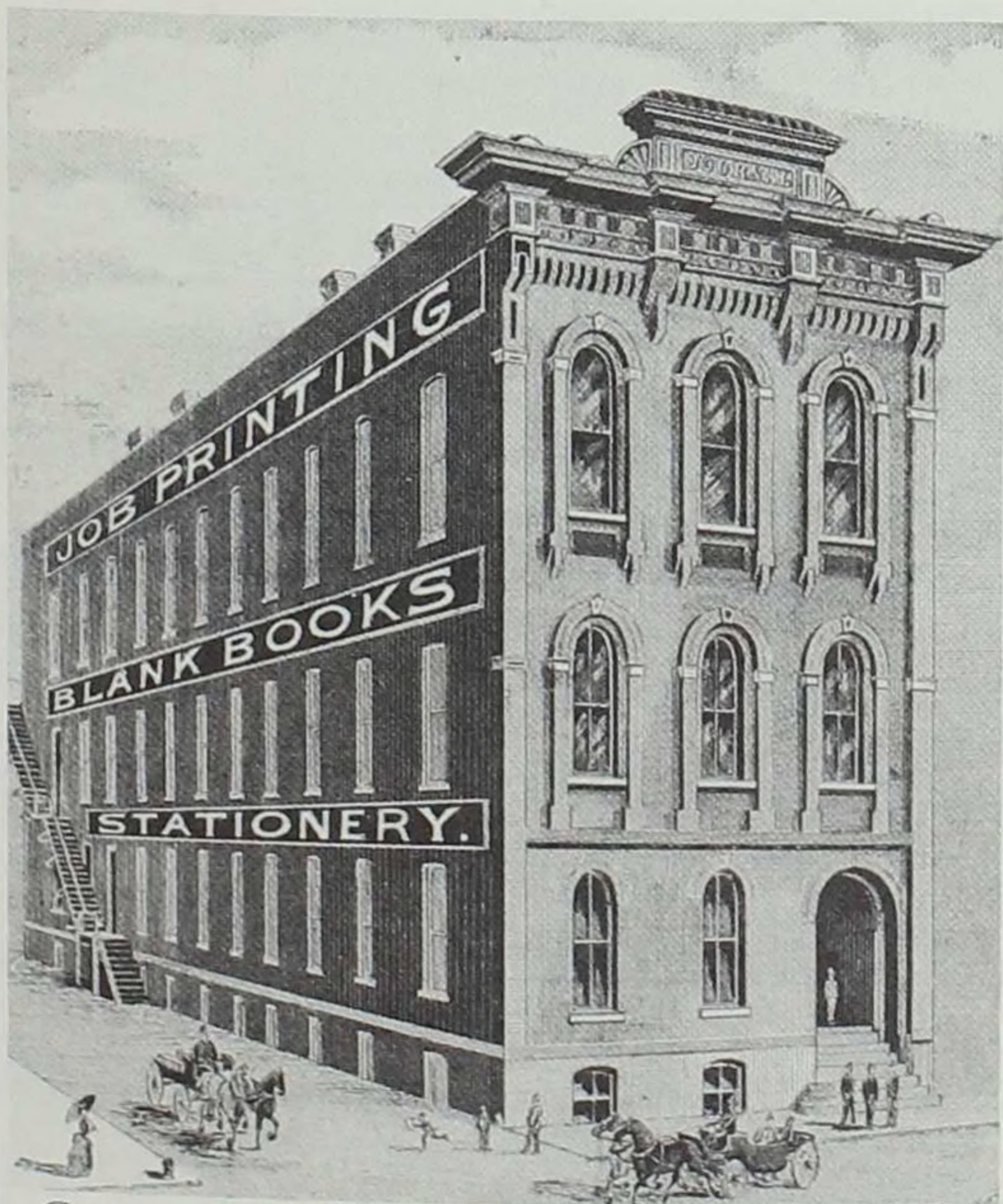
agents and general dealers, Sioux City's annual wholesale trade volume approached \$25 million by the end of the decade. This booming business benefited the local economy in several ways. It kept hundreds of men working throughout the year, enriched their employers, and provided capital for investment in a variety of other business enterprises. Railroad extension projects typically consumed some of the merchants' profits, but so too did a number of manufacturing plants built in Sioux City to take advantage of its excellent location in an increasingly important consumer market. Factories ranged in size from the tiny shop of George Douglass, inventor of "Dr. Douglass's Portable Combined, Turkish, Russian, Electro-vapor and Sulpher Bath," to the mammoth Paris Stove Works, built at a cost of \$500,000 and employing 400 workers. Other industries producing goods for sale by the region's retailers included the Sioux City Plow Works, Pech's Pump and Windmill Company, a soap factory, the Sioux City Pottery Works, an over-

all manufactory, and the Sioux City Vinegar Company. All told, more than a hundred factories were established in Sioux City during the 1880s, at least half of them seeking to exploit the consumer markets established in the city's hinterland by local wholesalers.

The mercantile trade by itself spawned enough manufacturing activity to rank Sioux City among the industrial leaders of the trans-Mississippi West before 1900. Yet wholesaling and the factories serving it constituted only half the business community built by Sioux City merchants to tap the resources of the Upper Missouri. While local merchandisers secured the region's consumer market, dealers in agricultural commodities looked for ways to bring regional grain and livestock into Sioux City mills and stockyards for processing. Like the wholesale houses, the processing firms had been active for years before the population boom of the 1880s, creating a system of collecting and marketing that enabled farmers in the Upper Missouri country to leap into commercial production almost immediately when they began harvesting.

No enterprise better symbolizes the rising influence of Sioux City business interests over the entire Upper Missouri country than the meatpacking industry. Beef and pork processing made Sioux City Iowa's fastest growing manufacturing center after 1880; in ten years the old steamboat port became one of the industrial capitals of the trans-Mississippi West. High returns from local packing plants attracted the attention of investors in New York and competitors in Chicago and lured some of Sioux City's businessmen into realms of high finance and corporate intrigue unimaginable to the pioneer butchers who founded the industry a few years after the Civil War.

Meatpacking in Sioux City dated back to the first years of railroad service in northwestern Iowa. Begun by butcher James Booge as an auxiliary of his brother's wholesaling business,



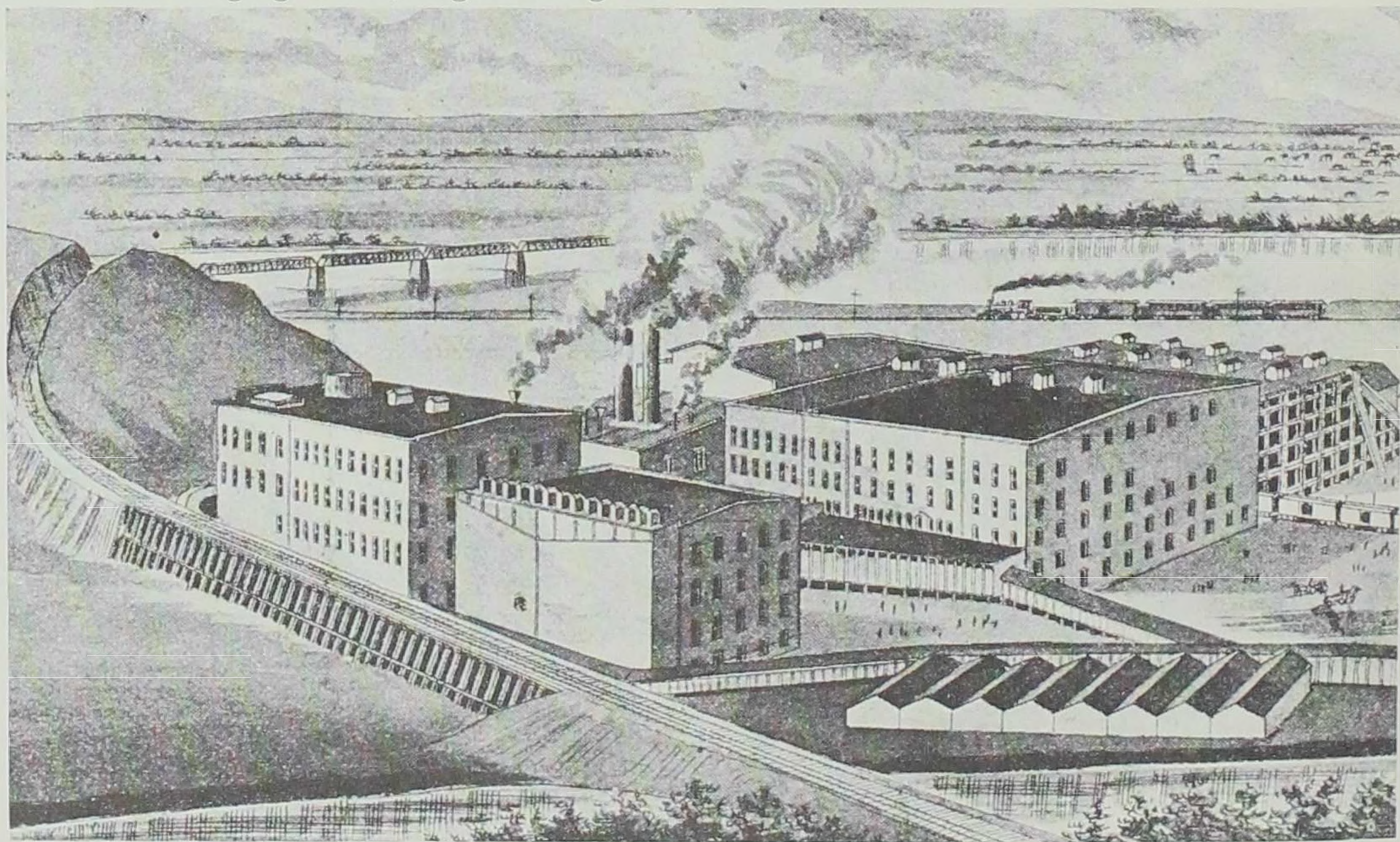
George Perkins' Sioux City Journal building.
(Sioux City Illustrated, 1888)

the town's first slaughterhouse was simply a small shack beside Perry Creek near the central business district. Booge's business grew quickly in its first years and forced him to move to larger quarters several times. His success also drew other butchers into the field. In 1879 Sioux City's 150 packinghouse workers produced dressed beef and pork valued at \$1.5 million. Seven firms shared the market that year but Booge's plant accounted for more than 90 percent of the city's total output of meat products.

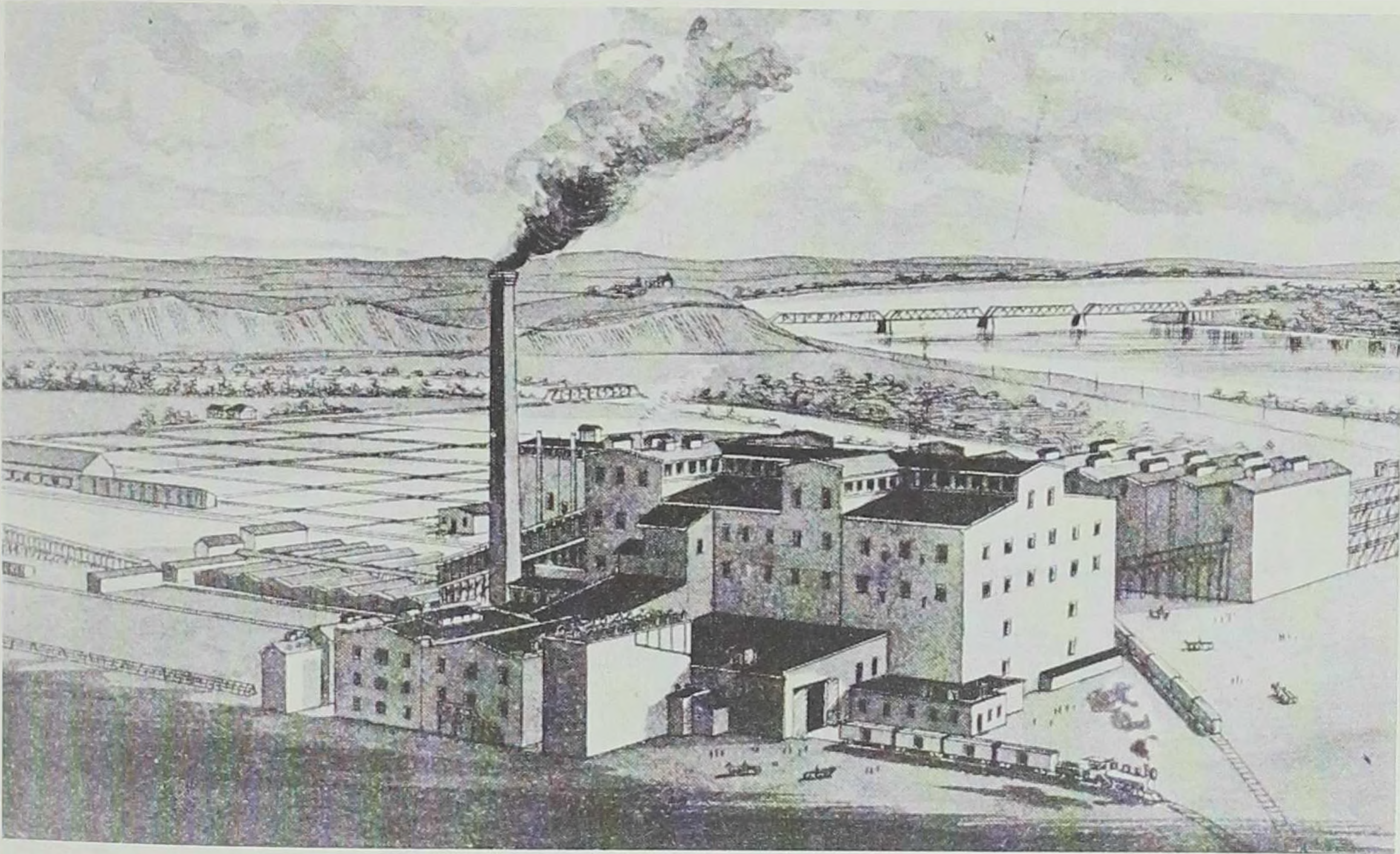
As spectacular as his firm's growth had been in the previous decade, this was only the beginning for James Booge. In 1880 he announced a major expansion of his company's operations and the relocation of the plant to a spacious site on the city's south side. The new factory cost \$250,000 to build and covered ten acres on the flatlands between the Missouri and Floyd Rivers. When it opened in 1881, 350 workers manned the company's receiving pens, killing floors, and hanging rooms; wages averaged \$6

per day. A few years after completion of the new plant, Booge incorporated his firm in order to finance further additions to the facility prompted by steadily rising orders for its meat products. By the mid-1880s Booge handled 2,000 hogs and 300 cattle per day most months of the year; in 1885 his slaughterhouse could barely keep up with receipts in the busy winter season. The outlook on the demand side was equally favorable. Not only was the market for western meat growing, but recent technological advances in the industry, notably refrigerated railroad cars, assured western beef and pork packers that their product could be transported safely in bulk to eastern markets.

Chicago processors, the long-time leaders of the industry, watched the Sioux City meat market closely. Several of them were considering extensions of operations to take advantage of the increasing beef and pork production of the western prairie. In northwestern Iowa alone, the dollar value of animals for slaughter totaled \$5.7 million in 1884, double the



Silberhorn Packing Company's Plant. (Sioux City Illustrated, 1888)



Booge Packing Company's Plant. (Sioux City Illustrated, 1888)

amount of five years earlier. Moreover, new cattle and hog farms in Nebraska and Dakota promised to accelerate the growth of the region's livestock herds. The Chicagoans made no secret of their interest in Sioux City; through 1884 and 1885 the Iowa city buzzed with rumors of the imminent arrival of the Swifts or the Cudahys.

As it happened, however, the first of the Chicago firms to build in Sioux City was a relatively small corporation headed by William Silberhorn. Late in 1885 the Chicagoan announced plans to build a slaughterhouse adjacent to James Booge's plant on the city's south side. Completed two years later at a cost of \$750,000, the new facility boasted a capacity of 3,000 hogs, 1,000 cattle, and 500 sheep per day. There is no evidence to suggest that Silberhorn's arrival in Sioux City caused Booge any trouble; the livestock market of the Upper Missouri region was large enough for both of them and it continued to grow. Indeed, at least a few investors believed that it was growing fast

enough to support still another packinghouse, for in 1888 a company headed by Edward Haakinson, a prominent Sioux City livestock dealer, entered the local packing industry. Haakinson's Union Packing Company occupied buildings recently erected and then abandoned by a British packer, Robert Fowler, who became seriously ill before he moved into his new quarters and abruptly decided to leave the business. Fowler sold Haakinson a half-dozen buildings, including a six-story killing house, a five-story packing plant, a four-story dressing room, a smokehouse, an icehouse, and an office building.

Booge, Silberhorn, and Haakinson did a combined business of \$7.6 million in 1889, enough to rank Sioux City fifth among the nation's meatpacking cities. Together they employed some 600 men in factories and stockyards that filled an area of 1,500 acres on the Missouri River flats. They leased the holding pens that surrounded their slaughterhouses from the Union Stockyards Company, a sepa-



Sioux City's Pierce Street, looking north from Fourth Street, in the mid-1880s. (Album of Sioux City, 1888)

rate corporation formed in 1884 by wholesaler D.T. Hedges, shipper Fred Evans, and Ed Haakinson, who served as the company's chief of operations in its first few years. Competitors in theory only, Sioux City's meatpackers divided seats on the stockyard's board of directors among themselves and through this organization guided the development of Sioux City's processing industries until business crises in the 1890s forced local packers to sell their plants and equipment to Chicago processing corporations.

Until then, at least, the regional economy centered in Sioux City made enormous progress. Largely through the efforts of local wholesalers and manufacturers, the people of the Upper Missouri region joined the mainstream of American commerce. While Sioux City's processors took farm produce from the

hinterlands for sale in consumer markets in the United States and in Europe, its merchandisers brought the world's goods to retailers scattered through the region. As the volume of their trade increased, so did the size of their community, up by thirty thousand people during the 1880s. And by then, this much was clear: the welfare of these urbanites relied heavily on the prosperity of the region's farmers and retailers, the source of Sioux City commerce. □

Note on Sources

This article, which is based on information from state and federal censuses, local newspapers and business directories, and commercial publications issued in Sioux City during the 1880s, is a revised version of a chapter of the author's Ph.D. dissertation, "City, Town, and Countryside: The Ecology of Urbanization in Northwestern Iowa, 1850-1900" (The University of Iowa, 1979). Copies of the dissertation are on file at the State Historical Society in Iowa City and at the Sioux City Public Museum.