Kaiser of Eau Claire: A History of Eau Claire's Last Lumber Company, 1905-1939

Ву

Benjamin Niles

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The members of the Committee approve the thesis of

Benjamin Niles, presented on July 24, 2015

Dr. Robert Gough, Chair

Dr. Jane Pederson

Dr. Dawna Drum

APPROVED:

Dean of Graduate Studie

Abstract

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By

Benjamin Niles

The University of Wisconsin – Eau Claire, 2015 Under the supervision of Dr. Robert Gough

The John H. Kaiser Lumber Company was founded in 1905 in Eau Claire, Wisconsin by John Kaiser, a lumberman and box manufacturer from Muscatine, Iowa. The Kaiser Lumber Company was the final lumber company to operate in Eau Claire, and its closure in 1939 marked the end of the city's lumber industry, which had already been in decline when the company was founded. This thesis includes an examination of the business operations of four lumber companies that operated in the area in the 19th century, the economic changes that occurred from 1870-1905 and how they influenced the lumber industry, and a history of the Kaiser Lumber Company's operation in Eau Claire. The thesis compares and contrasts the Kaiser Lumber Company with its 19th century predecessors, and provides context for the Kaiser Lumber Company's role in the history of lumber in Wisconsin.

Dr. Robert Gough

Contents

List of Figures	vi
Chapter	Page
Introduction: Lakeside Ruins	1
Chapter 1. The Great Midwestern Lumbermen, 1850-1890	5
Lumbering in Wisconsin	5
Frederick Weyerhaeuser	
The Lairds and Nortons	
Orrin Ingram	
Daniel Shaw	19
The Beef Slough Controversy	
Conclusion	
Chapter 2. Economic Changes, 1870-1900	30
The Railroads Come North	
Preparing for the End of Pine	
Post Lumber Wisconsin	
The Diversification of Eau Claire Industry	45
Conclusion	
Chapter 3. John Kaiser and His Lumber Company	53
Before 1905	
Moving North	59
The First Year	60
The Timberland	62
The Railroad	63
Business Practices Before 1917	65
From Lumber to Boxes, 1917-1939	70
Conclusion	74
Aurondiose	Q 1

Figures

1.	Map of Wisconsin	.vii
2.	Map of Eau Claire, 1910	viii
3.	Map of Eau Claire, 1910.	.ix

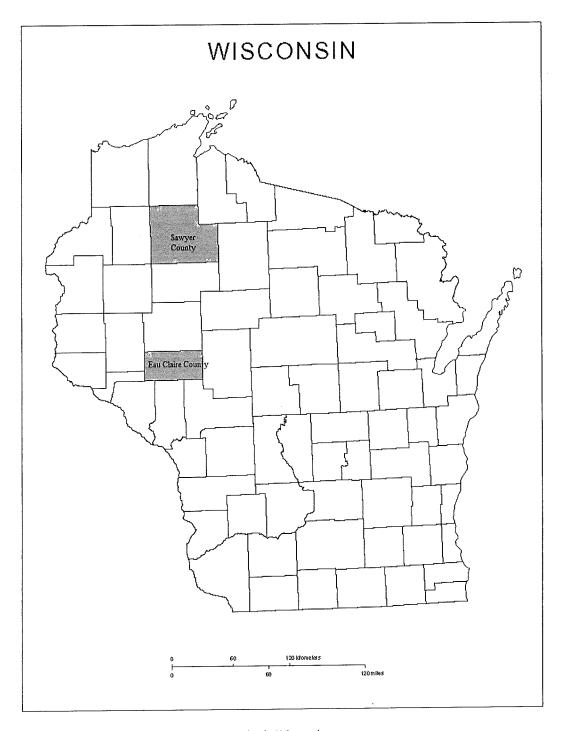
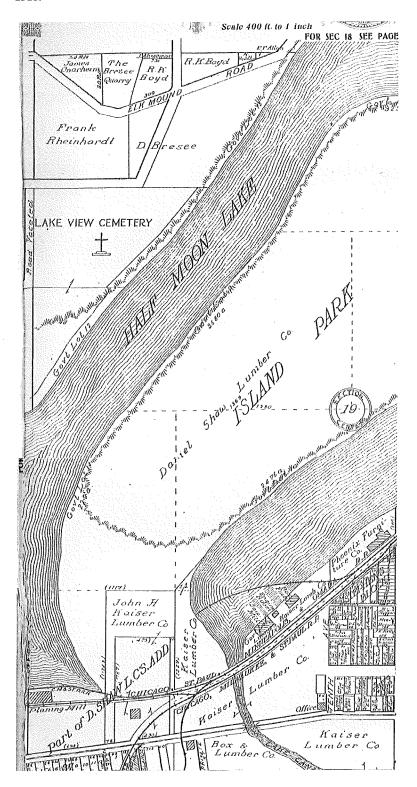


Figure 1 The locations of Eau Claire and Sawyer Counties in Wisconsin

Figure 2: Location of the Kaiser Lumber Company beside Half Moon Lake. Eau Claire, 1910.



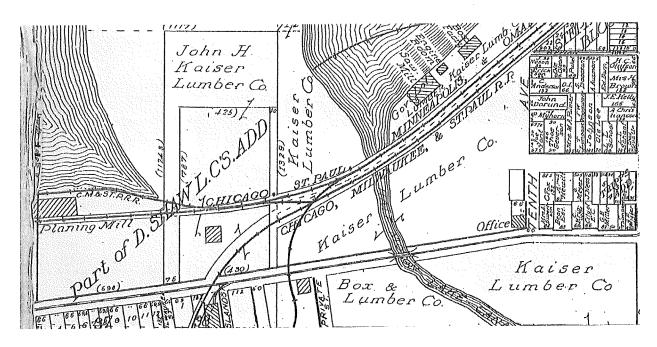


Figure 3: Kaiser Lumber Company in detail. Eau Claire, 1910.

Introduction

Lakeside Ruins

My first exposure to the long-deceased lumber industry of Wisconsin came in the spring of 2014. I was on my way to my internship at the Chippewa Valley Museum. It was a warm enough day, so I had opted to walk along the footpath that ran alongside the river. As I passed the wooded area that separated the footpath from the edge of Half Moon Lake, I could see the crumbling remains of a concrete foundation. I walked around the ruins for several minutes, and also took a few photos.

Upon my arrival at the museum, I asked the museum's curator whether she knew what used to stand there. She informed me that it had been the location of the John H. Kaiser Lumber Company. I decided I would investigate further once I had returned to campus. In the course of my preliminary research on both this mill and lumber in Wisconsin, I discovered that the Kaiser mill had been constructed in 1905, decades after lumber production in the state had peaked, and many of the great lumbermen of the 19th century were preparing to leave the region. My curiosity was now piqued.

When the people of Wisconsin think about their state's economic history, they usually are quick to identify it as a state of dairy farmers and manufacturers. This is certainly a fitting characterization, and one that I cannot refute. Yet this only describes the state economy of the past century. Before the Badger State developed its reputation as the premier dairy state of America and paper mills lined the banks of the Fox River, ours was a lumbering state. One need only visit the myriad of museums dotting the state—the Oshkosh Public Museum and the Chippewa Falls Historical Society come to mind—to

see that the lumbermen that once operated in the dense forests of the upper Midwest left their mark here.

I chose to write my thesis about the Kaiser Lumber Company for two reasons. First, the Kaiser Lumber Company is a fairly obscure entity within Eau Claire's history. The main office of the mill remains standing, and is currently on the Register of Historic Places, but it is not a site that is frequently discussed, if at all. That a lumberman came to Eau Claire just as most other lumbermen were leaving for greener forests suggests there is a compelling story to be told here. Why did Mr. Kaiser come to Eau Claire when much of the precious white pine in the region had already been felled?

I came across the second reason to write my thesis about this mill when gathering information on lumber in Wisconsin. It would appear that there has been little in the way of academic study on the subject in the past four decades. With the exception of *Farming the Cutover* by Robert Gough, the books that I have relied on to describe the lumber industry in Wisconsin date to the 1970s at the latest. This gap in scholarship perplexed me, because the lumber industry was very important to the state's early history.

This thesis is divided into three parts. The first part will examine four influential 19th century lumber companies that operated in the Upper Midwest, and a major controversy that arose between them. This will provide a frame of reference to illustrate the similarities and differences between their business practices and Kaiser's. It will also establish the general characteristics of the successful 19th century lumberman. Furthermore, it will provide a glimpse into what the lumber industry as a whole looked like during its peak, as compared to its appearance in 1905, when Kaiser arrived in Eau Claire.

The second part will describe the economic transformations that occurred along the Chippewa and Upper Mississippi that changed the lumber industry, as well as the decline of lumber and the departure of the 19th century lumberman. The paper will also briefly discuss the replacement of lumber as the main driver of the local economy. This will illustrate the economic conditions Kaiser came across at the beginning of the 20th century.

The third and final part will describe the life of John Kaiser before he came to Eau Claire, as well as the operations of the John H. Kaiser Lumber Company. The story of Kaiser will serve as an epilogue to the broader narrative of lumbering in the Chippewa Valley. Most scholarship that I can find regarding lumber companies in the region is cut off at approximately 1900; the authoritative history of lumbering written by Dale Peterson ends at 1880. Because the Kaiser Lumber Company was in operation from 1905 to 1939, it serves as an opportunity to discuss lumbering in post-lumber Wisconsin.

In writing about the Wisconsin lumber industry, I consulted existing literature on the subject, including *Empire in Pine* by Robert Fries, and *Timber and Men* by Ralph Hidy. It was from these sources that I was able to describe the four chosen lumber companies of the 19th century, as well as the economic transformations that occurred during the latter half of that century, which changed the face of lumber in the Upper Midwest.

Researching the Kaiser Lumber Company turned out to be far trickier. I found that the biographical materials that came with the company's papers had been lost a long time ago, making researching John Kaiser as an individual far more difficult. In order to tell the story of the Kaiser Lumber Company, I found I had to turn to sources outside the

company papers alone. Newspaper archives proved to be a wealth of information on Kaiser's business operations. Not only was I able to find much mention of the Kaiser Lumber Company in old issues of the *Eau Claire Leader*, but I also found information on his previous dealings in Muscatine, Iowa.

In writing about Kaiser's business, my research question evolved into three separate questions. Starting out, the question was "Why did Kaiser set up a lumber company in Eau Claire during the final period of the Wisconsin lumber industry?" The question then shifted to "Who was John Kaiser?" Finally, my research gave rise to a third question: "Was John Kaiser a lumberman?" The third question arose in the course of my research, because I discovered that lumbering was not John Kaiser's primary business operation. In fact, the Kaiser Lumber Company evolved into a niche supplier of Kaiser's primary business: making and selling wooden boxes and crates.

Upon concluding my research, I was able to answer all three of these questions. Granted, the answer for "Who was John Kaiser?" is less than satisfactory due to the sparseness of information on Kaiser's personal life and his personality; what I had available to me only provided clues and generalizations. Even so, I have constructed a brief narrative about the Kaiser Lumber Company, framing it within the context of the lumber industry in the Upper Midwest.

Chapter 1

The Great Midwestern Lumbermen, 1850-1890

In order to understand the nature of John Kaiser's operation in Eau Claire, one must be familiar with his predecessors. Kaiser set up his lumber mill just as the last of the 19th century lumbermen in the region were either closing down or moving West in the pursuit of new sources of quality trees.

This chapter will be a brief summary of the state of lumbering in the Chippewa Valley during the "Golden Age"—the roughly 30-year period when lumber was the area's dominant industry. More specifically, I will be briefly examining the stories of a few successful lumbermen who operated during this time period, and both the purpose and the outcomes of their operations.

By examining the careers of four lumbermen operating in the region at the time, I will present through their common characteristics a portrait of the successful Wisconsin lumberman of the 19th century. I will also examine a major event that occurred in the careers of these lumbermen, the Beef Slough Controversy, which is a prime example of what happens when multiple large firms become locked in a combination of competition and cooperation.

Lumbering in Wisconsin

The beginnings of the lumber industry in the Chippewa Valley can be traced back to the 1820s. Although early settlers to the area found remains of tools suggesting that the French fur traders of the 18th century might have cut wood to build rafts, there is little

evidence of organized, industrial lumbering prior to 1821.¹ The industry would not expand outside of a few parts of the Chippewa Valley until after the United States government formally purchased the land from the Ojibwe and the Sioux.

Lumbermen were attracted to the northern forests of Wisconsin by the substantial population of white pine contained within. White pine was considered especially valuable as a source of lumber, because it is easy to cut, and produces large boards that are reliably free of knots. The biography of Frederick Weyerhaeuser, *Timber and Men*, describes in detail the appeal of white pine:

The logs are light and float easily in water. The wood is soft yet durable and effectively resists warping, shrinking, splintering, and decay. It holds paints and glues well and is the cabinetmaker's and woodworker's delight, for it can be quickly fashioned into almost any desired form. Nails not only penetrate white pine easily but can be removed and replaced firmly in the same hole. When fresh from the planning (sic) mill the boards are as smooth as velvet and have a beautiful pearly sheen. No other wood had an equal appeal to farmers and builders as long as the supply was plentiful and the price was reasonable.²

This made lumber from pine ideal for use in construction, which ensured that demand for pine lumber would remain perpetually high. This would inform the general business strategy of 19th century lumbermen in Wisconsin: Cut down as many pine trees as possible, float as many logs down the Chippewa River to the mills as possible, and most importantly, cut as many board feet of lumber from the logs as possible and sell it along the Mississippi River, sometimes as far south as Saint Louis.³

¹ Dale Peterson, "Lumbering on the Chippewa: The Eau Claire Area 1845-1885," (PhD diss., University of Minnesota, 1970), 40.

² Ralph Hidy, *Timber and Men: The Weyerhaeuser Story*, (New York: MacMillan, 1963), 15.

³ Peterson, 73.

The Chippewa River is the second largest watershed in Wisconsin, and the largest watershed occupying the northern woods of Wisconsin.⁴ Along the Chippewa and the numerous tributaries and neighboring rivers of the Chippewa Valley, a patchwork of white and red pine grew in large (if uneven) quantities. These growths were referred to by lumbermen and loggers as "pineries." Each pinery was named for the river that they grew near. The pineries along the Red Cedar, Flambeau, and Eau Claire Rivers were some of the most valuable; one estimate of a forty acre tract located on the upper Eau Claire placed the amount of white pine at 1.2 million to 1.5 million board feet.⁵ It is no surprise then that lumbermen moving out to the Wisconsin frontier would find this particular region an attractive place to set up a mill.

One of the most serious concerns for those seeking to open a mill on the Chippewa was an insufficient supply of capital. The first mill owners in the region such as James Lockewood, Joseph Rolette, and Hiram Allen were already established as businessmen, and had a source of income outside of lumbering, which helped mitigate this problem. Because of the need for upfront capital investment coupled with the high risk of said investment, mill ownership on the Chippewa had a very high dropout rate and a frequent shuffling of partnerships. Many lumbermen who came to Wisconsin were also quite young and had yet to build up sufficient capital to fund a mill. In 1850, aspiring lumbermen such as Carson, Knapp, and Philo Stone were all under the age of 25.6

Another serious concern for the ambitious lumberman was the fragility of a mill's operation for the first several years. A mill could be wiped out by sudden unforeseen

⁴ Peterson, 3.

⁵ Peterson 32

⁶ Peterson, 64.

disasters. For example, one of the first sawmills in the Chippewa Valley, built along the Red Cedar in 1823 by Lockwood and Rolette, was destroyed by a flood. Rebuilding the mill was hindered by a territorial dispute between the Sioux and Ojibwe tribes. The two men tried again in 1827, and eventually had a mill up and running by 1831. Again, a flood collapsed the mill's dam and scattered all the lumber.⁷

On some occasions, the success or failure of a lumber company seemed to be a matter of sheer luck more than anything else. Success in lumbering depended on a combination of good fortunes and a keen mind for business. Every step of the way in building a lumber business, there were pitfalls. When purchasing logs, lumbermen had to buy the best quality wood for the best possible price at a time market conditions were favorable enough to make a profit. When purchasing timber rights or the land on which the timber grew, the quality and quantity of timber had to be carefully estimated by a trustworthy surveyor. Finally, the storage of large quantities of wood carried with it "appallingly frequent fires." Not only were the lumber yards vulnerable to large conflagrations, but the timberland itself had the tendency to burn. The most infamous blaze to strike Wisconsin would be the Peshtigo fire of 1871, which destroyed over a million acres of timber and killed almost a thousand people.

Even assuming that the timber escaped fire, the weather could still hamper the transportation of logs. If there was too little snowfall in the winter, the crew's horse-drawn sleighs would not be able to haul the logs. If there was too much, the difficulty of navigating deep snow drifts on foot – especially while carrying heavy equipment – could

⁷ Peterson, 41-45.

⁸ Hidy, 23.

⁹ Ibid.

render the felling of timber impossible. During the summer season, if there was not enough rainfall, the rivers would be too shallow to float the logs to the mills. On occasions where logs could not be floated due to a dry summer, they would have to remain on the banks until conditions became more favorable. This exposed them to the risk of fire and wood-boring pests.¹⁰

One of the most notable features of the Wisconsin lumber industry for much of the 19th century, however, was the use of waterways for the transportation of felled logs. Prior to the 1860s, railroads had yet to make their way westward. This made transporting goods by rail in the Upper Midwest unfeasible. Fortunately for the ambitious lumbermen who came to the state, there was no shortage of rivers within the dense woods. Wisconsin lumbermen employed different strategies in how they used the rivers: some set up their mills close to the source of timber and rafted the finished lumber to market, while others set up the mills closer to the markets, and floated in the raw logs from claims upstream. By 1860, most lumbermen operating on the Chippewa River had opted to open their mills in Chippewa Falls and Eau Claire. 11

The lumber industry in the Midwest would experience a rapid expansion in the aftermath of the Civil War. It was fueled by an uptick in demand for lumber to construct houses. The passage of the Homestead Act in 1862 allowed the westward expansion of American settlers to accelerate. Much of the land west of the Mississippi was open prairie with few trees. For this reason the settlers on the Plains looked to the vast forests of Wisconsin and Minnesota. 12

¹⁰ Ibid.

¹¹ Hidy, 17.

¹² Hidy, 18.

An abundance of trees coupled with an almost perpetually high demand for lumber out West provided a golden opportunity to any one daring enough to roll the dice and set up on the frontier that was the Upper Mississippi. Lumbermen such as Weyerhaeuser, Laird, Norton, Ingram, and Shaw were but a few successful examples of men who took a chance and succeeded.

Frederick Weyerhaeuser

Frederick Weyerhaeuser was born on November 21, 1834, in the village of Niedersaulheim in the Rhineland to a farming family. He received an education until the age of 13, when the death of his father forced him to leave his schooling to pick up his father's share of the work on the farm. His biography credits this for the work ethic he would carry throughout his life. 13

He and the rest of his family immigrated to America in 1852, seeking a brighter future in a land of opportunity. Four years after arriving, Weyerhaeuser found his way to Rock Island, IL, where he landed a job at the sawmill of Mead, Smith, and Marsh. The work ethic he had developed on the family farm served him well here. He was rapidly promoted from a mill hand on the night shift to the manager of the entire lumber yard. Weyerhaeuser himself attributed this to "my readiness to work. I never counted the hours, or stopped until I had finished what I had in hand."14

¹³ Hidy, 3. ¹⁴ Hidy, 3-5.

The very next year, however, as was common in the lumber industry,
Weyerhaeuser's employer went out of business. The Panic of 1857¹⁵ weakened the
markets, but the final blow came the following year when a supplier cheated the mill.¹⁶
Here Weyerhaeuser saw an opportunity: He was able to lease the Rock Island mill and
run it himself. He struck after prices had bottomed out during the economic downturn,
and thus was able to increase the value of his new assets as the economy recovered.¹⁷

Weyerhaeuser was well-prepared for the rigors of doing business in lumber. He had discovered he had a talent for negotiating sales while working at the Rock Island mill. Once, while his employer Marsh was out to dinner, Weyerhaeuser sold lumber for \$60 to some customers who came by, despite not being authorized to handle sales. The firm was delighted at the profit he had earned them, and it was not long before he had developed a reputation for negotiating profitable but fair prices. His pricing was "so honest that immigrant farmers unable to read or write paid his lumber bills without question."

Weyerhaeuser and his brother-and-law turned business partner, Frederick

Denkmann, acquired ownership of the mill in Rock Island on January 1, 1860. Like most lumbermen of the time, the money they put into the venture was a gamble for reasons previously mentioned. Fortunately, it was a gamble that paid off. Their business grew steadily throughout the decade. Denkmann demonstrated that he could apply mechanical

¹⁵ The Panic of 1857 was an economic crisis that occurred after a financial panic in Europe burst an economic bubble caused by overextension of the United States' banks and railroad companies. The contraction of the American economy was brief, but unemployment remained high and growth sluggish until after the Civil War.

¹⁶ The supplier had taken payment for the purchase of a raft of logs, and then sold them to someone else in cash after the bank had processed the transaction.

¹⁷ Hidy, 6.

¹⁸ Hidy, 5, 7.

ingenuity to expand output without also expanding the labor force. Throughout the 1860s, Weyerhaeuser and Denkmann expanded their operation by reinvesting most of the profits back into the mill. In the winter of 1867-68, they constructed an extension to the mill including new machinery that doubled the mill's operating capacity. By 1869, with just sixty people on the payroll, the mill cut 200,000 feet of lumber, 72,000 lath, and 85,000 shingles in the course of a single week.¹⁹

Weyerhaeuser and Denkmann would rely on the market for their logs until at least the 1860s. They would purchase them from raftmen and boom²⁰ owners along the tributaries of Wisconsin and Minnesota rivers. Weyerhaeuser personally went "in the woods" to do business with the loggers and raftmen located there. Weyerhaeuser's interactions with those higher up the supply chain helped him to better understand the ebb and flow of supply in the lumber industry, as well as appreciate the great risks and rewards of owning stumpage. ²¹ With this knowledge, he had the potential to take his firm regional. Weyerhaeuser would buy his first timberland in 1872, as the funds had become available to do so, and both partners had gained an adequate understanding in how to wisely invest in stumpage. ²²

The Lairds and Nortons

Unlike the German immigrant Frederick Weyerhaeuser, the Laird and Norton families were Pennsylvania Yankees of Scots-Irish descent. They enjoyed an above-

¹⁹ Hidy, 30.

²⁰ A large arm floated out across a river to intercept incoming logs and guiding them into a storage pond.

²¹ The land upon which timber is situated.

²² Hidy, 31-2.

average level of education in their hometown of Buffalo Valley, which would help forward their business careers later on. John Norton and his sons, Matthew and Thomas, operated a coal yard and a canal boat, which they used to transport freight.²³ After the canal boat industry began to falter due to the rise of railroads, the Nortons adapted to the changing market and dabbled in rail construction. When the Nortons headed west to find opportunity on the frontier, only James and Matthew had any real capital to speak of, and these savings were modest.

Less is known about the Lairds, save that they were hard-working, resourceful, and of good standing within their community. They farmed for a living, and resided near Lewisberg, where the Nortons operated their coal yard.²⁴

Both families were drawn to the Midwest frontier by the growing romanticism of "going West," as characterized by happenings in the 1840s and 50s such as the Oregon Trail and the long flight of the Mormons to Utah. On April 30, 1855, William Harris Laird would travel to Eau Claire and purchase a large quantity of lumber, lath, and shingles from the mills of Knapp, Stout, & Co. Twenty-two year old William had come out to the St. Croix area without a clear idea of what he would do once he and his brothers arrived, and the only real business experience he possessed was the five years he spent working in his brother-in-law's general store. They decided they would take a chance and invest in running a lumberyard. The lumber that William purchased in Eau Claire would be the first stock of the Laird & Brothers partnership.²⁵

²³ Fred Kohlmeyer, *Timber Roots: The Laird, Norton Story 1855-1905*, (Winona, MN: Winona County Historical Society, 1972), 9-13.

²⁴ Kohlmeyer, 18.

²⁵ Kohlmeyer, 21, 39.

The Lairds opened their lumber yard in May of that year. William reported to a local newspaper that due to the large number of competing yards in the area, profit margins were slim at best. The major obstacle they faced upon startup was the lack of a reliable supply of wares; the Lairds had set up shop a few years before sawmills began to materialize in earnest along the Mississippi, St. Croix, and Chippewa Rivers.²⁶

James and Matthew Norton came to Winona in 1856. Their cousins, the Laird brothers, had had a successful selling season that year, and upon the Nortons' arrival, they entered into a partnership as Laird, Norton, & Co. The company records for that year indicate that they sold 3,000,000 feet of lumber, 1,875,000 shingles, and 900,000 lath; modest by contemporary standards, but impressive for a new company that did not even own a sawmill.²⁷

The five partners of Laird, Norton finalized plans to construct their first sawmill in the spring of 1857; construction began in June, and was completed in August. The mill began sawing logs in September. Unbeknownst to them, they could not have entered the market at a worse time. Whereas Weyerhaeuser had still been working for Mead, Smith, & Marsh when the Panic of 1857 hit the Midwest—and subsequently bought into the industry once prices had bottomed out—Laird, Norton had entered the market at a time when lumber sales looked most profitable, and prices were fairly high. Because of this, they lost a large amount of invested capital. The company soon found itself in debt, and would remain so for the seven long years that the Midwestern economy slowly muddled its way back to normalcy.²⁸

²⁶ Kohlmeyer, 40.

²⁷ Kohlmeyer, 44.

²⁸ Kohlmeyer, 46-7.

As was the case with Weyerhaeuser's early business, the price that Laird, Norton was able to set for its lumber year by year depended heavily on the prosperity of their primary buyers: the local farmers. Thus the price farmers were able to sell their crops would directly influence how much Laird, Norton could charge. Because of this, the price of lumber in Winona would fluctuate on an annual basis, highlighting the risks that are inherent in the industry and the sizeable amount of luck lumbermen required in hoping to prosper.²⁹

The first decade of operation for Laird, Norton was difficult and precarious. They would gain economic security from the arrival of the railroad to the St. Croix region. The new rail lines opened up new markets demanding lumber, which helped to keep the firm in the black. By the late 1860s Laird, Norton had established a reputation for itself as an "old, reliable firm" that offered good-quality lumber. In the coming years, they battled stiff competition from lumbermen in other parts of Minnesota and Wisconsin, especially those that utilized shorter rail lines and thus paid lower freight costs.³⁰

This competition drove Laird, Norton to continuously expand output at their mills in order to keep up. From October 1857 onward, the company was locked in an economic arms race with the arrival of Earle and Addison Youmans, who would serve as Laird, Norton's primary competitors in Winona. The Youmans brothers emulated Laird, Norton by setting up their own sawmill and cutting their own timber. Laird, Norton responded by upgrading their facilities. From then on, both mills would race to have the latest and best equipment. Output soared for all mills involved. In 1892, a record year of production for

²⁹ Kohlmeyer, 75-6.

³⁰ Kohlmeyer, 77-80.

the industry in the region, Laird, Norton cut 40 million board feet of lumber and 27 million shingles.³¹

By the late 1860s, all of the lumber companies dotting the upper Mississippi River area realized that securing a reliable source of logs individually was a difficult proposition, especially because they competed fiercely with each other. The Lairds and Nortons had become closely acquainted with Frederick Weyerhaeuser in the 1860s. They decided to join forces in order to address this problem, discussed later in this chapter.

Orrin Ingram

Orrin Henry Ingram was born on May 12, 1830 in the town of Southwick,

Massachusetts. His grandfather had come to America from England in search of
prosperity, but it did not come easily. Ingram's family was very poor, and from the age of
11 he was sent out to work on the farms of relatives. Young Orrin took pride in the long
hours he worked, although he soon grew weary of the monotony of farm life. It was while
tinkering with his uncle's farming equipment he discovered he had an interest in
machinery, and decided this would be his line of work. After failing to gain employment
at the Springfield Armory and the locomotive works, Ingram found work with the Harris
& Bronson Lumber Company.³²

Franklin Bronson, Ingram's superior, was impressed by how quickly he took to learning about the sawmill's machinery, and would often lead him through the mill after hours, discussing how the mill could improve its overall efficiency and output. It wasn't

³¹ Kohlmeyer, 80-1.

³² Charles E. Twining, *Downriver: Orrin H. Ingram and the Empire Lumber Company*, (Madison, WI: State Historical Society of Wisconsin, 1975), 4-7.

long before Ingram was put in charge of the mill's operations in Bronson's absence, as well as overseeing the winter logging operation. In 1851, he married Bronson's sister, thus guaranteeing close ties with his original employer.³³

Ingram would work for several lumber companies during the 1850s, and in the process he saved up a few thousand dollars. At this point he decided that he wanted to strike out on his own, and become a millowner in his own right. After listening to the accounts of lumbermen setting up in Michigan, he learned that the starting capital required to set up a mill with any chance of success was far higher than he had originally anticipated. For this reason he, like almost all other lumbermen, had to find a partner with whom to pool his resources. Throughout the year of 1856, he met with various aspiring lumbermen, hoping to find one with a bank account to match his ambitions. He found the man he was looking for in Alexander Dole, a man who was much older than Ingram, and yet had much less experience in the lumber industry. More importantly, Dole had plenty of money, more than enough to help finance a new mill. Ingram was quick to strike a partnership with Dole, and in the autumn of that year Dole was sent to Minnesota

Dole reported back that a settlement on the Chippewa River would serve as the ideal place to operate a lumber company. In fact, Dole had taken the liberty of purchasing a small mill already present there. The pine were bigger, the waterways were plentiful, and there was plenty of room for expansion should it be needed. That modest frontier settlement was Eau Claire.

³³ Twining, 7-11.

³⁴ Twining, 24-5.

Like Weyerhaeuser and the Lairds and Nortons, Ingram and Dole would experience the effects of the Panic of 1857 when it finally reached the Midwest the following year. Unlike the Laird brothers, who had bought up a large supply of materials right before prices collapsed and ended up deep in debt, Ingram's initial operation on the Chippewa was modest. The small scale of their first sawmill helped to insulate them from the effects of the market, because although prices had dropped, their costs were low to begin with. They were able to turn a modest profit as a result, and only began to expand once prices had reached a floor – much like Weyerhaeuser did when he first began his company.35

When the Long Depression hit the United States in the 1870s, Ingram's firm, now called the Empire Lumber Company, was able to remain afloat thanks to the continued expansion of farmland to the west. This ensured that demand remained high enough to offset the drop in prices. Despite this, the Empire Lumber Company faced natural challenges. Heavy rains followed by a long drought in the 1871 season complicated the transport of logs and lumber along the river, as well as contributed to the risk of fire. A major, less talked-about event that helped keep prices afloat were the Great Fires of Chicago and Peshtigo, which decimated their lumber industries and eliminated a significant amount of competition. Despite this improving Ingram's own fortunes, he and his partners disliked discussing the fires' impact on prices, because to do so would be to make light of personal tragedy.³⁶

³⁵ Twining. 35-6. ³⁶ Twining, 135.

Daniel Shaw

Daniel Shaw's early life paralleled the lives his fellow lumbermen. He was born on March 30, 1813 in Industry, Maine to a poor farming family. Like Weyerhaeuser and Ingram, Shaw had only a rudimentary education, as his home responsibilities took precedence. He was attracted to the lumbering business from an early age, and opened his first small, primitive sawmill before he had turned 18. He began to move westward with his family in 1851, setting up a mill first in Allegany County, New York, before deciding he would strike out for the frontier shortly afterward. Shaw was one of many New England men who struck out for the Midwestern frontier seeking fortunes in vast stands of white pine. At this time, the state of Wisconsin was heavily advertising its rich expanses of timber, and heavily encouraging young men with a dream to come west and set up a mill. Thus, Shaw was part of a large influx of men from the East between 1855 and 1860. Only a minority of these men, however, would rise above the throng of fortune seekers and establish themselves as successful millowners.³⁷

Shaw erected two logging camps during the winter of 1856-57 along the Chippewa River, and purchased over 600,000 board feet of logs. His mill was completed and open for operation in the summer of 1857. Like many lumber operations, Shaw's mill was "perennially short of capital." The mill and the logging camps needed constant investment to keep them in working order, and as mentioned earlier, conditions could be

³⁸ Reynolds, 8.

³⁷ A.R. Reynolds, *The Daniel Shaw Lumber Company: a case study of the Wisconsin lumbering frontier*, (New York: New York University Press, 1957), 3-5.

very unpredictable. Shaw would rely heavily on loans from banks in Milwaukee and Minneapolis.³⁹

Shaw and his brother-in-law, Charles A. Bullen, organized their business under the name Daniel Shaw and Company in 1858. Almost immediately, they were hit by the long economic downturn caused by the Panic of the previous year. Operations slowed but they were not halted, and the company was able to find buyers as the market picked up during the Civil War. Disaster struck in 1867 when the mill was destroyed by fire. The buildings were not insured due to the high premiums the policies carried for such high-risk property. Sawing operations persisted using a small, borrowed portable mill. Using saved-up capital to buy lumber from other millmen as a stopgap measure, Shaw and Company were able to struggle along until the mill could be rebuilt larger than before. An economic downturn in the 1870s wiped out many of Shaw's competitors, but despite sagging lumber prices and extremely tight credit, the company was able to survive. 40

The arrival of railroads in the region allowed the company to circumvent the local lumber wholesalers and sell directly to retail markets in the farming communities all along the Mississippi River. Because it was usually the wholesalers who planed and dried the lumber, the Shaws had to invest a considerable sum installing a planing mill, a kiln, and drying shed in order to take advantage of the removal of middlemen. The rails also allowed the company access to timberland out of reach of the streams upon which most lumbermen staked their claims, allowing Shaw to make the most out of his stumpage. ⁴¹

³⁹ Reynolds, 11.

⁴⁰ Reynolds, 13-4.

⁴¹ Reynolds, 143-4.

Daniel Shaw died in 1881. His business was taken over by his son, Eugene, who would guide the company through the following three decades as mills began to exhaust their stumpage and other lumbermen began to move out west. The company would stubbornly persist until the 1912 sawing season, during which Eugene passed away. The mill ceased operation after the morning shift on October 25, 1912, after 55 years of continuous operation.⁴²

The Beef Slough Controversy

Weyerhaeuser came to the Chippewa River in 1868, looking for a new source of timber. The timber on the Black River was beginning to run out, and most of the land along the Wisconsin River had been claimed by other lumber companies. He was pleased with what he found. "The Chippewa valley might be called a logger's paradise," his son, F. E. Weyerhaeuser would later write, "a very large part of its area being heavily forested with the finest quality of white pine timber, while rivers, streams, and lakes offer a network of excellent transportation facilities." More importantly, however, most of the Chippewa River's stumpage had yet to be claimed by millowners. Much of the land was still either owned by the federal government, or by various individuals, railroads, and organizations. 44

Of particular interest to Weyerhaeuser and his allies was a stretch of the Chippewa known as the Beef Slough. The Beef Slough is a sheltered branch of the final stretch of the Chippewa River where it drains into the Mississippi. It is alleged to have

⁴² Reynolds, 151-2.

⁴³ Hidy, 43.

⁴⁴ Hidy. 42-3.

been named for a government boat carrying beef cattle that would temporarily unload its cargo at the Slough in order to clear a sandbar. This part of the Chippewa was an ideal place to collect and process logs; it could be prepared with fairly little effort and expense, and once all obstacles were cleared, it was simply a matter of constructing a boom across the main branch of the Chippewa to divert logs into the Slough. It was for this reason that Weyerhaeuser wanted to claim the slough for the use of himself and other Mississippi River lumbermen.⁴⁵

Despite the great opportunity to be found on the Chippewa, it was clear that there would be obstacles. Local millowners on the Chippewa may not have owned much of the stumpage, but they certainly expected to gain control of it as soon as they could. Weyerhaeuser would be facing powerful competitors of the likes of the Eau Claire Lumber Company; Knapp, Stout; the Daniel Shaw Lumber Company; and Ingram, Kennedy & Company. These firms were powerful and prosperous enough to illegally cut timber on federal lands, using the power of lobbying to prevent the government from prosecuting them. 46

The resulting conflict is known as the Beef Slough Controversy, a decade-long struggle that pitted all four lumber companies discussed in this thesis against each other. Weyerhaeuser and Laird, Norton were two of the Mississippi firms seeking to expand into the Chippewa. Orrin Ingram became the de facto "leader" of the incumbent mills on the river.⁴⁷

⁴⁵ Hidy. 45.

⁴⁶ Hidy. 44.

⁴⁷ Twining, 171.

The Chippewa lumbermen were well aware of the strategic advantage that control of the Beef Slough could give the Mississippi lumbermen, and it made them wary. They feared that they would have increased competition for stumpage and logs, which would drive up the price of both and cut into their earnings. Although the Chippewa millowners had no intention of using the Slough themselves, they moved to put legislation through the government of Wisconsin.

Private owners of timberland in the area, however, welcomed the potential arrival of new lumbermen to the river. With more buyers, they would be able to sell more timber. For this reason, the timber owners collaborated in forming the Beef Slough Company in 1867, in order to take access to the Beef Slough away from the Chippewa mills and negotiate sales directly with the Mississippi lumbermen. This company would fail in just three years due to the strain of a prolonged legal battle against the Chippewa interests coupled with a catastrophic flood. Their collapse threatened the plans for expansion.

Weyerhaeuser, being a man of strong ambition and determination, was not one to give up easily. Matthew Norton described in writing the aftermath of the Beef Slough Company's fall:

It was apparent that even a fair proportion of them [the logs] could not be got through the boom for several years; and for a millman to have his capital tied up for that length of time meant certain ruin and disaster. Mr. Weyerhaeuser was not inclined to give up an undertaking which seemed to him to have great merit and with great foresight and determination decided on a new course: so that when the Beef Slough partners were inclined to abandon the enterprise, he with Mr. Schricker and Mr. Elijah Swift leased the boom...to see whether they could put new life in the project.⁴⁸

⁴⁸ Hidy. 46-9.

Frederick Weyerhaeuser gathered the lumbermen he was acquainted with, and together they devised a plan: they would pool their resources into a single business entity in order to coordinate the purchase and transportation of their logs, and organize the purchase of timberland in the Chippewa Valley. To accomplish this, Weyerhaeuser, Laird, Norton, and 15 other firms came together to form the Mississippi River Logging Company – its formation was concluded on December 28 and 29, 1870; and its charter was granted on January 2 of the following year.⁴⁹

The Mississippi River Company, despite exhibiting a great deal of cooperation between lumbering firms, also exhibited alongside it a "pungent individualism." It was clear from the outset that this company was created to facilitate the efficient purchase and driving of logs through the Beef Slough and nothing more. Cooperation did not extend to any other part of the supply chain; the firms competed as normal in the manufacture and sale of lumber. 51

The first act of the new logging firm under Weyerhaeuser was to purchase 34,000,000 feet of logs. Much to their disappointment, only a third of the logs reached the Beef Slough. The Chippewa millowners had simply refused to guide the logs along their way, and many of them were stranded on the river banks and in alcoves as a result. The ensuing decade was marked by a series of ferocious legal battles between the Chippewa lumber companies and the Mississippi River Logging Company in the state legislature. As they sparred within the statehouse, the latter found an effective means of combatting the former at the riverside: they simply purchased large amounts of logs and

⁴⁹ Hidy, 50.

⁵⁰ Hidy, 53.

⁵¹ Ibid.

sent them down the river all at once, forcing them into the mills' booms and giving the firms no choice but to sort out the logs that did not belong to them and send them onward to the Slough.⁵²

The conflict would play out both on the river and in the courts for the rest of the 1870s. The controversy would ultimately be resolved by nature itself in 1880. A catastrophic flood on the Chippewa caused several booms and a dam upriver to fail, sending a torrent of over 150,000,000 feet of logs belonging to both sides of the conflict careening downriver, along with several houses and an entire sawmill. 50,000,000 feet of these logs ended up heading straight into the Beef Slough.⁵³

With their logs in the Mississippi River Logging Company's hands, the Chippewa millowners found they had no choice but to come to the bargaining table. Weyerhaeuser was the first to respond to the flood, and he called all owners of the logs together to plan a salvage operation. It would be here that a truce would be declared between the Mississippi and Chippewa lumbermen. From November 22-24, 1880, the lumbermen met in Chicago and drafted an agreement that would allow for all the firms on the Chippewa (save for the Chippewa Lumber and Boom Company) to join with the Mississippi River Logging Company in order to cooperate with the acquisition and driving of logs. The results fell primarily in Weyerhaeuser's favor, because he would ultimately be the one to preside over the purchase of logs and timberland. In this way, the Chippewa Logging Company was formed as a collaboration between the two factions, and with the exception

⁵² Hidy, 51-2.

⁵³ Hidy, 72.

of a squabble over the acquisition of the Chippewa Lumber and Boom Company, the Beef Slough Controversy was finally at an end.⁵⁴

Conclusion

In examining the early history of four 19th century lumber firms, a pattern emerges. First, all lumbermen examined had a humble upbringing; they were born into poor families, and with the exception of the Lairds worked in farming for a living. All, again with the exception of the Lairds, had at best a rudimentary formal education, and developed strong work ethics from childhood.

The 19th century lumbermen's age and personality were other consistent factors. Many came to the Upper Midwest around the age of 20-25; Daniel Shaw went into lumbering at an even earlier age. Among these lumbermen can be seen a great desire for individualism. Weyerhaeuser in particular is very much a self-made man, and he was drawn to acquiring timberland based on his love for the outdoors. The Lairds came to Winona with no knowledge of what they intended to do once they arrived, and seem to have decided to start a lumberyard almost on impulse.

The 19th century lumbermen depended on the Chippewa and Mississippi Rivers to transport both logs and lumber to their markets. Even with the arrival of railroads to the Upper Midwest, these firms relied on the convenience of the water by building their mills closer to the markets and downriver from their timberland. As shall be seen in the next

⁵⁴ Hidy, 73-4.

chapter, the firms incorporated rail freight into their business models as the market evolved, and transitioned towards rail to transport lumber, while using the river to float logs.

The firms examined all weathered two major economic downturns: The Panic of 1857 and the Long Depression. Each firm handled the Panic differently once it reached them. As mentioned, Laird, Norton was the hardest hit due to the losses they incurred with startup costs. Weyerhaeuser simply rode out the Panic and started his business once prices had found a stable floor, and Ingram's small-scale operation insulated him from major changes in the market, using low prices as an opportunity to expand.

Another common characteristic was the high risk inherent in the business. Though they emerged from the forests of Wisconsin and Minnesota with a respectable amount of wealth, their luck could have resulted in an entirely different outcome. As previously mentioned, the weather could dictate the productivity of one's logging and lumbering operations, and the persistent risk of fire and pests could wipe out even the most savvy businessman.

All lumbermen involved reinvested almost all of their profits into their operations out of necessity; no one could fall behind in the competition. Access to capital in order to fund the operations was also in short supply, necessitating partnerships with people who already had acquired a fair amount of money from unrelated business operations. The issuance of bonds to fund expansion were not unusual.

The most important characteristic of the lumbermen's business operations was their size. Output was routinely measured in millions of board feet per year. When the Union Lumber Company collapsed in 1878, its output dropped from 32,000,000 board

feet to 3,500,000 - an amount that Timber and Men describes as "pathetic." 55 The combined annual output of all the lumber companies operating in the Upper Midwest year after year consistently exceeded a billion board feet. In a single purchase in 1881, Frederick Weverhaeuser acquired 100,200,000 feet of timber.⁵⁶

The sheer size of these operations was also apparent in the need for cooperation. Although as mentioned these firms were fiercely competitive, many of the companies in the region would eventually join one of the logging companies under Frederick Weyerhaeuser. In light of the massive legal, political, and economic conflict that was the Beef Slough Controversy, it was clear that there would need to be a level of coordination in how the lumbermen got their logs down the river. Another testament to the amount of logs harvested from the pineries at this time was the tactic Weyerhaeuser and his allies used as leverage against the Chippewa lumbermen: sending all of their logs downriver at once to overwhelm the Chippewa firms' booms.

The Mississippi River Logging Company, the conglomerate set up to organize the logging operations of a multitude of companies, constituted a regional monopoly on lumber.

The latter half of the 19th century was dominated by a few great men who, exerting a robust entrepreneurial spirit, made their way into the woods of Wisconsin and Minnesota and emerged with a respectable amount of wealth. Many of them exhibited a strongly individualistic personality, and came to the region seeking the frontier experience. For this reason lumber was a suitable industry for them. As will be seen in

⁵⁵ Hidy, 68. ⁵⁶ Hidy, 84.

the following chapter, the consequences of their business practices were not always positive, but for better or worse they set the tone for the future of Wisconsin's economy.

Chapter 2

Economic Changes in the Midwest 1870-1900

As Robert F. Fries notes in the final chapter of *Empire in Pine*, many experts in the lumber industry were well aware that their activities were not sustainable over the long term: "Nearly every year some prophet predicted the imminent disappearance of the state's pine resources." As early as 1873 the press reported estimates of when the pine would run out. Most foresters predicted that the pineries would be depleted sometime in the first decade of the 20th century. Weyerhaeuser, however, contradicted these predictions when he confidently assured journalists in 1890 that the pine would not likely run out during his lifetime. In 1900, Wisconsin still led the nation in lumber production, but the output of white pine had declined by 15% in the previous ten years. Fries identified the 1906 season as the beginning of the final stage of lumbering in Wisconsin.

It was during this final stage that John Kaiser arrived in Eau Claire to establish his lumber company. The economic conditions that Kaiser encountered were quite different from those encountered by earlier lumbermen such as Weyerhaeuser and Ingram. The purpose of this chapter is to describe how local changes affected the lumber industry, in order to contextualize the business practices of the Kaiser Lumber Company.

The Railroads Come North

The railroads that gradually spread across North America over the course of the 19th century played a large hand in the drastic transformation of the American economy

³ Fries, 240.

¹ Robert F. Fries, *Empire in Pine: The Story of Lumbering in Wisconsin, 1830-1900*, (Madison, WI: State Historical Society of Wisconsin, 1951), 239.

² A.R. Reynolds, *The Daniel Shaw Lumber Company: a case study of the Wisconsin lumbering frontier*, (New York: New York University Press, 1957), 148.

from agrarian to industrial. With it came new costs, new opportunities, and the inevitable turmoil of an economic model upended by the expansion of the markets. The rails were slow to reach the Upper Midwest, but when they finally arrived, they inflicted that same transformation upon the lumbermen.

Laird, Norton experienced the effect of rail on their business firsthand when lines through Winona and the rest of Minnesota began opening in the 1860s. In Winona, the success of a lumber company was driven by the prices set by the market. The most important prices were those of lumber and of wheat. The price of the latter directly affected the price of the former, because it determined how much spending power the local farmers would have upon selling their crops. Farmers were the primary customers of the Winona lumber companies.⁴

Prior to the arrival of the railroads, the prices of wheat and lumber were determined primarily by the weather, as weather conditions determined how much wheat could be grown and how many logs could be driven to the mills. With the arrival of the rails, however, a new dimension set in: freight rates. In 1862, railroad officials decided to raise rates from 12 to 15 cents for all freight above La Crosse destined for Chicago and Milwaukee. In 1864 they raised them again to 25 cents, and to 35 cents the following year. La Crosse was closer to Chicago and Milwaukee, and for that reason paid lower rates than mills in Eau Claire. This gave them a competitive advantage over lumber

⁴ Fred Kohlmeyer, *Timber Roots: The Laird, Norton Story 1855-1905*, (Winona, MN: Winona County Historical Society, 1972), 73.

towns further north. The higher freight rates and inflation caused by the Civil War drove up the prices of wheat and lumber in the area.⁵

Laird, Norton still managed to benefit from the railroads, despite the increase in complexity of price-setting. The firm was a pioneer in setting up "lineyards" – lumber yards built along a major railroad to which they could ship lumber and sell to the surrounding region. They set up their first two retail yards at St. Charles and Rochester, MN, in 1864. Their competitors were quick to follow suit. As competition heated up, Laird, Norton aggressively expanded its network of lineyards. They built three yards in 1878, twelve in 1879, and over the course of the 1880s twenty-eight more. In this way, the firm expanded its customer base into most of Minnesota and even into the Dakotas.⁶

Although the Long Depression of the 1870s slowed the development of lineyards, Weyerhaeuser and Denkmann were able to benefit. By 1877, the rails were enabling them to sell lumber to settlements as far away as the Rocky Mountains and Texas. They attempted to use Laird, Norton's lineyard model to expand into Kansas and Nebraska, but the local competition was fierce, and the lumber boom that attracted them in the first place was temporary.⁷

Expanded markets also meant expanded competition. By 1882, competing firms were getting increasingly ferocious, and lumbermen found that they had to dedicate more and more resources to marketing. Around this time, they began using traveling salesmen to find buyers for their lumber. Most of the companies under Weyerhaeuser's umbrella

⁵ Kohlmeyer, 77.

⁶ Ralph Hidy, *Timber and Men: The Weyerhaeuser Story*, (New York: MacMillan, 1963), 172.

⁷ Ibid.

had opened their own sales departments by the end of the 19th century. Smaller firms relied on third party commission agents, also known as "scalpers," who would buy lumber from any company and resell it as quickly as possible. In 1902, the Chippewa Lumber and Boom Company sold 58% of its lumber through scalpers.⁸

Chippewa lumbermen such as Orrin Ingram continued to use the river to transport logs to the mills, even as other lumber companies that previously relied on water transport began to commission their own private roads. This is because the sale of lumber in general followed an east-west pattern. Farming settlers continued to migrate westward for much of the century. Because the Great Plains were sparsely populated by trees, the dense pineries of the Upper Midwest were the ideal source from which to find the wood to build their homesteads. As the demand traveled west, the lumbermen were sure to follow.

Ingram's continued reliance on the Chippewa River for transport was driven by geography. Directly to the west and east of the Chippewa Valley, there existed mature lumber markets that had already been claimed by large lumbering firms: In the east, the cities of Green Bay and Chicago were massive hubs for lumber. In the west, the Twin Cities acted in the same capacity. For this reason, attempting to sell due east or west would result in ferocious competition and the deflation of lumber prices. It was therefore expedient for Ingram to ship his lumber down the Chippewa and the Mississippi, to

⁸ Hidy, 173.

deliver them to retail yards set up in Iowa. From there, he could sell his lumber using the new rails expanding across the state.⁹

The Daniel Shaw Lumber Company continued to rely on the river to drive logs throughout the 1870s. This only lasted so long as there was timber to cut close to the rivers. Once there were no more trees close enough to make transport by horse-drawn sleigh practical, the company under Eugene Shaw began exploring turning to rail to transport logs. Shaw purchased thousands of acres of timberland located near a rail line far from the waterways. Initially, the Daniel Shaw Lumber Company used both water and rail to get their logs to the mill, but gradually, as the decades progressed and the loss of logs in river drives began to take a toll on the bottom line, the firm became more dependent on rail transportation. After 1909, the company transported both logs and lumber exclusively by rail. ¹⁰

Like all other lumbermen, Shaw found that the expanded markets made possible by the railroads changed his business practices. Prior to assuming his position as head of the firm, his father had maintained several retail yards in downriver communities since the 1860s for the purpose of selling lower quality products and occasional surpluses. Because they seldom sold well, Eugene Shaw decided to close them in favor of sending the products along the rails. He also found that he was relying more and more on commission men to handle the sale of his lumber in these distant markets. Because his

⁹ Charles E. Twining, *Downriver: Orrin H. Ingram and the Empire Lumber Company*, (Madison, WI: State Historical Society of Wisconsin, 1975), 117-8.

was a smaller operation compared to industry giants such as Weyerhaeuser and Knapp, Stout, he did not have a dedicated sales department in his business.¹¹

Preparing for the End of Pine

During the mid-19th century, lumbermen engaged in business practices that Arthur Reynolds describes as "criminally wasteful." Although it could vary from firm to firm, the minimum acceptable diameter of the small end of a log was usually set at roughly sixteen inches, and this number was only gradually reduced as the years progressed and stumpages became exhausted. Another wasteful practice was the cutting of trees several feet up the trunk, wasting thousands of board feet of useable wood. Loggers would also destroy young growth and trees that the sawmills were not accepting. During the drive to the mills, many logs sank to the bottom of the river, but they were left to rot, for reclaiming them was not worth the cost to the lumbermen.¹³

The waste continued at the sawmills. Inefficient saws cut a wide kerf¹⁴ that would be unacceptable by 20th century standards. Byproducts of the sawing process, such as sawdust, bark, short pieces, slabs, and wood that didn't meet lumbermen's grade were considered "mill waste" and would be incinerated in on-site furnaces, a common feature of a well-established lumber company.¹⁵

¹¹ Reynolds, 145.

¹² Reynolds, 148.

¹³ Ibid.

¹⁴ A slit or gouge created in a piece of wood after being cut.

¹⁵ Ibid.

Ironically, it was reckless logging practices that were responsible for the increased severity of forest fires that constantly threatened lumbermen's timber. Logging crews only took the trunks of the trees as logs, with branches and tips left where they were cut, drying out into a highly flammable kindling. In the opinion of Fries, if these waste products had been carefully piled and incinerated, the lumber industry in Wisconsin might have lasted for many more years due to the countless acres spared from persistent conflagrations.¹⁶

People in Wisconsin were not unaware of the problem. Initially, conservationists had difficulty finding sympathetic ears, but over many years, public opinion gradually shifted in their favor. Despite lumbermen's reassurances that the pine would last for many decades to come, Wisconsin newspapers began questioning the wisdom of lumbering to excess without planning for the long term. The American Association for the Advancement of Science delivered a report to Congress in 1875 warning of the rapid depletion of the United States' forestry. Even Governor Washburn, himself under the influence of the lumber lobby, warned lumbermen they were killing their golden goose.¹⁷

The political pressure for conservation of Wisconsin's remaining forests intensified in the 1880s and 1890s from several demographics: farmers feared their taxes would increase if lumbermen exhausted their stumpage and left; journalists began investigating and writing about more sustainable lumbering methods being practiced in Europe; carriage builders feared they would lose access to their raw material.¹⁸

¹⁶ Fries, 245.

¹⁷ Fries, 247.

¹⁸ Fries, 248.

Finally, in 1891, Congress took decisive action. They passed a sweeping reform of existing land and forest laws, empowering the President to set aside public land for the purpose of conservation, and transferring ownership of salable public land containing timber to the Forest Bureau, effectively removing it from the market. The government of Wisconsin took action a few years later, setting up commissions to review and reform policies regarding the land set aside for state parks, which had been badly damaged by forest fires and illegal logging. In 1908 a special commission recommended that the state begin buying back cutover¹⁹ to expand their forest reserve.²⁰

Decades before the final pine tree was felled, lumber companies on the Chippewa River were already beginning to alter their business practices to prepare for the inevitable. Lumbermen such as Eugene Shaw began taking greater care to avoid waste in the logging and milling process, and Eau Claire firms began accepting smaller and smaller logs. Greater care was taken to avoid losing logs during drives, and they upgraded their saws to reduce kerf. They even began searching for a market for the "mill waste" that they previously burned.²¹

During much of the "golden age" of lumbering in the Upper Midwest, lumbermen only sought white pine for its utility as a construction material. They shunned the myriad other tree species found in Wisconsin's forests, such as hemlock and various hardwoods that surrounded the fast-depleting pineries. Starting in the early 1870s, however, lumbermen began to reconsider this disdain, especially in light of how rapidly they were harvesting the coveted pine from their stumpage. By 1876, most lumber companies in the

¹⁹ Timberland that has been cleared of desirable trees.

²⁰ Fries, 249-50.

²¹ Reynolds, 150.

area were accepting hardwoods for manufacture and sale, and in 1906, production of hemlocks and hardwoods reached a billion board feet.

Eugene Shaw, taking advantage of his new contacts in the Midwest via rail, aggressively promoted the creation of markets for the hemlock and hardwoods on his stumpage. Before this new market was even fully developed, however, he found that these trees were also beginning to run out. This severely hampered the firm's ability to compensate for the decline in lumber.²²

Lumber companies also began using lower grades of pine in their production, and larger operations adopted policies of conservation to prolong the business as long as possible. The sale and ownership of timberland – once haphazard and scattered piecemeal across the forest – became more orderly. Even then, these measures would only prolong the industry, not sustain it.²³

Because lumbering on a large scale in Wisconsin remained unsustainable, it was inevitable that Wisconsin lumbermen would begin looking elsewhere for new sources of timber. The yellow pine of the South was an attractive prospect, as were the Douglas firs and redwoods populating the West Coast. Starting in the 1870s and accelerating in the 1890s, several lumbermen began investing in the South and West, before finally moving operations there entirely.²⁴

Lumbermen that chose to remain in Wisconsin made a shift towards quality over quantity. No longer able to profit by cutting and sending out hundreds of millions of

²² Reynolds, 146.

²³ Fries, 240.

²⁴ Fries, 241.

board feet in a year, firms had to adapt by offering a more refined product. In the late stage of the lumber industry, companies began constructing planing mills and dry kilns to refine their lumber with procedures that were normally performed downriver at the distribution centers.

By 1890, Frederick Weyerhaeuser and his grand alliance under the Mississippi River Logging Company were looking for a new source of timber. They had already expanded into the rest of Minnesota in the preceding decade, but the forests of the Upper Midwest were well on their way to exhaustion. In addition, the populace was beginning to protest deforestation in public domain lands.²⁵

Weyerhaeuser considered investing in the Deep South, where the repeal of the Southern Homestead Act in 1876 had opened its vast stands of yellow pine for harvest. He had initially been hesitant due to the prospects of the hot summers and the risk of mosquito-borne diseases such as malaria, but he was impressed at the development of the lumber industry there. He and Laird, Norton invested in the creation of the Southern Lumber Company in Louisiana in 1901, but Weyerhaeuser would ultimately abandon the South in favor of the Pacific Northwest. Starting in 1900, this would be the main source of new timber for both Weyerhaeuser and Laird, Norton.²⁶

Orrin Ingram did not join Weyerhaeuser and Laird, Norton out west. Throughout the 1880s, he considered moving to California, and even bought land in the Northwest, but ultimately decided to remain in Eau Claire. The Empire Lumber Company last saw expansion in 1892, with business severely hampered in the following years by the Panic

²⁵ Hidy, 207.

²⁶ Hidy, 208-216.

of 1893²⁷ and several poor logging seasons. Although Ingram remained optimistic that the market would recover soon, he and his partners realized that they were getting old and tired, and that perhaps it might be time to gradually phase out the company altogether. Ingram decided to shut down his operations in Eau Claire in 1898, and the mills were closed the following year.²⁸

Post-Lumber Wisconsin

Writing in 1923, University of Wisconsin student Louise Helen Elser remarked on the decline of lumber in her undergraduate thesis:

Although one thinks of forests, pines, and hardwoods in Northern Wisconsin, statistics tell the story that our state is gradually creeping down in the rank as a lumbering state. In 1909 Wisconsin was the eleventh state in rank as a lumber state, in 1914 it was tenth and in 1919 she was the eleventh in the rank of lumbering industry. And the pine which had been so important in the "golden age" contributed only eleven per cent of the total cut in 1916, showing that hemlock and the hardwoods had the place of prominence.²⁹

The subject of Elser's thesis was a description of the transition of the North Wisconsin economy from lumber to farming. More recent scholarship better illuminates this transformation. The state government and several lumber counties began promoting efforts to establish farming communities in 1895 with the creation of immigration boards

²⁷ The Panic of 1893 was an economic depression caused by the failure of several banks due to overspeculation in the railroad industry.

²⁸ Twining, 276.

²⁹ Louise Helen Elser, "The Change from Lumbering to Agriculture in Northern Wisconsin 1870-1920," (B.A. thesis, University of Wisconsin, 1923), 29.

at the state and county level, hoping to attract new settlers to the region to establish an agricultural base.³⁰

The attitude in the North was one of optimism. County officials and outgoing lumbermen alike assured outsiders that there was great opportunity to be found in the "fertile" acres of cutover – the land on which all the profitable timber had been felled. What optimists failed to mention was that the land in northern Wisconsin was far less consistent than the good agricultural ground in the south of the state. Due to the way that the glaciers had receded at the end of the Ice Age, the northernmost reaches of the state are dotted by gently rolling foothills, lakes, and swamps. The quality of the soil was difficult to ascertain because of the presence of rocks in and on the ground. Evaluation was also made difficult by the long winters and heavy snowfall.³¹

As a result, buying a plot of land for farming in the North was a gamble. The quality of the soil and the presence or absence of rocks varied heavily even within short distances. Soil analyses carried out in the 1990s found that roughly 45% of the soil found in the cutover was of "medium or better soil productivity," assuming that great care was undertaken in its cultivation. By contrast, 90% of the soil in the south of the state received the same grade.³²

Further complicating matters was the condition of the cutover itself when immigration was first advertised. As mentioned above, 19th century lumbering practices were geared towards maximizing output, not long-term sustainability. These same

³⁰ Fries, 242.

³¹ Robert Gough, Farming the Cutover: A Social History of Northern Wisconsin, 1900-1940, (Lawrence, KS: University Press of Kansas, 1997), 12.

³² Ibid.

practices also devastated the land that was now being sold as farmland to settlers.

Discarded brush and branches littered the ground, along with millions of stumps and rejected logs. Many observers would describe the cutover as remarkably similar in appearance to No Man's Land during the brutal trench warfare of the First World War.³³

From 1900-1920, tens of thousands of farming families moved north into the cutover. Despite the abundance of stumps, the inconsistent soil quality, and the overall harshness of the climate, these farmers were able to adapt and survive. By 1920, they even had a modest amount of prosperity. In order to make do with the scarce fruits of the land, communities developed a culture of cooperation and sharing, and relied heavily on social institutions such as churches and schools.³⁴

By 1940, it had become apparent that the enthusiastic advertisements about the fertility of North Wisconsin were falsehoods. Settlers seldom had very large yields, but they got by on what they could. Northern Wisconsin now somewhat resembled farming communities in the southern half of the state. The overall decline of farmers' incomes in the 1920s, and the Great Depression in the following decade were especially hard on cutover farms due to their limited margin for loss. As a result, the region was left poor and underdeveloped, even as the Roosevelt administration implemented New Deal programs geared towards agriculture. This resulted in a landscape that bore little in resemblance to the thriving land of yeomanry that promoters of the early 20th century had envisioned.

³³ Gough, 19-20.

³⁴ Gough, 48.

³⁵ According to *Farming the Cutover*, New Deal agriculture programs tended to benefit large, commercial farms.

³⁶ Gough, 195.

While North Wisconsin struggled to convert from lumber to agriculture, settlements along the southern edge of the cutover were having more success with their transitions by focusing on manufacturing. La Crosse began to develop its manufacturing base as early as 1855, just five years after its founding, when residents demanded the construction of factories and machine shops for farming equipment. From there, the town's industry rapidly diversified as local officials planned to gear the local economy towards becoming what Fries describes as "a wholesale center" supplying goods and services to the region. As a result, many new industries grew up in La Crosse at the turn of the century: "agricultural implements; furniture; confectionery; foundry and machineshop products; brewing; publishing; baking; plumbing, gas, and steam fitting; tobacco, cigars, and cigarettes; and planing mill products." settlements agriculture.

Lumber towns in the east of Wisconsin were following suit. For example, the city of Oshkosh was once a major center for the production of lumber. With the white pine exhausted, the local economy shifted to production. As the large sawmills closed, factories for producing doors, windows, and sashes sprang up, along with the manufacture of wagons and carriages. Foundries and machine shops also found a home in Oshkosh. In the year 1900, Oshkosh accounted for over a third of Wisconsin's supply of cigars and cigarettes.³⁹

If there was a single industry that could be considered a successor to lumber in Wisconsin, it would be the paper industry. The first paper mill was opened in Wisconsin in 1848, three months before it was granted statehood. The early paper industry came to

³⁷ Fries, 243.

³⁸ Fries, 243-4.

³⁹ Fries, 244.

Wisconsin at this time to replace the wheat farmers migrating west to populate the Great Plains; the first plants were opened in repurposed flour mills. As the industry grew, it would come to dominate particular regions of Wisconsin; the Fox River Valley was the epicenter for much of the state's paper operations.⁴⁰

For the first quarter century, paper's relationship with Wisconsin's forests was non-existent. The pulp to make the paper was produced using cloth instead of wood. Papermakers gradually shifted over to wood pulp as a raw material through the 1870s, as the railroads expanded into forests. The lumbermen's prioritizing of white pine over hardwoods left plenty of the latter with which to make paper. By this time, Wisconsin had become a leading producer of paper in the Midwest, although it was best known for leading the nation in lumber production.⁴¹

Unlike the lumber barons, the paper barons such as John Kimberly and Charles Clark did not intend to simply exhaust their stumpage and move elsewhere. Their response to the deforestation problem was slightly delayed due to the fact that they relied on lower-grade wood in order to make paper. In the 1920s, the paper industry in Wisconsin was a pioneer in developing a model for sustainable logging. Trees were now treated like crops instead of a natural resource. Speaking to the *Milwaukee Journal Sentinel* in 2012, mill manager Randy Stoekel said "Papermakers are the farmers of

⁴⁰ John Schmid, "Wisconsin's Place in Paper Industry Under Siege," *Milwaukee Journal Sentinel*, December 8, 2012. Accessed June 22, 2015, http://www.jsonline.com/business/paper-industry-digital-china-wisconsin-

^{182612951.}html

⁴¹ Ibid.

Northern Wisconsin. They have the same work ethic that farmers have – only farmers do yearly crops, and we do 40-year crops."⁴²

Wisconsin's paper industry experienced its peak in employment in the 1960s, with a total workforce of approximately 21,500. At its peak output, Wisconsin's paper mills accounted for almost half of the United States' paper supply. As a successor to lumber, paper went strong for almost a century after the decline of lumber. Its decline in output and profitability only began during the first decade of the new millennium, as demand for paper fell off with the development of portable, digital storage devices, and the government of China developed a massive paper industry of its own in a remarkably short period of time.⁴³

The Diversification of Eau Claire Industry

The city of Eau Claire was host to a well-developed lumber industry, due partly to the geographic advantage it enjoyed occupying the confluence of the Chippewa and Eau Claire Rivers. This allowed the city to draw logs from both. Half Moon Lake, an oxbow lake⁴⁴ situated just below the confluence, proved to be an ideal storage pond for logs. For this purpose a small canal and boom were constructed in 1857 to connect the lake with

⁴² Ibid.

⁴³ Ibid.

 $^{^{44}}$ A small, curved lake formed when a bend in a river is cut off by shifting sediment to create an independent body of water.

the Chippewa River. With the addition of the log storing potential of the Dells further upriver, Eau Claire was an attractive location for lumbermen to set up their mills.⁴⁵

In the early 1880s, there was a general feeling of optimism among the people of Eau Claire. Their industry was driven by seven large lumber companies: the Daniel Shaw Lumber Company, the Empire Lumber Company, the Eau Claire Lumber Company, the Valley Lumber Company, the Dells Lumber Company, the Northwestern Lumber Company, and the Westville Lumber Company. The wealth generated by these seven firms provided Eau Claire with the image of a healthy, prosperous community. Residents embraced as a nickname for their town "The Second City," – a reference to Eau Claire being the second largest and wealthiest community in Wisconsin (Milwaukee occupied first place). 47

Eau Claire was determined to maintain its title of "Second City," and strove to do so through the tactic of boosting. Boosting, or boosterism, is a coordinated campaign carried out by local governments and private residents in which they advertise or offer incentives to attract new businesses to the community. Prior to 1880s, most of Eau Claire's boosting focused on securing a dam in the Dells to cultivate a better business climate for an already prosperous town. Regardless of whether the economy was performing well or poorly, boosters used every opportunity to promote their town as a good place to do business.⁴⁸

⁴⁵ Smith, 12.

⁴⁶ Smith, 14.

⁴⁷ Smith, 33.

⁴⁸ Smith, 34-35.

City officials were well aware of the seemingly distant threat of timberland exhaustion. As early as 1882, the Northwestern Lumberman urged lumber towns to begin thinking about ways to diversify their manufacturing base to avoid collapse. The mood in Eau Claire was optimistic; Eau Claire had good transportation, a low cost of living, and its strategic position in the region meant that other markets were in easy reach. The press expressed confidence in the ingenuity and resourcefulness of the town's entrepreneurs.⁴⁹

The confidence that Eau Claire would diversify in time was not unfounded. Despite building a local economy based on the manufacture and sale of lumber, the basis for a more diverse manufacturing economy was seeded by the actions of the 19th century lumbermen operating in the area. As a primitive frontier town in the 1850s, lumbermen found that they needed to supply many of their own necessities. Orrin Ingram operated a steamboat to bring supplies up the river. In order to feed his logging crews and mill hands, Daniel Shaw planted a few farms to provide a ready food source. Shaw's mill even operated its own water works many years before the city of Eau Claire built one.⁵⁰

In the 1880s, as the first warnings of a decline in lumber hit the press, Eau Claire boosters shifted their efforts from lobbying on behalf of lumbermen to promoting the growth of new industries. The city's first dedicated booster organization, the Eau Claire Board of Trade, was formed in October, 1879. In its mission statement, the Board explicitly cited the goal of maintaining Eau Claire as "the Second City" through the cooperation of business, government, and the residents. The following year, the Board promoted the construction of a municipal water works, a wool mill, and a city

⁴⁹ Smith, 35. ⁵⁰ Smith, 25.

marketplace. In 1881, it was instrumental in promoting a railway through the Chippewa Valley.⁵¹

When not advertising and promoting a business friendly environment, booster organizations in Eau Claire were offering direct incentives for new industries to come in. In 1881, an industrialist from Indiana submitted a proposal to the city council to erect a paper mill, which would employ at least 75 people. In return, he asked for \$5,000, 10 acres of land, and rights to power generated by the Dells dam. The city council voted in favor of the proposal, and the Eau Claire Pulp and Paper Company was constructed in 1882. After changing ownership and becoming the Dells Paper and Pulp Company, the mill expanded several times; by 1904 it was employing 350 people. ⁵²

A financial panic in 1883 demonstrated that the prosperity Eau Claire enjoyed was precarious. Several years earlier, a rate war with the railroads had caused a state court to settle the issue by requiring all freight exported from Eau Claire to pay a much higher fee than freight from Winona, Lacrosse, and Chicago, to level the playing field by canceling out Eau Claire's geographic advantage. The result was widespread business failure, high unemployment, and low wages. The city attempted to counter the unemployment with a public works project, but this was unsuccessful.⁵³

By 1886, residents were beginning to realize the importance of diversifying local industry. Meetings of up to 300 people convened in Marston's Hall on a weekly basis to devise plans to buy up failing factories and attract outside investment. Some of the

⁵¹ Smith, 37.

⁵² Smith, 50-2.

⁵³ Smith, 56-9

attendees were members of the Board of Trade. Boosters realized that they needed to take decisive action to reclaim the "Second City" image. Their efforts to attract industry to the city intensified as the decade wore on.⁵⁴

The results manifested in 1887, as the Board of Trade finally found its footing in its role as an official boosting organization. It quietly mediated negotiations between the city government and potential entrepreneurs, and arranged for the granting of bonuses to companies that decided to set up in Eau Claire. The Daniel Shaw Lumber Company and the Mississippi River Logging Company got involved in the process when they each offered to donate five acres of land for the construction of new factories. In addition, Shaw offered a bonus of \$1,000. The policy of offering direct fiscal incentives to firms that constructed factories in the city became known as "The Liberal Policy." 55

The Liberal Policy turned out to be very successful in diversifying Eau Claire's manufacturing. In 1892, the city succeeded in attracting another pulp and paper mill. This was soon followed by "a furniture factory, a trunk factory, three sash, door, and blind plants, seven planing mills, a barrel and stave factory, two breweries, two book binderies, a sawworks, and three carriage and wagon factories." By the beginning of the 20th century, Eau Claire's economy was far more diverse than it was during the lumber boom of the early 1880s, and it had recovered from the downturn caused by the decline of lumber and economic depression. This new influx of business would include the establishment of Kaiser's firm.

⁵⁴ Smith, 63-6.

⁵⁵ Smith 67-71.

⁵⁶ Fries, 244.

An article in the *Eau Claire Leader* in 1905 commented on the city's newfound good fortune:

Alderman Johnson is greatly encouraged with the present outlook for his section of the city. He informs the *Leader* that realty has advanced over fifty per cent the past year, due to the fact of the establishment of several new industries, especially that of the new box factory of the South Muscatine Lumber company. Mr. Johnson states that the advance has been so great that several of the leading real estate men of the city are looking around with a view of investment.⁵⁷

In 1916, the Gillette Safety Tire Company was opened in Eau Claire by Raymond B. Gillette. The company came under the control of the United States Rubber Company in 1940, and was renamed Uniroyal, Inc. in 1950. By 1965, the plant was the third largest Uniroyal plant in America, and the primary supplier of tires to the Ford Motor Company. The company would serve as a major employer in the Eau Claire area until its closure in 1991.⁵⁸

Conclusion

The end of the 19th century brought about great transformations in the state's economy, starting with the arrival of the railroads, which enabled the lumbermen to greatly expand their markets into distant states, and accelerating with the rapid depletion of the pineries that first drew the lumbermen to the region.

⁵⁷"Water Street and Shawtown: Advance in Realty Over Fifty Per Cent the Last Year." *Eau Claire Leader*. May 9, 1905, Accessed via ACCESS Newspaper Archive.

⁵⁸ Cindy Knight, "Uniroyal, Inc. Records, 1917-1990" University of Wisconsin-Eau Claire, 1995. Accessed June 22, 2015, http://digital.library.wisc.edu/1711.dl/wiarchives.uw-whs-ec00cb

As the lumbermen who first drew wealth from the forests of Wisconsin and Minnesota began to retire or move south and west, local lumbertowns found that they had to find something to fill the void. The formerly dense forests of northern Wisconsin were utterly devastated by the lumbermen's unscrupulous exploitation of the land. Robert Fries lamented the state of Wisconsin's forests even decades after the lumbermen of the previous century had left:

[The lumber industry's] ruthless attack on the forests reduced large tracts to virtual deserts. When the forests were gone, the state discovered that the flow of its streams had been disturbed and that in some sections the soil was being washed away. Presently, too, it was facing a lumber famine as a result of the selfish and unscientific policies of earlier administrations.⁵⁹

By 1910, Wisconsin was home to 21 industries that relied upon wood for their operations, many of them located in the cutover of Northern Wisconsin. 60 Cities such as Oshkosh, La Crosse, and Eau Claire were quick to adapt to the departure of the massive sawmills and lumber firms that once dominated their waterways and railheads. These new businesses kept utilizing the wood that the lumbermen had left behind, allowing smaller lumber firms to maintain a local market for lesser-quality wood in smaller quantities. Many, especially the paper industry, utilized raw materials that the commercial lumbering operations had once burned in furnaces as "mill waste," particularly sawdust and wood shavings.

One of these new businesses had a special niche: making boxes to be sold to other firms. A box maker did not need high quality pine in order to produce a sturdy crate, and as long as there were hardwoods, there would be wood for boxes. As mentioned in the

⁵⁹ Fries, 254.

⁶⁰ Fries, 244.

excerpt from the *Eau Claire Leader*, a box factory was opened in the town in the summer of 1905 by the South Muscatine Lumber Company. The owner of that company was John H. Kaiser, and it was the construction of this box factory that marked his arrival in Eau Claire.

Chapter 3

John Kaiser and His Lumber Company

With lumber's economic dominance in Eau Claire on the decline, it would seem to make little sense to attempt to open a new lumber company there. The incumbent lumbermen were in the process of retiring or moving away in search of more pine. Why, then, would Kaiser chose to set up a complete facility and continue to manufacture lumber when lumber was losing ground as the dominant industry of Wisconsin?

There was far more to the story than a last bid to profit from lumber while there were trees left. The lumbermen of the 19th century came to the forests of the Upper Midwest to harvest the vast stands of white pine scattered throughout, and (with few exceptions) left once the most valuable trees had been felled. Kaiser operated sawmills for a different reason. In fact, although lumbering was important to Kaiser's business dealings, simply manufacturing and selling lumber was not the sole purpose. John Kaiser was first and foremost a box-maker; he owned and operated lumber companies in Eau Claire, Muscatine, Iowa, and Stillwater, Minnesota in order to feed a multitude of box factories he owned throughout the Midwest.

For this reason, the following chapter will focus not only upon the John H. Kaiser Lumber Company, but its role in a broader network of businesses under the ownership of a single man. A comprehensive biography of John Kaiser's personal life was not possible due to the loss of vital biographical materials in the State Historical Society's collection sometime before 1979. Even so, multiple articles within the *Eau Claire Leader* and the *Muscatine Journal* discuss Kaiser and his businesses, as do the ledgers, board meeting

minutes, and official correspondence of the lumber company. From these, a coherent narrative arises. It is not as detailed a case study in lumbering as *Timber and Men* or *Timber Roots*, but it places the Kaiser Lumber Company in the proper context of the history of the Midwestern lumber industry.

Before 1905

John Kaiser was born in Hulda, Germany on May 10, 1852. He immigrated to New York in 1871¹ in order to escape conscription. Seven years later, he moved to Saint Louis, Missouri seeking new opportunities. Kaiser's arrival in St. Louis parallels the 19th century lumbermen who came west before him: like Frederick Weyerhaeuser, Kaiser was a German-born immigrant from an unassuming lower-class background. Like Daniel Shaw and the Laird brothers, he did not have much money to his name. When he arrived in America, he reportedly had only 50 cents in his pocket. By the time he arrived in Missouri, Kaiser's total savings had increased to \$50.²

Unlike the 19th century lumbermen who came west twenty years prior, Kaiser did not immediately start work in lumber. While Weyerhaeuser's first job in Illinois was at a sawmill, Daniel Shaw had opened his first mill at a very young age, and the Laird brothers opened a lumberyard seemingly on impulse, Kaiser used a very small amount of capital to open a modest business constructing boxes by hand for local dry goods companies.

¹ The year Kaiser immigrated has a discrepancy between sources; the US Census lists it as 1874.

² Barbara Kaiser, "Logs and Boxes: The John H. Kaiser Lumber Company of Eau Claire," State Historical Society of Wisconsin, *30th Star: History Bulletin for Wisconsin High Schools*, *1955-1965*, January, 1959, 3.

Kaiser married Emma Berson on October 19, 1882. From this union, Kaiser would father two sons, William and Edward, and two daughters, Hulda and Florence. William, the eldest of the four children, was born in Saint Louis, MO in December, 1885.³ Alongside his father, he was an important figure in the operation of the Kaiser Lumber Company. He would serve on the Board of Directors as a general secretary. Business correspondence included with the company records suggests that most, if not all, of the Kaiser Lumber Company's correspondence with other firms, including its insurers and attorneys, was handled by William.⁴

This delegation of responsibilities to family members continues the parallels with the 19th century lumbermen. The massive lumber companies that dominated the Upper Midwest at the time Kaiser crafted boxes in Saint Louis were, for the most part, kept within the family or among friends. For example, Frederick Weyerhaeuser's closest business partner, Denkmann, was his brother-in-law. The Lairds and the Nortons were related to each other through intermarriage. David Shaw passed ownership of his lumber company on to his son, Eugene. Almost all the participants within the Mississippi River Logging Company considered themselves on amicable terms, and the Lairds and Nortons would become close personal friends to Weyerhaeuser. This was not to say that other board members and shareholders were not present within the firms; the most important positions were reserved for the friends and family.

³ U.S Census Bureau, 1900 United States Federal Census, Muscatine, Iowa, 25A. Accessed via Ancestry.com.

⁴ "Correspondence, 1925, Jan.-1956, Feb.," John H. Kaiser Lumber Company Papers, Eau Claire Mss L, Wisconsin Historical Society. Box 1, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

Kaiser and his family moved to Iowa in 1889. Once he was settled, he purchased the old Burdich Mill for renovation and reuse.⁵ He did not formally incorporate it into a lumber company until January 8, 1897, when he sent one of his earliest business partners – R.C. Schenck – to Cedar Rapids to register it as the South Muscatine Lumber Company.⁶

The purpose of incorporation is to give a firm broader access to capital and a number of legal protections and privileges. Businesses with corporate status are able to raise funds for their operations through sale of stock and bonds. Access to capital was the greatest challenge lumbermen of the 19th century faced on a regular basis. It is possible that Kaiser operated his mill as a non-corporate entity for the first few years before seeking incorporation as a means to acquire the necessary funds to expand his operations. Without access to the company records, however, this has yet to be confirmed or disproven.

This does not mean, however, that Kaiser did not operate the mill in the years between purchase and incorporation. Waiting to incorporate a company is not without precedence in the lumber industry. Daniel Shaw founded his company with his brother-in-law in 1858 under the name Daniel Shaw and Company; he did not seek a corporate charter until 1874, renaming his firm the Daniel Shaw Lumber Company. Assuming

⁵ "History of River is Colorful Saga Through Years," *Muscatine Journal Centennial Edition*, May 31, 1940, Accessed via ACCESS Newspaper Archive.

⁶ "Lumber Company Incorporated," *Cedar Rapids Evening Gazette*, January 8, 1897, Accessed via ACCESS Newspaper Archive.

⁷ Investopedia, "Definition of 'Incorporation'" Accessed 7/19/2015, http://www.investopedia.com/terms/i/incorporate.asp

⁸ A.R. Reynolds, *The Daniel Shaw Lumber Company: a case study of the Wisconsin lumbering frontier* (New York: New York University Press, 1957), 13-4.

Kaiser did operate the mill in the years between purchase and incorporation, his three years without a charter pales in comparison to Shaw's seventeen.

Kaiser's decision to enter the lumbering business in Muscatine made sense.

During the late 19th century, Muscatine had the reputation as a major hub for the lumber industry thanks to a favorable position along the Mississippi River. The town was home to many sawmills, as well as at least one door and sash factory. Starting with the first sawmill opened in 1838, lumbering was a lucrative business, as it was further up the Mississippi, where Weyerhaeuser and his colleagues conducted their business. Lumber in Muscatine began to decline around the same time as other parts of the Upper Midwest: at the turn of the 20th century. Until then, however, Muscatine's sawmills were a regional juggernaut.⁹

It also makes sense that Kaiser would decide to buy a lumber mill of his own.

Even though Kaiser started out making boxes, and would continue making boxes for the rest of his life, it was in his best interest to also set foot in lumbering. The reason for doing so matches the reason the 19th century lumbermen bought their own timberland: it saved money in the long term. When Weyerhaeuser, the Lairds and Nortons, Ingram, and Shaw first opened their lumber companies, they would often purchase logs from independent crews or other companies, and they would sometimes even buy surplus lumber from other companies in order to meet contractual obligations. This changed as

woods-but-it-was/article 80f3e066-da58-590e-a3d6-c79bf0573f80.html

⁹ Sarah Tisinger, "Muscatine may be out of the woods, but it was once a booming lumber town" *Muscatine Journal*, August 28, 2014, Accessed on June 26, 2015, http://muscatinejournal.com/news/local/muscatine-may-be-out-of-the-woods-but-it-was/article_80f3e066-da58-590e-a3d6-c79bf0573f80.htmlhttp://muscatinejournal.com/news/local/muscatine-may-be-out-of-the-

they grew in size and scale, and they amassed enough capital to purchase their own timberland. This way, they could harvest their own trees and cut out the middlemen, who necessarily needed to make a profit for themselves and increased the price of logs. This is a common business practice known as "vertical integration" – in which a firm holds ownership over part or all of its supply chain.¹⁰

The same principle can be seen at work with Kaiser. When he started out, he could not afford the upfront costs associated with constructing and operating a sawmill, instead purchasing lumber for his boxes from other lumber companies. The opening of the South Muscatine Lumber Company meant Kaiser had purchased part of the supply line: from forest to mill to his box factories. Although his lumber company catered to multiple buyers, and with incorporation shared ownership with business partners, Kaiser was in effect selling lumber to himself.

From 1897-1906, the South Muscatine Lumber Company served as Kaiser's center of operations. The sawmill produced enough lumber for Kaiser to open several box companies scattered around the country. Throughout his career, Kaiser owned box factories in Denver, Kansas City, MO, Omaha, NE, Saint Louis, MO, and Stevens Point, WI. This business model brings to mind the lineyards that Laird, Norton operated. Now that Kaiser had a central operation from which to distribute lumber, it was easy for him to branch out to other locations, following the railroads.

¹⁰ This is in contrast to "horizontal integration" – in which a firm acquires multiple holdings in a single stage of production.

¹¹ "John H. Kaiser Rites Held at Eau Claire, Wis.," *Muscatine Journal and News Tribune*, May 22, 1939, Accessed via ACCESS Newspaper Archive.

Moving North

At the beginning of the 20th century, the lumber industry was beginning to run its course in Muscatine. As in Wisconsin, lumber manufacturing maintained a modest presence for a few more decades, but running the logs down the Mississippi River was beginning to lose its profitability. As Muscatine's industrial focus began to shift more towards button manufacturing, Kaiser began looking for places to expand his lumbering operations. Because his primary dealing was not in the mass harvest of white pine, the loss of the pineries had less bearing on his decision of where to relocate.

By 1905, Kaiser had purchased timberland and timber rights in both Minnesota and Wisconsin in order to feed his Muscatine sawmill. Transit costs down the Mississippi River needed to be taken into consideration. Therefore, Kaiser decided to expand north, so that the operations could be as close to the timber as possible. The ideal location for this move was the town of Eau Claire.

Even at the time Kaiser was considering moving north, Wisconsin was still a major exporter of lumber, and some of the 19th century lumbermen were still present. Even though lumber production had peaked decades earlier, and Kaiser was the last to set up a lumber company in the Chippewa Valley, the departure of the lumber barons was a gradual process. Indeed, Louise Elser noted in her thesis in the early 1920s that even with a large decline in output, Wisconsin was still a major exporter of lumber.¹²

¹² Louise Helen Elser, "The Change from Lumbering to Agriculture in Northern Wisconsin 1870-1920," (B.A. thesis, University of Wisconsin, 1923), 29.

A good example of the lingering influence of the lumber trade is a banquet held at the Eau Claire Club in 1908; the venue had been selected by the Hardwood Lumber Manufacturers of Wisconsin, and the meeting was attended by members of the Kaiser Lumber Company as well as Northwestern Lumber Company, the Daniel Shaw Lumber Company, the Steven-Jarvis Lumber Company, Rice Lake Lumber Company, and the John S. Owen Lumber Company. The organization established a recurring meeting of lumbermen in 1913 to be held quarterly in Eau Claire, with attendees quartered in the Galloway House. Its purpose was described as "principally for the discussion of the general conditions in the state, the gathering of statistics and a general comparison of notes for the betterment of trade conditions." 14

The First Year

Kaiser and his business partner, James L. Giesler, founded the lumber company on October 7, 1905 as the Kaiser-Giesler Company. A special meeting less than two months later would rename the firm the John H. Kaiser Lumber Company. Both men personally contributed roughly \$100,000 in initial stock. The sum of money Kaiser put toward the startup of his latest firm starkly contrasted the starting capital of his first box company in Saint Louis, which he founded and operated with just \$50. Kaiser and Giesler

¹³ "Lumber Men Talk and Eat," *Eau Claire Leader*. January 17,1908, Accessed via ACCESS Newspaper Archive.

¹⁴ "Lumbermen Meet Here," *Eau Claire Sunday Leader*. October 26, 1913, Accessed via ACCESS Newspaper Archive.

¹⁵ "Board of Directors Minutes, 1905-1920," John H. Kaiser Lumber Company Papers, Eau Claire Mss L., Wisconsin Historical Society, Box 3, Volume 1, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire. Eau Claire, Wisconsin.

held the first official board meeting of their new company on October 13 in the Galloway

House in Eau Claire; all subsequent meetings until 1926 would be held at the lumber

company's main office at 1004 Menomonie Street. 16

The John H. Kaiser Lumber Company did not enter operation for another few months. The sawmill processed its first logs on April 23, 1906. In attendance was a journalist from the *Eau Claire Leader*. "The company has timber enough in sight to guarantee the mill running for the next fifteen or twenty years," the next day's article reported, "The average daily cut will be fully 106,000 feet, and when running full blast will employ between 300 and 400 men. At present only about 100 hands are employed." ¹⁷

Later that year, the *Leader* wrote another piece on the company, describing the mill in more detail:

The Company operates an immense plant, and embraced within its operations are thousands of acres of timber, the average cut per annum being eighty-five million feet, and twenty million feet of this is cut in the mills at Eau Claire. In all the branches of the business, this great industry gives direct employment to about nine hundred and fifty men.

The firm manufactures timber, lath, shingles, and box shooks, and their specialties are box shooks [disassembled box parts], box lumber crating, and re-sawed stock. They do an exclusively wholesale business and handle immense quantities of white pine, hemlock, and Wisconsin hardwoods. Their goods are sold as far east as New York, and also in Chicago, Kansas City, and Canada, and they operate mills at Stillwater, Minn, Muscatine, Iowa, and Glen Flora, Wis.

The Company intends to increase the capacity of the plant in Eau Claire, and make this the center of their operations, which will be a great benefit to the city in

¹⁶ Ibid.

¹⁷ "Scenes at the Mill of the Kaiser Lumber Company." *Eau Claire Leader*. April 24, 1906. 1.

a financial way. The Company is doing a large and profitable business, and they have one of the best and most complete plants in the Northwest. 18

The Timberland

On June 28, 1911, the surveyors Brayton & Lawbaugh Ltd. Timber Lands performed an assessment of Kaiser's stumpage in Sawyer County. They estimated the total area of the stumpage at 40,131.74 acres, but this number conflicts with a smaller estimate given in a later article about the company. Waiser's stumpage took up a continuous tract of land that stretched across Townships 37 through 39 North; Ranges 3 and 4 West in the southeastern corner of Sawyer County. The total amount of useable timber on the land was estimated at 331,272,000 board feet. A majority of this timber was hemlock and hardwoods such as maple, elm, ash, and lynn; however, there was also 2,089,000 feet of pine remaining on the land as well. The total value of the land and the timber altogether was placed at \$1,369,115.20

The shape of Kaiser's stumpage was consistent with the behavior of late period lumbermen in Wisconsin. As mentioned in previous chapters, the 19th century lumbermen were in business exclusively for the state's vast stands of white pine. For this reason, their stumpages tended to be purchased piecemeal from the federal government, resulting in a map that resembled a crude patchwork. Oddly-shaped tracts of land mingled together; a single firm seldom owned a continuous stretch of timberland. This patchwork followed the concentrations of pine in the forest, which contrary to what a layperson

¹⁸ "John H. Kaiser Lumber Company," *Eau Claire Leader*. October 30, 1906, Accessed via ACCESS Newspaper Archive.

¹⁹ Barbara Kaiser, "Logs and Boxes."

²⁰ "Correspondence, 1925 Jan.-1956 Feb."

might imagine, did not grow all together as a single forest. As the pine was exhausted and lumbermen began turning to hemlock and hardwoods, the selective purchasing of land made less sense, and stumpage began to coalesce into consistent blocks, starting at the edge of rivers and moving inland.

The Railroad

The surveyors noted that Kaiser had constructed an eight to nine mile length of private road into his stumpage to facilitate the transport of logs. More information on the railroad was provided in a circular issued to investors. According to the pamphlet, the railroad extended roughly ten miles off a junction with the Chicago, St. Paul, Minneapolis and Omaha Railway (also known as Omaha Road) and provided daily deliveries of logs to the mill. Kaiser had arranged a first class traffic agreement with the railroad under contract until 1925; the pamphlet described this arrangement as "very favorable."

In addition to laying and maintaining the line into the stumpage, the railroad also maintained sixty-five flatbed cars, one Clyde Iron Works rapid loader, one McGiffert swing boom steam propelling loader, and a thirty-seven-ton Lima locomotive. The logging camps would be set up on either side of the road; felled logs would be transported by horse-drawn sleigh to the train cars for loading, and the crews would

²¹ "Serial Bonds of the John H. Kaiser Lumber Company of Eau Claire, Wisconsin" 9, John H. Kaiser Lumber Company Papers, Eau Claire Mss L. Wisconsin Historical Society, Box 1, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

reside in a bunkhouse constructed from a car on the rails, which would be moved as they worked their way down the line through the timberland.²²

Like the distribution of the firm's stumpage, Kaiser's decision to forego timberland near rivers in favor of constructing his own private rail line is consistent with late period lumbering. The development of the railroad industry in Wisconsin made it more economical to transport logs by rail. As noted in the previous chapter, incumbent firms such as Daniel Shaw began moving away from water transport, despite being located directly along the Chippewa River. The use of rails had the added benefit of allowing logging crews to harvest trees in regions further away from the rivers, which became a necessity as the trees along the banks became depleted.

The transportation of logs by rail also allowed for the delivery of logs year round. Contrast this with log transport by water, which is seasonal in nature. As mentioned in the first chapter, the seasonal log drive was rife with risks; many logs were lost on the bottom of the river, and the drive could be delayed by inclement river. Logs that sat on the banks waiting for favorable river conditions could fall victim to fire or pests. Rail transport eliminated these risks, and ensured that the lumber company's logs safely reached their destination. A steady supply of logs also meant that the Kaiser Lumber Company could operate and sell lumber all year.

²² "Serial Bonds" 6.

Business Practices Before 1917

The investors' pamphlet serves as a detailed snapshot into the early operations of the Kaiser Lumber Company. Prior to the construction of the O-Claire Box and Crating Company in 1917, the company operated similar to contemporary lumber companies still in operation on the Chippewa. There were, of course, the aforementioned adaptations to the business practices that all lumbermen in the region had to adopt in order to remain profitable. Kaiser's operation had the benefit of not being founded for the mass extraction of white pine like older firms.

At the time of the pamphlet's publication, the mill had been in operation for roughly five years, and had been operating at full capacity since early 1907. The pamphlet emphasized that the mill had been equipped with "the very best and latest machinery." The daily output was estimated at 200,000 board feet per ten-hour work day. The attached planing mill could process and ship a capacity of five to six train cars of lumber over the same period of time. The mill's attached box factory had a daily output of a single train car of box shooks and boards.²³

The pamphlet demonstrates the most important factor that distinguishes the Kaiser Lumber Company from all other operations before it: its smaller size. Compared to the lumbering powerhouses of the Weyerhaeuser firms, Orrin Ingram, and Daniel Shaw, the Kaiser mill produced only a fraction of the lumber. Recall in the previous chapter, that Ralph Hidy described the dying Union Lumber Company's final output of 3 million board feet to be "pathetic." In full contrast to the major lumber operations of the 19th

²³ "Serial Bonds" 5-6.

century, which consistently reported outputs in the hundreds of millions of feet, the Kaiser Lumber Company consistently reported an output that ranged between six and ten million board feet per year; two to three times the output of the Union Lumber Company at the time it went bankrupt.²⁴

Although the Kaiser Lumber Company did cut and sell the pine that still stood upon its stumpage, its primary goods were hemlocks and hardwoods. The pamphlet reported that the pine and hemlock lumber was sold to retail lumberyards in Wisconsin, Michigan, Minnesota, both Dakotas, Iowa, and northern Illinois. The hardwoods were sold under contract to firms that dealt in it. From the wood considered waste by earlier lumber mills, the Kaiser Lumber Company manufactured "box boards, lath, and boards down to 12 inches in length. All of this short stuff goes to the box factory and is there converted into high grade box shooks and packing boxes."²⁵

An important development for the Kaiser Lumber Company was its purchase of the remaining property of the Daniel Shaw Lumber Company in October, 1913. The *Leader* reported that the Kaiser Lumber Company had restored the mills on the land to operational condition, and that it would be used to augment the overall lumber output of the firm, which the article generously estimated to be around 25,000,000 feet.²⁶ The purchase is significant in that not only had the Kaiser Lumber Company greatly expanded

²⁴ "Ledger, 1917-1931," John H. Kaiser Lumber Company Papers. Eau Claire Mss L, Wisconsin Historical Society, Box 4, Volume 5, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

²⁵ "Serial Bonds." 9.

²⁶ "Outputs of Eau Claire Concerns Will Reach Big Figure Coming Winter," *Eau Claire Leader*, October 28, 1913, Accessed via ACCESS Newspaper Archive.

its facilities, but it had absorbed one of the 19th century lumber companies that preceded it.

An interesting point made in the pamphlet is the claim that the company was "practically immune" to serious fire damage. It claimed this was made possible by excellent fire coverage, and it had earned its reputation for immunity after the area had experienced multiple fires without significant loss of property.²⁷

Ironically, on October 24, 1913, at 9 P.M., just two years after the pamphlet made this bold assertion, a fire broke out inside the company's main office. The *Leader* credited the rapid response of Hose House Number Five for the minimal loss of property. All of the important papers within the office were rescued, but the building itself sustained heavy damage. The cause of the fire was reported as "spontaneous combustion." Despite the relatively small amount of damage, the incident serves as a rebuttal to the claim of immunity to fire. "If it had got a better start," reported the newspaper, "it would have been almost impossible to stop it before it had consumed all the buildings and lumber piles on the premises besides the residences close by."²⁸

This episode serves as a reminder of the hazards lumbermen faced. The threat of fire was ever-present, no matter how carefully a lumberman managed his property. No lumber company could claim immunity to fire. Weyerhaeuser, Laird, Norton, Ingram, and Shaw all experienced fires on their property at some point in their careers. The Great Chicago Fire and the Peshtigo Fire utterly devastated these lumbermen's eastern competition.

²⁷ "Serial Bonds," 13.

²⁸ "Fire in Kaiser's Office," *Eau Claire Leader*, October 26, 1913, Accessed via ACCESS Newspaper Archive.

Like all other lumber companies, the John H. Kaiser Lumber Company was almost perpetually dependent on scarce capital to operate and expand. From the board meetings, it would appear that for much of the company's existence, it maintained a series of bonds valued at \$300,000. According to company records, these bonds were held by multiple sources, including the Wisconsin branch of the Corn Exchange National Bank, as well as banks in Muscatine and Davenport. It would appear that every few years, the bonds would be rolled over and renewed; the firm would pay off its old obligations while at the same time assuming new ones with the issuance of new bonds, keeping the total around \$300,000.²⁹

At first, this perpetual borrowing of money suggested that the lumber company might have been in financial trouble from 1913 onward, but the numbers in the ledgers do not seem to support that assumption. Financial distress was also suggested by a discussion among the company's board members of accepting an offer from Wisconsin lumberman Edward Hines to purchase the company for \$750,000 (approximately \$17.9 million in 2014). It is possible that the board merely considered this offer as a formality, but they seemed to keep it open as a possibility. The buyout option remained on the table from October 23, 1913 to January 7, 1915; the board formally declined the offer at the behest of the Davenport and Muscatine banks.³⁰

In reality, the company was not in financial trouble at the time the buyout was being considered. The sum of money offered for the sale was substantial for an operation as modest as Kaiser's, and one that would be worth considering. Instead of financial

²⁹ "Board of Directors Minutes, 1905-1920."

³⁰ Ibid.

distress, the company experienced the usual growing pains associated with the lumber industry; a constant supply of capital was needed for whenever the firm wished to expand.

At times when rolling over bonds was not an option, the company would also arrange for large sales of lumber, land, or property in order to meet its financial obligations. On February 7, 1914, the company finalized the purchase of a large portion of its lumber stock to Ed Hines. In May, 1915, general manager Joe Ott sold three buildings formerly belonging to the Daniel Shaw Lumber Company for \$1,500. In July of the same year, one Gustav Steuben of Davenport purchased a large sum of lumber for \$42,500.³¹

The money from these sales contributed to the expansion of the mill's operations. On July 27, 1912, the company purchased additional stumpage in Sawyer County from Albert C. Horel, taking care to keep it near its existing holdings. Stumpage that had been exhausted was sold as farmland. In November, 1916, the Kaiser Lumber Company sold 920 acres of cutover to the Edward Hines Farm Land Company for a total of \$7,360. The operations of the Kaiser Lumber Company were concurrent with the aggressive push by the state government to settle and farm the cutover. It would make sense for the Kaiser Lumber Company to directly sell used land to both the government and farm land companies as an additional source of income.

On December 23, 1913, John Kaiser resigned as the company's president and director of the Kaiser Lumber Company. The board unanimously elected James Giesler

³¹ "Correspondence, 1925 Jan-1956 Feb."

as his replacement.³² The reason Kaiser stepped down became clear enough the following year, when the *Muscatine Journal* reported on Kaiser's triumphant return to the South Muscatine Lumber Company. Kaiser informed the newspaper that he intended to remain in Muscatine for the foreseeable future, in order to manage the merger of the South Muscatine Lumber Company's operations with his boxmaking plant. He added that he was planning to expand the business and add new jobs to the community. The *Journal* spoke favorably of Kaiser's decision. "Mr. Kaiser is one of the best-known, active lumbermen of today and was very prominently known in Muscatine during his residence here," the article stated, "and the announcement of his return will be well received."³³

From Lumber to Boxes, 1917-1939

From 1913-1920, Kaiser spent most of his time with his family in Muscatine, overseeing his operations there. Operations in Eau Claire continued in his absence, and Kaiser himself did not completely bow out of local business dealings there. During Giesler's tenure as president and director of the lumber company, Kaiser was preparing to convert the lumber company's business model away from that of a traditional lumber company.

At the same time that he was overseeing the expansion and merging of his

Muscatine operations, Kaiser also had plans in the works for the construction of a new
box factory. The building would be entirely separate from the lumber mill, and began

³² "Board of Directors Minutes, 1905-1920."

³³ "John Kaiser to Remain Here," *Muscatine Journal*, August 9, 1914, Accessed via ACCESS Newspaper Archive.

construction in 1916. The construction of this box factory was a turning point in the operations of the Kaiser Lumber Company. It marked the moment when the firm began to move towards acting predominately as a local supplier for Kaiser's boxmaking.

Keeping in mind that John Kaiser started his career in Saint Louis making boxes, it stands to reason that Kaiser created lumber companies with his own supply chain in mind. It seems that by merging and expanding his operations in Muscatine, he was doing the same thing in Iowa. The lumber companies he owned elsewhere were specialized as his personal suppliers, after a few years of operating as regular lumber companies that happened to also provide wood for Kaiser's boxes.

Kaiser's separate box company in Eau Claire was complete and ready for operations by 1917 under the name "O-Claire Box and Crating Company." Kaiser and his sons, William and Edward, held the first board meeting of the box company as the sole owners. John and William were listed as the owners, with Edward brought on as a partner later. In a 1923 audit, it was reported that the factory operated in two 10-hour shifts. The day shift operated at full capacity, and the night shift operated at 40% capacity, ensuring a steady output of boxes.³⁴

At this time, the Kaiser Lumber Company's ledgers reveal that the O-Claire Box and Crating Company was intended to act as a primary buyer of wood, and that there would be mingling between the activities of both. The papers of both companies were included in the collection of company papers given to the State Historical Society, and

³⁴ "Balance Sheet Audit, O'Claire Box & Crating Company," John H. Kaiser Lumber Company Papers, Eau Claire Mss L, Wisconsin Historical Society, Box 1, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

from 1920 onward, the Kaiser Lumber Company is shown to be buying and selling a significant amount of equipment with the box company. The O-Claire Company also charged the Kaiser Lumber Company to compensate for deprecation in value of said equipment. The relationship between the two businesses could be called symbiotic. In time, the Kaiser Lumber Company would become dependent on selling its lumber to the O-Claire Box Company and Kaiser's later, second operation, the Guardian Box Company.³⁵

It makes sense that the Kaiser Lumber Company's business operations would evolve in such a way. Kaiser was a boxmaker, who owned more box factories than he did lumber companies. There is no evidence that the Kaiser Lumber Company was engaging in the sustainable lumbering practices that the paper barons of Wisconsin would eventually develop in the 1920s, and therefore must be assumed to have been logging its stumpage to exhaustion like lumber companies that came before it. Even though its annual output was miniscule compared to the large-scale operations of the 19th century, selling large amounts of lumber on the general market was simply not sustainable, and would inevitably devolve into supplying Kaiser's box factories.

There is less information regarding Kaiser's other box company. The Guardian Box Company had less paperwork available than the O-Claire Box and Crating Company. However, the article "Logs and Boxes" briefly mentions its existence.

According to Barbara Kaiser, the Guardian Box Company employed roughly 200 men on its floor, and steadily produced boxes until 1924. In that year, the factory located on Menomonee Street in Eau Claire was partially destroyed by a fire, and operations were

^{35 &}quot;Ledger, 1920-1941."

moved back to their original location on Tenth Avenue. Kaiser sold the business to a Chicago firm in 1931, which moved everything to Sheboygan, WI. Kaiser opened a new box factory on the site of the previous factory two years later, because the repeal of the Eighteenth Amendment³⁶ had created a new demand for liquor crates.³⁷

At this point, business operations were beginning to wind down at both the lumber company and the box factories. Kaiser reassumed a position within the Kaiser Lumber Company in 1920, when general manager and vice president Joe Ott retired. Until his death, Kaiser would continue to hold this position.³⁸ In 1929, at the age of 77, Kaiser turned much of the day to day responsibilities of his businesses over to his son, William. It appears that Kaiser also turned over power of attorney to William.³⁹ The last regular meeting of the company's board of directors took place on January 23, 1926. This would be the final time that Kaiser and his business partners would formally meet.

³⁶ An amendment to the United States Constitution ratified in 1919 enabling the federal government to prohibit the manufacture and sale of alcohol.

³⁷ Barbara Kaiser, "Logs and Boxes."

³⁸ "Board of Directors Minutes, 1921-1947," John H. Kaiser Lumber Company Papers, Eau Claire Mss L, Wisconsin Historical Society, Box 3, Volume 2, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

³⁹ "Unsorted Business and Legal Papers," John H. Kaiser Lumber Company Papers, Eau Claire Mss L, Wisconsin Historical Society, Box 2, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

Conclusion

On July 8, 1940, William Kaiser called to order a special meeting of the Kaiser Lumber Company's shareholders. The company had not had a formal board or shareholder meeting since 1926. In the intervening 14 years, most of the sitting board members had died. William Kaiser presented himself as the sole remaining officer of the company. He noted that the Kaiser Lumber Company had ceased operations the previous year, and much of the company's holdings had been sold. The purpose of the meeting was to take stock of company property that had yet to be sold off and approve its disposal. The shareholders voted unanimously that the company should sell off its real estate as quickly as possible; they subsequently ratified a contract for the sale of land to Clyde S. VanGordon at the price of ten thousand dollars.¹

John Kaiser passed away on the morning of May 18, 1939, at Sacred Heart

Hospital in Eau Claire after a brief period of unspecified illness.² Upon his death, his

lumber company ceased operations. It is unclear whether the company ceased operations
immediately upon his death, or shortly prior. With the closure of the Kaiser Lumber

Company, the last chapter in the history of Eau Claire's lumber industry was concluded.

The company remained in existence as a corporate entity for several more years in order
to sell off all its remaining assets and prepare for dissolution. The company was officially
disbanded in 1957.

¹ "Board of Directors Minutes, 1921-1947," John H. Kaiser Lumber Company Papers, Eau Claire Mss L, Wisconsin Historical Society, Box 3, Volume 2, Records housed in Special Collections & Archives, McIntyre Library, University of Wisconsin – Eau Claire, Eau Claire, Wisconsin.

² "John H. Kaiser Rites Held at Eau Claire, Wis.," *Muscatine Journal and News Tribune*, May 22, 1939. Accessed via ACCESS Newspaper Archive.

From 1939-1957, all the buildings belonging to the Kaiser Lumber Company were sold. Almost all of them have since been demolished, save for one. The main office of the Kaiser Lumber Company is still standing at 1004 Menomonie Street. It is on the National Register of Historic Places, and is described as "one of the few remaining buildings directly associated with the large-scale lumbering which was central to the economy of late nineteenth- and early twentieth century-Eau Claire." The current owner of the building wishes to have the building demolished in order to develop the land around it, and this proposal is currently under discussion.⁴

The question to be answered now is "Was John Kaiser a lumberman?" The answer is yes, he was a lumberman. Kaiser owned and operated at least two fairly successful lumber companies, and he conducted their operation in a similar way to contemporaries in the industry. From his Eau Claire plant, he sold pine and hemlock to retail lumberyards throughout the Midwest, to be used in construction and as telephone poles. Byproducts were also used to manufacture boxes, which would then be sold on contract. In this way, the Kaiser Lumber Company operated like a normal lumber plant until 1917, when feeding Kaiser's box factories became the mill's primary purpose.

However, Kaiser was more than just a lumberman. It must be remembered that Kaiser was first and foremost a manufacturer of boxes. He entered the lumber industry in order to create a supply chain with which to keep his factories profitable. He operated

³ "Kaiser Lumber Company Office," City of Eau Claire Landmark Commission, Accessed 7/20/2015, http://web.ci.eau-claire.wi.us/landmarks/tour/Kaiser_Lumber_Company_Office.pdf.

⁴ "Historic Building Demo Proposed" *Eau Claire Leader-Telegram*, Dec. 7, 2014. Accessed 7/20/2015,

https://www.planning.org/news/daily/story/?story_id=id:kIA7Uu7UFMynM5OydyfHE4OGEZvGQIpGC5Cc4HmAAubDKrpNnrx9Ig_CXnrfrJPl&source_type=O

lumber companies like their contemporaries until doing so was no longer profitable, at which point he converted them over to smaller roles as auxiliary businesses, dependent on trade with his box companies in order to remain solvent.

The size of Kaiser's operations was the trait that set his businesses apart from the lumbermen that came before him. None of his lumber companies achieved the enormous outputs of their forebears; they were never *intended* to yield as much lumber as their forebears. Kaiser profited from the manufacture and sale of lumber so long as it was feasible to do so. He was thinking in the long term, and his goals came together in 1917 with the opening of the O-Claire Box and Crating Company, which would move on to become the primary customer of the Kaiser Lumber Company.

Kaiser derived the scale of his operations not from volume of lumber produced, but from the outward spread of his business. Thanks to the railroads covering the Upper Midwest, his boxes were sold on a regional scale. While his lumber did not reach as far as firms such as Laird, Norton, businesses along the Mississippi and Missouri Rivers purchased Kaiser's boxes.

Another distinction that set Kaiser apart from other lumbermen was the economic climate that motivated his move to the Chippewa Valley. Men such as Frederick Weyerhaeuser and the Laird brothers came to the Upper Midwest motivated by the romanticized spirit of "going West." When they and others arrived in the 1850s, Wisconsin was a new state and the region was considered part of the American Frontier. They entered the lumber business early in their careers; Weyerhaeuser started as an

ordinary mill worker and worked his way up from there, and Daniel Shaw had experience running a sawmill back in his home state of Maine.

By the time Kaiser arrived in the Midwest, it had already been well-settled and was in the process of industrializing. He did not enter lumber as his first profession like the other lumbermen, and he only opened his first lumber company once he had established himself as a maker of boxes. He entered lumber not because he was particularly talented in the manufacture of lumber (though his general business acumen helped him to succeed here) but to support his box factories. It is true that the Kaiser Lumber Company sold lumber and its byproducts to retail lumberyards and individuals, but he intended to transition these operations over to supplying his box factories.

John Kaiser's time in Eau Claire was influenced by the economic climate that already existed upon his arrival. He performed well within a "late lumber" business model, even as other lumbermen left the field around him. He adapted lumbering to a new role as a niche supplier on a much smaller scale. Most importantly, his was the last lumber company founded in Eau Claire, which outlasted the handful of remaining lumbermen in the city. He therefore deserves distinction as the author of the final chapter in the story of lumber in the Chippewa Valley.

From a historiographical perspective, as this thesis mentioned in the beginning, John Kaiser's firm occupied an era of lumber in Wisconsin that is not often examined. The secondary sources used to write this paper usually end their narrative around either 1890 or 1900, with a brief discussion about the overall decline of lumber in Wisconsin.

Also of note was the age of this scholarship; the most recent book directly discussing the history of lumber used in this thesis was over forty years old.

As this thesis has demonstrated, lumbermen did not immediately leave the Upper Midwest. John Kaiser managed to maintain a lumber business until his death in 1939. By then, the paper barons in Eastern Wisconsin were establishing themselves as direct successors to lumber, and business practices involving forestry continued to evolve with them.

From a broader historiographical perspective, this thesis is a business history. Readers of this thesis may have noticed that it did not discuss the role of the common millworker or the logger other than mentioning them in passing. The purpose of this thesis was not to examine the Kaiser Lumber Company from the perspective of labor history. Instead, it is a focus on the owners of the company, and the economic environment they encountered in early 20th century Eau Claire. It examined the 19th century lumbermen from the same perspective in order to provide context.

A business history such as this thesis is the subject of a new interest in what the Journal of American History describes as "the history of capitalism." In late September and early October, 2013, the Journal hosted a roundtable discussion with multiple historians from diverse disciplines. In this discussion, Stephen Mihm of the University of Georgia argued that what academic historians were currently seeing was the reunification of historiographical disciplines that had grown apart in the 1960s. As such, the new interest in a "history of capitalism" is the result of attempting to examine the social

⁵ "Interchange: The History of Capitalism," *Journal of American History*, Vol. 101 no. 2 (September 2014), 503-536

construct from multiple methodologies at once, as the essence of capitalism cannot be captured by any single, narrow perspective.⁶

Gender historian Alice Kessler-Harris described this trend in "Capitalism, Democracy, and the Emancipation of Belief":

Most American historians of the twentieth century have avoided the subject of capitalism, and those who have dealt with it have not comfortably named it. Where our nineteenth-century counterparts could talk about early capitalism with ease, we who work in the twentieth century have found all kinds of euphemisms—free enterprise, the market,

the American way—for identifying our economic system and for dealing with its implications. Recently, stimulated by contemporary concerns, historians have reinserted capitalism into the public vocabulary. They have begun raising questions about capital accumulation and flows, the resistance and engagement of workers, and the implications of vast gaps in income, and they have launched new explorations of the relationship between great wealth and the possibilities for democratic participation.⁷

This thesis should not and will not be the last word on early 20th century lumber in Wisconsin or local economies of that time period. Neither will it be the last history of a small business. There is a renewed interest in business history as an emerging interest in a history of capitalism brings together formerly disparate historical disciplines.

This thesis demonstrates that niche businesses such as the Kaiser Lumber Company have a place in the historical narrative of capitalism. It occupies a part of that narrative that is often overlooked. Past business histories have usually focused on large corporations that have a prominent place in American history in general. The Kaiser Lumber Company was a smaller, family-owned corporation with influence not extending

⁶ Ibid.

⁷ Alice Kessler-Harris, "Capitalism, Democracy, and the Emancipation of Belief," *Journal of American History*, Vol. 99 no. 3 (December 2012), 725-740.

outside of the Midwest. Historical accounts of smaller-scale entrepreneurs such as John Kaiser and his better-known predecessors may become more common as the history of capitalism and this new history of small business continues to evolve.

Appendix A
"Population of Eau Claire, 1870-1910"

Year	Total Population
1870	2,293
1875	4,659
1880	10,119
1885	21,668
1890	17,415
1895	18,637
1900	17,517
1905	18,737
1910	18,310
	,

Source: Data adapted from James Bruce Smith, "The Movements for Diversified Industry in Eau Claire, Wisconsin, 1879-1907: Boosterism and Urban Development Strategy in a Declining Lumber Town," M.A. thesis, University of Wisconsin, 1967, 184.

This chart demonstrates the sudden swell in population of Eau Claire between 1875 and 1885. This is the point at which the local lumber industry achieved its peak. The growth in population plateaued and even declined slightly with the decline in lumber, but the city was able to successfully adapt and avoid collapse. As mentioned in the second chapter, Eau Claire experienced economic hardship in the late 1880s. This is reflected in the drop in population recorded at that time.

Appendix B

"Chippewa River Pine Production, 1873-1899"

Lumber produced (millions of board feet)
267.0
282.2
274.1
255.9
157.0
154.1
243.7
350.6
380.4
415.0
428.9
454.5
373.0
347.5
325.8
315.3
305.0
357.3
291.3

Year	Lumber Produced (millions of board feet)
1892	298.8
1893	291.8
1894	281.4
1895	302.4
1896	229.1
1897	274.9
1898	283.8
1899	251.8

Source: Data adapted from James Bruce Smith, "The Movements for Diversified Industry in Eau Claire, Wisconsin, 1879-1907: Boosterism and Urban Development Strategy in a Declining Lumber Town," M.A. thesis, University of Wisconsin, 1967, 185.

This table shows the trends in lumber production in the Chippewa Valley as a whole during the late 19th century. There is a correlation between the population of Eau Claire and the surge in lumber production during the early 1880s, and a plateau and slow decline in the subsequent years. Unlike the population of Eau Claire, however, lumber production did not stabilize, and continued to decline.

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