

THE "OLD MARKET:"

OMAHA'S WHOLESALE JOBBING DEVELOPMENT, 1880-1895

by

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Omaha's development as a wholesale jobbing center in the 1880s is significant in showing how one frontier city in the Missouri River valley used its advantageous railroad connections to further its growth. Omaha's wholesaling business also illuminates the method in which goods moved from the Midwest to the west coast in the last quarter of the nineteenth century. In earlier decades, Cincinnati, St. Louis, and Chicago used the railroad and communication systems to develop as distribution centers for consumer goods in the growing Midwest. As railroad centers developed in the west, Omaha businessmen established a distribution center in their city, aided by the location of the eastern terminus of the trans-continental railroad there. A wholesale district, complete with large and small warehouses, offices, hotels, and some factories, was erected in the downtown area near the railroad tracks. The development of the wholesale trade business in Omaha has not been previously studied despite its importance to the city. This paper will discuss Omaha's growth in wholesale jobbing during the last quarter of the nineteenth century, its similarities to other jobbing centers, types of goods handled, and its effect on Omaha.

The wholesaling practices utilized in Omaha were the result of the railroad and telegraph which had caused a revolution in the distribution of manufactured goods and foodstuffs in the nineteenth century.¹ Fast, regular transportation and communication systems allowed orders to be placed and delivered with reasonable accuracy. At the same time, the railroad was opening new markets on the fast-growing frontier. The jobber, or wholesale jobber, was the new middleman in the distribution of goods. Unlike the commission merchant, the jobber purchased goods from the manufacturer, searched for new markets through traveling salesmen, and sold directly to the retailer. The retail shopkeeper no longer had to journey to the east coast to order new goods, as he did in an earlier period. The manufacturer did not have to market his goods nor extend credit to the shopkeeper. The jobber, by holding title to the goods, had greater opportunity for large profits.²

By the 1860s and '70s, the jobber had taken over the distribution of traditional consumer goods: hardware, drugs, groceries, dry goods, saddlery, tobacco, china, liquor, jewelry, paint, etc.³ One line of goods, such as groceries or hardware, was usually handled by the jobber. Manufacturing by jobbers was not common. Each of these points is characteristic of Omaha jobbers.

Railroads provided access to the markets, so the jobbers moved west with the railroads. Wholesale distribution centers were created in cities with large railroad networks. Cincinnati developed as a distribution center in the 1850s and Chicago in the 1860s. The literature which discusses the growth of wholesale jobbing in the west does not point out that this development was extended to Omaha in the 1880s in much the same form and with the same type of goods as its eastern counterparts. Omaha businessmen worked hard to develop a large railroad network centered in the city and to encourage a wholesaling district. The city boosters called Omaha the "Gate City" and even the "New Chicago."

Omaha's early growth, after its initial success in becoming the capital of Nebraska territory, had paralleled the development of the Union Pacific Railroad. As the eastern terminus, in fact if not in designation, Omaha benefited considerably during the construction years of the Union Pacific. With the completion of the Union Pacific bridge over the Missouri River in 1872, the "Gate City" was linked by rail to the markets and manufacturers on both coasts. Omaha continued to grow in the 1870s, nearly doubling in population during that decade, but her greatest growth was during the 1880s. The population increased from 39,000 to 140,000, although recent studies indicate the census was inflated and a more probable estimate was 102,000. The population, nevertheless, increased considerably.⁴ The value of building construction increased from \$1 million in 1879 to a high of \$12.4 million in 1887 but declined to \$7 million in 1889. Money spent on public improvements increased from \$115,000 in 1879 to \$2.8 million in 1891.⁵ Aggregate wholesale sales increased from \$11.2 million in 1879 to \$47.2 million in 1889.⁶

The businessmen of Omaha viewed the continued development of railways serving Omaha and the wholesaling and manufacturing dependent upon the railroads as critical to the city's growth. The Omaha Board of Trade and local newspapers exhorted local capitalists to provide financial support for railroads. In 1878 John Evans, president of the Board of Trade, encouraged members to support new railways and not to forget those previously established:

These roads are our principal sources of wealth and business prosperity and should command the active sympathy and hearty cooperation of the people.⁷

Omahans were able to attract many railroads to the city by providing financial support through county bonds and by organizing new roads. By 1894 eight railroads served Omaha, providing access to Nebraska, Kansas, Colorado, South Dakota, Wyoming, Utah, Idaho, Oregon, Indian Territory, and Washington Territory.⁸ These states were frequently listed as the markets of the Omaha wholesale jobbers. For example, Lee-Clarke-Andressen Hardware Co. had a trade which extended over twelve states and territories and reached the Pacific coast.⁹

The streetscape of downtown Omaha was changed in the brief period that wholesale jobbing was booming in the city. A residential neighborhood between the railroad tracks and the Union Pacific freight house and the retail district was transformed in less than fifteen years into a wholesale district complete with large and small warehouses, offices, hotels, and some factories. Many blocks of these brick buildings have survived for one hundred years. Their construction over a relatively brief span of years implied a period of major economic growth important to Omaha's development.

This study was initiated to learn about the history of this significant collection of historic buildings. The extant buildings are listed in the National Register of Historic Places as the "Old Market" Historic District. Each building was researched individually to learn who built and owned the structure, who designed it, and who occupied it over time (buildings were often rented). The sources of information were county deed records, city directories, city building permits, obituaries, and local history books.

The county deed records follow the change of property ownership through time and provide clues to the erection date of the buildings. Mortgages, mechanic's liens, and changes in selling price are clues to the date of construction. The deed records, in some cases, give the name and date of lessees of the property. The deed records are filed by legal description in the Register of Deeds office in the county courthouse. The occupier of the building was found in the city directories. Two types of listings were useful in finding the occupant, the alphabetical listing by name of company and the listing by street address. The latter listing was particularly useful for the small produce and fruit dealers, many of whom occupied one building and changed addresses frequently. The listing by name of firm described the line of goods and the nature of the company--wholesale or retail. In addition, the early city directories have introductory essays on the history of various business houses in the city. Omaha researchers are lucky to have a fine collection of city building permits dating back to the 1880s. Most cities and towns do not have building permit files. However, they are worth a diligent search. Building permits are filed by the owner shortly before the start of construction and are a definitive source for the date of erection, architect, contractor, and owner. The permits are available at the City Permits and Inspections Department. By comparing all of these sources, the original owner of the building, the occupier(s), if different than the owner, the architect, the date of construction, and changes of owner and occupier over time are established.

Some of the oldest retail firms in Omaha added wholesaling to their trade in the 1870s and '80s. Dewey and Stone opened their doors in the early 1860s as a retail furniture store. By the 1880s it had added an extensive wholesaling trade and owned three buildings, a retail store and two warehouses. Meyer and Raapke opened a retail store in 1868 and added wholesaling four years later. Tootle, Maul & Co. was the first general mercantile house in Omaha, but they abandoned their retail line

in 1879 and opened Omaha's first exclusive wholesale dry goods house.¹⁰ Allen Brothers, grocers, changed from retailing to wholesaling in the 1880s.

Many wholesale jobbers moved to Omaha to take advantage of its growing distribution center. A number of firms moved across the river from Council Bluffs, Iowa. Although Council Bluffs had been named the eastern terminus of the transcontinental railroad, it had essentially lost that position to Omaha. Several of these firms may have located in Council Bluffs in the belief that it would become an important rail center. Steele, Johnson, & Co., wholesale grocers, opened in 1868 in Council Bluffs as a branch house of a St. Joseph, Missouri, firm and moved to Omaha in 1875. Opening the same year, M. E. Smith & Co. was first a retail dry goods store, but moved to Omaha in 1886 as a wholesaler. Isaac Oberfelder, wholesale millinery and notions, and Z. T. Lindsey, wholesale rubber goods, moved to Omaha in the 1880s.



A variety of late-19th and early-20th-century warehouse buildings in Omaha's wholesale jobbing district, on Hamey Street between 12th and 13th streets. Photo by D. Murphy, Nebraska State Historical Society.

A number of firms were opened as branch houses of firms in eastern cities. Reed, Jones, & Co., Columbus, Ohio, manufacturers of boots and shoes, established the Omaha house to handle distribution of their product to the western market. The Continental Clothing House of Boston, manufacturer and wholesaler of clothing and woclens, had an Omaha branch to supply the markets of the west and northwest.¹¹ Peter Rocco & Brother, wholesale fruit dealers, opened an Omaha house of their St. Louis and Kansas City firm. Two type foundries were established as branches of Chicago businesses. Others moved from smaller towns: Vineyard & Schneider, wholesale notions, from Bloomington, Illinois; J. T. Robinson Notion Co., Marshalltown, Iowa; Liddle, Jones, & Pollock, wholesale teas, coffees, and sugars, Keokuk, Iowa.¹²

Relatively few jobbers moved to Omaha from other Nebraska towns. Lee, Fried & Co., wholesale hardware dealers, moved from Fremont in 1880 and, by the turn of the century, had grown into a major jobber. The five brothers of the Marks Brothers Saddlery Co., wholesale harness and saddlery, had businesses in Aurora, Minden, and Hastings before opening the Omaha branch.

Wholesale groceries and provisions was the line with the largest aggregate sales, as befitted a city in the agricultural heartland. During 1890 the six grocery jobbers had combined sales of \$8.0 million. Steele, Johnson, & Co. and McCord, Brady, & Co. were established as branches of large jobbing firms from Missouri. Meyer & Raapke and Allen Brothers were long-established retail firms which had switched to wholesaling. Prominent Omaha capitalists William A. Paxton and Benjamin Gallagher saw the potential of grocery jobbing in Omaha and opened the business of Paxton & Gallagher in 1879. After ten years, they had fifty-five employees and twenty-one traveling salesmen. These grocery jobbers had an important physical impact in Omaha by building many of the larger warehouses of the period, a number of which are still extant.

Traveling salesmen were a vital part of the distribution system. Through salesmen, the jobbers could cover a large territory. The number of traveling salesmen was a source of pride for the firm and was frequently announced. The American Hand Sewed Shoe Co. employed "fifteen or twenty persons, five of whom are traveling salesmen. The trade extends as far west as Utah."¹³ The Morse-Coe Shoe Co. announced that they employed "twenty salesmen... to sell goods in western Iowa and through the entire western country to the Pacific coast."¹⁴ Hotels were needed to serve traveling salesmen, four were erected in this period in the wholesale district.

Many wholesalers erected their own buildings in the wholesale district, but nearly an equal number rented space from investors who were building new rental property.¹⁵ Both large and small companies rented space. M. E. Smith & Co. rented half of the six-story Ames Block, which was built to their requirements. Most of the produce and fruit dealers, which were small firms, rented storefronts. The Poppleton Block, the

the Kosters building, the Lehman building, and two Mercer buildings were designed with storefront areas suitable for their needs. The Poppleton Block (412-424 South 11th St., 1880) has six separate two-story-with-basement "stores" with separate front and rear entrances for ease of loading. For all firms, renting left capital free for the business operation.

The investors who were erecting rental property were almost all Omahans. Dr. Samuel D. Mercer, physician and surgeon, resigned his practice in 1887 to devote himself to real estate. He was the most prolific builder in the wholesale district, building four substantial structures in less than a decade. Several of the investors, who had resided in the district in the 1870s when it was a residential neighborhood, constructed warehouse and office space on their property when the area changed to wholesale jobbing in the 1880s. Ezra Millard, James M. Woolworth, Henry Lehman, and Henry Kosters are examples of this practice. The only non-Omaha investors known are Frederick L. Ames, of Boston, director and member of the Union Pacific Executive Committee, who erected two large buildings, and the Smith Brothers, of New York City, who financed three.

The produce and fruit dealers were unique among Omaha's wholesale jobbers for several reasons. They were commission merchants, not jobbers at all, and operated on a commission basis without holding title to the goods. However, they were an important part of the wholesale district. There were more produce and fruit dealers than any other type of dealer, twenty-nine in 1890. The firms were small, often family operations. The concentration of Italian and Jewish merchants provided an ethnic flavor to the area. The produce and fruit dealers were mainly located within one block of 11th and Howard streets. An open market was organized one block away at 11th and Jackson streets in 1907, and the area became known as the "Old Market" from this marketplace. Due to the number of produce and fruit dealers and their prominence in the city, most of the warehouse district has been called the "Old Market," even though this was one of the rare retail functions in the area. As with the wholesale jobbers, these firms specialized in one product line, such as fruits, vegetables, dairy, or poultry products.

The depression of the 1890s retarded the wholesale trade. In the "Old Market" Registered Historic District, no new buildings were erected between 1895 to 1900. Each firm which constructed a building between 1893 and 1895 went out of business by the end of the decade. The wholesale trade revived after the turn of the century, although the businesses and the buildings were of a larger scale. This new growth was centered on South 9th Street and would be an interesting subject for a future study.

Manufacturing was not a common feature among jobbers in the nation or in Omaha. A few larger firms did engage in it, principally the boot and shoe jobbers, the ironwork jobbers, and the dry goods dealers. The Morse-Coe Shoe Co., jobbers and manufacturers, was short-lived in the depression of the 1890s. William V. Morse and C. A. Coe merged

their boot and shoe jobbing firms in 1892 and added a manufacturing operation. They erected a five-story office and factory building, one of the few factory buildings in the district. The firm collapsed during the depression. Dry goods jobbers M. E. Smith & Co. added manufacturing at the time of their move to Omaha in 1886 and grew into a major Omaha manufacturer over the next twenty years.



Warehouse buildings in Omaha's "Old Market" Historic District. One of the few buildings built as a factory is located at the far right, the Morse-Coe Shoe Co. building. Photo by D. Murphy, Nebraska State Historical Society.

Omaha jobbers were successful in establishing markets in the many states served by the Union Pacific Railroad. In 1885 Paxton & Gallagher, wholesale grocers, described their trade as covering all of Nebraska, Wyoming, Utah, Montana, Idaho, and portions of Washington Territory.¹⁶ The Lee-Clarke-Andressen Hardware Co. had a trade which "extends over twelve states and territories and reaches to the Pacific coast."¹⁷ The Omaha Bee describes the wholesale trade in 1889 as follows.

The jobbers of Omaha have for a number of years steadily enlarged their range of activity and their traffic has been extended into territory that has heretofore been tributary to Chicago, St. Louis,

Kansas City, and San Francisco. Since the opening of the Oregon Short Line, Omaha has been placed as near to Portland as she is to the metropolis of the Pacific coast, and large orders for goods have been secured from Oregon, Washington, Idaho, and Montana.¹⁸

Omaha succeeded to a considerable degree in becoming a distribution center for Nebraska and the states served by her railroad network. The number of jobbing houses doubled between 1879 and 1884,¹⁹ and by 1890 had increased to three hundred and six.²⁰ Wholesale sales increased six-fold from 1875 to 1890. Omaha jobbers exhibited characteristics typical of jobbers nationwide: one product line, a large railroad network, little manufacturing, and many traveling salesmen. Omaha's wholesale jobbing growth was significant for her prosperity in the late nineteenth century and for the method in which goods were distributed in the northern half of the western United States. A prominent reminder of this growth is the historically and architecturally significant buildings of the "Old Market" Registered Historic District.

NOTES

¹Alfred D. Chandler, Jr. The Visible Hand: The Managerial Revolution in American Business. (Cambridge, Mass.: Belknap Press, 1977), pp. 207-218.

²Ibid., p. 215.

³William H. Becker, "American Wholesale Hardware Trade Associations, 1970-1900," Business History Review, XLV (Summer, 1971), p. 181.

⁴Edgar Z. Palmer, "The Correctness of the 1890 Census of Populations for Nebraska Cities," Nebraska History, (December, 1951), pp. 259-267.

⁵Omaha Bee Annual Review, January 1, 1880, January 1, 1888, and January 1, 1892.

⁶Omaha Bee Annual Review, January 1, 1880 and January 1, 1890.

⁷Second Annual Report of the Omaha Board of Trade, 1878, p. 17.

⁸James W. Savage and John T. Bell, History of the City of Omaha, Nebraska. (Chicago: Munsell & Co., 1894), pp. 403-411 and Fifteenth Annual Report of the Omaha Board of Trade, 1891, pp. 97-104.

⁹Omaha Bee Annual Review, January 1, 1890.

¹⁰Third Annual Report of the Omaha Board of Trade, 1879, p. 27.

¹¹Omaha Illustrated. (Omaha: D. C. Dunbar, 1888), p. 100.

¹²Information on Omaha jobbers was gleaned from newspapers, city directories, Board of Trade annual reports, and published histories. The research files are organized in the State Historic Preservation Office, Nebraska State Historical Society, Lincoln, Nebraska.

¹³Savage & Bell, p. 468.

¹⁴Ibid.

¹⁵Public records, city directories, newspapers, and local history books are the sources of information on who owned and occupied the warehouse buildings, as discussed in the text. Part of this information is also discussed in Penelope Chatfield, Daniel Kidd, and David Murphy. National Register of Historic Places Nomination -- Inventory Form. "Old Market" Historic District, Douglas County, Nebraska. (Lincoln, Nebraska: Nebraska State Historical Society, January, 1979).

¹⁶Omaha Bee Annual Review, January 1, 1885.

¹⁷Omaha Bee Annual Review, January 1, 1890.

¹⁸Ibid.

¹⁹C. R. Schaller and the Omaha Board of Trade. Omaha: Its Past, Present, and Future. (Omaha: Herald Printing, 1884), p. 13.

²⁰Thirteenth Annual Report of the Omaha Board of Trade, 1890.