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Isaac Post Baker, Pioneer North Dakota Entrepreneur: Three Business Ventures

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ISAAC POST BAKER, PIONEER NORTH DAKOTA
ENTREPRENEUR: THREE BUSINESS VENTURES

by
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Bachelor of Arts, Concordia College 1971

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for the degree of
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This thesis submitted by Charles W. Spiedel in partial fulfillment of the requirements for the Degree of Master of Arts from the University of North Dakota is hereby approved by the Faculty Advisory Committee under whom the work has been done.

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THREE BUSINESS VENTURES

Department History

Degree Master of Arts

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Date November 30, 1972

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ABSTRACT

This paper is to examine three businesses developed in the first two decades of the twentieth century by Isaac Post Baker in Bismarck, North Dakota. Baker was a noted river transportation man, businessman, politician, and banker in pioneer North Dakota. From his personal papers I traced the developments of his Bismarck Realty Company, his Bismarck Elevator and Investment Company, and his Expansion Lumber and Mercantile Company. By examining the developments of these businesses, a better understanding can be gained of the changes which developed along the Upper Missouri River during this time period in regard to Baker's dispersal of farmland, raising and buying of grain, and shipment of grain to market.

The Bismarck Realty Company regulated the sale of Baker's farm and ranchland in western North Dakota. It also sold real estate within Bismarck. The Bismarck Elevator and Investment Company bought grain from farmers located along the Missouri River north of Bismarck and sold it to Minneapolis and Duluth firms. The Expansion Lumber and Mercantile Company operated lumber and hardware stores in conjunction with Baker's grain buying elevators on the Missouri River.

All three companies greatly depended upon the grain trade along the Missouri River north of Bismarck for their livelihood. By exploring their activities, it is possible to witness a virtual phasing out of a particular method of disposing of farmland and grain along the Upper Missouri River, and the persistent efforts of an aging entrepreneur to prevent it from happening.

CHAPTER I

INTRODUCTION

Isaac Post Baker emerged as an important pioneer businessman in the Bismarck area of North Dakota in the early 1890's, after initially establishing himself in the Bismarck area as a steamboat transportation magnate. Born in Weston, Missouri, on July 20, 1855, Baker attended Central Methodist College at Fayette, Missouri. After his college days, the Captain--a name which friends gave to Baker--worked closely with his father and learned the boating business. He operated independently in St. Louis as an agent for several boatlines before going to Bismarck in 1881 as a general agent for the Benton Transportation Company.¹

The Captain's economic involvements rapidly expanded once he arrived in Bismarck. It is impossible to determine exactly where Baker received his financial backing, yet he did invest in many activities. By 1883 Baker had become part owner of some of the boats of the Benton Transportation Company. In the late 1880's he purchased the Bank of Bismarck along with Montana

¹William E. Lass, "Isaac P. Baker and the Baker Papers," North Dakota History, XXIV (Oct., 1957), pp. 175-177.

businessman and politician, T. C. Power. Power appeared to be one source of supply for Baker's capital. The Captain broadened his economic involvements to include the Cannonball Cattle Company and various mercantile and elevator firms.²

Baker's interests were not limited to business and transportation. After the Captain's death in 1938, a newspaperman of the day commented:

That the Captain was a versatile man was clearly established by his many interests and the accomplishments attained in his every undertaking. Besides being a banker, and an expert in river transportation, he was a farmer Agriculture was not purely academic with Captain Baker. He farmed until very recent years as many acres as any man in this section [Bismarck] and raised pure bred [sic] hogs.³

Baker's agricultural interests included finding new grasses which would adapt to North Dakota's environment and the scientific breeding of purebred cattle.⁴

This study focuses on three business enterprises of Isaac Post Baker. The Bismarck Realty Company dealt in the sale of real estate, farmland, and ranchland in and around the Bismarck area. The Bismarck Elevator and Investment Company established elevators along the Missouri River north of Bismarck and purchased grain from the farmers in the area. The grain was shipped to either

²Ibid.

³Bismarck Tribune, Jan. 28, 1938, p. 2.

⁴Lass, "Isaac P. Baker and the Baker Papers," p. 177.

Duluth or Minneapolis grain buying firms. The Expansion Lumber and Mercantile Company operated lumber and hardware stores established in conjunction with Baker's elevators. By closely examining the activities and developments of these three Baker companies, one is able to gain an insight into the business activities of I. P. Baker and a virtual phasing out of a particular method of disposing of land and grain along the Upper Missouri River in the first two decades of the twentieth century.

The Captain established his Bismarck Realty Company in 1904. Through this company Baker sold lots within the city of Bismarck and sold, as well as rented, farm and ranchland in western North Dakota. Much of this farmland was unbroken prairie sod. Some was grazing land for ranchers. When unable to sell his land, the Captain often rented it to incoming settlers. Many of those to whom Baker sold could not pay cash. He usually financed such customers by one of several methods. Baker's real estate company prospered as long as grain yields on his land were high. With the advent of poor crops after 1915, his situation began to deteriorate. A variety of personal mistakes, as well as natural calamities caused the company to virtually end all its activities by 1923.

The grain trade along the Missouri River north of Bismarck played the primary role in stimulating business for all three of Baker's companies. The Bismarck Elevator and Investment Company operated the many elevators along

the Missouri River which purchased the farmer's grain. Although incorporated in 1882, available records show that Baker's company did not play a significant role in the grain trade until after 1900. A newspaperman of the day explained how these elevators operated:

West of Bismarck the railroads touch the Missouri valley in only a few places, the farmers, instead of hauling their grain inland to the railroads, haul it to the river for shipment by boat. At each of the landings Captain Baker has a small elevator where the grain is stored until shipment. Then, when a boat comes along, the grain is loaded in bulk and carried down to Bismarck where it is unloaded by a movable [sic] hoist into the elevator at the top of the bank and from that into cars.⁵

After the grain was loaded into railroad cars, the Captain shipped it to either Minneapolis or Duluth firms. Baker realized a profit in this speculation and handling by paying the farmers from fourteen to twenty cents less than Minneapolis or Duluth firms. Thus, even with shipping charges deleted, Baker usually realized a profit.

The Bismarck Elevator and Investment Company showed profits in its early years, so long as grain yields along the Missouri remained relatively high. Poor crops after 1915 caused a drastic decline in the amount of grain the company bought. At approximately the same time, the railroad entered into the territory along the Missouri River and brought other grain buyers with it. Baker was faced with poor crops and stiff competition. In addition to these problems, Baker made many foolish

⁵Bismarck Tribune, Jan. 28, 1938, p. 2.

mistakes and used poor judgment in operating his company. Its business continued to decline; there survives no trace of its operations after 1925.

The grain trade along the Missouri River served as the primary source of business for both the Benton Transportation Company and the Benton Packet Company. These companies are not a part of this study, but their activities played a role in the developments of all three companies under discussion. These companies carried the grain by boat from Baker's elevators along the river to Bismarck. However, because of the seasonal nature of grain farming, the business did not keep the companies' vessels busy throughout the year. During slack periods, the Captain's boats carried large supplies of building materials such as lumber and sand, together with agricultural machinery and general merchandise.⁶ These goods provided stock for the local lumber and hardware stores.

In 1906 the Expansion Lumber and Mercantile Company applied for incorporation. The company, principally under Baker's direct supervision, guided the activities of the small lumber and hardware stores located at his elevator sites. The company originally purchased virtually its entire stock of goods and

⁶William E. Lass, A History of Steamboating on the Upper Missouri River (Lincoln: University of Nebraska Press, 1962), p. 163.

material from the Bismarck Elevator and Investment Company. In its early years the company realized profits by selling lumber and hardware to the many farmers moving into the area. As poor crops developed, however, farmers charged their merchandise. These charge customers continued to cause Baker grave concern. A growing list of charge customers and one crop failure after another forced the company to close its doors. In 1918 it was taken over by the Bismarck Elevator and Investment Company, the organization out of which it had originally developed.

The majority of the material used in this study comes from the account books and correspondence of Baker's several companies. There is a noticeable overlapping of the records of these, as their affairs were intertwined and closely meshed. Therefore, it is virtually impossible to separate the bookkeeping accounts of the three companies. This fact, however, does not work a hardship on the student of Baker's affairs, as the correspondence of the Captain provides much insight into the year-by-year developments of the Baker organizations. Certain records and letters dealing with the transactions of these three enterprises are conspicuously missing from the I. P. Baker Manuscript Collection. However, enough pertinent facts and data are available to give a rather accurate description of the activities of these organizations.

CHAPTER II

THE BISMARCK REALTY COMPANY

The business interests of Isaac Post Baker encompassed a wide area of diversified endeavors. The Captain became involved in land speculation in and around the Bismarck vicinity in the early 1900's. His concern was mainly involved in transactions in farming and grazing land, but he also bought and sold real estate within the city of Bismarck. The Bismarck Realty Company became his chief instrument for dealing in real estate activities.

Incorporated on December 21, 1903, in Bismarck, North Dakota, the Bismarck Realty Company boasted a capital stock of \$25,000 divided into 250 shares with a par value of \$100 each. Baker, his younger brother, John F. Baker, Jr., and James A. Kruhm, all of Bismarck, served as owners and directors of the company. Records do not indicate the exact number of shares held by each of the three men. Baker, as majority stockholder, acted as manager. The roles played by Kruhm and John F. Baker, Jr., proved limited and had little to do with later development of the company.

The object of the corporation was "to buy and

sell, own, lease, or deal in any and all kinds of real estate and personal property for profit anywhere within the state of North Dakota or in the United States."

Twenty years served as its original term of existence.¹

The company, of which Baker was manager, had its offices above those of the Bank of Bismarck, another Baker concern.² Land dealings in Burleigh, Kidder, McLean, and Mercer counties in North Dakota comprised the largest share of the firm's business, although land was held in other North Dakota counties.³

With the ability to foresee possibly advantageous financial situations, the Captain had purchased large tracts of western North Dakota farm and ranchland before the incorporation of his real estate company. According to one newspaperman:

I. P. Baker, the Bismarck banker and stockman, is preparing for the advent of foreign settlers in the eastern part of the state and the consequent absorption of the great stock ranges by purchasing and leasing large tracts of land along the Cannonball River, in the western part of the state, in order that he may have undisturbed range and grazing privileges. He has purchased several sections of railroad land and has leased enough contiguous school

¹Letter from Ben Meier, North Dakota Secretary of State, Bismarck, Aug. 24, 1972.

²Letter, Baker to Bismarck Tribune, Sept. 5, 1914, Isaac Post Baker Papers, Orin G. Libby Historical Manuscript Collection, Chester A. Fritz Library, University of North Dakota, Grand Forks, North Dakota. Box 88, Folder 2.

³Letter, Baker to E. C. Leedy, May 27, 1914, I. P. Baker Papers, Box 88, Folder 2.

land from the state to give him a tract several miles in extent, and comprising many thousand acres.⁴

Much of this land eventually comprised another Baker financial concern, the Cannonball Cattle Company. The Bismarck Realty Company offered for sale remaining portions of the land.

When buying land along the Cannonball River, Baker succeeded in having the state convert government land into school land. Baker then leased this land at a nominal rate, to give him control of blocks several miles square. Meanwhile, many ranchers located on, or in the vicinity of, this land received eviction notices. Most had erected corrals, stables, and other buildings required for ranching purposes. His success led many people to question how Baker, a noted Democrat and populist, could possibly convince a Republican state administration to comply with his every whim.⁵ Open friction developed between Baker and western North Dakota ranchers.

Always thinking of ways to increase the value of his newly acquired land, the Captain believed that if more water could be discovered in western North Dakota, commerce of the Missouri River and the value of land could be improved. Baker declared: "I am well convinced,

⁴1898 Baker Scrapbook, I. P. Baker Papers, Book 539.

⁵Ibid.

if a system of Artesian wells were inaugerated [sic] and driven down until the Dakota sandstone strata is reached, say approximately 2,200 feet, an inexhaustible supply of good flowing water can be had." Baker further proposed that such an operation should be conducted by the United States Government through River and Harbor appropriations. Baker proposed, under the direction of the Secretary of War, surveying, driving wells, and locating the artesian water supply tributary to the Upper Missouri River.⁶ The undertaking never materialized. Yet, Baker showed insight into a possible solution for the water shortage problem plaguing western North Dakota.

Records do not indicate the original holdings of the company after its incorporation in 1903. By 1911 Baker's organization owned 3,000 acres in Burleigh County, 17,000 acres in Billings County, and 3,000 acres in Kidder County. Lots in the city of Bismarck and in the McKenzie townsite in Burleigh County comprised the remaining property.⁷ The land in Burleigh and Kidder counties was well suited to wheat, flax, and other small grain. The value of the small grain land was much higher than that of the grazing land of Billings County, located in extreme western North Dakota. In 1913 the company paid

⁶Letter, Baker to F. W. Wilsey, Dec. 17, 1900, I. P. Baker Papers, Box 88, Folder 1.

⁷Letter, Baker to Frank Reeves, May 19, 1911, I. P. Baker Papers, Box 88, Folder 1.

\$282.27 in taxes to Billings County for land it owned.⁸

During the first decade of the twentieth century, North Dakota's population increased eighty per cent. This figure compared with a forty per cent increase for South Dakota. The eighty per cent increase for North Dakota was about seven and one-half times that of the increases in Minnesota, Missouri, Illinois, Kansas, and Nebraska. Iowa showed a decrease.⁹ Incoming settlers needed farmsteads on which they could establish themselves. Baker's company, aware of this inward migration, greeted it optimistically. The North Dakota Commission of Agriculture also was aware of many new settlers casting their longing eye at North Dakota's virgin prairies and rolling grassland. It contacted various real estate dealers and other agents in the state interested in securing more settlers for North Dakota, and also capitalists and others interested in making investments within the state. The Commission invited Baker and other real estate agents to a meeting. W. C. Gilbreath, a member of the commission, stated that "the object of this gathering is to mature plans and devise methods best suited to induce immigration, and to present the claims of North Dakota in its most favorable light."

⁸Letter, Bismarck Realty Co. to County Treasurer for Billings County in North Dakota, Dec. 22, 1913, I. P. Baker Papers, Box 88, Folder 1.

⁹Letter, Bee Publishing Co. to Bismarck Realty Co., Feb. 28, 1911, I. P. Baker Papers, Box 88, Folder 1.

According to Gilbreath, "agents and real estate dealers have acted independently of each other." By jointly formulating certain plans and inducements, more satisfactory results could be attained.¹⁰ Much of the immigration to North Dakota came from other states where farmers had operated as sharecroppers or tenant farmers. North Dakota opened up as a new frontier for those seeking farmland of their own and for many seeking a new lease on life.

A large number of immigrants arrived from the Old World with the hope of starting life anew on a farm or ranch of their own. A number of new settlers arrived from Sweden and Norway. Many of the Swedes originally settled in the New England States, working in factories and farms, looking for a chance to better their lot. Baker, aware of this opportunity for prospective customers, often advertised his holdings in the immigrants' own newspapers such as The Eastern Herald, the only Swedish-American newspaper in Connecticut.¹¹ The Captain often employed real estate agents who spoke the immigrants' language to better communicate with his prospective customers.

The German settlers in such states as Missouri,

¹⁰Letter, W. C. Gilbreath to Bismarck Realty Co., Jan. 18, 1906, I. P. Baker Papers, Box 88, Folder 1.

¹¹Letter, Eastern Herald to Bismarck Realty Co., July 29, 1904, I. P. Baker Papers, Box 88, Folder 1.

Illinois, Kansas, and Nebraska offered another source of prospective customers for the Bismarck Realty Company. Many of these Germans subscribed to various religious, German papers such as the Herold des Glaubens, published in St. Louis, Missouri. Baker's advertisements, placed in such papers as this, gained the confidence of a number of Germans and many times yielded results. By appealing to the various ethnic groups in their own languages, the Captain employed a valuable tool for reaching into all areas of American society.

Baker concluded that war conditions in Europe in the fall of 1914 would necessarily increase the number of immigrants coming to the new North Dakota land. With that premise, Baker urged his customers to buy at the present moment:

We expect a considerable increase in immigration, owing to the high price of grain and all other farm products and the extremely low price of farm land at this time; also there will no doubt be an unusually large number of immigrants to this country and no doubt to North Dakota, owing to war conditions in Europe, all of which will of necessity cause a considerable advance in the price of lands in the very near future.¹²

The Captain had no way of looking into the future and seeing that such would not be the case, nor could he possibly foresee the disastrous grain crops that would plague western North Dakota in the second half of the 1910-1920 decade and the next two decades to come.

¹²Letter, Baker to N. B. Pladsen, Dec. 9, 1914, I. P. Baker Papers, Box 88, Folder 1.

The price of Baker's farm and ranchland varied as demand rose or fell. Similarly, the method of payment varied not only with the economic conditions of the time, but also, and more important, with the economic conditions of the Bismarck Realty Company. As Baker noted: "The price is subject to change and the land subject to sale without notice." In 1910 good, reasonably flat farmland brought Baker twenty dollars per acre. If a farmer could not pay cash, which invariably proved to be the case, one-third of the amount would be accepted in cash, with the balance to be paid in one, two, or three years, with a charge of six per cent interest. Baker held a mortgage on the land until it could be paid for by the farmer.¹³

In 1911 Baker's corporation raised the price of choice farmland to twenty-three dollars per acre. However, he now demanded only one-fourth of the price in cash, with the balance payable in one, two, three, or four years, with the same charge of six per cent interest. This price applied to unbroken, virgin prairie land. In certain instances land had been rented out and was broken and cropped. For this land Baker charged extra, "according to the amount expended in cultivating."¹⁴

The Bismarck Realty Company after 1910 started

¹³Letter, Baker to Daniels and Jones Co., Mar. 3, 1910, I. P. Baker Papers, Box 88, Folder 1.

¹⁴Letter, Baker to Henry A. Carroll, May 12, 1911, I. P. Baker Papers, Box 88, Folder 1.

renting land which it could not sell. This proved beneficial to the company in the beginning because the company could make money on acreage that would otherwise remain idle. In this procedure, the corporation assumed all the financial risks with the renter assuming responsibility only for his labor. The Bismarck Realty Company paid the renter three dollars per acre to "break and roll the land, put in the seed, harvest and thresh the crop, and deliver one-half of it to our order on board cars at nearest railroad station." Baker furnished the seed, usually flaxseed, and paid one-half the cost of threshing. Along with his payment of three dollars per acre for his labors, the farmer received one-half of the grain.¹⁵ As long as the price of grain remained high and the yields also remained reasonably high, both parties benefited. With low prices and poor yields, however, the corporation suffered the greatest loss financially, since it had paid the farmer three dollars per acre for cultivation, furnished the seed, and paid one-half of the threshing bill. The farmer suffered also by not receiving a large amount of grain, but his main investment had been his labor and not his life's savings.

Crop rentals lasted for only one season, with renewal depending upon whether or not the tract was sold. Prospective buyers could, and often did, purchase land

¹⁵Letter, Baker to Leonard Posey, May 3, 1911, I. P. Baker Papers, Box 88, Folder 1.

then under the share-crop system. In such instances, Baker sold the land, usually at a price ranging from twenty to twenty-five dollars per acre. In addition, the prospective buyer was also charged for the work that had been expended in preparing the land for seeding. The company's half share of the crop went to the new owner.¹⁶ When the crop was good, the prospective buyer received a reasonably satisfactory deal, for flax after 1910 usually sold for over two dollars per bushel. Also advantageous for the farmer was land that had already been broken and had proven itself capable of good yields. From the company's point of view, it had recovered its investment in the land in full, in addition to a highly favorable price for its land. In the whole process, the new buyer lost in the event of a crop failure, as did the displaced renter who had to find new land to rent or buy.

Many times grazing land was offered for rental when prospective buyers could not be found. In these instances, the hay privileges were sold to various farmers or other interested parties. For several years the North Dakota State Penitentiary in Bismarck rented Baker hayland around the Bismarck area.¹⁷

As early as 1910, Baker's company introduced the

¹⁶Letter, Baker to Dan'l D. Smith, Apr. 23, 1914, I. P. Baker Papers, Box 88, Folder 1.

¹⁷Letter, North Dakota State Penitentiary to Bismarck Realty Co., June 12, 1919, I. P. Baker Papers, Box 88, Folder 1.

practice of contracting the farmers' grain. Under this arrangement, the Captain loaned money to farmers in the winter or early spring with the farmers agreeing to sell their grain to Baker's various elevators along the Missouri River in the coming fall. Baker charged eight per cent interest on these early payments to farmers. This scheme did not work, since many of the farmers in 1910 were "not in need of money bad enough to pay 8% interest on the money."¹⁸ This method became more effective towards the middle of the decade with the advent of poor crops and a shortage of money among the farmers.

Development of the traction engine for breaking prairie land in the early twentieth century revolutionized farming on the Great Plains. Huge steam engines and steel plows broke enormous acreages, compared to the old horse and one-bottom iron plow. A number of concerns offered their land-breaking services to the Bismarck Realty Company. With the increasing number of these traction engines and the plentiful labor supply, Baker offered to pay only two dollars and fifty cents per acre for the breaking, rolling, and disking of his land. The proffered price also depended upon whether the breaking took place by hire or under a crop-share agreement. Baker stated:

¹⁸Letter, Fred Krause, Jr., to Baker, Dec. 7, 1910, I. P. Baker Papers, Box 92, Folder 4.

When breaking is done by hire and no crop share agreement is made, it is worth from \$2.50 to \$3.00 per acre in this vicinity, but when it is done in connection with putting in the crop and receiving a share of the proceeds, \$2.50 per acre is a fair price for it.¹⁹

Baker could increase the value of his corporation's land by having the land tilled because, once broken, it could easily be cultivated by farmers with smaller implements.

By 1916 the price of grain had dropped, and Baker lowered his original three dollar payment for breaking and preparing the soil for his renters. In 1916 Baker agreed to pay fifty cents an acre for plowing land that had already been broken. Baker's company would also furnish the necessary seed, pay one-half of the threshing bill, and pay for hauling its own share to market. The same agreement could also be made for land that had never been broken, with the exception that two dollars and fifty cents would be paid for the breaking.²⁰ Thus, in 1916 Baker's top price paid for breaking land amounted to only two dollars and fifty cents per acre, while in 1911 he had paid three dollars per acre for preparing any land for seed, regardless of the previous state of the land. The falling price of wheat and flax, along with the diminishing yields of small grain crops in western North Dakota, necessitated lower payments for plowing.

¹⁹Letter, Baker to Chisman and Conboy, Mar. 31, 1911, I. P. Baker Papers, Box 88, Folder 1.

²⁰Letter, Baker to Boyd Bros., Mar. 31, 1916, I. P. Baker Papers, Box 88, Folder 4.

Unable to buy land, many farmers grudgingly accepted Baker's terms because there was no alternative.

Continuing worsening of the economic situation during 1917 forced Baker to take even more drastic action. Baker notified one of his agents that

while we are aware of that in the past we have paid from 50¢ to \$1.00 an acre for plowing, this was when wheat was worth from 75¢ to \$1.00 a bushel, and the seed required to seed an acre did not exceed \$1.50 an acre, and adding to this \$1.00 for plowing made about \$2.50 which we had invested in actual money, and of course the land, whose value has gone up considerably the past few years. Now conditions are changed, to seed an acre in wheat now costs us from \$3.50 to \$4.50, which is practically \$1.00 more than the seed and plowing cost us in the past.

With this explanation, Baker urged his agent to explain why the company could no longer pay one dollar an acre for plowing. He did agree to pay the farmers fifty cents an acre for "plowing and preparing the soil for seed, provided we get a crop."²¹ In 1915 the average yield of wheat per acre in Burleigh County had been twenty-one bushels per acre. In 1916 the average yield dropped to a paltry six bushels per acre. In Morton County the yield in 1916 averaged five bushels per acre.²² Baker, who could not afford two crop failures in succession, took the only steps available, under the circumstances, at the expense of the farmers. Crop conditions did not improve, and the 1915 level of wheat production would not be

²¹Letter, Baker to W. O. Pasford, Mar. 22, 1917, I. P. Baker Papers, Box 88, Folder 3.

²²Lass, Steamboating, p. 165.

reached for over a decade, which proved much too late for Baker and his corporation.

The Bismarck Realty Company in its first years did not employ salesmen; it advertised its real estate in daily papers.²³ Later it advertised in various farm journals and magazines. Advertisements in numerous ethnic publications, such as German or Swedish newspapers, produced some response. Baker eventually realized the need to hire real estate salesmen. He soon contacted real estate agencies in such cities as Minneapolis to assist in the disposition of the corporation's land. In a letter to Kensall-Darnielle Company of Minneapolis, Baker stated: "We have no agent for our lands in Minneapolis, in fact [we] have no Agents anywhere. However, we would be glad to have you handle these lands for us on commission." The Minneapolis company would receive a commission of one dollar per acre for all land sold through its efforts, with the price of the farmland ranging from twenty to twenty-five dollars per acre. Tracts of land varied as to tillability and levelness, hence, the discrepancy in price.²⁴

The Bismarck Realty Company also offered other inducements to agents in other areas of the country. It

²³Letter, Nebraska Farm Journal to Bismarck Realty Co., Mar. 30, 1916, I. P. Baker Papers, Box 88, Folder 3.

²⁴Letter, Baker to Kensall-Darnielle Co., Mar. 17, 1914, I. P. Baker Papers, Box 88, Folder 1.

offered to pay the railroad fare of an agent in Potasi, Wisconsin, with as few as two prospective customers, to Garrison, North Dakota, and back to Wisconsin. This offer was made only upon the condition that a sale or sales took place. In addition to his railroad fare refund, an agent received a commission of two dollars per acre for all land sold to the customers.²⁵ The salesman alone took the risk in such an arrangement, since he would be out his railroad fare and time if no sale could be made. The company and Baker undertook no monetary risk.

The feasibility of raising a profitable crop in arid western North Dakota did not gain instant, widespread acceptance. When contacted by the Captain's office, one real estate company responded: "From what we know of the locality, where your lands are, the land generally is pretty Punk stuff, and a man is taking long chances on getting anything out of a crop." The letter went on to state that "we have half a dozen fellows right here in Ransom Co. [N.D.] that dropped their wads in that same locality last year, and that country has a pretty black eye around here."²⁶

The crop of 1915 had been particularly good with wheat yields in Burleigh County averaging twenty-one

²⁵Letter, Baker to Clarence Eversoll, Apr. 24, 1914, I. P. Baker Papers, Box 88, Folder 2.

²⁶Letter, Chisman and Conboy to Bismarck Realty Co., Mar. 31, 1911, I. P. Baker Papers, Box 88, Folder 1.

bushels per acre.²⁷ Even with such a successful crop the past fall, sales of farmland in the spring of 1916 appeared small for the Captain who explained that "demand for land just now is not exceptionally brisk and there is not much of any movement."²⁸

By the fall of 1921 wheat yields had dwindled to an average of less than six bushels per acre in Burleigh County.²⁹ The farmers, necessarily, suffered and could not afford to buy land, nor could they scratch out an acceptable existence by renting. Baker scarcely paid for the seed supplied to his share-crop tenants, which cost considerably more per bushel than the grain received in return. The Captain contemplated renting his land without furnishing seed and without paying his renters for plowing and working the soil. The company received firm advice from one of its agents not to undertake such a practice. N. J. Hubbard adamantly advised that "if we don't furnish the seed, I do not believe that we can rent 1 acre for next season. There is no seed left here and no money to get it."³⁰ Poor crops, low prices, and a tight economy for the western North Dakota farmers

²⁷Lass, Steamboating, p. 165.

²⁸Letter, Baker to Mrs. A. W. Ziegler, May 2, 1916, I. P. Baker Papers, Box 88, Folder 3.

²⁹Lass, Steamboating, p. 165.

³⁰Letter, N. J. Hubbard to Bismarck Realty Co., Nov. 1, 1921, I. P. Baker Papers, Box 89, Folder 1.

played havoc with both the farmer and Isaac P. Baker's Bismarck Realty Company.

Once Baker had rented his land to various farmers, he still maintained an interest in the way crops matured, since a better yield meant a larger profit for him on his one-half interest in the crop. A number of renters also owned land. As could be expected, they tended their own land more closely than the rented land. Baker, also aware of this, cautioned his agents to "keep careful watch over the different pieces of grain and see that it is out as soon as it is ripe." The Captain fully realized that many of the renters "may need a little prodding," but urged his agents to "keep right after them and see that they take care of their crops right."³¹

In the same manner, many farmers on Baker's crop-share plan planted their own land first and seeded their rented land after all of their own crops had been seeded. The Captain attempted to circumvent such practices by stipulating "May 1st as the time in which all work must be completed on wheat, barley, oats, etc. contracts, and June 1st on flax contracts." The agents received warnings that late seeding only resulted in the company's throwing away its seed money and money paid for plowing. Baker urged his agents to inform the renters that "we require early work and that they must

³¹Letter, Baker to J. L. Fennie, Aug. 24, 1915, I. P. Baker Papers, Box 88, Folder 3.

start in on our land as soon as the weather opens up and permits work in the field."³²

When the grain on rented land reached the threshing machine in the fall, the renters hauled it to one of Baker's many elevators located along the Missouri River north of Bismarck. These elevators operated under the Bismarck Elevator and Investment Company, of which Baker was principal owner. Since these elevators maintained a virtual monopoly in this part of the state, Baker could, and did, pay almost any price he desired for grain. The only competitive elevator sites existed in various railroad towns, far distant from his river elevators. When the farmers hauled Baker's share of the grain to his elevators, they also sold their own shares. Many began to complain about the low price they received at these points as compared to prices paid in railroad towns. The fact that the Captain had originally promised to pay the same price for grain as did elevators on railroads angered many farmers. Many farmers eventually refused to sell their own grain to Baker's elevators, which resulted in one of Baker's agents informing the Captain that "the way things lock here to me now is that if we do not pay close to Underwood [a railroad town] prices that we will not buy much grain at this point this

³²Letter, Baker to Basford, Mar. 10, 1917, I. P. Baker Papers, Box 88, Folder 4.

season."³³

With the poor crops year after year, many of the farmers who had purchased land from Baker could not make payments on their mortgage at the agreed time. Many requested permission to pay the interest for the year and carry over the principal until the next fall. Others requested permission to pay the interest and part of the principal. The remainder simply could not pay anything and asked to be carried over until the subsequent fall. The Bismarck Realty Company had obligations of its own to meet and could not carry anyone for another growing season. Baker instructed his agents to inform the farmers who owed the company money that it too had debts to pay. Baker saw no alternative but to request full payment of principal and interest, "or else the matter will be placed in the hands of our attorneys for attention with instructions to foreclose and take judgment against them."³⁴ Such a harsh stand met with widespread disapproval of the farmers, who were primarily concerned with feeding and clothing their families and only secondarily interested in paying off a mortgage on terms which they deemed too steep. The majority of the farmers did get their mortgage renewed because the time

³³Letter, T. W. Hopkins to Baker, Sept. 25, 1916, I. P. Baker Papers, Box 88, Folder 3.

³⁴Letter, Baker to Krause, Dec. 12, 1913, I. P. Baker Papers, Box 92, Folder 6.

and money involved in foreclosing such a vast number of mortgages would have defeated the company's purpose.

The Bismarck Realty Company's capital stock and bonds totaled \$25,000 in 1918.³⁵ From that moment on, until the company's last financial report in 1933, it was plagued by hard times. Bad crops had cursed the farmers' and the Captain's land after 1916. But, as 1919 neared, crop conditions went from bad to worse. Drought had been responsible for the majority of the poor yields up to 1919. However, in 1919 a new calamity descended upon Baker's farmland. One of Baker's agents informed the Captain: "I was looking at it yesterday [some of Baker's land] and the black rust has taken it. It is absolutely [sic] worthless, it won't be worth cutting as there is nothing in the head."³⁶

N. J. Hubbard, another agent for the Bismarck Realty Company, reported similarly poor crops on Baker's rented land in the fall of 1919. He estimated that the wheat in some sections would not run over three to three and one-half bushels per acre. In this instance, drought and grasshopper infestations assumed the major responsibility for the poor crops. The renters on this land had decided not to cut the grain because it would not be

³⁵Memorandum, Oct. 21, 1919, I. P. Baker Papers, Box 88, Folder 5.

³⁶Letter, G. W. Galbrath to Baker, Aug. 6, 1919, I. P. Baker Papers, Box 88, Folder 5.

economically feasible for them to do so.³⁷ Thus, Baker and his company had absolutely nothing to show for the seed they had furnished and for the cost of plowing. Similar situations throughout the remainder of the company's land continued to gnaw at the organization's vitals.

Poor crops continued, and more farmers suffered from the inability to pay on the mortgages held by the Bismarck Realty Company. Thus, if the mortgages did not reach the foreclosure courts, the company assumed them. As of December 20, 1922, it had over \$28,000 in notes bearing its own endorsement. The company, in similar situations, had accumulated past due notes of its own totaling over \$10,000.³⁸

By 1922 the Bismarck Realty Company had reached the end of its major business activities in North Dakota. The majority of its land no longer remained in demand. Baker had reached the age of sixty-seven, and he no longer could maintain an iron grip over all his financial interests. After 1922 the records of the company and its activities cease. On December 22, 1923, the company did renew its application for incorporation, yet no trace of its business activities hereafter exists. The author is

³⁷Letter, Hubbard to Benton Baker, Aug. 4, 1919, I. P. Baker Papers, Box 88, Folder 5.

³⁸Letter, to Bismarck Realty Co., Dec. 20, 1922, Box 89, Folder 1.

led to conclude that any business activities hereafter existed in a perfunctory nature.

On July 19, 1933, the Bismarck Realty Company filed its last domestic corporation report with the North Dakota Secretary of State. This report stated that Isaac P. Baker served as president of the corporation, and his daughter, Julia B. Leach, served as secretary and treasurer. At the time of its filing, the business claimed a capital stock value of \$100,000.³⁹ Since no further corporation reports were filed after this period, cancellation of its corporation charter resulted. It is quite possible that Baker and other members of his family divided the property of the former corporation and attended to its various holdings in their own manner.

The real estate company existed in an exciting period of North Dakota history. The time was one of growth for North Dakota and of the opening up of much of the state's virgin land. Baker and his company experienced prosperity and disaster along with many of the settlers. Drought, insect infestation, and other calamities plagued Baker's company and the farmers of the area. Through it all the Bismarck Realty Company stood as an example of a pioneer North Dakota firm striving to make a profit in the real estate business and, at the same time, provide farming and grazing land for the

³⁹Letter from Ben Meier, North Dakota Secretary of State, Bismarck Aug. 24, 1972.

influx of settlers.

CHAPTER III

BISMARCK ELEVATOR AND INVESTMENT COMPANY

Although the creator of several business firms, Baker did not find the Bismarck Elevator and Investment Company, so long associated with his name. It had been incorporated and functioning for a few years before Baker became involved in its operation in a superficial manner. However, the company eventually came under the control of the Captain and, together with Baker's Benton Packet Company, functioned as one of the largest and most important of all of Baker's pioneer North Dakota businesses.

Originally known as the Bismarck Elevator Company, it was incorporated on July 28, 1882, in Bismarck, seven years before statehood. The purpose of its formation included "the building[,] maintaining[,] and operating of grain elevators at Bismarck and other points along the Northern Pacific Railroad in Dakota Territory," together with "the buying[,] selling[,] storing[,] and shipping of grain at Bismarck and other points" along the Missouri River. Bismarck served as its principal place of business. Five men served as directors of the company: Robert Macnider, M. P. Slattery, Dean Eisenberg,

George H. Fairchild, and H. R. Porter, all of Bismarck. Capital stock of the company amounted to \$10,000 divided into 100 shares valued at \$100 each.¹

Records are not available to determine the activities of the Bismarck Elevator Company in the first decade of its existence, nor to determine the distribution of shares among its five original directors. It appears that the young Baker began working for the company as a clerk in the mid 1880's. By 1889 he had become general superintendent of the corporation, and by the 1890's general manager of the business. At a meeting held on December 5, 1893, the Great Western Elevator Company of Minneapolis, Minnesota, appointed the thirty-eight year old Baker as its Bismarck Resident Agent. In this position the Captain served as chief grain buyer for the Great Western Elevator Company which bought much of its grain from the Bismarck Elevator Company, of which Baker operated as general manager.² The Minneapolis company also sold grain for the Bismarck Elevator on a commission basis. It appears that when the twenty-year corporate existence of the Bismarck Elevator Company expired in 1902, Baker purchased the firm and renamed it the Bismarck Elevator and Investment Company. Under his

¹Letter from Ben Meier, North Dakota Secretary of State, Bismarck, Sept. 18, 1972.

²Letter, Wm. D. Sammis to Baker, Dec. 20, 1893, I. P. Baker Papers, Box 49, Folder 1.

direction, the company continued to expand and was responsible for the creation of the Expansion Lumber and Mercantile Company in 1906.

Through his grain buying concern in Bismarck, the Captain for the next two decades virtually controlled the buying of small grain along the Missouri River north of Bismarck at points not yet reached by the railroad. Elevators and warehouses erected at such points ranged in capacity from 10,000 to 100,000 bushels. The purchased grain was spouted onto boats and barges and floated to Bismarck or Washburn where a marine leg elevator transferred it directly into railroad cars which carried it to terminal markets in Minneapolis or Duluth. Depending upon crop conditions, one-half to three-quarters of a million bushels might be transported annually.³

In conjunction with the elevators, Baker maintained small general stores. These served the lumber and hardware needs of the farmers of the area. The grain which was hauled away by boat was transported by the Benton Packet Company, a line of boats which had been purchased by Baker and his occasional financial backer, Montana businessman and politician, T. C. Power. These boats could haul lumber and other hardware to the various elevator sites on their way from Bismarck and return full with grain to Bismarck or Washburn. Simultaneously, the

³I. P. Baker Papers, Folder 534.

Benton Packet Company and the Bismarck Elevator and Investment Company benefited with an increase in grain trade and an increase in the lumber and hardware business. In 1906, with the incorporation of the Expansion Lumber and Mercantile Company, the greater part of the lumber and hardware business of the Bismarck Elevator and Investment Company came under the direction of another Baker enterprise.

In the period from 1906 to 1920, the Bismarck Elevator and Investment Company operated at Elbowoods and Berthold in McLean County; at Ree, Expansion, Mannhaven, Stanton, and Deapolis in Mercer County; and at Sanger and Washburn in Oliver County. All of the operations were on or near the Missouri River north of Bismarck. Only the elevator stood at many of the sites. Some places, such as Ree and Expansion, had, in addition to the elevator, a post office and general store with one or two houses. In most instances, these locations existed in lonely, untouched areas of the North Dakota plains where it was possible for the farmers to sell their grain and purchase such things as lumber and hardware.

The Captain had two ways of making a profit on the grain trade of the area. First of all, in the usual way, he purchased the grain from the farmers at rates below the Duluth and Minneapolis market price, usually

twenty-four cents below their prices.⁴ When Baker sold the grain to the Great Western Grain Company, or had them sell it on commission in Minneapolis or Duluth, with freight taken out, he usually realized a profit. His second way of making a profit might well be called paying himself, because the grain on its way to market traveled in part on the Benton Packet line owned by Baker. The grain traveled from the elevator sites on packet boats to either Washburn or Bismarck and the rest of the way by railroad. The rate for flax from the elevator sites to Duluth or Minneapolis was about twenty-two cents per hundredweight. Of this charge, the Benton Packet Company received as its share eight cents per hundredweight.⁵ With this arrangement, the Captain noticeably increased the business of another one of his companies with resultant additional profits. Similarly, when Baker ordered merchandise for his lumber and hardware stores, he urged the various companies to specify routing for the shipments to the elevator sites "as this is absolutely necessary in order to give us the benefit of through joint carload rate of SOO Line and Benton Packet Co."⁶

⁴Letter, Baker to J. Robert Mann, Sept. 13, 1899, I. P. Baker Papers, 240, Letter Press Book 41 for Bismarck Elevator Co., p. 31.

⁵Letter, Baker to Great Western Grain Co., Nov. 25, 1916, I. P. Baker Papers, Box 47, Folder 4.

⁶Letter, Baker to Cutler-Magner Co., Apr. 12, 1915, I. P. Baker Papers, Box 46, Folder 3.

With this arrangement, Baker could make a profit on goods shipped in, since he paid his own company for hauling them.

Throughout the years, the grain market price fluctuated widely. Many reasons accounted for this, not all of them legitimate. As early as 1899 the Great Western Grain Company of Minneapolis informed Baker that the flax market was an entirely manipulated market, "apparently being handled by Albert Dickinson, of Chicago, who is thought to represent the American Linseed Co." Though the American Linseed Company created a great demand for flaxseed, it had at the same time the power "to advance or reduce the price 5 or 10 cents any day if they feel so disposed."⁷ In 1907, when the October panic gripped the American economy, the price of flax remained low because of the low amount of construction and manufacturing anticipated in the forthcoming year. Even though the previous crop had been below average in yield, rumors of anticipated weak economic progress had rendered the market price for flax quite low.⁸

The wheat market similarly showed wide fluctuations in price throughout the years. In the spring of 1907 the wheat price accelerated greatly with the news

⁷Letter, H. F. Douglas to Bismarck Elevator Co., Oct. 28, 1899, I. P. Baker Papers, Box 40, Folder 1.

⁸Letter, Douglas to Baker, Dec., 1907, I. P. Baker Papers, Box 41, Folder 3.

that the green bug infestation had destroyed much of the winter wheat crop in Texas, Oklahoma, and Kansas. The bug had worked its way northward, and reports of its arrival in Nebraska could be heard.⁹ In 1914, and indeed until its conclusion, the first World War greatly influenced the wheat market. By September 1914 wheat traders became convinced that the war would not be brought to the expected rapid conclusion, and the market remained strong for a time.¹⁰ H. F. Douglas, of the Great Western Elevator Company, mentioned to the Captain in the spring of 1915 that rumors of war developments were again influencing prices. "The rapid decline in the market for a week past has been due largely to rumors of peace negotiations and the possibility of the Dardanelles being opened so that the Russian wheat can be gotten to market."¹¹ In the same month, rumors spread that Italy would soon enter the war on the Allied side and hasten the end of the war, causing a weakening of grain options which resulted in lower prices.¹² In 1916 the story was no different. In February the Russians had made some headway against the Turks, which led many grain traders to

⁹Ibid., May 11, 1907.

¹⁰Letter, Douglas to Baker, Sept. 16, 1914, I. P. Baker Papers, Box 45, Folder 4.

¹¹Letter, Douglas to Baker, Mar. 5, 1915, I. P. Baker Papers, Box 46, Folder 4.

¹²Ibid., Mar. 22, 1915.

speculate that the latter might "sue for peace and result in the reopening of the Dardenelles [sic] which would let in the Russian wheat."¹³ As a result of persistent rumors throughout the war, the wheat market never reached a point of stability prior to American entry into the war. In most instances it remained quite low, in turn causing Baker's company to pay a low price to the farmers.

Many of the problems faced by the Bismarck Elevator and Investment Company developed from troubles surrounding Baker's grain buyers. The Captain experienced difficulty in securing them, finding the particular type he needed, and holding them once they were found. He had to put up with many poor agents. Baker usually asked the Great Western Elevator Company of Minneapolis to secure agents for him. As early as 1906 the latter was claiming: "We have never had such a hard time to secure agents." Even with salaries higher than in previous years, grain buyers could scarcely be found. In certain instances, men employed as grain buyers stayed at their new stations only a week before being hired away by somebody else.¹⁴

Baker's trouble in securing grain buyers may have been caused by the type of men he sought. In 1912 he wanted men who were Germans or "capable of speaking

¹³Letter, Douglas to Baker, Feb. 19, 1916, I. P. Baker Papers, Box 47, Folder 4.

¹⁴Letter, Great Western Elevator Co. to Bismarck Elevator and Investment Co., Aug. 25, 1906, I. P. Baker Papers, Box 41, Folder 2.

German as our territory is almost wholly settled by farmers speaking that language."¹⁵ In 1914 Baker still desired German-speaking grain buyers. However, a new criterion was added. The Northern Pacific Railroad had reached previously unsettled areas of the region along the Missouri River north of Bismarck. With its entry into the territory, new towns with new elevators entered the grain trade. Baker faced something he had previously been virtually immune from--competition. His agents needed the ability to buy successfully "grain in competition with points along the new line of the Northern Pacific west from Stanton to Golden Valley."¹⁶

In the summer and early fall of 1915 the Great Western Elevator Company experienced problems in holding agents once they had been hired for Baker. Many of the new men received offers of higher wages from other grain purchasers throughout the area who "seem to think that the fine crop prospects justify the paying of almost any wages." These elevators offered from \$100 to \$150 per month for the best men.¹⁷ This compared with the Captain's salary offerings of from \$60 to \$90 per month. The conditions in which Baker's grain buyers lived would

¹⁵Letter, Baker to Douglas, July 26, 1912, I. P. Baker Papers, Box 44, Folder 2.

¹⁶Letter, Baker to Great Western Grain Co., July 26, 1912, I. P. Baker Papers, Box 44, Folder 2.

¹⁷Letter, Douglas to Baker, Aug. 17, 1915, I. P. Baker Papers, Box 46, Folder 5.

have been reason enough for them to leave. One agent reported:

I am now with the Bismarck Elevator & Investment Co., but am out on the Missouri River about on [sic] hundred miles west of Bismarck where this [sic] is no railroad, post office, phone, bank, or boarding house. I want to get out of here if possible.¹⁸

Conditions throughout most of Baker's other elevator sites remained the same. Agents with families found no schools for their children and, in certain instances, the buyer had to reside in the elevator.

Some of the Captain's grain buyers did not always carefully load the grain for final shipment to market. The Great Western Grain Company warned Baker that "if you will pardon the criticism, we think some of your men do not exercise very good judgment in loading their grain." They had been mixing spots of poor grain in a load of good grain, hoping it would go unnoticed. H. F. Douglas of Great Western Grain warned that the milling companies which purchased the grain knew of such arrangements and, when discovered, paid for the entire load at the price of the poor wheat. Douglas stated that "it was too bad to have a loss of 3¢ per bushel on the whole car because of the apparent set-up."¹⁹

Some flax received shipment in similar set-ups.

¹⁸Letter, Robert Rawlins to Great Western Grain Co., June 28, 1915, I. P. Baker Papers, Box 46, Folder 3.

¹⁹Letter, Douglas to Baker, June 28, 1912, I. P. Baker Papers, Box 44, Folder 1.

Damp flax stored in the various elevators heated and caked. Rather than removing the caked flax, the various grain buyers scattered it throughout the load for shipment. Several loads of such flax were received in Minneapolis from the Captain's elevators in the spring of 1912.²⁰

Most of the elevators along the Missouri River did not have cleaning facilities. In one instance, an agent had run some wheat on top of oats and had shipped it to Minneapolis. On its arrival, the entire car had to be cleaned, and the Bismarck Elevator and Investment Company assumed the cost of the procedure.²¹

There were numerous instances of grain deteriorating when it was stored in elevators. Baker explained to his agents:

Much of our wheat now going on the market is grading N-G (No Grade) on account of being tough, bin burnt and in some instances sour, and in consequence is selling at heavy discounts. As our records do not show that grain was bought while in this condition we naturally conclude that notwithstanding our repeated warning to agents, the grain was allowed to heat in the bins.

When grain that had been bought at the number one price received only a "No Grade" rating upon final sale in

²⁰Letter, Great Western Grain Co. to Baker, July 31, 1912, I. P. Baker Papers, Box 43, Folder 5.

²¹Letter, Baker to Great Western Elevator Co., Nov. 5, 1908, I. P. Baker Papers, Box 41, Folder 4.

Minneapolis, the company lost money.²² Baker blamed his agents for the losses.

Buying low grade wheat proved hazardous for Baker. The milling companies in Minneapolis could use some low grade wheat mixed with good wheat for the production of flour. However, with large quantities of low grade wheat from various areas reaching the market at the same time, Baker reported: "It is hard to find buyers for this kind of wheat."²³

On numerous occasions a discrepancy existed between the weight of the railroad cars at the shipping point in Washburn or Bismarck and their destination in Minneapolis or Duluth. Baker maintained a steady correspondence with Soo Line officials about the weight shortages of his cars at terminal points. He alluded to the possibility that his scales at Washburn could be inaccurate but maintained that the scales had been tested frequently by an ex-state Scale Examiner. The only conclusion Baker could arrive at was "that your destination weights are not correct, or your company loses some grain out of almost every car." Baker finally admonished that

²²Memorandum, Baker to All Agents of Bismarck Elevator and Investment Co., June 5, 1913, I. P. Baker Papers, Box 44, Folder 4.

²³Letter, Baker to A. K. Grube, Oct. 5, 1911, I. P. Baker Papers, 248, Letter Press Book 51 for Bismarck Elevator and Investment Co., p. 399.

there is always a chance for honest variation between scales but when systematic stealing is practiced on thousands of cars of grain it must stop when applied to Missouri River shipments of grain weighed by the Benton Packet Company at Washburn, No. Dakota.²⁴

The discrepancy in weights meant losses for Baker. He urgently advised rectification of the situation. At one point, in reference to a car that had been shipped to Duluth, the Captain informed Soo Line officials at Duluth that "the difference in the net weight of this car at destination and the net weight at point of shipping will preclude further shipment to Duluth on our part." Baker continually maintained that accurate weights had been supplied by his agents and that "it is possible that there is [sic] some loop holes at R. R. stations between here and Duluth that will require radical treatment."²⁵

The scales at Washburn may have been accurate and trouble-free, but the Captain had problems with his scales at his other elevator sites. One of his agents, R. Rawlins, complained that the poor manner in which scales had been installed at his elevator was ruining his business. Rawlins further exclaimed: "We cannot redeem business when a stranger drives on your scale and it drops into the scale pit." Rawlins claimed the scale had been installed by non-mechanics whose work did not hold

²⁴Letter, Baker to A. E. Hodson, June 9, 1911, I. P. Baker Papers, Box 43, Folder 3.

²⁵Letter, Baker to Great Western Elevator Co., Oct. 8, 1908, I. P. Baker Papers, Box 41, Folder 4.

up.²⁶

Early in 1909 the farmers in the area began complaining about prices paid by Baker's elevators; they were lower than those in other areas. Emile Carlson, an agent for the company, so informed the Captain:

The farmers are very discontent around here regarding our prices on wheat and prices paid in Washburn. Last Saturday it was 8¢ difference and on acct. of it we are losing a lot of wheat that would normally come here with the prices right.²⁷

Baker continued his practice of paying the farmers prices under what they would be paid at railroad points. In the fall of 1910 the farmers again complained that his elevators paid from two to four cents less on wheat and from three to five cents less on flax than could be received at Ree. At Hebron the price was from twelve to fourteen cents higher on wheat and fifteen to sixteen cents higher on flax. In this case, many farmers decided to make the two-day trip to Hebron to sell their grain rather than take such a price cut.²⁸ The days when Baker could virtually dictate the price he would pay for grain were rapidly drawing to a close.

By 1914 Baker had been forced to have his

²⁶Letter, Rawlins to Bismarck Elevator and Investment Co., Nov. 15, 1915, I. P. Baker Papers, Box 47, Folder 1.

²⁷Letter, Emile Carlson to Baker, Nov. 2, 1909, I. P. Baker Papers, Box 42, Folder 1.

²⁸Letter, Krause to Baker, Oct. 12, 1910, I. P. Baker Papers, Box 43, Folder 1.

elevators on the river, for a time being, pay one cent above the price paid for grain at railroad points. Baker did not begrudge the price he had to pay because he admitted that "the railroad elevators have far better facilities than we have for getting the business, on account of having retail stores." The Captain did not expect to get the farmers' grain next to railroad towns, but he did expect to acquire all the grain along the river at all hazards.²⁹

The Bismarck Elevator and Investment Company faced additional problems because the price of grain declined in the fall of 1915. Some of the farmers who normally sold to the company began storing grain on their farms.³⁰ Added to this, many farmers desired storage tickets from Baker's elevators.³¹ In this method, farmers had their grain stored by the elevators for a nominal fee and sold their grain when the market price had risen. Baker did not desire to issue storage tickets because he felt it tied up the limited space his elevators did have. The farmers became especially displeased, since railroad elevators readily accepted grain on a storage basis.

²⁹Letter, Baker to Great Western Grain Co., Sept. 30, 1914, I. P. Baker Papers, Box 45, Folder 3.

³⁰Letter, L. M. Leir to Bismarck Elevator and Investment Co., Sept. 19, 1915, I. P. Baker Papers, Box 47, Folder 1.

³¹Letter, G. W. Waldron to Bismarck Elevator and Investment Co., Sept. 28, 1915, I. P. Baker Papers, Box 46, Folder 4.

Baker still refused to issue storage tickets in 1916. He also compelled his grain buyers to pay for each load of grain as the farmers hauled it to the elevator. Many farmers voiced disapproval with this method, desiring one check to be issued upon the completion of all their grain hauling. The Captain continued to lose business because of his unaccommodating nature. One of his agents mentioned that many of his former large customers had refused to sell to his elevator because no storage ticket would be issued. A number hauled their grain two miles farther to market rather than haul it to Baker's elevators. A number of farmers,

while they were not ready to sell wanted to take advantage of the roads at the time, to haul thier [sic] grain, they all wanted to come here. I wrote you and you refused to allow me to store for them, so we³² lost at least the handling of 20,000 bu. there.

Through his own insistence, Baker had turned away a large grain consignment because he had refused to grant the farmers certain concessions that could easily be understood from the farmers' point of view. Grain yields began to drop after 1915 and Baker needed as much grain as possible in order to maintain reasonable profits.

The condition of the Bismarck Elevator and Investment Company's grain buying and storage facilities also contributed to some of its loss. The elevators

³²Letter, Waldron to Bismarck Elevator and Investment Co., Jan. 12, 1916, I. P. Baker Papers, Box 47, Folder 3.

suffered primarily from poor construction and poor upkeep. A new agent, W. H. Crail, upon arriving in Elbowoods, exclaimed: "I arrived here today and found things in very poor shape. I can't understand how anyone could leave a place like this." He further mentioned that the shed part of the elevator "would make a very good corn crib but as holding grain, it is out of the question."³³ Other repairs had to be made before the elevator could even expect to take in any grain. The chute which loaded grain from the elevator to the packet boats had been broken. He had promised farmers in the area to buy approximately 6,000 bushels of their oats. But if he did, he would only have one bin left for wheat and flax.³⁴ The only solution would have been for the packet boats to clean out the oats as fast as they arrived, but each passing day brought the fall freeze nearer. Such situations prevented Baker from taking in all grain available for purchase.

Another agent, G. W. Waldron, experienced the same frustrations at the Ree elevator. In a letter to Baker he explained the Ree situation:

You sure had some crack men looking after your interests here, by the way things look. Elevator pit rooted full of dirt, under pinning rooted out,

³³Letter, W. H. Crail to Baker, Oct. 21, 1914, I. P. Baker Papers, Box 46, Folder 2.

³⁴Ibid., Oct. 23, 1914.

machinery & stock scattered from Hell to Texas,
hardware & machinery repairs, jumbled³⁵

Conditions at Ree were duplicated at other, newer, locations. Robert Rawlins, another agent working for Baker, in referring to the Emmet elevator, declared: "The new elevator you put up last summer is not in condition to put grain in." The sill along the river side of the elevator had been broken, as well as the stringers on the elevator floor. In such a condition the floor settled as grain entered the bin.³⁶ Floors such as these drew moisture and caused much of the grain to heat and cake, resulting in a lower grade when finally sold to Duluth or Minneapolis firms. The grain at Barrow's Landing suffered from poor housing. Robert Rawlins, in reference to this location, informed Baker that "the building is not in shape to keep out the heavy rains we are now getting and grain soon spoils in warm weather if allowed to get wet."³⁷ By November 1915 the Barrow's Landing elevator had begun to spread apart at its base. Rawlins urged Baker to send a repairman immediately, "otherwise we will have to stop putting grain in this

³⁵Letter, Waldron to Bismarck Elevator and Investment Co., Aug. 12, 1915, I. P. Baker Papers, Box 47, Folder 2.

³⁶Letter, Rawlins to Bismarck Elevator and Investment Co., Nov. 18, 1915, I. P. Baker Papers, Box 47, Folder 1.

³⁷Ibid., Sept. 25, 1915.

building."³⁸ In the spring 1916 the elevator at Black Water began to show signs of breaking out. Flax had been stored in the elevator during the winter months when the packet boats could not be used to transport grain on the frozen river. This stored flax had exerted heavy pressure on the flimsy walls. The agent warned Baker that "if it should break there would be a big loss in flax. I am doing all I can to save it but hope you will get a boat up here as soon as they can run the river."³⁹ Overdue repairs of his elevators continued to account for the Captain's loss of business and also resulted in certain amounts of spoilage of grain.

On several occasions the scales at elevators fell into disrepair, and the farmers complained about receiving faulty weights on the scales. One agent, C. E. Hoffman, once urged the Captain to "fix it [the scale] at once or we may have to close till it is fixed as the farmers are finding a great amount of fault with it."⁴⁰

Hard rains oftentimes interfered with Baker's purchase of grain. At such times, the dirt roads leading to his various elevator locations became virtual quagmires. Baker attempted to alleviate the situation by

³⁸Ibid., Nov. 15, 1915.

³⁹Letter, C. E. Hoffman to Bismarck Elevator and Investment Co., Apr. 5, 1916, I. P. Baker Papers, Box 47, Folder 5.

⁴⁰Letter, Hoffman to Baker, Oct. 23, 1915, I. P. Baker Papers, Box 46, Folder 4.

enlisting the services of the farmers for road work in their less-busy periods of summer. In 1916 Fred V. Dale, a large landholder in the area, agreed to help repair some of the roads leading to Baker's elevators. Dale anticipated a large crop for the coming fall and did not wish to be prevented from marketing it by bad roads. He assured the Captain that he "would like to see that the roads are fixed up in better shape than they were last Fall, as the roads were practically impossible there part of the time."⁴¹

The Captain maintained an iron grip over the activities of all his companies. The Bismarck Elevator and Investment Company received its directives from the Captain. Any deviation from his orders or any move made without his approval met with a firm denunciation. In one instance an agent of the company hired an extra hand at a rush period without first consulting Baker. After chastising the agent, Baker concluded: "Hereafter if you employ anyone without expressed authority from this office you will have to pay them out of your own pocket."⁴² On another occasion he criticized an agent for purchasing 400 bushels of wheat because the agent had been ordered

⁴¹Letter, Fred V. Dale to Bismarck Elevator and Investment Co., Mar. 28, 1916, I. P. Baker Papers, Box 47, Folder 4.

⁴²Letter, Baker to Basford, May 21, 1918, I. P. Baker Papers, Box 48, Folder 3.

not to "take in any large lots for any one farmer without first writing us about it."⁴³ Aware that they could do nothing without first contacting him, many of Baker's agents became disillusioned. Some quit, and others lost what little initiative they possessed. The company suffered because of the Captain's firm control. In many cases Baker's agents would have been better judges of certain courses of action than their superior in his Bismarck office.

Uncollected, unpaid accounts continued to cause Baker much trouble. Many farmers had their grain contracted to the Captain. In this situation they received money for it in advance of the harvest. As fall arrived farmers hauled their grain to Baker's elevators and repaid him with a charge of six to eight per cent interest added. With the advent of poor crops, the grain the farmers raised was insufficient to pay off the loan. Other farmers owed money to the general stores at the elevator sites. Very close ties linked the Expansion Lumber and Mercantile Company, which owned many of the stores, with the Bismarck Elevator and Investment Company. Baker repeatedly and forcefully urged his agents to collect these unpaid accounts: "You practically have got to hound them to death in order to

⁴³Letter, Baker to Nels Malmquist, Jan. 30, 1915, I. P. Baker Papers, Box 46, Folder 5.

get your money out of them."⁴⁴ Baker knew that the best time for collections came when the farmers hauled their grain to market. At that time he felt the company had its best chance for collecting its accounts and warned: "After they get through paying their threshing bill, we come about as close to being in line for our pay as anybody."⁴⁵ As early as 1911, the large number of unpaid accounts had prevented the company from increasing the stock of lumber in one of its yards. To cut losses, Baker ordered: "Until we collect the accounts now outstanding, you will sell for cash only, as we do not care to put any more money in book accounts such as the majority of those you now have."⁴⁶ Throughout its remaining years, the Bismarck Elevator and Investment Company was the victim of a plague of uncollectable accounts. Nature's cruel hand dealt a crippling blow to the grain yields in western North Dakota, and many of the farmers could never hope to rid themselves of their debt shackles.

Throughout the first two decades of the twentieth century, the period of greatest activity by the

⁴⁴Letter, Baker to Krause, Jan. 31, 1913, I. P. Baker Papers, Box 45, Folder 2.

⁴⁵Letter, Baker to A. W. Stoll, Oct. 8, 1913, I. P. Baker Papers, Box 92, Folder 5.

⁴⁶Letter, Baker to Benjamin Stoelting, Feb. 14, 1911, I. P. Baker Papers, 406, Misc. Letters for Bismarck Elevator and Investment Co., Book 31, p. 137.

elevator firm, grain yields in western North Dakota varied greatly. The company usually showed profits, but poor yields continually cut into the magnitude of its profits. As early as 1900 poor crops affected the business. In that year the Captain concluded that "we do not expect to get much wheat along the river this year. Crops are almost a total failure There is so little to buy that a man cannot even make poor wages on commission."⁴⁷ At this early date the railroad had not yet arrived in the area north of Bismarck. Therefore, Baker still maintained a virtual monopoly on the buying of all grain in the area. He could count on buying virtually the entire grain crop in the area, which partly compensated for the poorer yields.

In 1903 Minnesota and the two Dakotas again suffered from poor crops. Much worse, many of Baker's elevators lost grades on wheat bought in the area and eventually sold in Minneapolis. Much of the grain bought by the Captain's elevators as number one or number two grade hard spring wheat received a "No Grade" classification upon its arrival at the terminal markets. This downgrading resulted in a loss of six to eight cents per bushel. The final poor grade resulted from wheat, oats, barley, and flax that had been purchased on the tough

⁴⁷Letter, Baker to Geo. E. Wentworth, Aug. 15, 1900, I. P. Baker Papers, 240, Letter Press Book 41 for Bismarck Elevator Co., p. 361 1/2.

side. Such grain began to heat when stored in the river elevators and lost its original high grading. Added to this, large shipments of low grade grain also arrived from other parts of the middle west, bringing the price of low grade grain down even further.⁴⁸

Crops in 1908 again netted poor yields for farmers. Wheat yields were smaller than had been expected. The oats crop similarly did not come up to expectations, as stated by the Great Western Elevator Company: "The oats crop is poor in quality and light in yield in both North Dakota and Minnesota."⁴⁹

Poor crop prospects also affected the prospects for the lumberyards, established in conjunction with the elevators primarily by Baker's Expansion Lumber and Mercantile Company. Poor prospects for a good crop in 1910 led Baker to state: "In view of the fact the crops will be poor this year, we do not want to sell lumber except where we are going to get the money, without fail." The Captain further explained that "we do not want to get lumber and pay for it and place it in the country and get nothing for it." Baker ordered his agent to henceforth sell lumber only to customers able to pay, since it would be more advantageous to have lumber laying in the yards

⁴⁸Letter, Great Western Elevator Co. to Baker, Sept. 14, 1903, I. P. Baker Papers, Box 40, Folder 4.

⁴⁹Letter, Douglas to Baker, Sept. 28, 1908, I. P. Baker Papers, Box 41, Folder 5.

than to have it in the hands of farmers with no means of paying for it.⁵⁰ With the close interaction of many of his businesses, a bad situation for one usually resulted in a bad situation for the others.

Crop yields in 1914 and 1915 were nearly double those for each of the preceding three years. Profits grew with an increase in grain and an increase in the amount of money in the hands of farmers in the area. In looking at the relationship between the crop yields and the profits made by the company in those years, one notices a definite correlation. In 1906 the elevator company claimed a profit of \$6,500.11.⁵¹ This resulted from relatively good crops at a time when it began to build new elevators. In 1911 the company made only \$6,748.39, though it had more elevators than in 1906.⁵² Crops had been poor prior to 1912, but that year brought in even lower yields. In 1912 the company realized a profit of only \$2,789.65.⁵³ The profit for 1913 was a pitifully small \$799.36.⁵⁴ With the high yields of 1914

⁵⁰Letter, Baker to Stoelting, June 27, 1910, I. P. Baker Papers, Box 42, Folder 4.

⁵¹Misc. Statements for Bismarck Elevator and Investment Co., Cannon Ball Co. and Ferry Companies, I. P. Baker Papers, 405, Book 30, p. 342.

⁵²Ree Yard Journal, I. P. Baker Papers, 157, Book 36, p. 52.

⁵³Ibid., p. 131.

⁵⁴Journal for Bismarck Elevator and Investment Co., I. P. Baker Papers, 130, Book 12, p. 151.

and 1915, Baker realized large profits. The Captain's company showed \$15,667.34 profit for the year of 1914.⁵⁵ In 1915 the average yield for wheat reached twenty-one bushels per acre in Burleigh County and eighteen bushels per acre in Mercer County.⁵⁶ Baker never again witnessed such a high yield. The Bismarck Elevator and Investment Company reaped a profit of \$24,963.83 in 1915.⁵⁷ Baker could make handsome profits, even though the railroad rapidly broke his one-time monopoly in the area.

After the fabulous 1915 harvest, crop yields resumed their downward spiral, and the newly established railroad towns attracted many of Baker's old customers. The company experienced its last outstandingly good year in 1916 with a profit of \$21,673.40, even though crop yields dropped considerably.⁵⁸ In the summer of 1915 Robert Rawlins, one of the Captain's agents, informed his boss that "the indications are that wheat will not average more than 4 or 5 bushels per acre. Barley and oats will probably be 60% of a crop."⁵⁹ After 1915

⁵⁵Grain Journal #7 for Bismarck Elevator and Investment Co., I. P. Baker Papers, 151, Book 30, p. 104.

⁵⁶Lass, Steamboating, p. 165.

⁵⁷Journal for Bismarck Elevator and Investment Co., I. P. Baker Papers, 134, Book 14, p. 222.

⁵⁸Grain Journal #10 for Bismarck Elevator and Investment Co., I. P. Baker Papers, 153, Book 32, p. 85.

⁵⁹Letter, Rawlins to Bismarck Elevator and Investment Co., July 14, 1917, I. P. Baker Papers, Box 48, Folder 1.

yields dropped, as did the price of grain. By 1917 the situation had degenerated to such a state that Baker issued the following directives to his agents:

We do not want to buy any more grain under the present conditions, unless it is absolutely necessary to take it in on account or for material. The way the market has been going lately it is impossible to protect ourselves against loss. Call us up in each case when it involves taking in some grain, and we will instruct you what to do.⁶⁰

Baker's profits continued to decline. On December 31, 1919, the Captain's books showed only a \$3,346.54 profit.⁶¹

Throughout his years in the grain buying business, Baker received financial backing from a number of sources. With farmers unable to meet their note obligations to him, Baker could not always meet his own, and often had to have his notes renewed. In 1913 Baker could pay off only \$5,000 of a \$10,000 note owed to the American State Bank of Helena, Montana. T. C. Power, backer of various Baker business ventures, was the bank's president.⁶²

The Great Western Grain Company of Minneapolis also provided much capital for the Bismarck Elevator and Investment Company. By the end of 1916 it had claims for

⁶⁰ Letter, Baker to Basford, June 5, 1917, I. P. Baker Papers, Box 5, Folder 3.

⁶¹ Ledger for Bismarck Elevator and Investment Co., I. P. Baker Papers, 536, p. 227.

⁶² Letter, American State Bank to Bismarck Elevator and Investment Co., Sept. 18, 1913, I. P. Baker Papers, Box 45, Folder 1.

\$10,000 against the Baker concern.⁶³ With continuously poor crops after 1915, the amount of the outstanding accounts continued to grow. By the end of 1919 the books of the Bismarck Elevator and Investment Company showed a total of \$142,438 in unpaid accounts.⁶⁴ The majority of these arose from grain contracts which farmers had been unable to repay. The company could have taken legal action against farmers in arrears. In most cases, however, the farmers held nothing worthwhile in the form of security, and the large number of such cases made the process virtually impossible.

The fate of another Baker enterprise, the Benton Transportation Company, directly affected developments within the Bismarck Elevator and Investment Company. The Benton Transportation Company received virtually all its business from the Bismarck Elevator and Investment Company. With a fall in the amount of grain Baker's elevators bought, the amount of business done by the packet boats necessarily fell also. With less grain in the area, farmers had less money to purchase such things as lumber and hardware. As a result, less of these products were carried by the Benton boats to the elevator

⁶³Letter, Great Western Grain Co. to Ernst and Ernst, Mar. 31, 1917, I. P. Baker Papers, Box 48, Folder 2.

⁶⁴Misc. Statements for Bismarck Elevator and Investment Co., I. P. Baker Papers, 408, Book 33.

sites.

By the end of 1916 the Benton Transportation Company had begun its downward trend toward oblivion, after maintaining virtual control of all river traffic north of Bismarck for nearly three decades. Poor grain crops prevailed, and the railroad began hauling away what little grain that could be grown in the area. The packet company showed an indebtedness of \$8,400 to the Bank of Bismarck, another Baker enterprise in 1916.⁶⁵ In addition, that same year the company owed \$20,000 to the First National Bank in St. Paul.⁶⁶ The company continued to show losses every year thereafter from 1917 through 1924. But, "despite the losses, the company continued to operate."⁶⁷ By 1919 the packet company moved only 1,572 tons of freight. Grain shipments totaled only thirty tons. In 1920 the equivalent of only two or three packet loads of grain moved on Baker's once highly profitable line of packet boats.⁶⁸

The Captain, unable to accept the death of his packet line, enlisted the aid of his lifelong friend and business colleague, T. C. Power, and the Bismarck

⁶⁵Letter, Bismarck Bank to Ernst and Ernst, Dec. 31, 1916, I. P. Baker Papers, Box 48, Folder 2.

⁶⁶Letter, First National Bank, St. Paul, to Ernst and Ernst, Dec. 31, 1916, I. P. Baker Papers, Box 48, Folder 2.

⁶⁷Lass, Steamboating, pp. 165-166.

⁶⁸Ibid., p. 164.

Elevator and Investment Company. In 1917 Baker and Power together pumped \$22,626.21 into the boat line. In 1918 they subsidized the line with \$11,703.44.⁶⁹ By 1919 Baker secured from the Bismarck Elevator and Investment Company the sum of \$9,706.51.⁷⁰ In 1921 the Captain's grain buying business pumped \$5,059.20 into the boat line.⁷¹ The 1922 subsidy of the grain buying firm amounted to \$6,561.04.⁷² In 1923 the subsidy dropped to \$3,283.44.⁷³ The final contribution made by the Bismarck Elevator and Investment Company to the Benton Packet Company in 1924 totaled \$2,865.49.⁷⁴ Altogether, Baker's faltering grain concern pumped over \$27,000.00 into the distressed Benton Packet Company. Baker and one of his sons reorganized the boat line a few years later, but for all practical purposes steamboating on the Upper Missouri River came to an end in 1924.

With the end of steamboating came the end of the Bismarck Elevator and Investment Company. The last available records show that in 1925 the Ree location

⁶⁹Ibid., pp. 165-166.

⁷⁰Journal for Benton Packet Co., I. P. Baker Papers, 276, Book 6, p. 59.

⁷¹Ibid., p. 148.

⁷²Ibid., p. 194.

⁷³Ibid., p. 247.

⁷⁴Ibid., p. 272.

netted a profit of only \$182.16.⁷⁵ Records of the company cease with 1925. By 1924 Isaac P. Baker had reached the age of sixty-nine. For over forty years he had been engaged in business in the Bismarck area, seeing his Bismarck Elevator and Investment Company pass through a number of phases. Rising from the status of a simple employee in the original firm known as the Bismarck Elevator Company, Baker had reorganized the company to control grain buying along the Missouri River north of Bismarck for the first decade of the twentieth century. The railroad had dealt the first severe blow to his prosperous business by providing stiff competition. Nature robbed him of bountiful crops after 1916, causing the business, along with his transportation company, to falter. When his transportation company was crippled, the Captain used large amounts of his profits from his grain buying company in an attempt to save steamboating. His efforts did not succeed. Baker's throwing of money down the steamboating rathole could not save an antiquated mode of transportation. With the railroads' movement into the remoter regions of North Dakota, there no longer existed a need for Baker's elevators along the Missouri River. His elevator doors closed, and along with them, the activities of the Bismarck Elevator and Investment Company.

⁷⁵ Ree Yard Journal, I. P. Baker Papers, 160, Book 39, p. 264.

CHAPTER IV

THE EXPANSION LUMBER AND MERCANTILE COMPANY

The Expansion Lumber and Mercantile Company existed as an independent business enterprise from its origin in 1906 to its end in 1918. Isaac P. Baker, together with Benjamin Stoelting and M. J. Walden, incorporated the original company. Baker attained sole ownership of the firm in 1913 and struggled with it for five more years until it was merged with another of his enterprises, the catchall Bismarck Elevator and Investment Company.

The Expansion Lumber and Mercantile Company came into being on July 5, 1906, when it was incorporated for a period of twenty years.¹ Bismarck served as the home office for the company with the following North Dakota men serving as owners and directors: Isaac P. Baker, Bismarck, Benjamin Stoelting, Expansion, and M. J. Walden, Bismarck.² The business of the company involved "the buying and selling of lumber and all other kinds of

¹Letter from Ben Meier, North Dakota Secretary of State, Bismarck, Sept. 14, 1971.

²Articles of Incorporation and Board of Directors' Meetings for Expansion Lumber and Mercantile Co., I. P. Baker Papers, 170, Book 1, pp. 1-2.

building material and of buying, selling and dealing in all kinds of merchandize [sic]." Provision was also made for the owning and operating of grain elevators and warehouses.³

On June 30, 1906, stockholders of the Expansion Lumber and Mercantile Company met for the first time in Bismarck. Capital consisted of 160 shares of stock, with a par value of \$100 each. Captain Baker maintained controlling interest with 119 shares, Benjamin Stoelting held 40 shares, and M. J. Walden claimed the remaining share.⁴ Baker assumed the presidency of the newly formed corporation with Stoelting serving as vice president and manager, and Walden, with his one share, becoming secretary.⁵

The company prospered during its first two years of existence because of the heavy grain harvest in the fall of 1906. A stockholders meeting on February 11, 1908, learned that the company made a profit of \$7,177.84 the previous year. Walden, Stoelting, and Baker appeared at this meeting, representing their original shares.⁶ By the 1910 Board of Directors' meeting, M. J. Walden's name

³Ibid., p. 1.

⁴Ibid.

⁵Ibid., p. 7.

⁶Ibid., p. 23.

had been dropped from the list of stockholders and officers.⁷

The meeting of the stockholders of the company, held on June 30, 1913, was attended by Isaac P. Baker, representing 119 shares of stock; and Isaac's son, Benton, representing one share of stock.⁸ It is quite possible that Benton acquired his one share from M. J. Walden. The year 1913 proved very significant in the life of the company. It marked the year Benjamin Stoelting bought the Expansion, North Dakota, yard--the yard from which the company acquired its name. Until 1913 the Expansion yard and the Ree, North Dakota, yard had served as the company's two principal locations. From that point on, the Expansion Lumber and Mercantile Company became a family owned enterprise, with the Captain at the helm and two of his young sons, Frayne and Benton, playing the role of interested observers.

No extensive minutes were recorded after the 1913 meeting, when the original corporation transformed into a family enterprise. The final recorded meeting occurred on February 12, 1918. Shortly thereafter, the business activities of the company were incorporated into another Baker enterprise, the Bismarck Elevator and Investment Company.

⁷Ibid., p. 27.

⁸Ibid., p. 29.

The company's first major purchases occurred at the first meeting held on June 30, 1906. The stock of lumber of the Bismarck Elevator and Investment Company came to the new company for \$11,860.26. Also purchased from this same firm--owned by I. P. Baker--were its warehouse and lumber shed at Expansion, in Mercer County, for \$983.07; and their safe, table, and letter-press, for \$60.24. The company also purchased a team of horses for \$252.00 for the Expansion yard.⁹ It was an unimpressive beginning; but the company soon built other warehouses and grain elevators at points along the Missouri River, north and west of Bismarck. These, over the next twelve years, included Deapolis, Stanton, Ree, South Berthold, and Golden Valley, all in Mercer County; Crow's Heart, in McLean County; and Sanger, in Oliver County. The majority of the operations proved small and short-lived. Only Ree and Crow's Heart experienced anything approaching longevity.

In 1908 the company purchased half of the stock of the Deapolis Lumber and Elevator Company at Deapolis, North Dakota.¹⁰ This endeavor proved unprofitable. In late 1909 the Deapolis Company reached the auction block. Baker attempted to sell this newly purchased branch to the Hawkeye Elevator Company of Minneapolis, but received

⁹Ibid., pp. 7-8.

¹⁰Ibid., p. 25.

the following reply:

We find that we have considerable grief in connection with the yards we already have in No. Dak. and do not care to take on any more at present. After the whether [sic] has settled next spring we might be in position to talk business.¹¹

Business for other lumber and mercantile companies, it appears, also lagged in North Dakota as 1910 approached. The Deapolis yard eventually was sold by the company in 1910. Available records failed to identify its new owner, but a letter from G. G. Radke, grain buyer at Expansion, to Baker on August 24, 1910, confirms the sale.¹²

During 1910 the company expanded its interests to include operation of lumber and machinery yards at Ree and Sanger.¹³ In August 1910, the company purchased a site for construction of the Ree elevator.¹⁴ The original name of Ree was Stoeltington, named for Benjamin Stoelting. However, after the erection of the elevator for the company, the post office name became Ree, short for Arikara, since the site once had been an Arikara Indian village.¹⁵ The Ree and Expansion elevators and

¹¹Letter, Hawkeye Elevator Co. to Baker, Dec. 10, 1909, I. P. Baker Papers, Box 87, Folder 4.

¹²Letter, G. G. Radke to Baker, August 24, 1910, I. P. Baker Papers, Box 92, Folder 4.

¹³Articles of Incorporation and Board of Directors' Meetings, I. P. Baker Papers, 170 Book 1, pp. 26-27.

¹⁴Ibid., p. 28.

¹⁵Mary Ann Barnes Williams, Origins of North Dakota Name Places (Bismarck: Bismarck Tribune, 1966), p. 102.

lumber warehouses remained the principal source of business for the Expansion Lumber and Mercantile Company through 1913. Before the establishment of the lumber warehouse and elevator at Ree in 1910, the elevator and lumber warehouse at Expansion had been the primary business establishment of the company. The Deapolis venture had failed; the Ree establishment experienced a longer span of life.

Benjamin Stoelting, who originally owned forty shares of stock in the company, became manager at the Expansion office in 1906. Baker, as president, resided in Bismarck, the location of the main office of the firm. Their relationship over seven years, from 1906 to 1913, deteriorated from pleas on Stoelting's part for shipments of merchandise from Bismarck to be made more quickly to Expansion, to outright accusations of cheating one another. Their relationship eventually ended on January 29, 1913, when the Expansion branch of the company was purchased by Stoelting for \$5,635.14; the open book accounts for the Expansion yard for \$3,110.72; and the lumber shed, warehouse and various other sundry items at Expansion for \$1,545.26.¹⁶ The Ree elevator and warehouse were all that remained of the Expansion Lumber and Mercantile Company after the sale to Benjamin Stoelting.

¹⁶Articles of Incorporation and Board of Directors' Meetings, I. P. Baker Papers, 170, Book 1, pp. 26-27.

After selling the Expansion branch in early 1913, Baker established an elevator and lumberyard at Crow's Heart, in McLean County.¹⁷ Though the Expansion yard had been sold, the company still continued under its original name. After his break with his original firm and outright purchase of part of it, Stoelting in May 1915 designated his own company, the Expansion Mercantile Company. In April 1917 he again changed the name of his company, this time to the Hazen Mercantile Company.¹⁸

During the first seven years of Expansion's existence, when Stoelting was still a part of the firm, many words of advice flowed from Stoelting to the Captain. Situated at the office in Expansion, Stoelting appeared to have a better point from which to see the needs of the company than Baker located in Bismarck.

The grain trade occupied the majority of the company's time during peak periods. Nevertheless, during slack periods other mercantile activities had to be pursued to justify the company's keeping its doors open year around. Stoelting realized this fact and encouraged other economic endeavors, but he became discouraged when Baker apparently shunned them or placed them in secondary positions.

Stoelting had been approached in 1908 by a

¹⁷Ibid., p. 29.

¹⁸Letter from Ben Meier, North Dakota Secretary of State, Bismarck, Sept. 28, 1971.

representative of the J. I. Case Company to establish a machinery franchise in the newly established Deapolis branch. He told Baker: "I think it would be a good thing to get that agency, if we sell a machine, there is good money for us, if we do not, we are out nothing."¹⁹ Nothing came of the proposition, and much less became of the Deapolis branch. Stoelting warned Baker of the necessity of hiring a competent man at the Deapolis site shortly after its acquisition:

Excuse me for again calling your attention to the fact that we ought to have a competent man in the yard at Deapolis. Now the foundation is laid for practically the whole season's business and the sooner we get a man there the better. There is going to be lots of building going on near Deapolis and there is no reason, it seems to me, why the Deapolis yard should not pay big this summer I could spend some time down there myself, but we have most money invested here and have to take care of Expansion.²⁰

Deapolis did not have the potential, possibly because of Stoelting's unheeded advice. Shortly thereafter, Deapolis was sold.

The Captain was noted for his frugality; often it backfired on him. Stoelting became increasingly discouraged with the quality of lumber he received from Baker. He pointedly informed Baker: "We have lost more than a thousand dollars at this place [Expansion] this

¹⁹Letter, Stoelting to Baker, May 2, 1908, I. P. Baker Papers, Box 92, Folder 2.

²⁰Ibid., Mar. 10, 1908.

spring because we had no good shiplap and I want good shiplap in [the] future."²¹ Stoelting later pleaded with Baker to stop ordering such low grade lumber because farmers in the area would not purchase such inferior material. In 1907 Baker had ordered some number four and number five grade boards for Expansion, and only about ten per cent of them had been sold by 1909.²²

Baker oftentimes failed to ship certain seasonal machinery to Expansion in time for it to be used that season. Stoelting noted that the South Berthold yard had many orders for binders, but the farmers could not wait for them to arrive and patronized more reliable firms. Stoelting added: "Next year we want to be sure and get the binders in early, in May or June."²³ Baker proved negligent in his supply of machinery to his various establishments, and he also failed to keep his lumber warehouses adequately supplied. Stoelting informed Baker of conditions at the South Berthold yard in the summer of 1909: "They have to have lumber up the [re] if they are to do any business. They have not had any shiplap all summer[,] besides they have not a single board now."²⁴

The Captain's late delivery of merchandise

²¹Ibid., June 30, 1909.

²²Ibid., July 24, 1904.

²³Ibid., Aug. 9, 1909.

²⁴Ibid., Aug. 25, 1909.

handicapped his business. Possibly he had become engaged in too many diverse activities to allow him to efficiently handle the supplying of the company with the merchandise its customers desired. On numerous occasions, Stoelting warned Baker of the necessity of early delivery and of maintaining a sufficient supply of high grade lumber at their various warehouses. Baker, however, may have still viewed the grain trade as the only important endeavor with which the company was engaged. By viewing it in this manner, he only succeeded in weakening his entire company.

Numerous other instances of Baker's late shipments of goods and products were elaborated on by Baker's manager. "We had a traction engine and breaking outfit sold to E. Polson, if we could have delivered some in time for spring breaking."²⁵ The company also engaged in selling fence wire to the farmers, and early summer served as the prime market time for this product. Stoelting realized this, but again Baker proved delinquent in his supplying of the material. Stoelting warned the Captain that the farmers "will sooner drive 40 miles to get it than wait."²⁶

Stoelting's authority remained limited while he occupied the position of manager at the Expansion

²⁵Letter, Stoelting to Baker, Apr. 4, 1910, I. P. Baker Papers, Box 92, Folder 4.

²⁶Ibid., May 26, 1910.

location. All material purchased by the yard had to have the Captain's approval. Frequently this hindered the activity of the yard. In one instance, Stoelting urgently needed a team of horses for the yard and pleaded with Baker that "unless you give me authority to buy a team for this yard the lumber will have to stay at the landing."²⁷ Thus, Stoelting could not purchase necessities for the yard without the Captain's approval.

Credit customers continued to play havoc with the firm. Baker's policy had been to have his manager make collection trips periodically throughout the area to collect outstanding accounts. Stoelting realized the futility of such a procedure because of the large number of people owing the company, the time involved, and the distance which would have to be traveled to make the collections. He believed they had "to have a fixed place in Stanton so the people, that owe us at Stanton and Deapolis know where to go whenever they can pay."²⁸ Baker rejected this suggestion because he believed it would become too expensive, and his old and quite unsuccessful method of hit-and-miss collecting continued.

Baker became discouraged with the Expansion Lumber and Mercantile Company in late 1910. Profits had not been what he had expected, and the grain trade, on

²⁷Ibid., May 27, 1910.

²⁸Ibid., June 2, 1910.

which he counted for a large part of the success of the company, faltered. He contemplated selling the entire stock of the company to Benjamin Stoelting. At this date, however, the deal fell through. According to Stoelting:

It is not practicable to take you up on your offer to sell the whole to me, but I'll make you the following proposition: we'll dissolve the corporation and I'll buy the Expansion yard and you take the Ree yard (by far the better place of the two). If agreeable to you I'll come to Bismarck and we'll arrange details.²⁹

A clash developed between Baker and Stoelting which proved detrimental to their relationship. Baker accused Stoelting of receiving money from a certain account, pocketing it, and not crediting it to the books of the Expansion Lumber and Mercantile Company. Baker informed his manager: "The only course left to us is to charge this account to you and give you credit for your June 1911 salary and yard expenses."³⁰ Stoelting adamantly disclaimed dishonesty on his part:

I have not received the money from the Schramm School Distr. as you insinuate I have never yet made a single cent in my pocket in any contract. Furthermore if I had used the money without remitting to you it would have been dishonest, and if you believe I am dishonest send somebody to take my place.³¹

The repercussions of the controversy proved extremely

²⁹Letter, Stoelting to Baker, Nov. 30, 1910, I. P. Baker Papers, Box 92, Folder 4.

³⁰Letter, Baker to Stoelting, July 7, 1911, I. P. Baker Papers, Box 92, Folder 4.

³¹Letter, Stoelting to Baker, July 10, 1911, I. P. Baker Papers, Box 92, Folder 4.

detrimental to the Stoelting-Baker relationship. Stoelting remained as manager of the Expansion branch until he bought out that branch in 1913. This did not prove to be a surprising move, since prior discussions of this matter had taken place as early as 1910.

Stoelting's departure from the Expansion Lumber and Mercantile Company gave Baker sole ownership. Henceforth, he alone controlled the policies of the firm. The Captain found the days ahead filled with changes, exemplified by the coming of the railroad, poor crops, unwise decisions, and defeat.

The Captain encountered problems even after many of his goods had reached the customers. Purchasers repeatedly charged their goods with the intent to pay when their crops were harvested. Frequently the charge customers faced poor harvests or other calamities, which would hinder their payment to Baker's company. The Captain advised William Haliricker, his Stanton manager, not to sell additional lumber without a cash payment or security. Haliricker promptly retorted: "Now if that is the way we have to sell lumber, we will not do any business, for other companys [sic] will sell the lumber."³² Although cash or good security would have solved the bad accounts situation, it would also have meant a grave decline in business. Baker felt the decline

³²Letter, William Haliricker to Baker, June 16, 1908, I. P. Baker Papers, Box 92, Folder 2.

in business was not worth the risk.

Baker often contracted grain from the farmers. He realized profit on this endeavor by charging eight per cent interest on the money payment he made to the farmers. One of Baker's grain contractors, Fred Krause, Jr., testified to the failure of this method:

The outlook for contracting grain is not very good. It seems that those that need any money have no grain for sale. And those that have grain, would sell it and take 50¢ a bushel, but are not in need of money bad enough to pay 8% interest on the money.³³

The farmers resented the high rate of interest they were forced to pay. A. W. Stoll, Baker's manager at Ree, warned that other firms charged less interest, and "if we want any business we will have to do the same."³⁴ Farmers also rebelled against the measurement their grain received. Many believed that they received less than their rightful share, which prompted A. W. Stoll to urge Baker to "please send up a [n] inspector to look after the scales as the farmers are not satisfied."³⁵

After the sale of the Expansion yard in 1913, the Ree location became the focal point of business for the company. The success of the company now depended upon the success of the Ree site; primarily its elevator.

³³Letter, Krause to Baker, Dec. 7, 1910, I. P. Baker Papers, Box 92, Folder 4.

³⁴Letter, Stoll to Baker, June 9, 1911, I. P. Baker Papers, Box 92, Folder 3.

³⁵Ibid., Sept. 5, 1912.

Conditions at the Ree elevator, however, proved far from satisfactory in 1913. Fred Krause, Jr., reported: "In looking over our Ree Elevator I find that we have to do a lot of repairing on it before we can handle any of the new crop." Conditions deteriorated and the fall harvest rapidly approached. Krause further informed the Captain that "Ree has been a very unsatisfactory grain market, just on account of things not being in shape to handle the grain."³⁶

In the fall of 1913, Baker and his company faced many serious problems. A substantial number of farmers had begun to transport their grain to neighboring towns, rather than accept Baker's lower prices. Baker urged his grain buyers "to use wholesome tact and treat them nice."³⁷ He realized the importance of the farmers' business, but he still continued paying lower prices than the nearby dealers. Baker also feared the railroad. He warned A. W. Stoll, his Crow's Heart agent, that "the R.R. (New Line) will try to take the business this winter-- Watch them."³⁸ Radke, Baker's agent at Ree, warned: "We are daily receiving complaints from people around here that the difference in prices on wheat between here and

³⁶Letter, Krause to Baker, Aug. 8, 1913, I. P. Baker Papers, Box 92, Folder 5.

³⁷Letter, Baker to Stoll, Oct. 8, 1913, I. P. Baker Papers, Box 92, Folder 5.

³⁸Ibid.

Railroad points South of here is always from 2 to 3 cts." The railroad had reached points nearer to the Captain's Missouri River elevators and Radke informed Baker that "most of our customers have just as near to railroad points as here."³⁹ Baker's position as sole grain buyer in the area rapidly vanished as new competition arrived in the area. His prices would have to be raised, or his business would come to a standstill. Although apparently aware of the competition and his power to do something about it, Baker took no positive steps to alleviate the situation.

The Captain became angered upon learning that A. W. Stoll had informed one of the parties that owed the company that he could not haul in his grain to pay for the debt because the elevator had been filled, and no boat arrivals were in prospect. Baker promptly advised Stoll to "kindly write him at once and tell him to commence hauling any time; that you have room for all grain delivered by parties who are owing us."⁴⁰ Procedural failures like these contributed to the growing decline of the Captain's business.

The years 1914 and 1915 proved adverse to the grain trade of the company. Late harvest prevented

³⁹Letter, Radke to Baker, Oct. 3, 1915, I. P. Baker Papers, Box 93, Folder 1.

⁴⁰Letter, Baker to Stoll, Nov. 6, 1913, I. P. Baker Papers, Box 92, Folder 5.

marketing of much grain before the close of navigation."⁴¹ Coupled with Baker's perpetual tendency to pay low prices for grain, the outlook appeared bleak. Fred Krause, Jr., reported to Baker:

Lately we have been paying from 1 to 2¢ less for grain than the buyers at Golden Valley--Zap--and Beulah, farmers are kicking awful, we have been telling them that we are going to pay more for grain here right along then they are getting at the Railroad, and now we are even below them.⁴²

Baker appeared aware of the situation. He told Jacob Tesky, the Crow's Heart agent for part of 1914: "Remember we make our money off their trade, and you must treat them fair and retain their friendship."⁴³ But Baker failed to realize that the farmers wanted more than friendship. They desired a reasonable price for their grain, and they marketed it accordingly.

Baker made certain concessions early in 1916 when he agreed to pay one cent less than nearby railroad town grain buying firms. There appeared discrepancies, however, in what Baker agreed to pay and what he actually paid for the grain. One of Baker's grain buyers reminded the Captain that although he had promised to pay the farmers one cent under railroad town prices, he was actually paying three to four cents under their

⁴¹Lass, Steamboating, p. 163.

⁴²Letter, Krause to Baker, Oct. 1, 1914, I. P. Baker Papers, Box 92, Folder 6.

⁴³Letter, Baker to Jacob J. Tesky, Nov. 14, 1914, I. P. Baker Papers, Box 92, Folder 6.

prices.⁴⁴

Railroad towns offered competition to the Captain and his company in other ways. Railroads could transport machinery and other merchandise into newly established railroad towns and compete with the company's other line, general merchandise. Radke realized this and urged Baker to hire another man at Ree to enable him to sell machinery throughout the region. As Radke pointed out to Baker: "We can not expect people which live a ways from here to come in here and ask us to sell to them when they can just as well buy it at their Railroad towns."⁴⁵

Many of the failures of the Captain's businesses could directly be attributed to Baker's unwise leadership. He seldom took the advice of his various managers. Often the material he ordered arrived, only to be of inferior quality, and could not be sold at cost. Baker's practice of underpaying the farmers for their grain proved extremely unpopular to the farmers on whom he depended for business. His equipment, notably the Ree elevator, rapidly fell into disrepair. These instances all served as failures partly, or wholly, attributeable to Baker. There developed other misfortunes which seemed to be unavoidable for Baker. These, together with Baker's own

⁴⁴Letter, Radke to Baker, Jan. 20, 1916, I. P. Baker Papers, Box 93, Folder 1.

⁴⁵Ibid., Mar. 13, 1916.

mistakes rapidly drove the Expansion Lumber and Mercantile Company into a floundering concern.

Open, unpaid accounts continued to play havoc with Baker, particularly after 1912. The open book accounts at Ree in 1912 amounted to \$1,988.87. Many of the accounts belonged to men who obviously had no visible means of liquidating the amount. Baker registered irritation with his Ree manager, A. W. Stoll, for extending credit to them by proclaiming: "We feel that you certainly would not have sold these parties if all they possessed was encumbered, and they had no visible means of paying for the goods."⁴⁶ The company experienced problems paying its own bills. In 1914 the Minnesota Moline Plow Company, from which Baker purchased much of his machinery, twice informed them of their overdue account of \$2,326.78.⁴⁷

The summer and early fall of 1913 proved particularly difficult for Baker and his company. The Captain's correspondence to his managers at Ree and Crow's Heart contained earnest pleas for them to collect outstanding accounts. The Captain further urged his grain buyers not to pay cash for grain received from parties who owed the company money. Often admonitions

⁴⁶Letter, Baker to Stoll, Mar. 15, 1912, I. P. Baker Papers, Box 92, Folder 3.

⁴⁷Letter, Minnesota Moline Plow Co. to Expansion Lumber and Mercantile Co., Dec. 4, 1914, I. P. Baker Papers, Box 92, Folder 6.

such as the following, passed unheeded:

We have gone through the cancelled checks which have come into the bank during the month of May, and we find the following parties have been paid in cash for their grain, all of whom are either owing us old past due notes or open book accounts.⁴⁸

The Crow's Heart agent had been paying cash for grain to people owing the company. Less than two and one-half months later the Captain cautioned his agent at Crow's Heart not to "be paying parties cash for their grain who are owing us old past due notes or open book accounts."⁴⁹

Baker urged his managers to go through the countryside and collect from people who owed the company. Ordering the task was simple, but successfully executing it became very difficult. The Captain, above everyone else, should have been aware of the financial condition of the people in the area at the time. Baker's condition was soon similar to that of many of the farmers in the area. Crops were very small, and farmers found mere survival difficult enough without attempting to pay past, overdue accounts. The economic situation of the time worked directly against Baker.

Late in 1913 Baker's managers at Ree and Crow's Heart began paying cash for grain to only those customers who did not owe the company--something Baker had been

⁴⁸Letter, Baker to Radke, June 19, 1913, I. P. Baker Papers, Box 92, Folder 5.

⁴⁹Letter, Baker to Stoll, Sept. 26, 1913, I. P. Baker Papers, Box 92, Folder 6.

striving for consistently for over six months. As expected, farmers who owed Baker began taking their grain to other elevators. Farmers needed cash to buy food and clothing and not credits on their past due accounts. According to A. W. Stoll, "most of the grain is coming from parties that I don't owe and those that have paid up."⁵⁰ Baker realized the necessity of getting in the collections in the fall when the grain came in, because that was the only time when the farmers had any cash on hand. The Captain informed Stoll that "if you don't get your collections in now, you won't get them for a year and we must have them now."⁵¹ Baker could have taken legal action against his delinquent customers. However, it would have possibly cost more than it would have gained, and the farmers really had nothing worthwhile to take as collateral on their unpaid accounts.

During 1913 the profits from the Crow's Heart branch of the company amounted to only \$600, which included both the lumberyard and elevator. This site also had \$550 in uncollectable accounts. Baker informed Stoll that "our entire profits at Crow's Heart are wiped out by reason of bad accounts." He went on to advise Stoll to get the consent of his customers to file a lien on their

⁵⁰Letter, Stoll to Baker, Nov. 11, 1913, I. P.
Baker Papers, Box 92, Folder 5.

⁵¹Letter, Baker to Stoll, Nov. 6, 1913, I. P.
Baker Papers, Box 92, Folder 5.

crops for any bill of goods in excess of twenty-five dollars. Baker concluded by explaining that "had you done this in these cases we would have had some security and protection."⁵²

The Captain's manager at Crow's Heart in the summer of 1914, G. G. Radke, became discouraged with his Crow's Heart position. Radke informed the Captain: "I am getting tired of this place here." He then applied for a position at Baker's newly established branch at Golden Valley.⁵³ Radke received the new position, but Baker's new establishment floundered, much as had his earlier Deapolis endeavor. The business lasted only one season, and much of the merchandise inventory Baker sold to the Golden Valley Implement Company.⁵⁴ The poor crop had rendered the farmers' purchasing power almost non-existent. The Captain's desperate attempts to save his floundering company by expanding it only contributed to its demise. At a time when Baker should have consolidated his company to make it more stable, he attempted to widen its scope, making it more vulnerable.

Jacob J. Tesky replaced Radke as agent at Crow's Heart in July 1914. Radke departed for his ill-fated

⁵²Ibid., Dec. 9, 1913.

⁵³Letter, Radke to Baker, June 30, 1914, I. P. Baker Papers, Box 92, Folder 6.

⁵⁴Letter, Radke to Baker, Mar. 27, 1915, I. P. Baker Papers, Box 93, Folder 1.

Golden Valley venture. By December business had declined to such an extent that it no longer remained economically feasible to remain open at Crow's Heart.⁵⁵ The Crow's Heart station had been set up in 1913 after the sale of the Expansion branch to Benjamin Stoelting, and only one year after its beginning it could not produce enough business to warrant its being open during the winter months. The poor grain trade necessarily played a major role in forcing the close of the elevator. Grain not only provided Baker's elevators with business, but also provided the farmers of the area with money to purchase other goods, especially general merchandise goods, sold by the Captain in conjunction with his elevators. The lack of grain closed Baker's other avenue of business, his general merchandise sales.

The years 1916 and 1917 proved even more dismal for the company. The Captain faced uncollectable accounts, poor crops, and a lack of business. The open book accounts at Ree in April 1914 totaled over \$1,500, and the uncollectable accounts mounted each year.⁵⁶ The grain buying business proved less and less profitable. In June 1917 Baker advised his Ree agent not to buy grain from farmers "unless it is absolutely necessary to take

⁵⁵Letter, Baker to Tesky, Dec. 9, 1914, I. P. Baker Papers, Box 92, Folder 6.

⁵⁶Letter, Radke to Baker, Apr. 18, 1917, I. P. Baker Papers, Box 93, Folder 2.

it in on account for material." Baker further informed his Ree agent that "the way the market has been going lately it is impossible to protect ourselves against loss."⁵⁷ The original purpose for which the company had been formed, the grain and mercantile trade, now appeared unprofitable to Captain Baker even when he could purchase the grain. The company faced a terrible dilemma, and the situation appeared to be getting worse.

Baker's Ree agent in the fall of 1917, W. O. Basford, proved well informed about the business situation there. Baker hinted to Basford that his business at Ree had been anything but spectacular over the past few months. Basford explained rather vividly the circumstances at Ree:

You intimated in one of your letters that i was not getting a very good class of trade, will admit that as the good class of trade has wheat to sell, and there has been no market here, the next class owing to the two poor crops have no money, and the only money that has been in circulation here is the Indian government money. If you would please to give a fellow some idea as to whether you wanted to just make a bluff at business until things are settled i could govern my self according.⁵⁸

The Captain realized that a "bluff at business," as Basford had called it, would only cause further losses. The Ree elevator closed its doors in the fall of 1917 as the Crow's Heart elevator had done in the late fall of

⁵⁷Letter, Baker to Basford, June 5, 1917, I. P. Baker Papers, Box 5, Folder 3.

⁵⁸Letter, Basford to Baker, Sept. 5, 1917, I. P. Baker Papers, Box 93, Folder 2.

1914.

During the spring of 1918 the company existed largely in name only. The elevators had been closed in 1917, however, the general merchandise business continued to limp along. The Captain understood the futility of such a situation, and in July 1918 informed Basford to address future correspondence to him either at the Expansion Lumber and Mercantile Company or at the Bismarck Elevator and Investment Company.⁵⁹

The Expansion Lumber and Mercantile Company in 1918 returned to the place from which its original property had been purchased, the Bismarck Elevator and Investment Company. It no longer acted as an independent establishment, having been absorbed by a larger Baker concern.

Nature dealt the final blow to the company's elevator less than two months after its business had been taken over by the Bismarck Elevator and Investment Company. A cyclone damaged the elevator considerably, moving the warehouse attached to the elevator from its foundation and completely destroying the coal house.⁶⁰ Attempts to repair the elevator for the opening of the 1918 grain season were completely unrealistic. The

⁵⁹Letter, Baker to Basford, July 2, 1918, I. P. Baker Papers, Box 48, Folder 3.

⁶⁰Letter, Basford to Baker, Aug. 21, 1918, I. P. Baker Papers, Box 93, Folder 2.

attempts by Baker to make a profitable business out of the grain trade on the Missouri River had failed.

The failure of the company proved an undeniable fact. The company committed both avoidable and unavoidable mistakes. One of the major problems which confronted Baker was the entry of the railroad into the territory.

Captain Baker . . . may not have known it at the time, but when the Northern Pacific railroad laid its tracks across the Missouri River at Bismarck in the winter of 1879-1880 . . . it marked the beginning of the end for steamboating on the Big Muddy.⁶¹

The railroad hauled grain much more quickly and conveniently than could Baker's packet boats; yet it did not cause much interference with Baker's grain business until after 1910. Nevertheless, by 1918 the Captain's grain elevators had closed their doors.

Nature, likewise, raised havoc with the Captain and his company. "Drought caused wheat production in the Bismarck area to fall off sharply in 1916 and 1917."⁶² With its primary source of business at a near standstill, Baker's elevators closed. Remaining open would only have resulted in more losses for Baker. With little money in circulation among the farmers, because of the small grain crops, Baker's mercantile branches similarly suffered.

The Expansion Lumber and Mercantile Company,

⁶¹Bismarck Tribune, Jan. 28, 1938, p. 1.

⁶²Lass, Steamboating, p. 164.

incorporated at a time of relative prosperity, faced an unusual number of obstacles in its brief existence. It became a victim of mismanagement, poor judgment, bad economic conditions, the railroad, and nature. But, most of all, it was an anachronism. The grain trade, based on river transportation, revealed itself to be economically unfeasible at the close of the second decade of the century. Modern means of transportation rapidly replaced the antiquated packet system for moving farmers' grain to major shipping points. A way of life had passed out of existence, and with it, the Expansion Lumber and Mercantile Company.

CHAPTER V

CONCLUSION

Isaac Post Baker's influence in North Dakota can be traced back as far as the state's own beginning in 1889. A non-native North Dakotan by birth, the Captain influenced many of the business activities in western North Dakota after arriving in Bismarck from St. Louis, Missouri, in 1881. After initially establishing himself in steamboating, the Captain's initiative steered him into many new avenues of financial and civic endeavor. Baker served as Democratic mayor of Bismarck 1890-1891, as a North Dakota delegate to the Democratic National Convention in 1900, and as World War I Federal Fuel Administrator for North Dakota.¹ Throughout his lifetime, Baker maintained an avid interest in national and state politics. For over forty years steamboating and Captain I. P. Baker were synonymous for North Dakotans. During his lifetime the Captain developed a number of other business enterprises in North Dakota. The Bismarck Realty Company, the Bismarck Elevator and Investment Company, and the Expansion Lumber and Mercantile Company were a few of the other business involvements of the

¹Bismarck Tribune, Jan. 28, 1938, p. 2.

Captain.

Though the three companies existed separately as business organizations, there was much interdependence between them. It was this close interdependence which eventually led to the destruction of all three. The grain trade provided the basis for the activities of all three companies. The Bismarck Realty Company depended upon high grain yields to collect profits from its rented land. It could also sell more land if customers were sure that the region was adaptable to profitable agriculture. The Bismarck Elevator and Investment Company depended upon the grain trade solely for its livelihood. The more grain bought by the company, the larger its profits. The Expansion Lumber and Mercantile Company also depended upon the grain trade. The number of charge customers it had depended upon the conditions of the crops in the area. Good crops meant heavy trade and fewer charge accounts. Poor crops produced opposite results. With all three companies so dependent upon the grain trade, it is not surprising that all three companies folded when the grain trade faltered after 1915.

Baker's companies all realized profits from their early years to 1912. By 1915 Baker was confronted with two very serious obstacles. First, a crop failure had greatly reduced the yields of the crops along the Missouri River. The farmers' purchasing power had almost disappeared. These crop failures continued for over two

decades. Second, the railroad had penetrated into areas of North Dakota where Baker's elevators had enjoyed a monopoly in grain buying. The railroad brought other grain buyers into the territory who established grain buying elevators in the new railroad towns. These elevators offered the farmers of the area much better prices than Baker had been paying. Baker's stubborn refusal to raise his prices to match the competitive railroad town prices caused his customers to desert his elevators for the new ones.

Baker's wealth was not entirely tied up in the three companies studied here. However, as his river transportation company began to falter, he did pour much of his resources into his transportation company with the hope that by saving it he could still preserve the grain trade along the Missouri. He had no way of knowing that crop conditions in and around Bismarck would not improve for nearly two decades. By that time "motor trucks and improved roads would replace the gasoline packets and the river route." By the 1920's the Captain had been involved in river transportation for nearly forty years. Possibly he "found it difficult to realize that it had become an antiquated business and should be abandoned."² There was always the temptation to think of the good old days and believe that they would return. This may have

²Lass, Steamboating, p. 166.

been a major reason for Baker's lack of foresight and his efforts to preserve an out-of-date organization.

Isaac Post Baker ruled all three companies with an iron hand. His agents were allowed to make relatively few decisions on their own. Baker lacked good business sense in this situation because he refused to take advice from others. Many times his agents were in a better position to view policy alternatives than was Baker. Still, their advice went unheeded. Baker's late shipment of seasonal goods and machinery to his lumberyards meant lost sales for him. The Captain often ordered cheap, low-grade lumber for his firms which remained unsold. His continuous refusal to pay competitive prices for grain, once new grain buyers entered the area, lost for him even more business. His refusal to comply with farmers' simple, reasonable requests for grain storage tickets further alienated his customers.

Poor crops, the entry of the railroad into the territory, and Baker's own persistent poor judgment contributed to the failure of all three companies. The Captain had realized profits from all three companies in their beginning, simply because people in the area had nowhere else to sell their grain. His monopoly on the grain trade allowed him initial profits. As competition entered the scene and new innovations were needed within his organizations, the Captain could not successfully meet and overcome the obstacles. With the implementation

of Baker's own practices, his companies were destined to failure. Had Baker been willing to conform to the changing times, his businesses may have prospered for a few more years. However, the Baker method of attempting to overcome all obstacles encountered without compromise was doomed from the start.

Baker possessed a number of characteristics similar to those of some of the more noted "Robber Barons" of the "Gilded Age." He appeared interested in making financial advance at almost any cost and did not care for the feelings of those who stood in his way. He did not hesitate to fire his agents without notice, and cared only that they served his cause well. One of Baker's dismissed agents pleaded his cause to a typically unsympathetic Baker:

Mr. Baker, you may not realize the position in which I am placed in, out on the prairie with my family and household effects, without nothing [sic] to live of [sic], my position taken from me without any warning and my last month's wages kept back.³

Such actions were the exception rather than the rule. However, Baker did engage in business for his own financial gain with little thought for those from whom he gained his money.

Baker did make a number of contributions to early North Dakota history. He maintained close ties with many political leaders in North Dakota and undoubtedly

³Letter, Carlson to Baker, Jan. 10, 1910, I. P. Baker Papers, Box 43, Folder 1.

influenced their decisions on many business matters of the day. His fascination with scientific agriculture led to his receiving a gold medal for his grass seed, alfalfa and hay at the St. Louis World's Fair in 1904.⁴ His packet line on the Missouri River helped bring settlers into the remoter area of North Dakota along the Missouri River. His elevators along the Missouri River similarly enabled farmers to settle the area and have a place nearby to sell their grain and purchase their hardware and lumber needs. Baker's wide advertising brought in many settlers to North Dakota during the first one and one-half decades of the twentieth century. Without his dispersal of the land through his Bismarck Realty Company, much of it might have been bought by a few large land concerns and never dispersed among the many incoming families to North Dakota. Looked at in another light, however, the large number of settlers coming into the state may have contributed to what E. B. Robinson refers to as North Dakota's "Too-Much Mistake."⁵ More settlers came than the state's semiarid environment could provide for, and many failing to earn a living were forced to leave. Similarly, although the three companies examined in this study eventually folded, they played a valuable

⁴"Isaac Post Baker, Who Was Who In America, 1943, I (1897-1942), 47.

⁵Elwyn B. Robinson, History of North Dakota, (Lincoln: University of Nebraska Press, 1966), p. 372.

role in the development of pioneer North Dakota.

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