Capitalizing on the Klondike: American Entrepreneurship and the Klondike Gold Rush

DOUGLAS T. KUZMIAK


There was a saying among miners that "gold is more likely to be found where it ain't than where it is" (Morgan, 1967: 136) and nothing truer could be said when it came to some American entrepreneurs and their ability to capitalize on the Klondike gold rush.

Within six weeks of the news to the "outside" that gold had been struck in the Klondike and the accompanying physical proof brought down the gangplanks by miners disembarking from the Excelsior and Portland in July, 1897, some financial reporters were already putting the entrepreneurialism of gold fever into perspective:

One man's mistake makes another man's fortune and whether those who are bound for the Klondike find the riches there that they hope for or not it is certain that the money they will spend in getting there will help to swell the fortunes of those enterprising men who have availed themselves of the opportunities offered by the anxiety of thousands to reach the new El Dorado. (New York Times, 1897a)

The story of the Klondike is as much an American one as it is Canadian. During its height in the summer of 1898 about 80 per cent of the people in the region were American and Dawson was a town 90 per cent American (Morgan, 1967). Berton (1958) has estimated that about 100,000 people in one way or another started for the Klondike gold fields with an estimated 50,000 actually making it there. If each of those 50,000 paid between $1,000 to more than $1,300 for food, shelter and equipment (Webb, 1985), then between $50 million to more than $65 million was entering the economy. This does not take into account the other 50,000 who may have gone out partially equipped, but still needed things.

Most of the equipment had to be obtained prior to entering the Klondike, even before the One Ton Law of 1898. The largest portion of this revenue was being spent in the United States as most of the Klondike participants were Americans, and usually purchased their supplies from
American dealers and used American transportation. This event was taking place at a time when the United States was just reviving from the most merciless financial depression it had ever known.

Historical hindsight has, indeed, proven that more money was generated through outfitting, transporting and maintaining Klondike gold mining expeditions than was realized by prospecting (Marks, 1994). To understand what the Klondike meant to American entrepreneurialism and how it fit into a complicated, late nineteenth-century mosaic of economic and financial events one must look at some of the macro-economic aspects of the era.

*The Economics of the 1890s*

According to Beard & Beard (1927: 205) by 1893 the United States had achieved a coast to coast national market “surrounded by a wall of protective tariffs offering to American industrial captains an internal commerce exceeding the combined foreign trade of Great Britain, France, Germany, Russia, Holland, Belgium and Austria Hungary” (1927: 205). In addition, Americans by the mid 1890s, according to a contemporary Senator from the state of Indiana, Albert J. Beveridge, “produced more agricultural commodities and manufacturers than they could consume” (Beard & Beard, 1944:340). Privately owned railways in particular represented a dominant force within American industry and constituted a financial interest equaling, by the last decade of the nineteenth century, one sixth of the national wealth or about 10 billion dollars. They, along with “trusts”— whereby a group of trustees oversaw the financial interests of several competing interests or companies brought together under one management—dominated industries choking off competition and keeping prices high.

To arrive at that point in its economic history the United States had weathered a number of economic downturns and depressions since the end of the Civil War. Each time prevailing market forces, gaining impetus from continued continental expansion, increasing markets, more efficient exploitation of natural resources and a growing export market, had helped reverse downturns.

However in the 1890s, looming over the hopes of continued economic prosperity, was the practice of manipulating tariffs that actually hurt the broad base of the consumer population, the power of the “trusts” and wrenching controversies over silver versus gold as the preferred medium of exchange.

First, the McKinley Tariff Law of 1890 imposed the highest ever rate of taxation on products coming into the country. While there was a catch—some articles would be admitted duty free if the seller country imported
American-made articles duty free—many of the items on that import list were deemed necessities by the public and came from areas under the control of foreign governments who were not going to play along. Items included imported sugar (with domestic producers receiving a special price bonus under the Act), molasses, coffee, hides, tea, wool, woolens, and higher grade textiles. The net result was an increase in the price of staples and a serious blow to American foreign trade.

The next major economic issue confronting the government of the United States and its people in 1890 was the Sherman Anti-Trust Act. Enacted to counter the incredible array of “trusts” with financial interests ranging from beef to barbed wire, the framers sought to render illegal any trust or other conspiratorial restraint to trade or commerce.

Controversy arose as to how this would affect American business. If it were enforced, it would hamper business and could bring the country to a standstill. If not enforced, then non-trust participants would be crushed to financial death. Meanwhile, from 1890 to 1901,

The Justice Department instituted only eighteen antitrust suits. And the Supreme Court—in U.S. v. E.C. Knight Co., (1895)—vitiates the law by holding that manufacturing being wholly intrastate in character even though ultimately affecting interstate commerce, was not subject to federal regulation. This limited definition of the “commerce clause” in the Constitution put trusts beyond federal control. (Wright, 1963: 249)

Finally, the Sherman Silver Purchase Act of 1890 was a complicated attempt to appease silver producers in the Western states while also trying to quell popular clamors for the free coinage and increased volume of money in circulation and also maintaining a parity of the price of silver to gold. Essentially, the act instructed the Secretary of the Treasury to purchase 4,500,000 ounces of silver at current market price payable by specially issued treasury notes for that purpose which, in turn, were redeemable for gold or silver coin. The rate of exchange was about 16 silver to one gold.

Both the Sherman Silver Purchase Act and the McKinley Tariff Law were repealed in 1893 when Grover Cleveland was elected to his second term in office replacing Benjamin Harrison as president. Both the implementation and the repeal of the acts along with the inefficiency of the Sherman Anti-Trust Act caused turmoil, uncertainty and a continued unsettled state of economic affairs.

Free coinage of silver remained an issue on the Congressional floor, especially with more Western areas gaining statehood. The controversy of gold versus silver was also never far from center political stage. Confidence in the economy was waning, foreign markets were tending to dry up and
the U.S. gold reserves becoming depleted. President Cleveland blamed the faltering economy on the McKinley Act and Sherman Silver Purchase Act. The other “First Class nations” of the world, he said, were all on the gold standard while the United States was frittering away gold to buy silver” (Butterfield, 1966: 263). Things, however, went from bad to worse, and nothing seemed to stave off the economic downturn which was rapidly turning into a depression. Repeal of the Sherman Silver Purchase Act had not worked. Whereas in 1890 U.S. Government gold reserves totaled more than $300 million.

By July, 1893 it had fallen to $97 million and on November 24, 1894 [one year after the bill’s repeal] it stood at $57 million. Great distrust and apprehension prevailed in the business and financial circles. . . . The president charged that the falling off of exports in consequence of the McKinley Act, thus requiring the payment of some extent of our balances in gold, the “unnatural infusion” of silver into our currency, the hoarding of gold at home and the high rate of foreign exchange were some of the causes which contributed to the financial stringency and the shrinkage in gold reserve. (Garner and Lodge, 1913: 993)

Two other issues during the 1890s contributed to the financial downturn and the Panic of 1893. The first concerned prices for agricultural produce which began declining at a time when railways and middlemen were able to charge farmers almost what they liked. Bankers lent farmers money at high rates of interest and sudden recalls of loans often led to farm foreclosures. When manufactured items used by farmers wore out, replacements were either too expensive or no longer being manufactured because of depression-related plant closings.

Second, when President Cleveland tried to stave off further financial disaster by selling off government shares in the form of government bonds for gold, he approached J.P. Morgan and other East Coast financiers to buy the issues rather than make them available to the public at large. While not strictly speaking illegal, this was another kind of “trust” and did little to pull the country out of its economic plight.

The government saw not itself but market forces as pulling the country out of the depression. President Cleveland and his administration became despised, even by members of his own political party; the years 1894-1896 were financially the worst the United States had ever experienced. It was not until the spring of 1897, with a new administration headed by President William McKinley and the promise of vast quantities of foreign exchange earned through the sale of a “bumper crop” at home while other grain producing nations suffered crop failures, that America began to recover. It was into this financially hopeful environment that news of the Klondike
burst into the heart of American business like a giant, golden "Fourth of July" fireworks display that same month in 1897.

The nature of late nineteenth-century U.S. Society, Northern perceptions and pre-Klondike entrepreneurialism

Following the Panic of 1893 America settled into a deep depression. It was a time which would see a call-out of Federal troops to Chicago during the Pullman Strike of 1894, the formation of Coxey's Army, raised by Populist Jacob S. Coxey, as a means of conveying the message of social unrest to Washington. Along with Coxey's populism other "isms" were rampant including Social Darwinism, Idealism, Pragmatism and Socialism. At the same time the books and stories of Horatio Alger were immensely popular. They promoted an ideology of individualism and plucky self-reliance. His characters "succeeded by their own efforts despite—even because of—poverty and deprivation" (Cruikshank, 1992: 37). However, these often stressed luck and circumstances as much as hard work and determination.

Into this milieu in 1893 came Frederick Jackson Turner who told Americans that the days of the frontier were over. At the World's Columbian Exposition in Chicago Turner proclaimed that Americans had been compelled to adapt themselves to the changes of an expanding people—to changes involved in crossing a continent, winning a wilderness and changing from a frontier thinking to one of complex city life. Turner said that in America the individual had proven his worth by conquering nature, and inspired a mode of thinking known as the Frontier Interpretation (Billington, 1976).

When news of the Klondike and subsequent Alaskan gold finds hit the streets four years later and showed that there was still a last frontier to conquer, Turner's sentiments rang in many a depression-weary ear. It also came just six months before the 50th anniversary of the discovery of gold at Sutter's Mill which had launched the California gold rush.

In fact, people in America in the 1890s were not unfamiliar with things Alaskan and with aspects pertaining the North. Alaska, of course, had been purchased in 1867 and derided as "Seward's Folly" and "Seward's Icebox." Later, the exploits of Lt. Frederick Schwatka were published in the 1880s and E.J. Glave helped to sell Frank Leslie's Illustrated Newspapers with his exploits in the Yukon. National Geographic Magazine also weighed in during the early '90s with its articles on the Alaskan boundary survey. So, information in the popular media was available, as well as more specific information presented before congressional hearings and in scientific journals and popular lectures.

Even before the Klondike gold rush entrepreneurs were using refer-
ences to the North as a means of selling products. During the 1890s Woolrich Woolen Mills, America's oldest producer of wool clothing was turning out their No. 100 "Alaska Storm" shirt (Images Group, Public Relations for Woolrich, pers. comm., 1997). Even though there were few miners in the Northland already there was a certain kind of miner's attire which would heavily influence post depression manufacturing patterns. "Men wore high boots, rubber boots, moccasins and muklucks. Formal shirts without vests were common although some men wore a corduroy coat or red and green checked mackinaws" (Gates, 1994: 127).

Americans were getting some of their canned salmon from the Alaska Packers Association formed in 1893 through the merger of 28 salmon canners (Del Monte Corp., pers. comm., 1997) while "Alaska" was a selling hook for overshoes and "Arctic" for sleeping bags. The term "Yukon" was even used to sell bicycles to wheelmen in the pre-stampedede era (Sears, 1897).

Within the Klondike and other Northern mining areas prior to the stampede about 1,000 miners prospected and commerce existed on a gold standard of its own. Anything could be bought with it but entrepreneurs there tended to work on a "grubstake" system whereby they would provide a prospector with the minimum required to look for gold and receive payment when—and if—it was found. "Lack of supplies caused great problems for Yukon traders. . . . Not until American capitalists of ample means invested in Yukon commercial companies were these problems alleviated" (Webb, 1985: 206).

Unlike their American counterparts, Canadians were subject to a different economy. Briefly, for purposes of comparison, "not only do some writers see Canada as suffering from a prolonged depression between 1873 and 1896 but many believe that its people were struggling simply to keep themselves alive" (Monod, 1996: 103). In addition, the very nature of the Canadian economy and finances were shaped along different lines from the American one. As Daniel Drache points out:

The reason for the lack of an entrepreneurial class was because of Canada's staples driven, export oriented economy which began with fish and furs went onto include timber, agricultural products and finally onto exploitation of non-renewable resources along with some manufacturing. Also there was a need for a continual inflow of foreign capital to pay for the infrastructure of its resource-dependent development. (Daniel Drache in Innis, 1995: xix-xx)

Drache adds that in an export oriented economy there is no compelling reason why the profits earned by selling resources will lead to investment in domestic manufacturing. In fact, the raw material exported is likely to be processed elsewhere and then be imported back into Canada as finished
products (Drache in Innis, 1995: xix-xx).

Back in the United States if anyone needed reminding that gold and silver issues were still very much in the forefront of popular thinking by 1896 they need only listen to the oration of William Jennings Bryan on July 9, 1896 at the Democratic convention in Chicago. Furious with President Cleveland, despite his being one of their own, the convention mob wanted his blood and a new party candidate. Bryan was generally little known but had supported the cause of free-silver. He extolled big business and the market: “You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold.” Somehow, without saying anything new but with consummate skill and poise he had spoken for millions of Americans who felt oppressed and baffled by the dominant political and big business regime. For the time being their hopes were concentrated on the dubious scheme to expand the currency by an unlimited coinage of silver (Butterfield, 1966: 271).

The issue of free coinage of silver split political parties and caused cross-over voting by supporters of both the Democrats and Republicans. Bryan was defeated and Republican William McKinley elected. His government took the election as a public mandate favoring gold.

The entrepreneurial response to the Klondike

Despite the depression U.S. entrepreneurs remained poised to open gates of economic activity as soon as market forces allowed that to take place. While news of the Klondike was “old hat” to the miners of Circle and Eagle and Fortymile by the summer of 1897, “when news of the gold rush reached Seattle and San Francisco a nation caught in the throes of depression responded with exuberance” (Webb, 1985: 125). On the East Coast The New York Times on July 17, 1897 ran an article confirming that “these are no fairy tales” the stories of fabulous wealth pulled out of the Klondike. Also contained in the story were letters from miners already on the gold fields, with one Burt Shuler insisting from the Klondike to his brother:

There is nothing a man could eat or wear that he cannot get a good price for...Big money can be made by bringing small outfit over the trail this Fall...I have seen gold dust until it looks almost as cheap as sawdust. If you are coming in, come prepared to stay two years at least; bring plenty of clothing and good rubber boots. (New York Times, July 17, 1897: 2)

The next day news of the Klondike was on the front page of The New York Times Sunday edition and that Tuesday the financial page carried news of a mining company’s incorporation with one million dollars in authorize capital with the implication that it was formed “to stake miners starting for
the Alaskan gold fields" (*New York Times*, July 20, 1897: 9). For one million dollars to be put up overnight by three individuals in New York and Chicago is testimony to the Klondike's impact on the people.

Tappan Adney recounts how everyone immediately got caught up in Klondike fever:

Every class in the community was affected. Companies were formed and stock offered to the public merely on the strength of starting for the Klondike. Men threw up good positions in banks and [in] the government.

Others with homes and families mortgaged their property and started while those who could not command the one to two thousand dollars considered as the very least necessary to success were grubstaked by friends equally effected by the excitement but unable to go in person. (Adney, 1900: 6)

Men hitherto dressed in suits and clerks' aprons were not equipped for the rigors of Klondike life, nor were the merchants or manufacturers equipped to deal with the demand. "So great has been the demand during the last week for clothing and provisions by hundreds of men outfitting for the Klondike gold fields that many dealers in the Northwestern cities are entirely short," a New York Times reporter wrote (*New York Times*, July 26, 1897: 5). Within a week hardware stores in the Puget Sound area had been depleted of gold pans, whipsaws, and pickstel. Train carloads of them had to be ordered from the East along with rubber boots. Meanwhile, local woollen mills were "running day and night to fill orders for blankets and mackinaw clothing" (*New York Times*, July 26, 1897: 5). Burt Shuler had prophesized right:

The Klondike gold rush came at the right time for American business. In the first half of 1897 dismal economic conditions prevailed but an upturn seemed probable because of the predicted grain surplus. That, and foreign demand for the grain to be paid for in gold, stimulated optimism throughout the country. This was enhanced by the demand for goods and services generated by both the depression starved, pent-up demand for goods, and by the intense and sudden manufacture and movement of goods and people across the nation in pursuit of Klondike gold.

By late summer a kind of "trickle-down" economics began to take effect; if the farmer was doing all right then the middlemen and transportation sector was doing all right and they, in turn made it possible for the manufacturers, shopkeepers, bankers and financiers to do all right, too.

William Alexander Smith, the Klondike era's Wise Old Man of Wall Street, said:

We are now getting up to the normal condition of affairs and the outlook is very much brighter than it was a few months ago... The prosperity of the farmer
is the foundation of national prosperity and that our farmers have an unprece-
dently good fortune ahead of them is apparent to everyone...The stimulus
given to the freight traffic over the [rail] roads has brought about the necessity
of providing additional carrying facilities and companies respond to the altered
state of things by ordering new equipment....If the discoveries in the Klondike
prove to be as great as is generally anticipated they cannot fail to prove a
stimulus not only to Wall Street speculation but to development in all legitimate
business lines. (New York Times, Sept. 1, 1897: 8)

Wall Street became crowded with investment schemes, many legitimate but
a lot outside Smith’s definition of legitimate business. By October there was
a boom in pig iron production with demands coming in from both the heavy
and light manufacturing sectors to fulfill new orders for locomotives, railway
appliances, structural iron and plate hardware and nails. The manufacture
of clothing and footwear increased as well, and wages for labor began going
up. “The merchants of the country are doing more business than they have
known at the beginning of any October in a dozen years,” (New York Times,
Oct. 3, 1897: 20).

Accompanying the Klondike stampede were economic trends which
indicate renewed confidence in the economy because of grain sales, the
replenishing of gold reserves and confidence of the buying public—both
to equip gold seeking “argonauts” and others.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total GNP (bill. $)</th>
<th>GNP per capita ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>13.1</td>
<td>208</td>
</tr>
<tr>
<td>1891</td>
<td>13.5</td>
<td>210</td>
</tr>
<tr>
<td>1892</td>
<td>14.3</td>
<td>218</td>
</tr>
<tr>
<td>1893</td>
<td>13.8</td>
<td>206</td>
</tr>
<tr>
<td>1894</td>
<td>12.6</td>
<td>185</td>
</tr>
<tr>
<td>1895</td>
<td>13.9</td>
<td>200</td>
</tr>
<tr>
<td>1896</td>
<td>13.3</td>
<td>188</td>
</tr>
<tr>
<td>1897</td>
<td>14.6</td>
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<td>15.4</td>
<td>210</td>
</tr>
<tr>
<td>1899</td>
<td>17.4</td>
<td>233</td>
</tr>
<tr>
<td>1900</td>
<td>18.7</td>
<td>246</td>
</tr>
</tbody>
</table>

A few statistics will illustrate this point. For example, in the woolen and worsted goods industry capitalization figures (only available in 10 year increments) rose from $203 million in 1889 to $264 million ten years later. Investment in the boot and shoe industry rose from $95 million in 1889 to $102 million in 1899 and investments in canned products went from $25 million in 1889 to $59 million in 1899. Finally hardware went from $104 million in 1889 to $117 million in 1899 (Cremer et al., 1960). Interim figures are not available but it could be inferred that investment was also negatively affected by the depression.

The Gross National Product (Table 1) traces the market value of the output of goods and services between 1890 and 1900 for the country as a whole and for per capita showing a strong economy despite, although some would have argued because of, tariffs and the controversy about gold and silver preferences. The GNP clearly illustrates the sudden burst of economic activity which occurred from 1897 onwards and continued upward (U.S. Department of Commerce, 1975).

The average annual employee earnings (non-farm) is another example of how earnings took a serious dip in the Panic of 1893, recovered slightly before 1897 and showed a marked rate of increase until the turn of the century (Table 2).

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual US employee earnings (non-farm)</th>
<th>Consumer price index (1967=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>475</td>
<td>27</td>
</tr>
<tr>
<td>1891</td>
<td>480</td>
<td>27</td>
</tr>
<tr>
<td>1892</td>
<td>482</td>
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</tr>
<tr>
<td>1893</td>
<td>458</td>
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</tr>
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<td>1894</td>
<td>420</td>
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</tr>
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<td>440</td>
<td>25</td>
</tr>
<tr>
<td>1899</td>
<td>470</td>
<td>25</td>
</tr>
</tbody>
</table>
Table 3. US gold and silver production and price of silver, 1890-1900

<table>
<thead>
<tr>
<th>Year</th>
<th>US gold prod. (x1000 fine troy oz.)</th>
<th>US silver prod. (x1000 fine troy oz.)</th>
<th>Price of silver (cents per fine troy oz.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>1,589</td>
<td>54,516</td>
<td>104.6</td>
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<tr>
<td>1891</td>
<td>1,605</td>
<td>58,330</td>
<td>98.8</td>
</tr>
<tr>
<td>1892</td>
<td>1,597</td>
<td>63,500</td>
<td>87.6</td>
</tr>
<tr>
<td>1893</td>
<td>1,739</td>
<td>60,000</td>
<td>78.2</td>
</tr>
<tr>
<td>1894</td>
<td>1,911</td>
<td>49,500</td>
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</tr>
<tr>
<td>1895</td>
<td>2,255</td>
<td>55,727</td>
<td>65.2</td>
</tr>
<tr>
<td>1896</td>
<td>2,568</td>
<td>58,835</td>
<td>67.0</td>
</tr>
<tr>
<td>1897</td>
<td>2,775</td>
<td>53,860</td>
<td>59.7</td>
</tr>
<tr>
<td>1898</td>
<td>3,118</td>
<td>54,438</td>
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<td>1899</td>
<td>3,437</td>
<td>54,764</td>
<td>59.5</td>
</tr>
<tr>
<td>1900</td>
<td>3,830</td>
<td>57,647</td>
<td>61.3</td>
</tr>
</tbody>
</table>

The consumer price index (Table 2) measures changes in retail prices of good and services deemed essential to maintaining a standard of living for a working class family. Using the base of 1967 period it shows the increase in cost attributable to inflation and measures changes in the cost of living. Interestingly the CPI fell from 27 in 1890 to 26 in 1894 and remained at 25 from the following year through the rest of the decade. Despite the fact that living standards and wages were increasing and the economy was greatly strengthening, inflation remained in check.

Because of the political controversies about gold and silver it is interesting to look at the comparative production rates of the two metals, and especially the price of silver per troy ounce (Table 3). Those advocating the free coinage of silver were demanding 16 to one at a time when gold was about $17 per ounce (1896 figure).

U.S. gold production showed a steady increase even during the depression years while quantities of silver production and its value marked a steady decline. The sharpest drop in its price, coincidentally, paralleled the hey-day of the Klondike stampede.

An interesting blip occurs in the wholesale and retail price of flour—a vital commodity to the miner. In 1890 the wholesale price for a 196lb barrel was $4.62. This went down to $2.75 in 1894 and recovered to $3.62 in 1896.
It rose to $4.36 in 1897, then declined to $4.14 in 1898 before falling back to the mid $3 level in 1899 and for numerous years to come. The retail price of flour for five-pound bag showed a similar blip going from the 1890 level of 14.5 cents down to 11.5 cents in 1894 to 12.5 cents in 1896 and then up to 14 cents in 1897-98 before falling back to 12.5 cents in 1899 where it remained for the next four years (U.S. Department of Commerce, 1975).

Also, with the exception of 1897, when grain exports were exceptionally strong, the physical output in millions of barrels of oil increased (Fig. 1) at a time when its price was increasing. It is doubtful that the manufacturers and retailers would have maintained these prices if the public demand was not willing to bear them.

The physical output of canned goods also climbed precipitously around the time of the Klondike stampede, especially tomatoes and corn, only to crash after 1900 (Fig. 1). Gates (1994) says: “The medical profession knew how to treat scurvy although the miners [at Fortymile] did not” (p. 95). Joseph Grinnell (1904), about whom more will be said later, asserts that at Kotzebue in the winter of 1898-99 there were many cases of scurvy and that miners who could, would “come into our camps to get tomatoes, fruit and pickles” (p. 58). It is reasonable to assume he did not mean fresh produce in the middle of an Arctic winter.

It is not clear why the first peak in canned tomato production between 1893-94 occurred especially at a time when “packaged and canned foods were fighting uphill against popular prejudice” (Adams, 1948: 95).
Underscoring the increased demand for woolens the wholesale price per pound of wool went from 39 cents in 1896 to 49 cents in 1897 to 61 cents in 1898 and continued to climb until 1901 (US Department of Commerce, 1975). While some of the post 1897 climb could be attributed to the war with Spain that does not account for the ten cent jump from 1896-97.

All this production was translating into confidence in the economy and hitherto sleepy hollows and West Coast backwaters started booming. Seattle, Tacoma, Victoria and San Francisco changed into cities whose principal reason for existence all of a sudden seemed to be supplying the thousands stampeding in to buy goods and out to the gold fields. "The fronts of buildings on all business streets are covered by large cotton signs and streamers which announce in letters striking both as to size and color that 'Klondikers can be outfitted here!'" (New York Times, Sept. 1, 1897: 3).

Seattle quickly emerged as the principal port of supply and embarkation with businessmen anticipating further success. "Up in the Northwest we are having wonderful business activity," said Mr. R.R. Spencer of the Seattle National Bank of Commerce in October, 1897:

"Every branch of trade is active and all the merchants are busy .... The Klondike excitement has been largely responsible for the increased business in the Northwest. Of course natural conditions have brought about our improvement but the Alaskan gold fever has helped it. The movement of men and supplies to the Klondike has been through Seattle and of course that has given us a great deal of activity. (New York Times, Oct. 1, 1897: 8)"

According to Sale (1976) Seattle was not only able to take advantage of new rail links which had been completed shortly before the stampede but it also began to manufacture commodities previously imported from the East to supply the miners' demands. Seattle's manufacturers grew from 331 to 953 between 1890 and 1900 with the bulk of the growth occurring after 1897. Invested capital grew from $6 million to over $10 million and value produced by manufacture grew from about $10 million to over $26 million (Sale, 1976). When the gold played out, Seattle had created a financial and entrepreneurial base which allowed it to continue advancing its growth.

San Francisco and nearby Tacoma merchants did not have the volume of Seattle but nevertheless did well. Victoria hoped to cash in on the fact that it was on Canadian soil and that the Canadian customs duties, which the miners would have to pay when crossing the Chilkoot or White passes or coming in via the river route, would not apply. There was, however, still American customs which would have to be paid on goods landed at Skagway or Dyea on anything that was not in bond—and the miners had to get themselves to the gold fields which required opening "sealed"
supplies. American customs officials tried to maintain a policy of bulk remaining unbroken. Another aspect hampering large Canadian purchases was, as Adney summed it up, “It should be borne in mind that the next news may be of bigger fields on the American side” (Adney, 1900: 14).

While some opted to go through Canada to the coast and then north by ship some others took the All Land Route through Canada. Either way it could be a very expensive and frustrating trip to the gold fields. Tollemache (1912) found that to buy a large outfit at Teslin Lake would have been an expensive undertaking; Adney found Winnipeg cleaned out of winter clothes. Others traveling through Edmonton could just scrape together enough provisions to meet their needs. Victoria did seem well supplied but jealously eyed Seattle’s stock of goods and success. Juneau, meanwhile, had been taken by surprise by the stampede but still managed to sell items at what were considered reasonable prices (Adney, 1900).

Even before the implementation of Canada’s One Ton Law of 1898, argonauts had an idea of what was necessary but did not often follow advice or common sense. Following threats of starvation, and embellished news stories about the shortage of supplies in Dawson reaching the outside as early as October 1897, the Canadian government insisted that miners, no matter on which route, bring in about 2,000 pounds of food and equipment.

The law ensured a fairly uniform supply of food, clothing and material. It also served to stave off repeat embarrassment by Her Majesty’s representatives that they had let too much whiskey at the expense of food into the territory. It prevented further aggravation with the United States government over military relief columns and other schemes including one involving the herding of Norwegian reindeer to the Klondike. It kept out American criminals and other undesirable elements and created a revenue which Canada otherwise would not have had. When Canadian purchased bonded bulk outfits were opened it gave this revenue to the U.S. as well.

Arguably, this was a form of state entrepreneurialism, with both governments receiving on average about 25 per cent of the merchandise value with 30 to 35 percent placed on hardware, 15 to 20 per cent on general supplies and 50 cents per pound on tobacco (Adney, 1900).

It is also interesting to note some individual producers of commodities useful to miners. Within the clothing manufacturing sector Levi, Strauss and Company had already been producing jeans—known as waist overalls—for some time. A company historian said that many Americans from the West who went to the Klondike wore Levi’s and was able to identify Levi products from photographs of men in the Yukon circa the time of the gold rush (Levi, Strauss & Co., pers. comm., 1997). Meanwhile in the Midwest, the Carrhart
company, although more geared for the railroad industry, was turning out work clothes which had an application in the wet and rugged conditions of the gold fields (Carrhart Co., pers. comm., 1997).

In addition to the Woolrich company, on the West Coast Filson’s Pioneer Alaska Clothing and Blanket Manufacturers jumped at the chance to fill the gap caused by the shortage of woolen clothing and blanket material. Manufacturing right in Seattle, Ohio-born C.C. Filson filled a niche by selling apparel along with free advice on equipment and conditions from his resident Klondike expert Mike Kelly (C.C. Filson Co., pers. comm., 1997). Women who went to the Klondike had to resort to men’s clothing but in time this spawned an industry of rugged outdoor women’s clothing.

In Maine the Bass Shoe Company was turning out a product sought by lumbermen, miners and outdoor enthusiasts. It made two additions to its factory between the time of the stampede and turn of the century (Bass Shoe Co., pers. comm., 1997). White’s Boot Company had yet to move from West Virginia to Washington state but already it was gaining a following for its boots and packs (White’s Boot Co., pers. comm., 1997).

Proctor and Gamble did not invent their Ivory Soap advertising slogan: “99.44/100 Pure,” with the Klondike gold rush. That had been in use since 1882 (Procter & Gamble, pers. comm., 1997). But the smooth-skinned beauties of their Klondike era ads, frameable 14”x17” copies of which were available upon receipt of 10 Ivory Soap wrappers at corporate headquarters, possibly occupied cabin corners and minds of many miners on cold sub-Arctic nights. Kirk’s Soap, another Klondike era toiletry, was to later use a “dog-dirty” miner having an annual wash motif to illustrate its cleaning power (Kirk’s Natural Products Corp., pers. comm., 1997).

Later in the Klondike era, Smith & Wesson Co., presented some dubious advertising. This came at a time when the North-West Mounted Police had been assiduously discouraging the importation of sidearms into the Yukon.

In an interesting case of civilian needs generating military interest the starvation scare sent the U.S. War department experimenting with more viable forms of condensed and desiccated foods and manufacturers of these products were given contracts to provide samples to the government (New York Times, Dec. 29, 1897).

Newspapers, magazines and book & pamphlet publishers also cashed in on the moment with articles, features and guidebooks. The New York Times was right up there on July 25, 1897 when it published details of how to travel to and what was going on in the Klondike complete with maps and prices of food in Dawson (New York Times, July 25, 1897). Local and national news-
papers throughout the United States followed events with daily or weekly accounts from all sectors. Harper's Weekly, perhaps the most widely read periodical of its day, sent its own man, Tappan Adney, to cover events and even George Bird Grinnell’s magazine Forest and Stream had B. Burnham on the beat. People avidly read their accounts and those of others, no matter how peripherally connected to events.

With what seemed like lightening speed after the news of gold discovery, Charles A. Plempel brought out his Baltimore-published “The Klondyke Goldfields: Their discovery, development and future possibilities: With practical information of gold mining, how to get there, what to carry, what to do: Also hints of value to prospectors, traders and investors” (Plempel, 1897). Not to be outdone, “Klondike: The Chicago Record’s Book for Gold Seekers,” went one step further offering “A great store of miscellaneous information of great interest and educational value,” about “all the gold fields in Alaska and British Yukon country” (Chicago Record, 1898 and Harper’s Weekly, March 5, 1898: 235). At least one veteran Canadian surveyor had extensive first-hand experience to bear in his “The Klondike Official Guide.” The publishing stampede over time would yield both enduring literature and no fewer than 300 bound volumes (Gruening, 1965).

Whether it was woolens or soap, flour, sugar or nails, the word Klondike now had instant name recognition and spurred labeling beyond the few items hitherto mentioned. “Almost anything was salable if it had the name “Klondike” attached to it. Optometrists sold Klondike glasses, rubber manufacturers hawked Klondike boots, drugstores peddled Klondike medicine chests, restaurants dispensed Klondike soup, everything from stoves to blankets suddenly bore the necromantic name” (Berton, 1958: 115).

Things really began verging on the silly, for example, when New York’s Huber’s 14th Street Museum was charging ten cents just to view 15 women “with courage enough to go to the Klondike to become miners’ brides, 15 wonderful freaks” (New York Times, Oct. 17, 1897: 17). Con men, bogus schemes, fly-by-night enterprises and gimmicky abounded almost before the argonaut even left his home town, let alone get to Seattle, Skagway, Dyea or Dawson where other potentials for misadventures existed.

Possibilities for travel to the Klondike also flourished. Shipping companies were formed overnight and ones which had previously operated to northern ports gained business like never before. Overall, the gross tonnage of documented vessel sailing from Pacific U.S. ports rose dramatically while at the same time it dropped in New England (Fig. 2).

Ads for travel to the Klondike were in evidence throughout the press with the Columbia Navigation & Trading Company, among others, charging
between $400 to $750, depending on location of berth, from New York to St. Michael and Dawson (New York Times, Oct. 3, 1897: 22). The Cleveland sailing on August 5 from Seattle charged $200 one way for first class travel ostensibly to Dawson (New York Times, July 28, 1897: 1), up from the $150 it cost on July 19 from San Francisco and an additional estimated $500 for shipping supplies (New York Times, July 19, 1897: 1). At about the same time from New York it was possible to book a first class, 61 day all traveling expenses included holiday tour of Egypt, the Holy Land and Italy for $490 (New York Times, Dec. 25, 1897: 19).

With the movement of all the goods, the increased need for railroad locomotives, rolling stock and infrastructure added to the economic trickle down effect of the stampede. Freight traffic and revenue climbed dramatically after 1897 (Fig. 3). Ton miles are computed by multiplying the weight of each shipment by the distance it moves and summing the product.

People thought big, and fast, when it came to the gold fields. Modern four-hundred-room hotels were going to be built in St. Michael and Dawson by the North American Transportation and Trading Company and were to be ready by November 1, 1897! In July, 1897, it was said that the first railway in Alaska from Dyea, over White Pass to the Hootlinqua River would be built the next year. It was completed to Whitehorse in July, 1900.

Perhaps the biggest thinker and fastest moving Klondike entrepreneur was Joe Ladue. Already well known in the Yukon as a merchant long before
news of the gold came South, he quickly became a household word for a number of reasons, illustrating his ability to cash in on many aspects of Klondike wealth.

Almost from Day One he was known to the “Outside” as the man who owned Dawson and was selling it for $5,000 a lot. Adney (1900) says that within a year as much as $20,000 would be paid for a well-located corner lot with a two-storey log building and lot selling from between $30,000 and $40,000. “Within two years lots sold for as much as five thousand dollars a front foot on the main street” (Berton, 1958: 52). It must be kept in mind that Dawson was a wilderness in 1896 but by 1898 was the largest city in Canada west of Winnipeg and only slightly smaller than Seattle, Portland or Tacoma (Morgan, 1967).

Ladue, who thought there was enough gold to last 20 years, didn’t just sell land, he diversified. By Christmas 1897 he was promoting his own Joseph Ladue Gold Mining and Development Company of the Yukon which, in addition to the obvious, was engaged in purchasing the steamship Morgan City, running a travel agency, and “giving advice as to the best outfit and equipment for use in the Klondike” (New York Times, Dec. 25, 1897: 11). By April, 1898, he was giving at least one professional endorsement—for baking powder!

In contrast to Ladue, others, like the “chechaquo” of Jack London’s story Too Much Gold, were so green about the North that, allegorically, they didn’t know not to use baking powder in biscuits when outfitted with “self-risin”

Reality for the argonauts lay somewhere in between. While the majority hoped to find their riches in the pay dirt of the Klondike River tributaries and their “pups,” some who anticipated being there were realistic enough to understand that alternative ways of making the trip pay would have to be found. A new breed of entrepreneurs was spawned paralleling but differing from the mercantilism found South.

Perhaps best exemplifying this new kind of business outlook was expressed by Lars Gunderson, the founder of a Minneapolis-based firm called the Monitor Gold Mining and Trading Company. It was formed on 1 September 1897, largely of Norwegian immigrants to America some of whom were to work in the Klondike from 1898 to 1899:

It is senseless to believe that the only way to make money in the Yukon is to dig for gold. There are hundreds of ways to make money in a short amount of time by using a little capital and enterprise. (Gunderson quoted in Lokke, 1965: 15)

Gunderson’s sentiments were born out by the reality as Adney found it in the Skagway–Dyea area, especially when it came to men prepared to become packers. These, he said were:

Men who were bound for Dawson, who had wit or presence of mind that few others seemed to show, to recognize a gold mine when it came before their eyes even if it was not a Klondike one. They make great money. (Adney, 1898: 490)

White miners to the Yukon had been doing sporadic packing work in this area for years. Usually, however, it had been the province of the area’s Chilkat Indians until the stampede and its flow of whites forced them out (Mayer, 1989). Until that time the Chilkats recognized their worth; they started off charging 12 cents a pound to Lake Lindeman and within weeks upped it to 38 cents for regularly shaped goods in convenient packages (Morgan, 1967). It could go as high as $1.00 a pound from the Scales to the summit of Chilkoot Pass. White packers received from $7.50 per day and up, with teamsters making between $50 to $100 per day.

For the sake of comparison, postage on mailed goods in the United States and for freight items to various destinations was as follows:

Postage on goods made by mail is one cent per ounce or fraction there of being $0.16 cents per pound (not exceeding 4 lb.). Freight or express rate from Chicago: (First class, Second class, Third class, Fourth class & Express (COD) Rate per 100 lb.): Baltimore MD: 0.72, 0.62, 0.47, 0.32, 2.55. Winnipeg: 1.53, 1.29, 1.05, 0.81, 5.25. Vancouver BC: 2.45, 2.20, 2.05, 1.75, 13.25. (Sears, 1897: 5)
Clearly the packers were making money hand over fist but it was for long hours of back-breaking work. But the way to Dawson abounded with other opportunities for making money. Outfits were sold for 10 cents on the dollar before the Golden Stairs were even reached by already discouraged miners. These supplies, in turn, were sold for phenomenal profits on the other side and en route to Dawson by those savvy enough to do so.

Skills in everything from biscuit-baking to boat-building to backgammon hustling were in demand. By December 1897 entrepreneurs had

<table>
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<tr>
<th>Commodity</th>
<th>Dawson, summer 1897</th>
<th>Dawson, winter 1897-98</th>
<th>Sears catalog 1897</th>
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<tr>
<td>Flour (/lb.)</td>
<td>0.12</td>
<td>0.25</td>
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<td>0.02</td>
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<td>Canned oysters (/can)</td>
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<td>0.11</td>
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<td>3</td>
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</tr>
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<td>40.00/120</td>
<td>3.06/180</td>
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<td>50.00/vol.</td>
<td>4.40/8 vol. set</td>
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<tr>
<td>Moccasins (/pair)</td>
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<td>2.25</td>
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<td>Arctic overshoes (/pair)</td>
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<td>3.40-4.50</td>
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<tr>
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<td>n/a</td>
<td>0.18</td>
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<td>150.00-400.00</td>
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<td>25.00/one 12 lb.</td>
<td>3.75/two 5 lb.</td>
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<td>Cartridges .44 cal</td>
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<td>0.10 each</td>
<td>0.02 each</td>
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constructed the first rope and windlass pulley system for cargo. It was later refined to an aerial cable way complete with pylons and hanging buckets from Sheep Camp to Crater Lake and capable of hauling nine tons an hour at eight cents a pound, realizing about $1,440 an hour. Contrast this against the average pre-Klondike yearly take of $800 in gold for a year-round operation in the Yukon’s Fortymile region (Webb, 1985).

Meanwhile, one of Skagway’s most colorful if dubious characters was “Soapy” Smith who ran an extensive racket of con men and shill games until being gunned down—yet another aspect of capitalizing on the Klondike.

Way up the Klondike River, Dawson was an entrepreneurial free-for-all. It was as well furnished as any of the modern cities to the south and arguably better than many European ones of the age. But everything had its price, invariably high (Table 4). Even the most common commodity in the “Outside” became a must-have item in the extremes of the Yukon.

Men whose provisions ran out before hitting pay dirt would seek work as laborers in the mines of other, more lucky argonauts and receive about $1.50 per hour when the “Outside” rate was about for a whole day’s work. Tales of people making fortunes just selling well-made pies and good coffee abounded, some of them true.

While outside newspapers were cashing in on the Klondike, E.C. Allen published his Klondike Nugget in Dawson between 1898-99 and charged $24 in advance for a year’s subscription (Mott, 1960) in a city with a population of about 30,000. A tinsmith could fabricate a Yukon stove from a few pieces of metal and three joints of pipe and could earn himself $55. For comparison, from Sears it cost nine cents for a 24x5 inch piece of stove piping and $21.75 for a 336 lb. cooking range with oven (Sears, 1897).

Mining claims went from almost nothing to hundreds of thousands of dollars, depending on the circumstances under which they were bartered or sold. Cabins could go for between $500-$1000; wood was often extremely expensive because of its constant need and the price of food depended on its availability. In the summer of 1899, members of the Monitor Gold Mining and Trading Company sold 200 lbs. of moose meat and ten ducks for $81—$1 more than the entire winter’s work worth of gold taken from one of their best paying claims (Lokke, 1965).

According to Berton (1958) in March 1898 the Review of Reviews estimated that the argonauts had already spent $60 million in purchasing rail and ocean transport and Klondike outfits. “The Klondike had been oversold; its gold production for the year 1898 did not exceed ten million” (Berton, 1958: 126). Clearly, then, there was more gold to be had where it wasn’t than where it was.
The Klondike stampede had its sequel in hopes of gold in Alaska, and entrepreneurs cashed in on this as well. Joseph Grinnell (no relation to George Bird Grinnell), who went on to become a world famous scientist, wrote of his 1898-99 Kotzebue winter in his diary:

Hundreds of thousands of dollars were expended by parties coming here and nothing is taken out. All that money going to transportation companies and merchants of San Francisco and Seattle... It is strange how many people were started to this country by bogus reports in the newspapers... only to find they had been duped (Grinnell, 1904: 27-28).

**Conclusion**

American entrepreneurialism received a significant impetus by the Klondike stampede and it helped to boost confidence in a national economy already strengthening through foreign grain sales. At a time when the country needed something to grasp onto—a kind of national movement—nothing short of war could have provided such an ideal rallying point as the quest for gold.

The stampede shook loose gold that had been hoarded during the depression era beginning with the Panic of 1893 and provided the money and the reason to free the manufacturing sector from the moribund financial predicaments of its recent past. Within a year of the stampede the silver craze was dying due to change in popular sentiment (*New York Times*, Sept. 4, 1898).

By September 1898 the U.S. gold reserve reached the highest point in its history with a total reserve of more than $219 million (*New York Times*, Sept. 3, 1898). All indicators pointed to a strong recovery.

War, however, did come and, by April 1898, “the Klondike was stale news... Cuba was once again becoming a hot story” (Milton, 1989: 185-186). The economy continued to improve. It can be argued, however, that this is to be expected when the U.S. government was ordering tents, uniforms, footwear etc., for the estimated 97,000 volunteers and at least 26,000 regulars (*New York Times*, June 3, 1898) that were anticipated for the Spanish-American War—only 23,000 more than the total estimated numbers who set out for the Klondike. A fraction of those numbers ever served in what was a very short campaign in Cuba and somewhat longer policing operation in the Pacific. And, by the time the war came about, American manufacturing was up and running and the “trickle-down” effect from Klondike sales was already in effect.

In the public mind the Klondike was rapidly overshadowed by the Spanish-American War, the War in the Philippines, the acquisition of Hawaii.
and Guam, and America’s growing influence in foreign affairs. The Dreyfus Affair in France, Britain’s War in the Sudan and other “brush-fire” conflicts and continuing prosperity at home dominated national interests.

But the economic beat went on. Because of the Klondike, US money had discovered Canada’s industrial potential, which “by 1914 had received more United States investment than any other part of the world” (Aitken, 1961: 37). However peripherally, the Klondike continued to have its sway. In 1909 Bass boot was advertising the Miners’ Boot, now with “Klondike” hooks; in 1929 the Klondike ice cream bar was launched. The Yukon and Klondike have often emerged in clothes advertising and to this day remain a cornerstone in Filson’s marketing strategy. American entrepreneurialism is still trying to hold onto a piece of that golden moment that was the Klondike.

Douglas Kuzmiak lives in Timonium, Maryland.

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