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The City of Destiny's Darkest Hour: Tacoma and the Depression of the 1890s

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The City of Destiny's Darkest Hour: Tacoma and the Depression of the 1890s

A Senior Paper

Presented in Partial Fulfillment of the Requirements for Graduation

Undergraduate History Program of the University of Washington Tacoma

By

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Abstract

The Panic of 1893 and subsequent economic depression was significantly detrimental to the economy of Tacoma, Washington. This work details the economic growth in the years preceding the Panic of 1893 in Tacoma as well as the effects the Depression of the 1890s had on Tacoma's economy, including the numerous business and banking failures, a lack of employment, lack of money, and the miseries of the community's life during the depression.

Introduction

When people talk about the Great Depression of the 1930s, they sometimes refer to it as simply “the Depression.” Prior to the Great Depression, when people said “the Depression” they were referring to the economic depression of the 1890s, also known as the Panic of 1893. The Panic of 1893 would today be considered a stock market crash or a financial crisis. The term ‘panic’ was commonly used to describe these types of events during the nineteenth and early twentieth centuries. According to Douglas Steeples and David O. Whitten, authors of *Democracy in Desperation: The Depression of 1893*, during the 1890s, “Investment, commerce, prices, employment, and wages remained depressed for several years,” and that “restricted investment, income, and profits spelled low consumption, widespread suffering and occasionally explosive labor and political struggles.”¹ The Depression of the 1890s was second only to the Great Depression in severity and was felt throughout the world from London to New York City and even in Tacoma, Washington, which will be the primary focus of this paper. Tacoma suffered greatly during the Panic of 1893 and never managed to catch up to its long-time rival, Seattle, in the race to become the dominant city of the Puget Sound region.

The question underlying this paper is: why did Tacoma suffer so much during the Depression of the 1890s? Ironically, many aspects of Tacoma’s extraordinary boom during the 1880s came back to haunt it during the 1890s, as the promise of destiny was not realized and many people fled the city. Most of Tacoma’s twenty-one banks failed during the Panic of 1893, there was a severe shortage of hard currency, many firms went out of business, and the

¹ Douglas Steeples and David O. Whitten. *Democracy in Desperation: The Depression of 1893*, (Westport, CT: Greenwood Press, 1998,) 43.

government of Tacoma was faced with numerous challenges including corruption scandals and a lack of sufficient revenue to honor its obligations.

The 1890s was the decade that determined Tacoma's future role in the Pacific Northwest and also dashed the hopes and dreams of its citizens of Tacoma becoming the dominant city in the region. As a result of what happened in the 1890s, Tacoma stagnated while Seattle took up the mantle of being the dominant city of the region.

Historiography

Despite how detrimental the Panic of 1893 was on Tacoma, there has been little substantial economic analysis of Tacoma during this time period. Most of what has been written about Tacoma during the 1890s is part of a larger body of work, and only snippets of information are usually available. Hard economic data is scarce for Tacoma in the 1890s unfortunately, but by examining newspaper articles from the Tacoma press in the 1890s, trade journals, firsthand accounts, as well as building on the work of existing sources, a clearer picture of Tacoma during the 1890s emerges.

The most influential work on Tacoma's history is undoubtedly Herbert Hunt's multivolume *Tacoma, Its History and Its Builders; a Half-Century of Activity* (1916).² He details the early history of Tacoma and its growth up through the year 1916. Hunt however does not contain much in the way of economic analysis of Tacoma, and says in his first volume that he intends "to avoid the Saharas [sic] of statistics as far as possible."³ In Volume II of his work, he devotes a five-page chapter specifically to Tacoma during the Panic of 1893 which only gives

² Herbert Hunt, *Tacoma, Its History and Its Builders; a Half-Century of Activity*, Vols. 1 and 2 (Chicago, IL: The S. J. Clarke Publishing Company, 1916).

³ Herbert Hunt, *Tacoma Its History and Its Builders; a Half-Century of Activity*, (Chicago, IL: The S.J. Clarke Publishing Company, 1916), 1: xx.

generalized statements about Tacoma during this time. While this can give the reader a sense about what Tacoma was like during the 1890s, it does not provide anything really substantial in the way of economic analysis.

Murray Morgan, *the* historian of Tacoma and arguably for much of the Puget Sound region, has written several books relating to Tacoma during the Panic of 1893. These include, *Puget's Sound* (1979)⁴, *The Mill on the Boot: The Story of the St. Paul & Tacoma Lumber Company* (1982)⁵, and *South on the Sound: An Illustrated History of Tacoma & Pierce County* (1984)⁶. In *Puget's Sound* and *South on the Sound*, Morgan devotes a chapter to the Panic of 1893 in Tacoma as part of a broader picture in the development of Tacoma. In *South on the Sound*, Morgan claims that “The economic slump of the 1890s was worldwide, but nowhere did it blight more hopes than Tacoma.”⁷ In *The Mill on the Boot: The Story of the St. Paul & Tacoma Lumber Company*, Morgan describes how one of Tacoma’s largest lumber mills survived the Depression of the 1890s, claiming that Tacoma would have suffered much more if the St. Paul & Tacoma Lumber Company had failed.⁸

“The Concern of Us All: Tacoma working people and their unions, 1883-1895” by Otilie Markholt, provides an incredibly important piece of the puzzle to events in Tacoma during the Panic of 1893 through her telling of the history of the early labor movement in Tacoma.⁹ The labor movement is hardly mentioned in other sources on Tacoma and it is important to view how

⁴ Murray C. Morgan, *Puget's Sound: A Narrative of Early Tacoma*, (Seattle, WA: University of Washington Press, 1979).

⁵ Murray C. Morgan, *The Mill on the Boot: The Story of the St. Paul & Tacoma Lumber Company*, (Seattle, WA: University of Washington Press, 1982).

⁶ Murray C. Morgan and Rosa Morgan, *South on the Sound: An Illustrated History of Tacoma and Pierce County*, (Woodland Hills, California: Windsor Publications, 1984).

⁷ Morgan, and Morgan, *South on the Sound: An Illustrated History of Tacoma and Pierce County*, 73.

⁸ Morgan, *The Mill on the Boot: The Story of the St. Paul & Tacoma Lumber Company*, 128.

⁹ Otilie Markholt, “The Concern of us all: Tacoma working people and their unions, 1883-1895” *Pacific Northwest Historical Monographs* <http://digitalcollections.lib.washington.edu/cdm/landingpage/collection/pnwhm>

the average worker felt the impact of the economic downturn in Tacoma, which Markholdt provides.

The most recent published work focusing specifically on Panic of 1893 and the Puget Sound region is J. Kingston Pierce's 1993 article "The Panic of 1893: The Northwest Economy Unraveled as the 'Gilded Age' Came to a Close."¹⁰ While Pierce focuses very little on Tacoma in his paper, he does offer a regional view of the effects the Panic of 1893 had on the Puget Sound region. He also presents more economic data than most other writers including the fact that land values in Seattle during this time sank by eighty percent.¹¹ The problem, however, is that he does not include a bibliography in his work, which is surprising considering that his work was published in a historical journal.

Although some interesting scholarship exists on Tacoma and the Depression of the 1890s, it has been largely piecemeal efforts at best. What has been the norm thus far has been to include several pages about Tacoma during the 1890s as part of a larger body of work. This paper seeks to rectify that problem and to fill a gap in the scholarship as the Panic of 1893 and the subsequent depression were an integral chapter in the history of the development of Tacoma.

The Beginnings of Destiny

Tacoma's economic development was nothing short of astounding prior to the 1890s. The *Tacoma Ledger*, one of the daily newspapers, pronounced that "We are all floating on the flood tide to fortune."¹² The Northern Pacific Railroad had chosen Tacoma as its Western Terminus

¹⁰ J. Kingston Pierce, "The Panic of 1893: The Northwest Economy Unraveled as the 'Gilded Age' Came to a Close," *Columbia* 7, no. 4 (1993): 37-44, Tacoma, WA:

¹¹ Pierce, "The Panic of 1893: The Northwest Economy Unraveled as the 'Gilded age' Came to a Close," 41.

¹² Thomas Emerson Ripley, *Green Timber: On the Flood Tide to Fortune in the Great Northwest*, (California: American West Publishing Company, 1968), 49.

and in 1880, the number of people living in Tacoma was 1,098; by the year 1890 that number had grown to 36,006.¹³ This astonishing growth in population began in 1884 with the Northern Pacific Railroad promising to complete the railroad line to the East.¹⁴ The West represented the new frontier, the possibilities for new markets, new trade routes, and untapped natural wealth just waiting to be extracted.

There was a boom in real estate speculation in Tacoma during the 1880s; in fact, there was such a massive demand for real estate that the Tacoma Real Estate and Stock Exchange was created.¹⁵ Perhaps the most famous of Tacoma's real estate moguls was Allen C. Mason, who had come to Tacoma with almost nothing, and quickly became a millionaire selling real estate. Mason had an unshakable belief in the future of Tacoma and its destiny to become the greatest city of the Pacific Northwest; in fact, his advertisements drew people to Tacoma from all across the nation.¹⁶ People were buying up property in the hopes of selling it at a higher price later. With plentiful land and cheap lumber, home ownership became a distinct possibility for many blue collar workers and was one of Tacoma's greatest attractions.¹⁷

¹³ William P. Bonney, *History of Pierce County, Washington*, (Chicago, IL: Pioneer Historical Publishing Company, 1927), 1: 510.

¹⁴ Glenn C. Quiett *They Built the West: An Epic of Rails and Sails*. (New York: D. Appleton-Century Company Inc., 1934), 418.

¹⁵ Quiett, *They Built the West*, 421.

¹⁶ Quiett, *They Built the West*, 421.

¹⁷ Morgan and Morgan, *South on the Sound: An Illustrated History of Tacoma and Pierce County*, 61.

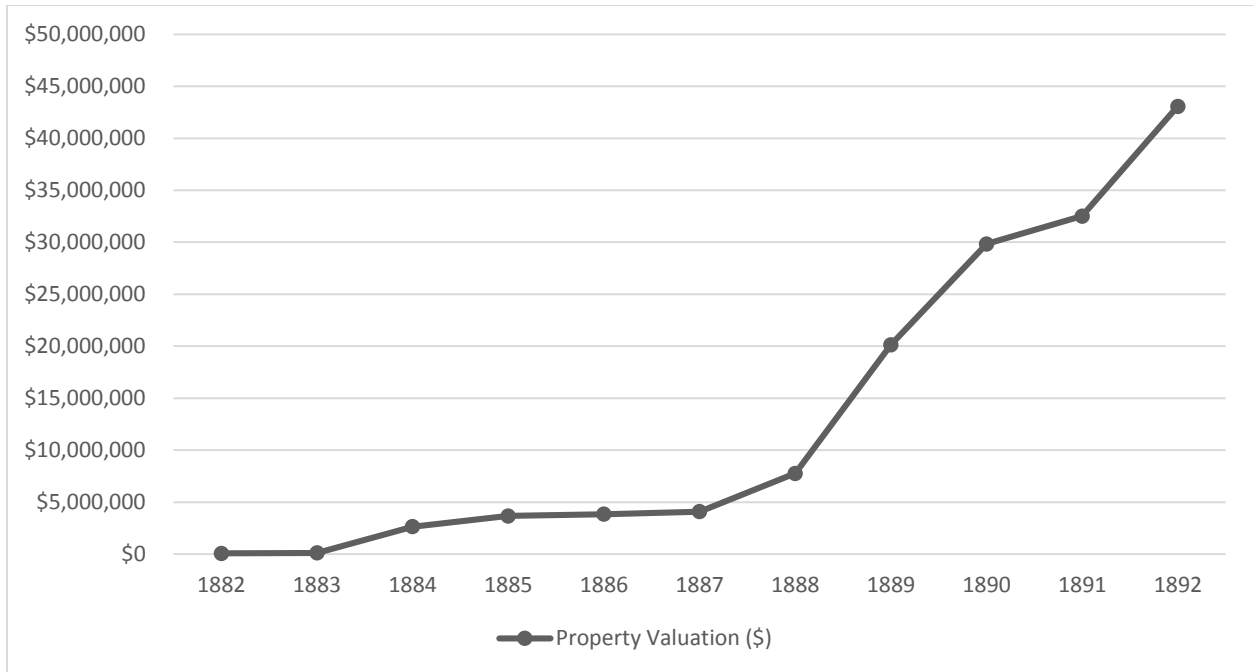


Figure 1: Property Valuation for Tacoma 1882-1892. Data from “Tacoma’s Wealth” *The West Coast Trade* (Tacoma, WA: Orno Strong, 1893), 12. [all values are nominal (1893 dollars)]

Unfortunately, there were problems with this market. Real estate fraud was common, many of the victims being from the east who could not determine if the information they received was accurate, or if the deeds they received were valid, or if the land they purchased existed at all.¹⁸

The *West Coast Trade* in 1893 published a record of the valuation of the total property in Tacoma from 1882-1892 (see fig. 1). The numbers reveal a tremendous growth in property values in Tacoma during this time, especially after 1887, when the valuation jumped from \$4.1 million to \$7.7 million in 1888, and to \$20 million in 1889.

The *Tacoma Daily News* published an article on September 10, 1891 detailing the experience of Charles J. Woodsbury, a man who had visited Tacoma nine years earlier and his views on how Tacoma had changed since then. He described Tacoma as being a “little sawmill hamlet” on his first visit with a population of 720 people in 1880.¹⁹ Now he said, Tacoma had

¹⁸ Hunt, *Tacoma, Its History and Its Builders*, 2:67.

¹⁹ “After Nine Years: Views of a Returned Traveler about Tacoma’s Prosperity.” *Tacoma Daily News*. September 10, 1891. Microfilm, Tacoma Public Library, Northwest Room.

100 factories, 50 miles of street railroad, the Northern Pacific Railway's general offices, immense repair houses, foundries, and car wheel factory covered sixty acres and were built to employ two thousand people.²⁰

The timber industry had long been a key part of Tacoma's economy with the St Paul and Tacoma Lumber Company being the most integral part of the industry. The *West Coast Trade* journal lists the St Paul and Tacoma Lumber Co. as being the largest timber firm in Tacoma, with six hundred employees, physical capital valued at \$1,500,000 and total output for 1891 being \$750,000.²¹ The second largest mill, the Tacoma Mill Co. had 300 employees, \$715,000 in output for the year 1891, and physical capital valued at \$1,000,000.²² However, as the population increased, so did the number of mills, and this drove timber prices down by creating an excess of supply.²³

During these years of development, Tacoma also saw the establishment of several prominent educational institutions which are still operating to this day: The University of Puget Sound (1888), Pacific Lutheran University (1890), and Annie Wright Seminary School (1884). As Tacoma was still in its infancy when most of these institutions were established, they represent symbols of its promise as an urban center. By 1888, one thousand people were arriving in Tacoma every month.²⁴ The people of Tacoma did have a tendency to overstate their city's superiority and success. When President Harrison came to visit, one Seattle writer commented ironically that "All 36,000 Tacomans turned out to form a crowd of 50,000 to greet the

²⁰ Ibid.

²¹ "Tacoma Manufacturing and Industry" *The West Coast Trade* (Tacoma, WA: Orno Strong, 1892), 22.

²² Ibid.

²³ Hunt, *Tacoma, Its History and Its Builders*, 2: 63.

²⁴ Morgan and Morgan, *South on the Sound: An Illustrated History of Tacoma and Pierce County*, 62.

president.”²⁵ In effect, the Seattle writer was stating that while Tacoma really had 36,000 people, Tacoma reported having 50,000.

The people of Tacoma had good reasons to believe that their city had a great destiny ahead of it. How could they not? Wealth was being generated seemingly everywhere, poor folk were amassing fortunes selling real estate, and universities were beginning to arise. The *West Coast Trade Journal* labeled Tacoma as “The Liverpool of the Pacific and the Unchallenged Metropolis of the Mighty Northwest.”²⁶ As Thomas Ripley said in *Green Timber*, “The city was built on a hill: it could not be hid.”²⁷ Since the days of John Winthrop and the Puritans, the vision of “the City on the Hill” has been a part of American culture and the citizens of Tacoma believed that they were that city, figuratively and literally—as downtown is literally on a hill. As the *West Coast Trade* said in 1893:

Fifteen years since, a struggling, straggling settlement consisting of a fringe cabins along the shores of Commencement Bay, with a total population of less than one hundred, to-day [sic] a modern city of fifty thousand people, with commerce, manufactures, and industrial institutions the greatest in the northwest.²⁸

Despite the rapid progress Tacoma made, it would not last.

The Fall from Destiny

On June 1, 1893, Merchants National Bank was forced to close its doors after weeks of steady withdrawals by depositors amid rumors on the street about the financial health of the bank culminating in a demand from a New York Bank for \$70,000 to settle its accounts.²⁹ The press

²⁵ Morgan and Morgan, *South on the Sound: An Illustrated History of Tacoma and Pierce County*, 69.

²⁶ “The City of Tacoma” *The West Coast Trade* (Tacoma, WA: Orno Strong, 1893), 1.

²⁷ Ripley, *Green Timber*, 53.

²⁸ “The City of Tacoma” *The West Coast Trade*, 1.

²⁹ “Temporary Suspension. Merchants National Closes its Doors. The Expected Happens,” *Tacoma Daily News*, June 1, 1893. *America’s Historical Newspapers*,

claimed that the closure was temporary and that the bank would soon resume.³⁰ Merchants National would ultimately fail and several officers of the bank were later charged with several counts of fraud and attempting to lie that several companies and individuals were indebted to the bank in order to deceive the bank examiner.³¹ This would make the bank appear more financially sound if it had a potential source of revenue available. This would not be the last time a Tacoma bank would close its doors or that its officers would be in trouble with the law. On July 21, 1893, Traders National Bank closed.³² This was followed by Tacoma National Bank on July 24, 1893.³³ Traders Bank made an attempted comeback after being placed into receivership but was eventually forced to close its doors again a little over a year later, but claimed it was able to repay every penny it owed to depositors.³⁴ The *Tacoma Daily News* blamed the bank failures on “blatherskites on street corners,” “men who talk like fools,” and “hoboes.”³⁵ In reality, it is likely that each bank failed for a wide variety of reasons, whether it be a run on the bank, people failing to make good on their loans, or even corruption, as shown above and below.

<http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/115795A0DB52/C30/0D2A02882BC90595> (accessed October 7, 2014).

³⁰ Ibid.

³¹ “The Causes. Why Thompson, Drum, Collyer, and Davis were Indicted,” *Tacoma Daily News*, March 3, 1894. *America’s Historical Newspapers*.

<http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/110FDEEBD689CE50/0D2A02882BC90595> ([accessed March 1, 2015](#)).

³² “The Traders Bank Did Not Open its Doors Today” *Tacoma Daily News*, July 21, 1893. *America’s Historical Newspapers*,

<http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/115795DDF8AC25F0/0D2A02882BC90595> (accessed January 7, 2015).

³³ “Another Bank Closed. This Time Street Croakers Caused Tacoma National to Suspend” *Tacoma Daily Ledger*, July 24, 1893. Tacoma Public Library. Northwest Room.

³⁴ “To Liquidate. Traders Bank Will Go Out of Business.” *Tacoma Daily News*, May 19, 1894 *America’s Historical Newspapers*,

<http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/110FDE252AAB5ED0/0D2A02882BC90595> (accessed October 8, 2014).

³⁵ “How Panics Start: Blatherskites on Street Corners” *Tacoma Daily News*. July 25, 1893. *America’s Historical Newspapers*.

<http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/11161317552C9FB0/0D2A02882BC90595> (accessed, October 8, 2014).

The most devastating bank closure to Tacoma was the failure of the Bank of Tacoma on August 20, 1895.³⁶ What made this bank's failure particularly terrible was that the city had placed a large portion of its funds in the bank, \$228,664.77, to be exact.³⁷ In fact, it was well known that the bank was in trouble long before it failed and that it was surviving largely because of the city funds in the bank. Ironically, the city was afraid of being blamed for the failure of the bank for withdrawing its funds, despite the fact that there were very few local depositors at the time of failure.³⁸ What was even more troubling was that the books of the bank had gone missing and the bank claimed it only owed the city \$140,000 because the bank believed some of the city warrants it received were unpaid and sold them believing them to be worthless.³⁹ This left the city's finances in turmoil which was even more troublesome because of the decline in the city's tax revenues (see fig. 2). As shown, the city's tax revenues decline sharply after 1892, dropping from \$516,889.77 to \$415,534.40 in 1893, and dropping even more in 1894 to \$191,397.94 before stabilizing around \$300,000 per year through 1899. In fact, things became so bad with the city's finances that some businessmen voluntarily paid the interest on the city's bonds, which were almost in default.⁴⁰ All in all, only seven of Tacoma's twenty-one banks would survive the Panic of 1893.⁴¹

³⁶ "Tacoma Bank Fails. Makes a General Assignment for Creditors" *Tacoma Daily News*, August 20, 1895. *America's Historical Newspapers*, <http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/110D3916VF5A63B0/0D2A02882BC90595> (accessed January 7, 2015).

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ "A Double Shuffle: Bank of Tacoma Now Says Warrants Were Worthless" *Tacoma Daily News*, September 5, 1895. *America's Historical Newspapers*.

⁴⁰ Ripley, *Green Timber*, 122.

⁴¹ Otilie Markholt, "The Concern of us all: Tacoma working people and their unions, 1883-1895" *Pacific Northwest Historical Monographs* <http://digitalcollections.lib.washington.edu/cdm/landingpage/collection/pnwhm> 190.



Figure 2: Tax Levy for Tacoma, 1892-1899. Data from “A Financial History of the City of Tacoma, Washington from 1890 to 1948,” by Samuel Leonard Heritage (Master’s Thesis, College of Puget Sound, 1949), 79. [all values are nominal]

Today, when banks fail, the Federal Deposit Insurance Corporation (FDIC) makes sure that depositors are made whole up to \$250,000. Back in the 1890s, however, when banks failed, depositors lost all their money as there was no FDIC. The effect was not contained to only individuals however, as businesses relied upon banks as well. Businesses then, as now, rely upon credit to maintain their operations as most businesses cannot keep the needed cash on hand to ensure their operations continue, and therefore must borrow from a bank. During times of economic turmoil and decline, banks will be less willing to lend money to businesses because they are unsure if those businesses will stay in business long enough to pay the bank back, and during the 1890s, many banks would also likely be worried about potential bank runs and would be less likely to loan out money that would be needed to survive a bank run. This is not, of course, the only way a business can fail.

During this time, real estate mogul Allen C. Mason's Mortgage Company, which had helped build many homes in Tacoma, went into receivership on March 6, 1894.⁴² A receivership is when a business is having difficulty meeting its obligations or staying open and a receiver is appointed whose job it is to try and get the business' affairs in order and decide whether or not to liquidate the company or try to save it. Allen Mason blamed his company's failure on being too lenient and liberal with the people who borrowed money for mortgages from him.⁴³ Mason further claimed that everyone had had to cut their expenses anywhere from 25 percent to 75 percent, due to the difficult times.⁴⁴ He continued to proclaim his unshakable faith in Tacoma becoming the predominant city of the Pacific Northwest as it was located at "a strategic point on the Puget Sound."⁴⁵ Property had been declining in value in Tacoma during this time (see fig. 3). As shown, property values had been steadily decreasing from 1892 to 1895 after which they stagnated up through 1899. This decline in property values also means that there was far less demand for property in Tacoma during this time as well. This was not the worst of Tacoma's troubles however.

The biggest blow to Tacoma during the 1890s was when the Northern Pacific Railroad went into receivership on August 16, 1893.⁴⁶ The Northern Pacific Railroad had put Tacoma on the map, and was now forced to go into receivership because of the depression affecting the entire nation. Vice-President Williams of the Northern Pacific blamed the failure of banks which

⁴² "Allen C. Mason: Mortgage Company in Receiver's Hands" *Tacoma Daily News*, March 6, 1894. *America's Historical Newspapers*, <http://docs.newsbank.com/s/HistArchive/ahnndoc/EANX/110FDEEF8135B528/0D2A02882BC90595> (accessed April 24, 2015).

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ "In Receivers' Hands: The Northern Pacific Finally Takes the Step That Has Been Expected," *Tacoma Daily Ledger*, August 16, 1893. Microfilm. Tacoma Public Library, Northwest Room.

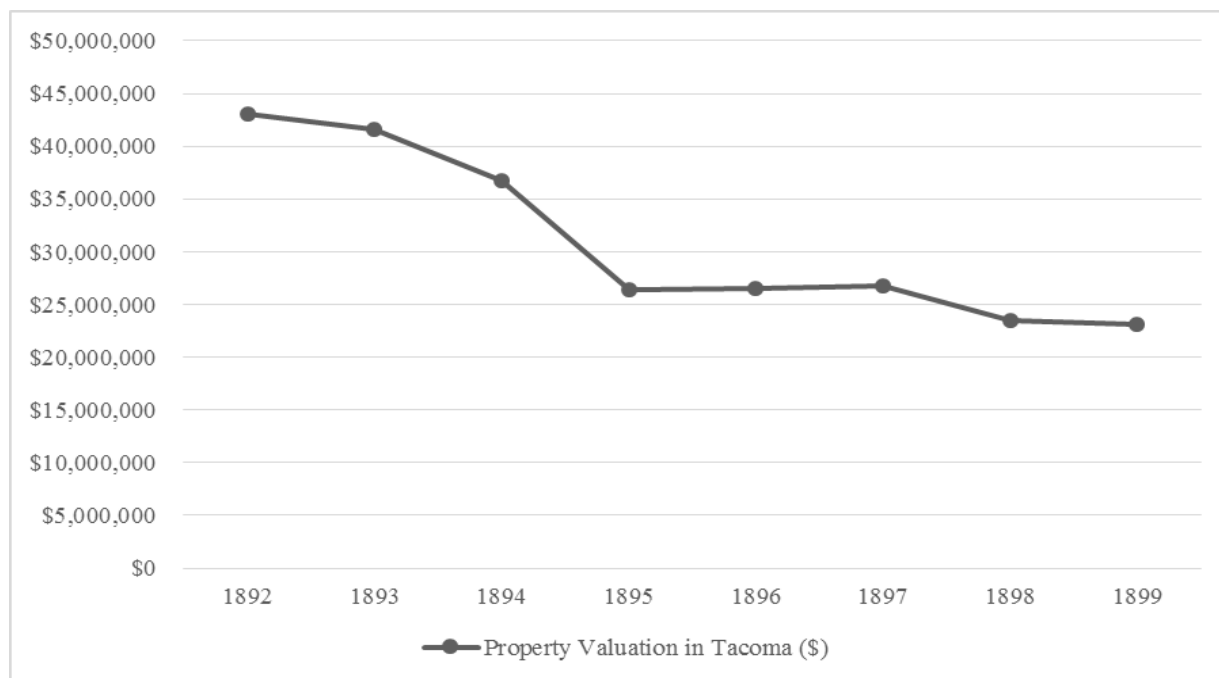


Figure 3: Total Property Valuation in Tacoma, 1892-1899. Data from “A Financial History of the City of Tacoma, Washington from 1890 to 1948,” by Samuel Leonard Heritage (Master’s Thesis, College of Puget Sound, 1949), 71. [all values are nominal]

had tied up access to Northern Pacific Railroad money, and the fact that the “severe depression” was worse in the “younger states” meaning that business along main and branch lines was practically at a standstill.⁴⁷ Since Tacoma at this time was becoming a major shipping port, this would have the effect of reducing not just the Northern Pacific Railroad’s profits, but further reducing the amount of people, goods, and the amount of business activity going on throughout the city. After the Northern Pacific went into receivership, for example, the Tacoma Land Company stopped construction on the \$2,000,000 tourist hotel, which is better known today as Stadium High School.⁴⁸

The timber industry, which was the heart and soul of local business in Tacoma at this time, was not impervious to the decline in business either. The largest timber mill, the St. Paul and Tacoma Lumber Co., laid off half its workforce and the remainder had their wages cut

⁴⁷ Ibid.

⁴⁸ Markholt, “The Concern of us all” 193.

fifteen percent.⁴⁹ On October 24, 1893, one of the largest of Tacoma's timber companies, the Tacoma Lumber and Manufacturing Company, went into receivership.⁵⁰ Otilie Markholt points out that "thousands of workers depended for their living on the lumber and shingle mills" and the fact that there was a slowdown in the industry meant that it would have an enormous impact on Tacoma.⁵¹ It goes without saying that for every business failure, there were employees that lost their livelihoods.

Thus, while an economic analysis is useful to determining the impact the Depression of the 1890s had on Tacoma, it cannot put a human face on the suffering it caused. Herbert Hunt summarized this rather succinctly: "Rich men sawed wood, picked blackberries, and dug clams for a livelihood. Women with diamonds and valuable deeds resorted to kitchen labor to keep the larder replenished. 'Remittance men' who had been despised by their fellows, now were followed about- they might have a few nickels to lend."⁵²

The Panic of 1893 and the subsequent depression devastated the labor movement in Tacoma and the city's fledgling labor movement died in 1895. As the economic conditions in the city worsened in 1893, a letter written by the unemployed in Tacoma was published in many eastern newspapers and magazines; it states:

The press of Tacoma publishes articles almost daily that are false and misleading for the purpose of puffing up Washington, but more particularly this city, in order to induce strangers...to think we have a perfect paradise here, and turn the tide of emigration this way, or to use the common term of catching suckers...There are also paid agents...whose business it is to write up a lot of misleading statements, and have them published in leading papers of the city and town where

⁴⁹ Ibid, 190.

⁵⁰ "G.W. Lane Receiver: Appointed this Afternoon for the Tacoma Lumber and Manufacturing Company" *Tacoma Daily News*, October 24, 1893. *America's Historical Newspapers*, <http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/115795C79BFB3D10/0D2A02882BC90595> (accessed, February 12, 2015).

⁵¹ Markholt, "The Concern of us all" 189.

⁵² Hunt, *Tacoma Its History and Its Builders*, 2:112.

they happen to stop. By this means, they lead people...to believe that prosperity, wealth, and happiness awaits their command upon arrival in this city, where in reality there is more poverty and distress than they ever dreamed of.⁵³

The letter continued saying, “We now find thousands of idle [unemployed] men on our streets who are unable to find employment of any kind, and cursing their luck for coming here.”⁵⁴

Regardless of whether or not the accusations in the letter are true or not, it does show that many people were disillusioned by the promise of the City of Destiny.

In the 1890s, wage cuts were rampant everywhere. As Markholt points out, unions in Tacoma were compelled to accept wage cuts because their employers had significantly diminished profits and there were thousands of unemployed who would take a job regardless of the pay.⁵⁵ The Tacoma Trades Council in October 1894 said that “Wage reductions would continue until the American laborer is reduced to the same level as the Chinaman.”⁵⁶ When one shingle mill closed in the winter of 1894, it was forcibly reopened by the fourteen employees as a cooperative.⁵⁷ The labor movement suffered greatly in Tacoma during the 1890s, and was often at odds with many of the elites in the city. It took several years for the seeds of a new labor movement to begin to emerge.⁵⁸

Every business failure, every worker unemployed, and every cut in wages has the impact of reducing demand. Demand is what drives the engine of any market economy. Unemployed people and people who have had their wages cut cannot afford all the goods and services they would normally purchase if they were fully employed and as a result, the firms they would normally buy their goods and services from see their profits decline. This furthermore causes

⁵³ Markholt, “The Concern of us all,” 187.

⁵⁴ Ibid, 188.

⁵⁵ Ibid, 196.

⁵⁶ Ibid, 255.

⁵⁷ Ibid, 255.

⁵⁸ Ibid, 264.

more workers to be laid off or to have their wages cut as firms cut back in order to save on costs in the face of reduced revenue; which in turn, further lowers demand. It can be a vicious cycle.

The *Tacoma Daily News* tried to remain upbeat, saying in 1895 that “Cities are very human. Like children, the new city has to pass through the tribulations and trials of childhood, and wrestle with municipal [illegible] and speculative scarlet fever. Tacoma has had these ills and survives- a very healthy creature....The march of empire still continues westward.”⁵⁹ The formerly wealthy were not so optimistic. When one formerly wealthy man asked another to lend him three dollars so he could get his glasses repaired, the other gentleman replied, “Hell no. There isn’t anything in this town worth three dollars to see.”⁶⁰ To this wealthy man, and many others, Tacoma’s façade of prosperity and growth had vanished and the city’s star of destiny had dimmed.

Bob Thompson, a Tacoma resident gained some notoriety for withdrawing his money from a bank and hiding it in a jar which he placed in a pile of manure because he thought it was safer than a bank; naturally the money was stolen.⁶¹ Now since actual physical currency was incredibly difficult to get during the Depression of the 1890s, this was a devastating loss. In fact, Mrs. Melbourne Baily lost a silver dollar through a crack in the wooden planks of the sidewalk she wept in despair at her loss.⁶²

These were truly dark times for the City of Destiny—suicides were frequent occurrences, robberies and prostitution and other crimes were on the rise.⁶³ One gentleman, who had been out

⁵⁹ “The Signs and the Times.” *Tacoma Daily News*. February 7, 1895. *America’s Historical Newspapers*. <http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/110D370E19A4968/0D2A02882BC90595> (accessed October 7, 2014).

⁶⁰ Ripley, *Green Timber*, 114.

⁶¹ “Not as Safe as a Bank: A Man Deposits a Large Sum of Money in a Manure Pile.” *Tacoma Daily News*. September 23, 1893. Microfilm. Tacoma Public Library, Northwest Room.

⁶² Ripley, *Green Timber*, 122.

⁶³ Markholt, “The Concern of us all”, 193.

of work for several months was getting rather hungry, but he refused to steal food, and instead threw a brick through the window of a shop as a police officer was passing by and turned to the officer and said, “You’ll have to arrest me and take me to jail where I can get fed.”⁶⁴ The unemployed and the poor often subsisted on clams found on the beaches in Point Defiance, and along the Narrows down to Olympia.⁶⁵ In fact, “Congressman Edward E. Cushman said that during the depression people [of Tacoma] ate so many clams that their stomachs rose and fell with the tides.”⁶⁶ Children began dropping out of school because they lacked the proper clothing.⁶⁷ The Tacoma Trades Council, made up of the various unions in the city, set aside \$141.35 from their Labor Day fund to help the poor during the winter of 1893.⁶⁸ Despite the troubled times, some people tried to remain optimistic. Thomas Ripley recalled asking Allen Mason if things were looking up and he replied, “Of course things are looking up... When you’re flat on your back, there’s no place to look but up.”⁶⁹ Despite all the hardship and suffering that Tacoma went through, some of people still managed to find a way to put a positive spin on their situation.

Truly, 1893 was a terrible year for Tacoma. As the *Tacoma Daily News* said in an article titled, “A Hated Year”:

The toiler worked, but could not get his pay. The business man [sic] sold, but could not make collections. Railroads could not make interest obligations. Banks could not pay depositors. Millions were lost which thousands could have saved.

⁶⁴ “He Wouldn’t Steal. But He Wanted to Go to Jail”, *Tacoma Daily News*. September 30, 1893. *America’s Historical Newspapers*, <http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/115795BB8D9E2520/0D2A02882BC90595> (accessed November 7, 2014).

⁶⁵ *Ibid*, 115.

⁶⁶ Glenn C. Quiett. *They Built the West: An Epic of Rails and Sails*. (New York: D. Appleton-Century Company, 1934,) 428.

⁶⁷ Markholt, “The concern of us all” 254.

⁶⁸ *Ibid*. 195

⁶⁹ Ripley, *Green Timber*, 120

Faith had gone out of the public heart. Confidence, the sun which gives life to the world of business, had gone behind a cloud. Darkness was upon the earth. Men sought release from the torture in death. Others deserted homes and families and became rovers and foragers, pillagers and pilferers. Some cursed God and others lifted up sobbing voices in prayer. May such a year never, never come again.⁷⁰

Unfortunately, 1894 was not any better. In an article titled: “Happy New Year,” the *Tacoma Daily News* said that the “passing of the year 1894 has been greeted with a sigh of relief and the birth of 1895 with a prayer of hope. Filled as it has been, with financial disaster, let us hope that the year just closed is the darkest which the history of Tacoma will record...”⁷¹ This hope was dashed. People fled Tacoma in the thousands. They spent their last money on train tickets to return to where they came from, and for those without money, they sometimes stole rides on trains; some desperate enough to climb onto the roof of the train cars.⁷² The Depression truly was a terrible time for Tacoma, and it would last for most of the mid-1890s.

Conclusion

Tacoma did not begin to recover from the Depression of the 1890s until around 1897, when the Klondike Gold was discovered in Alaska. Seattle, however, was the primary beneficiary of the Klondike Gold and recovered much faster and became the predominant city in the Pacific Northwest.⁷³ Tacoma simply could not compete with Seattle for the Klondike Gold, as Seattle had a branch of the US Mint, the ships, and the capital to take advantage of the

⁷⁰ “A Hated Year,” *Tacoma Daily News*, January 1, 1894 *America’s Historical Newspapers*, <http://docs.newsbank.com/s/HistArchive/ahnpdoc/EANX/110FDDEDB26A5770/0D2A02882BC90595> (accessed January 5, 2015)

⁷¹ “Happy New Year,” *Tacoma Daily News*, January 1, 1895 *America’s Historical Newspapers*, <http://docs.newsbank.com/s/HistArchvie/ahnpdoc/EANX/110D362E8709F4C8/0D2A02882BC90595> (accessed July 18, 2015).

⁷² *Ibid*, 278.

⁷³ Morgan, *Puget’s Sound*, 301

situation when it arose.⁷⁴ Seattle was also simply closer to the Klondike gold than Tacoma was, which likely aided them in profiting from the rush to the Klondike.

It is important to remember that at this time, the government of the United States still had a laissez-faire attitude towards the economy. There was no unemployment insurance, no welfare, and no activist government willing to intervene in the economy in an attempt to prop it up. In many ways, the Depression of the 1890s could be considered worse than the Great Depression because at least in the 1930s, the government was actively trying to help the people.

The Panic of 1893 and the subsequent economic depression had a long-lasting and devastating impact on the economic development of Tacoma. Tacoma had lost the destiny of becoming the predominant city of the Pacific Northwest that so many believed was inevitable at the beginning of the 1890s. The growth in population which had been so extraordinary before the Depression—Tacoma grew from 36,006 in 1890 to 52,329 in 1893—⁷⁵ had reversed, and Tacoma was no bigger at the start of the twentieth century than it was at the beginning of the 1890s. The Depression had taken its toll on the city. Banks had failed, homes had been foreclosed, businesses had failed, and people survived however they could. Some preferred death to living through the depression.

Tacoma did survive the 1890s, albeit bruised and battered but it survived to become an important commercial hub in the twentieth and twenty-first centuries. Tacoma would not fully recover to its pre-Panic levels until after the year 1900, however, and most new expansion was in the lumber industry.⁷⁶ In 1901, the St. Paul and Tacoma Lumber Company set world records by

⁷⁴ Paul W. Harvey, *Tacoma Headlines*, Tacoma, WA: The Tribune Publishing Co., 1962, 32.

⁷⁵ Morgan, *Puget's Sound*, 274.

⁷⁶ Morgan and Morgan. *South on the Sound*, 87.

turning out 150 million board feet and 75 million shingles a year, and had doubled the size of its plant.⁷⁷ Tacoma managed to begin growing again after the turn of the century but would never manage to overtake its rival, Seattle. Tacoma has had its ups and downs, from being a land of despair and suffering in the 1890s, to recovering again in the early twentieth century, to becoming known as “Tacompton”, and now finally, thanks in large part to the University of Washington-Tacoma campus in downtown Tacoma, has been in a renaissance since the 1990s, one which shows little sign of stopping any time soon.

⁷⁷ Ibid, 87.

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