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1991

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# SHAPING THE GROWTH OF THE MONTANA ECONOMY

## T.C. POWER & BRO. AND THE CANADIAN TRADE, 1869-93

HENRY C. KLASSEN

The principal Fort Benton merchant houses that traded with the southwestern Canadian prairies from the late 1860s to the early 1890s helped determine the growth and vitality of the Montana economy. Particularly in north-central Montana, the region dominated by Fort Benton, the Montana-Canada commerce played a key role. Fort Benton's two largest merchant partnerships, T.C. Power & Bro. and I.G. Baker & Co., became leaders among the pioneers in the big business of Canadian prairie trade during this period. They created international marketing and purchasing networks for importing buffalo robes and furs and for exporting foodstuffs, ready-made clothes, metal and wood products, and livestock to Canada.

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[GPQ 11 (Summer 1991): 166-180]

Power & Bro. was Montana's second most significant trading house in the southwestern Canadian prairies, after Baker & Co. Historians such as Paul F. Sharp, A.A. den Otter, and James M. Francis have written about these firms' participation in the Canadian trade.<sup>1</sup> No one, however, has tried to assess the impact of this trade on Montana's economy. This article provides a fresh analysis of American commercial activity in prairie Canada during the last quarter of the nineteenth century by focusing on the ways in which Power & Bro.'s involvement with prairie Canada affected Montana's economic life. This is a topic of interest on both sides of the American-Canadian border, for it is concerned with economic relationships in the formative years of Montana and the southwestern prairies.

The rich, original business records of the Power firm, as contrasted with the relatively few surviving papers of Baker & Co., provide a major source for anyone seeking to explore the effect of the Fort Benton-Canada commerce on Montana's economic structure. This study, while recognizing the great importance of the Baker firm in the transborder trade, thus uses especially the internal records of Power & Bro. to reveal the mark the two-way commerce left upon Montana's economy. What it shows is that

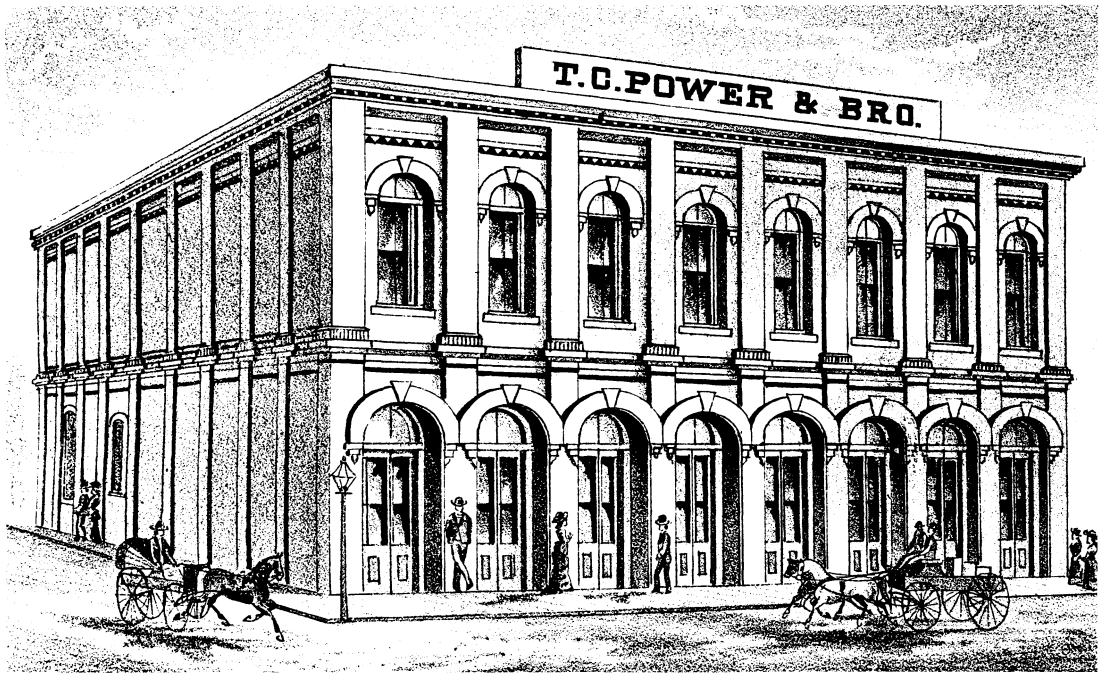


FIG. 1. T.C. Power & Bro.'s store in Fort Benton, Montana, 1885. Reproduction courtesy of the Glenbow Archives, NA-568-10.

the presence of well-established Fort Benton mercantile interests in southwestern prairie Canada between the late 1860s and the early 1890s helped shape the economic growth of Montana and added to its rising wealth.

At first glance, Montana's commerce with the southwestern prairies seems unimportant to her economy. The prairies took only about 12 percent of Montana's exports in these years.<sup>2</sup> In 1884, for example, exports to the prairies amounted to approximately \$3,000,000, as compared to \$24,000,000 for the middle and eastern American markets.

Developments associated with the Montana-Canada commerce, however, present a different picture. Leading Fort Benton entrepreneurs could expand their retailing and wholesaling organizations and diversify on a large scale at home partly because of the remarkable growth of their trade with southwestern prairie Canada.

Montana reaped advantages as merchant houses like Power & Bro. enlarged their distribution facilities and diversified by venturing into banking, steamboating on the upper Missouri River, overland wagon transportation, and livestock raising. The substantial portion of their earnings in the Fort Benton-Canada trade that Power & Bro. and Baker & Co. reinvested in their firms resulted in considerable capital formation for Montana. Moreover, Montana enjoyed a very favorable overall balance of trade in her commerce with the southwestern prairies between the late 1860s and the early 1890s. These large surpluses naturally served to enhance her economic development. All this suggests that prairie Canada was one of Montana's important trading partners.

Power & Bro.'s participation in the Canadian trade can be seen in three distinct phases. The first of these, 1869-74, opened with the

firm starting to take buffalo robes and furs from the southwestern prairies in exchange for groceries, cotton and woolen goods, and the illegal item, whiskey. It ended when Power & Bro. decided to stop dealing in whiskey as the Mounted Police established law and order in the prairies. The second phase, 1874-83, was a time of significant growth for the firm north of the border. Early in this period, it set up several Canadian offices to handle its exports and imports. Although the number of Canadian buffalo robes declined after 1879, a reflection of the rapidly dwindling prairie buffalo herds, Power & Bro.'s trade in consumer goods with Canada continued to thrive until the early 1880s. By this time, it had begun to rely heavily on agreements with Baker & Co. to divide a large part of the southwestern prairie trading area between themselves and to restrain competition.

Stagnation of Power & Bro.'s commerce with Canada, punctuated by some recovery, characterized the final phase, 1883-93. The arrival of the Canadian Pacific Railway collapsed Baker & Co.'s and Power and Bro.'s largely captive southwestern prairie market and resulted in the rise of vigorous local competitors. In spite of this, beef for the Canadian Pacific construction crews was an important element in Power & Bro.'s trade in 1884-85. In the decade from 1883 to 1893, the firm provided goods and services especially for the Cypress Hills ranching community, but the earnings from these operations were relatively small. This third phase ended in 1893 with growing local competition, contributing to the downward pressure on the firm's profits and its decision to withdraw from Canada and expand its investments in Montana.

Within Fort Benton's largest distribution organizations, such as Power & Bro. and Baker & Co., the pattern of growth in the last quarter of the nineteenth century was much the same. Initially, these two firms took the lead in their Montana markets, which in turn created a base for entering southwestern prairie Canada. For several decades they grew, particularly through investment abroad and diversification at home. Then, as they abandoned their Canadian mar-



FIG. 2. T.C. Power, c. 1870s. Photograph courtesy of the Glenbow Archives, NA-278-2.

kets, they concentrated on building their Montana empires. This article is more than an account of a single American business abroad. On a wider basis, it attempts to cast light on the benefits Montana enjoyed from commerce with the prairies and to provide a new view on how firms like Power & Bro. contributed to the process of generating wealth at the home end.

#### EARLY YEARS

Thomas Charles Power (1839-1923), the enormously successful founder and head of Power & Bro., was born on a farm near Dubuque, Iowa, to Michael W. and Catherine McLeer Power, of Irish Catholic stock. His parents supported him strongly in his educational pursuits. Learning to love books in the local public school, young Power in 1854 went on to enroll in the Sissinawa Mound College in Wisconsin, where he studied civil engineering for three years.

Sometime in 1862, after a schoolteaching as well as an engineering career, including service as a surveyor with the federal government, he went to Sioux City, Iowa, and became a forwarding merchant. Although the exact details of this part of his career are unknown, it is clear that during the next five years he made \$25,000 in purchasing, selling, and financing merchandise shipped from Sioux City to Fort Benton.<sup>3</sup>

In the mid-nineteenth century, Fort Benton, at the head of navigation on the upper Missouri River, became the focal point for the growing trade in buffalo robes and furs with the Indian tribes of the region that stretched northward to the American-Canadian boundary. By 1867, the year Power set up in business for himself as a fur and provisions merchant in this frontier community, the fur trade was a well-organized aspect of the port's commercial life. The increasing robe traffic prompted Fort Benton to make every effort to attract capital for the extension of services by steamboats capable of making trips to St. Louis and more especially for building the port into the economic center of north-central Montana. As Fort Benton's trade grew and as a large sphere of influence was created around it, the local mercantile establishments expanded.

Thomas Power strengthened his firm by arranging to go into partnership with his younger brother John W. (1844-1901) in May 1870, at which time the name of the enterprise was changed from Tom C. Power to T.C. Power & Bro. John, who entered the family concern as a junior partner, had considerable organizational ability. According to the R.G. Dun & Company credit reporter, the worth of the merchant house in 1870 was \$65,000, with Thomas's interest in it being \$60,000 and John's \$5000.<sup>4</sup> In that year the firm's provisions trade was running at a turnover of \$100,000 per annum, a sizable part of the Fort Benton commerce.

Despite the generally depressed state of the Fort Benton economy during the early 1870s, the Powers made remarkable progress in their business and built up their capital resources. They expanded their operations by opening

branches in such Montana places as Musselshell, Fort Claggett, Fort Shaw, and Helena, as well as in Chicago, with overall control of the organization remaining in the hands of the Fort Benton headquarters. The duty of managing the head office fell to John while, by virtue of his senior status, Thomas played the leading part in directing the affairs of the concern. He moved to Helena in 1878 to be closer to the heart of major economic developments. Intensely active, he became the floater, traveling frequently to cultivate good contacts and to transact business. Like other prominent Montana entrepreneurs, the Powers were involved in a wide range of economic activities. They participated in both the retail and wholesale business, and they combined the buying and selling of commodities on their own account with selling for other merchants on commission in addition to serving as forwarders and freighters.

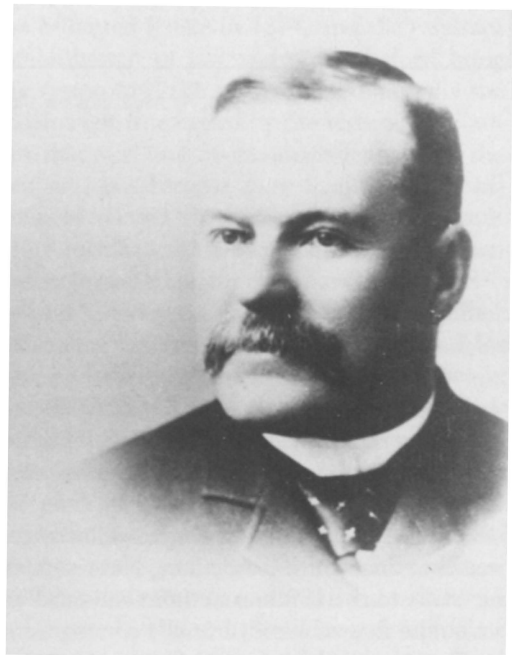


FIG. 3. J.W. Power, c. 1870s. Photograph courtesy of the Glenbow Archives, NA-278-2.

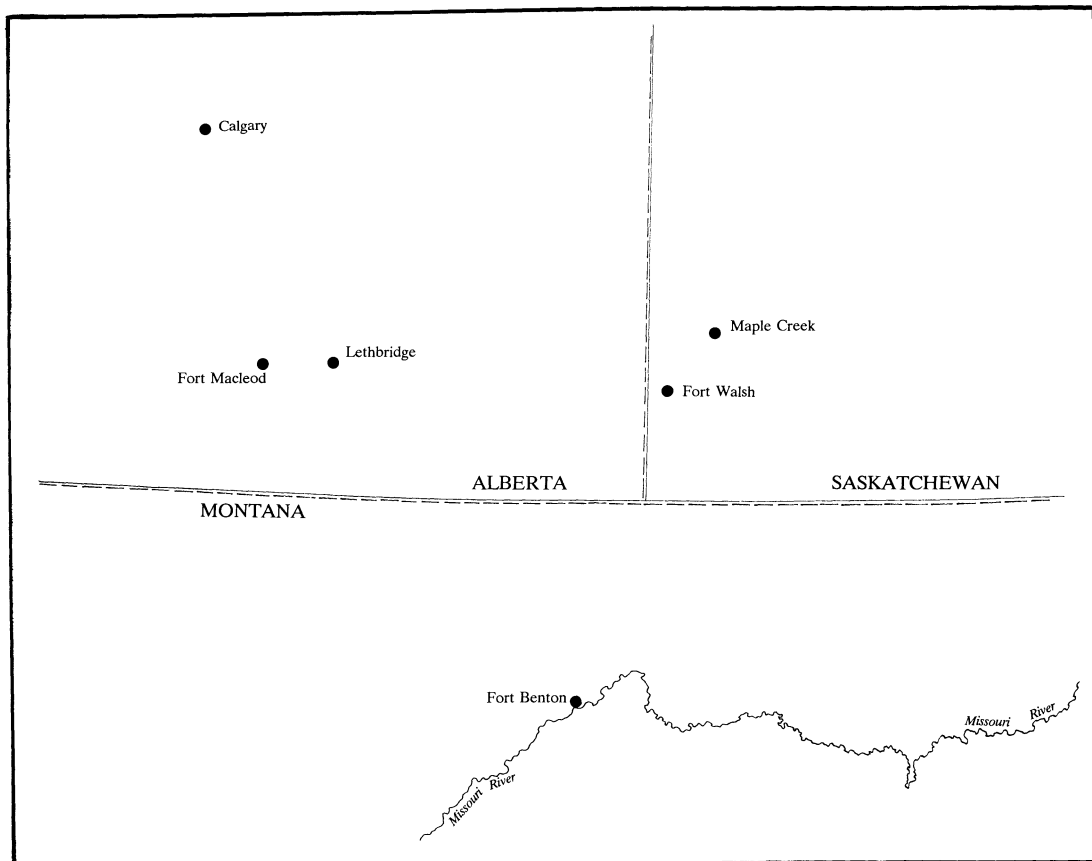


FIG. 4. Map showing the region served by T.C. Power &amp; Bro.

Power & Bro.'s various undertakings, including the Indian trade and the sale of household and agricultural necessities, generally proved profitable ventures. By 1876 the partnership's capital had increased to \$225,000. Its worth was estimated to be \$150,000, a figure that exceeded that of its important competitor in the Fort Benton trade, Baker & Co., by \$18,000.<sup>5</sup> A good deal of the credit the Powers needed to finance their wide-flung business from the 1870s to the 1890s came from a number of banks, the flow of money initially coming from the First National Bank of Helena and later in varying degrees from the First National Bank of Fort Benton, the Merchants Bank of St. Paul,

the Bismarck Bank, and the American National Bank of Helena. Thomas's extensive shareholdings in several of these banks, such as the First National Bank of Fort Benton, helped ensure the brothers' favorable treatment.

The partners' prosperous business in the buffalo robe and fur trades with the Indians in Canada during the first half of the seventies enhanced the growth of Power & Bro.'s capital. When the Fort Benton merchants took over a large proportion of the southwestern prairie trade from the late 1860s onward, there was a need to advance credit to the medium-sized and relatively small traders. The large Power firm helped to finance a number of the smaller robe and fur

dealers active in the Indian trade north of the border, supplying them with goods on credit. Among these dealers were Abel Farwell, who had a trading post in the Cypress Hills country, and Joseph Kipp, whose post was on the Oldman River.

Contemporary observers commonly called these Canadian establishments whiskey posts, for they constantly marketed illegal whiskey in substantial quantities, to the detriment of the Indians. Power & Bro. did very well through the sale of groceries, clothing, and whiskey to the smaller class of traders, who supplied them with robes, hides, furs, and wolf skins. While the lesser fur dealers often made money, Power & Bro. usually had the best part of the bargain because of its extensive mercantile and financial connections.

Lack of customs statistics for the early 1870s makes it difficult to determine the exact level of trading activity between Montana and the southwestern Canadian prairies during this time period, but frequent historical references indicate that the volume and value of the robe and fur imports were growing rapidly.<sup>6</sup> Although newspaper reports made it clear that Power & Bro. was shipping thousands of robes to the Chicago market, the figures for the firm's Canadian robes were not separated from those for its Montana robes. For example the figures show that the partners made a total shipment of more than 15,000 robes in the summer of 1872, and although there is no breakdown according to origin, in view of the firm's growing ties with the prairies, it seems likely that a sizable portion of this shipment came from Canada. This large market share in turn helped Power & Bro. secure control of a large share of the export trade with the southwestern prairies. What was true for its business was also true for Fort Benton's other prominent merchant houses. Obviously the export and import trade links with Canada were a vital element in the economy of Fort Benton as a whole.

In its formative years the trade with southwestern prairie Canada based in Fort Benton was dominated by major partnerships and family enterprises, notably Baker & Co., Power & Bro.,

John J. Healy & Co., and Wetzel & Weatherwax. By the late 1870s the large Baker and Power firms, which had financial, transportation, and supply links, had a monopolistic grip on the trade. Admittedly, in comparison with Power & Bro. in Canada, Baker & Co. north of the border operated on a much larger scale. It quickly achieved market leadership in the southwestern prairies by moving aggressively into Canadian government contract work at a time when there were no serious local rivals. Still, like Baker & Co.'s activities, the affairs of Power & Bro. were of great historical significance to Montana, as the firm had substantial interests in the transborder economy.

#### CHANGES IN THE CANADIAN ENVIRONMENT AND EFFECTS ON POWER & BRO.

Changes in the Canadian environment during the mid-1870s significantly affected Power & Bro. The decade of the seventies was an important transition period in the history of the southwestern Canadian prairies. The coming of the Mounted Police in 1874, and the resultant establishment of law and order, helped bring the region into the modern age. Naturally the Indians felt threatened by the vigorous capitalism that was one of the main features of the new era, but because their livelihood was intimately related to the growth of trade with white merchants, they continued to be drawn to the trade in buffalo robes and furs.

In response to the change, Power & Bro. became more international in outlook and established its influence in Canada more firmly and more directly by opening new offices north of the border with full-time managers who had a financial interest in the business. Certainly the enterprise welcomed the policemen, who successfully directed their attention against the whiskey trade, thus making the southwestern prairies a more fertile and more stable field for investment by Power & Bro. However high their earlier whiskey profits may have been, the partners now terminated the illegal trade and looked forward to a wider scope of acceptable opera-

tions, principally the export of food supplies for the Mounted Police and the Indians and the development of the buffalo robe trade.

The key to the growth of Fort Benton during the last half of the 1870s was the expanding merchant community and the creation of a small class of wealthy merchants. Although the dominance of the Power and Baker concerns and several other mercantile houses such as Kleinschmidt & Bro. in the port's economic life was obvious, the number of retail businesses grew significantly in these years. Because Fort Benton was the center of the buffalo robe commerce with Canada, its expansion was also closely linked to the international trade routes that emerged in the buffalo period. The value of these routes, one leading to the Cypress Hills region and the other to the Oldman River country, was most evident in the late seventies and early eighties when the buffalo robe boom and the export trade in supplies for the Mounted Police and the Canadian Indians both crested. The growth of trade with Canada required an improved freighting system. Of the Fort Benton firms whose interests came to include wagon trains drawn by oxen or mules, the most important were the Baker and Power houses.

At the same time, the growing influence of the leading commercial businesses, particularly the houses of Baker and Power, hinged on their role in the development of untapped resources in Montana, for example their involvement in the cattle industry and in shipping on the upper Missouri River. The Power and Baker concerns had a joint interest in a shipping firm, the Fort Benton Transportation Company, during the mid-1870s, after which time Thomas Power achieved dominance in the upper Missouri forwarding trade and the Baker company became an independent steamboat operator. The Power and Baker steamboats were important not only in the mercantile life of Montana but also in the commerce between Fort Benton and Canada.

The enthusiasm of these two merchant houses for Canada was undeniable. If the Baker firm was the prime mover of the trade with the

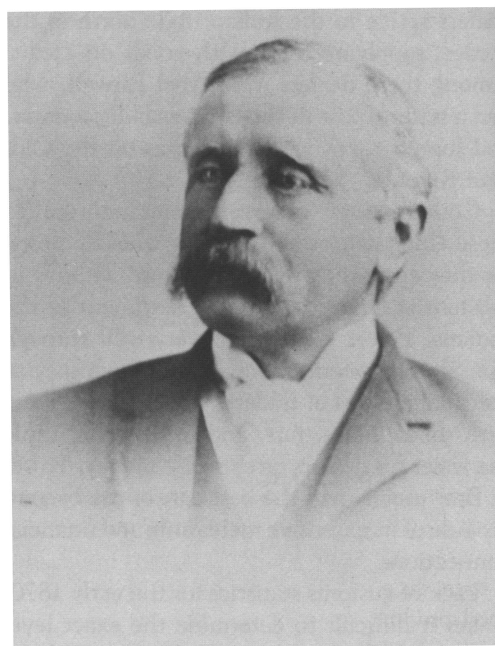


FIG. 5. D.W. Marsh, c. 1870s. Photograph courtesy of the Glenbow Archives, NA-278-16.

southwestern prairies, the Powers were swift to get a goodly share of the business. Power & Bro. began to occupy fixed locations in Canada to receive robes and furs and to retail merchandise in 1875, when the partners established contact with the Cypress Hills area by opening a branch at Fort Walsh, the headquarters of the Mounted Police Force, and with the Oldman River region by setting up a branch at Fort Macleod, a major Mounted Police fort. These forts naturally became the nuclei of settlement and commerce in the undeveloped southwestern prairies. Like the Baker firm, which also established branch houses at Fort Walsh and Fort Macleod in the same year, Power & Bro. was taking advantage of the presence of the Mounted Police to further its interests.

Several managers laid the foundation for developing Power & Bro. north of the border. The partners entrusted their Fort Macleod house to Thomas J. Bogy and their Fort Walsh post first

to George R. Wood, for almost a year, and then to D.W. Marsh.<sup>7</sup> Both Marsh and Bogy were experienced American businessmen who were aware of the local trading relationships and capable of assessing the economic conditions in Canada.

#### IMPORTANCE OF CANADIAN BUFFALO ROBES TO FORT BENTON

Power & Bro.'s successful development of the buffalo robe trade depended partly on the network of links its Canadian houses were able to develop with the local inhabitants. Beyond the buffalo robes, the Power firm sought furs and wolf skins, all commodities that could normally be provided only by Indians, mixed-blood people, and white hunters. In exchange these traders received a variety of items, especially food products, clothing, guns, and sometimes cash. There is no doubt that in the process Power & Bro. turned a handsome profit.

Precise statistics for buffalo robe imports from the southwestern prairies are sparse, but the available information indicates that the number of robes rose during most of the second half of the 1870s.<sup>8</sup> Power & Bro. was certainly a large-scale importer of Canadian robes in this period. In 1876 the firm imported 6500 robes from Canada, 22 percent of the total Canadian robes imported into Fort Benton and 33 percent of the firm's total robe trade in the prairies and Montana. The total robe imports from the prairies that year amounted to 30,000, 40 percent of the robes Fort Benton shipped down the Missouri to eastern markets.

It appears that these proportions changed little during the rest of the decade, though in 1879 there was a decline in the role the Canadian robes played in Power & Bro.'s activities as well as in Fort Benton's trade with the prairies. Even so, in 1881 the partners imported 3000 robes through their Fort Walsh branch alone, and the following year the level of robe imports through this Canadian office was much the same. Thereafter, however, they handled few new Canadian robes because almost all the

buffalo north of the border had been slaughtered. In Montana, where the animals had likewise been destroyed, the firm's trade in robes was now also very limited.

The importance of Power & Bro.'s trade in Canadian buffalo robes is revealed by its sales as well as its purchases. After 1876, the year when a new American tariff imposed a 40 percent ad valorem duty on imported robes, the role of Chicago as a market for Canadian robes was quite minor, although it remained significant for the partners' Montana robes.<sup>9</sup> Because it was possible for them to ship their robes from the prairies through Fort Benton to Montreal in bond, thus avoiding the payment of customs duties, Montreal henceforward accounted for the lion's share of their Canadian robe business. This trade was still controlled by Power & Bro.'s Fort Benton head office, however, even after the Canadian Pacific Railway gave the prairies a more direct route to Montreal in the early 1880s. Montreal simply became part of Power & Bro.'s commercial network, as it did in the case of Baker & Co., which had similar trade links.

An important feature of the buffalo robe operation as it affected Power & Bro. was the highly competitive market, not only in Chicago but also in Montreal. The existing data do not permit an estimate of the market share the firm achieved in Montreal, but it clearly had to defend its market for robes against a number of major competitors, including Baker & Co. and the Hudson's Bay Company. It is significant that the Powers built up their business through two Montreal agents, T. James Claxton & Co. until 1878 and after that John Reiplinger of the North-West Buffalo Robe Co., both of whom assisted them in judging trends in the market and in making sales.

Given the acute competition as well as the fluctuations in the level of demand and in the quality of the robes from one year to another, it was by no means clear what the results might be. The price for which the Powers sold the bulk of their robes in Montreal dropped from \$4.00 per robe in 1876 to \$3.60 in 1879, before

rising to \$4.50 in 1881 and then to a high of \$7.50 in 1882.<sup>10</sup> The next year the average price of their robes fell to \$6.00, once again reducing the partners' income from the business.

Although the exact value of the Powers' total sales of all buffalo robes in Canada cannot be ascertained, the general trend over the years can be discerned.<sup>11</sup> Sales of the partners' robes that were handled by their Montreal agents peaked in the late 1870s. In this context, it should be emphasized that the value of the total Canadian collection of robes in a particular season usually did not correspond closely to the sales during that season because part of the collection was often withheld from the market until the following year if there was a price deterioration or if a rise in prices was anticipated.

In the fall of 1876, for instance, the sales of the robes held over from the previous season amounted to \$12,800. How many robes collected in 1876 were only disposed of during the next season and the extent of the 1877 collection is unknown, but in the spring of 1877 the Powers enjoyed sales in Montreal valued at \$67,592, which suggests that the business was experiencing considerable success. But by October of 1882 such sales were much lower.

The passing of the great buffalo robe era did not cause a depression of the Montana-Canada trade nor did it disrupt the Fort Benton economy. But it was closely related to the increase in bull train and mule train transportation costs on the routes into the southwestern prairies because the wagon trains rarely carried freight on their return trip to Fort Benton after 1882. Consequently it is easy to understand why the Power and Baker wagons going from the Oldman River area to Fort Benton tried to cover their expenses by carrying coal whenever possible. Both firms had been occasional importers of good quality Canadian coal since 1875, but by the end of that decade they were seeking to make it a more important commodity.<sup>12</sup> Coal, though significant, was much less important than the buffalo robes were in their heyday, and in 1881, when Power & Bro. sold its business at Fort Macleod to Baker & Co. and confined its operations to

the Cypress Hills region, it largely ceased to participate in the coal import trade.

The distinctiveness of Fort Benton's import trade with Canada was defined by buffalo robes, which left an indelible mark upon the economy of the port. Their immediate impact was to stimulate economic development in Fort Benton, enhance its commercial hegemony in north-central Montana, and increase its involvement in the international market economy. The robe commerce was a vital element of business among the principal merchants of the port, and its high profitability helped greatly in the accumulation of capital. The mercantile houses of Power and Baker, like other local enterprises, diverted a substantial portion of this capital into the expansion of their businesses in Montana. Furthermore, it was partly through the buffalo robe import trade that Power & Bro. and the Baker company were able to establish their wholesale and retail business in the southwestern Canadian prairies and thus gain a position in Montana's export sector.

#### IMPORTANCE TO FORT BENTON OF EXPORT LINKS WITH CANADA

The port's Canadian trade enabled Fort Benton to become the third largest community in Montana by 1880. Montana's exports to southwestern prairie Canada were mostly directed through Fort Benton's principal merchant houses, particularly Baker & Co. and Power & Bro.

The Powers' export links with the southwestern Canadian prairies were predominantly with the Cypress Hills region (1875-93) and to a lesser extent with Fort Macleod (1875-81) and Calgary (1884-93). Within the Cypress Hills area, the partners left Fort Walsh for Maple Creek, on the main line of the Canadian Pacific, in 1883, when the Mounted Police moved their headquarters to Regina. In Power & Bro.'s export trade between the mid-1870s and the early 1890s, both American domestic exports and bonded re-exports, that is exports of Canadian (largely Montreal) origin, played a significant role. Although the distinction between

bonded re-exports and domestic exports is often blurred in the Power business papers and in newspaper reports, it is possible to ascertain the overall trend from the existing information.<sup>13</sup>

In the second half of the 1870s, the bonded Canadian commodities represented between 65 and 75 percent of the total value of Power & Bro.'s exports to Canada, but by the early 1880s the proportionate value of the re-exports had fallen to a little below 50 percent. The value of the bonded re-exports dropped from \$17,645 in 1879 to \$10,111 in 1881. Statistics for re-exports for the 1883-93 period, which succeeded the coming of the Canadian Pacific Railway to the southwestern prairies, are not available, though references to the export trade suggest that the proportionate value of the Powers' bonded re-exports to Canada did not greatly increase during these years. The partners' re-exports to the prairies might have been more significant at this time had their buffalo robe trade with Montreal not disappeared. Having to buy goods in Montreal for cash rather than being able to offer robes in exchange as they had often done earlier may partly explain the limited growth of their re-export business.

Still Power & Bro. was well placed to become a major exporter of Canadian bonded goods to the prairies. It maintained a close contact with a number of large suppliers in Montreal, including T. James Claxton & Co. (dry goods), James O'Brien & Co. (clothing), James Johnston & Co. (dry goods), Tees, Costigan & Wilson (groceries), Ames Holden & Co. (shoes), J. Rattray & Co. (tobacco), and Crathern & Caverhill (hardware). Because of its good credit rating, Power & Bro. was able to build up a strong position in the Montreal market. To pay their suppliers, the partners relied on the Bank of Montreal as well as on Baker & Co., which had extended into banking.

The importance of bonded re-exports was not unique to Power & Bro.'s trade with the southwestern prairies. All the evidence suggests that re-exports were also a striking feature of the business of the Baker firm, which had a commanding lead in the export trade with Canada. The Canadian bonded goods were handled

and controlled by Fort Benton merchants, mostly by the Baker and Power houses, and the bulk of the profits of this trade flowed into their hands instead of into those of Montreal merchants.

In spite of the relatively high Canadian tariff on American goods, it appears that Power & Bro.'s domestic exports represented an increasing proportion of the value of their total exports to prairie Canada from the early 1880s onward. Not infrequently the overall cost of securing merchandise, including freight and insurance, was less in the United States than in Montreal. Although the building of the Canadian Pacific through the prairies ended Fort Benton's transportation cost advantage in its trade with this region, thereby undermining a large part of the Powers' traditional Canadian strength, it helped enhance the importance of their Chicago export link with Canada. Using first American railroads and then the Canadian Pacific to carry goods from Chicago to Manitoba and their western prairie stores reduced Power & Bro.'s transportation expenses.

Some idea of the proportionate value of the goods they exported from the United States (largely from Chicago) to the southwestern prairies can be gleaned from the Power business records.<sup>14</sup> While Power & Bro.'s domestic exports in the spring and summer of 1876 accounted for 25 percent of the total value of its export trade, by 1882 the proportionate value of these exports for the same period had risen to 53 percent. In the management of their Chicago export operations, the partners were careful to establish a solid credit base with major suppliers, especially with the powerful department store Marshall Field & Co., as well as with Reid, Murdoch & Fischer, wholesale grocers. For additional food exports, the partners sometimes turned to St. Paul wholesale grocers such as P.H. Kelly & Co., and also to St. Louis suppliers.

An interesting development in Power & Bro.'s domestic export trade was that during the 1880s, as Canada increasingly opened the prairies for settlement, its Canadian houses often relied primarily on American suppliers to meet

unexpected demands for merchandise. As a rule, the Canadian houses sent large requisitions to the Fort Benton head office at least twice a year, in the spring and in the fall, asking it to order the needed goods. There was then sufficient time for either Thomas or John Power to go on a buying trip to Chicago and Montreal to make the selection. But when the Canadian prairie market suddenly expanded very rapidly, owing to the special needs of the Indians, the Mounted Police, or the settlers, it was necessary to ship in a large supply of goods on short notice.<sup>15</sup>

Orders for such merchandise before the arrival of the Canadian Pacific in the prairies could be most easily filled from American sources, particularly Power & Bro.'s huge Fort Benton warehouse but also Chicago suppliers. Northern Pacific trains going westward to Bismarck came with Power & Bro.'s goods, which were then carried up the Missouri on its steamboats to Fort Benton, where these items were added to commodities from its warehouse and shipped by bull and mule trains to its Canadian stores. Such shipments were of critical importance in the firm's export trade with the prairies, as were similar shipments from Chicago that, along with regular shipments, passed through Canadian customs in Winnipeg after the completion of the Canadian Pacific's prairie section.

In general there is evidence to show that the Powers' domestic export trade with the southwestern prairies was a vital part of their export trade as a whole, although it is not possible to determine the absolute value of the commodities they exported from the United States. What stands out in the history of the firm, however, is that the Fort Benton headquarters controlled the domestic exports it handled just as it enjoyed control of its share of the trade in bonded re-exports. Overall earnings from these investments were substantial until the early 1880s. All this in turn helped reinforce the commercial ascendancy the port had achieved over other communities in north-central Montana.

What was the relative importance of Power & Bro.'s export trade with Canada to Fort Benton's total activity in this field? A partial answer

to this question can be found in an analysis of some archival information on the port's domestic export trade with the southwestern prairies.<sup>16</sup> In the period December 1874 to June 1875, the partners accounted for 14 percent of the aggregate revenue (\$6,765.48) of the Canadian customs collectors at Fort Macleod and Fort Walsh, and in the period July 1875 to January 1876, they accounted for 36 percent of this total (\$7,623.12). The Baker company contributed 30 percent of the revenue during the first period, and 42 percent in the second. Although the exact value of the domestic exports shipped north of the border from Fort Benton by the Baker and Power firms in these periods cannot be determined, it is clear from the above figures that together they were playing a leading part in this trade by the beginning of 1876.

The most complete picture of Fort Benton's export trade with the southwestern prairies, and one that includes both the domestic exports and the bonded re-exports without making a distinction between them, comes in 1878.<sup>17</sup> In this year, of the total of 500 tons of eastern merchandise destined for Canada, the Powers shipped 100 tons (valued at \$25,000), or 20 percent. By contrast, the Baker company's shipment, 400 tons (valued at \$90,000), represented 80 percent of the total. The evidence suggests that in 1878 Baker & Co. and Power & Bro. were the only Fort Benton firms involved in exporting goods to the prairies. During the rest of the period under review, their shipments to Canada represented virtually all, if not all, of the total export of these goods from Fort Benton.

Among the principal commodities in the Powers' export trade were essential groceries, particularly flour, bacon, ham, tea, sugar, potatoes, coffee, canned and dried fruit, biscuits, and lard. Substantial quantities of all these items were exported in virtually every shipment, and frequently the partners' Canadian stores found it hard to meet the growing demand for them. Other goods exported in significant quantities were blankets, men's clothing and shoes, and tobacco. Such supplies as oats, rifles, gun cartridges, harness and saddlery, sleighs, and wag-

ons likewise made an important contribution to the total value of the trade.

Power & Bro. further provided a significant part of Montana's exports of beef to the southwestern prairies.<sup>18</sup> The Canadian livestock market absorbed a sizable proportion of the firm's Montana cattle in 1883 when the Walrond Ranch Company bought the bulk of its Warm Spring Ranch herd for \$100,000. Earlier, in 1879, the Powers supplied the Canadian Indian Department with more than \$4000 worth of Montana beef. Montana cattle, from Montana Territory as well as from their Cypress Hills ranch, also provided some of the beef that they used to fill their \$17,260 worth of contracts with the Mounted Police in 1884-86, although most of it was purchased from prairie ranchers and cattle dealers.

The Powers' export trade in beef with both the Indian Department and the Mounted Police was on a relatively small scale between 1875 and 1893. Similarly, Montana cattle constituted a fairly small portion of the beef employed in filling their 1884-85 Canadian Pacific beef contract worth in excess of \$105,000. What is important in this context, however, is that the Powers' Canadian trade in beef, whether it was American or Canadian in origin, was financed and controlled by them on their own behalf.

During the second half of the 1870s, Power & Bro. and Baker & Co. allowed each other to compete for Canadian government business in the southwestern prairies, but in the 1880s, when the coming of the Canadian Pacific fueled a decade of rapid commercial expansion in this region, these two firms devised a mutually protective scheme against local competitors, thereby creating an immensely positive impact on the Montana economy. Year after year, they entered into agreements to divide government contract work, with the Baker firm continuing to capture most of the Canadian Indian Department and Mounted Police business and the Powers dominating the United States Indian and military contract business for Montana.<sup>19</sup> These agreements, which embodied clauses fixing the prices of the bids and included agreed levels of transportation rates on the upper Missouri and on

the overland international routes to the prairies, helped both of these merchant houses realize large profits that they ultimately invested in their Montana enterprises.

Power & Bro.'s expansion in Montana was therefore made possible in part by its operations in prairie Canada. In 1880 the total capital of the firm in Montana and the prairies was \$345,548, and by 1893 it had grown to \$640,473.<sup>20</sup> The capital employed in the Canadian side of the business varied from \$20,000 to \$58,000 during these years. The enterprise was still a tightly knit family venture. At the beginning of this period, Thomas's interest in the partnership was \$299,969 and John's \$45,579, and by the end of it the elder brother's share had risen to \$400,170 and the younger brother's to \$240,303. While Thomas thus continued to play the largest role in the process of capital formation, John had become a major investor.

Earnings of the Power firm fluctuated considerably, reflecting the changing state of the Montana and prairie economies in general and the mercantile business in particular. Total net profits rose rapidly from \$65,458 in 1880 to \$106,645 in 1882, and then fell sharply to \$32,528 in 1886 before climbing gradually to \$87,103 in 1893.<sup>21</sup> The Canadian section of the business did relatively well until 1881, the year in which it showed a profit of \$12,862. But thereafter the results in the prairies were generally poor, a trend that was largely brought about by the effects of the economic depression of the eighties as well as by increasingly fierce competition. In 1889 Power & Bro. returned a profit of only \$2854 in Canada, and by the early 1890s it was losing money north of the border. The Baker company, by contrast, reported total net earnings of \$618,239 for its Canadian business for the period 1880-89, though there was a definite falling off of its profits toward the end of that decade.<sup>22</sup>

The overcrowding of Maple Creek (home of one Power store), Calgary (home of one Baker store and one Power store), Fort Macleod (home of one Baker store), and Lethbridge (home of one Baker store) by many mercantile businesses



FIG. 6. T.C. Power & Bro.'s Store in Maple Creek, Saskatchewan, c. 1880s. Photograph courtesy of Glenbow Archives, NA-1368-10.

during the second half of the 1880s made it difficult for the Baker company and especially for the Powers to maintain profitability under depressed trade conditions. Both of these firms remained financially stable at home, but their desperate efforts to sustain the competitive strength of their southwestern prairie operations were not very effective.

There was, consequently, justification for disposing of their general mercantile undertakings in Canada. William and Charles Conrad, who had become the dominant partners in the Baker firm, sold their Canadian stores to the Hudson's Bay Company in 1891 and used part of the receipts to promote their profitable cattle interests in Alberta. In 1893, by which time they had already disposed of their Cypress Hills ranch, the Powers sold their Maple Creek store to Gourley & Rankin, a local firm, and their Calgary branch to their long-time prairie manager D.W. Marsh, who had become thoroughly integrated into the Calgary community.

## CONCLUSION

Many writers in the field of southwestern prairie history have seen the early 1890s as the close of an era. Although these years witnessed the end of Fort Benton's international empire, as the Hudson's Bay Company and local merchants replaced the mercantile houses of Power and Baker in the prairies, they did not see the end of Montana's cattle-based links with Canada. The Conrad brothers, William and Charles, who by this time had moved from Fort Benton to Great Falls and Kalispell respectively, remained important livestock raisers at home and in Alberta for a long time. For the Powers, however, the old empire north of the border had vanished. The initiative in the economic development of the southwestern prairie region had shifted mostly to Canadian and British sources.

Montana's economy, however, still derived considerable advantage from the Powers' and

the Conrads' earlier involvement in the import-export trade with southwestern prairie Canada. The substantial capital resources that they had accumulated in the process played a significant role in shaping the economic growth of the new state of Montana. Helena was among the foremost beneficiaries of Power & Bro.'s mercantile activities at the turn of the century because Thomas Power channeled much of his share of the earnings into the expansion of banking, commerce, and industry in this growing capital city and its hinterland. Great Falls and Kalispell enjoyed gains from the large investments William and Charles Conrad made in banking in these new communities. The continuing importance of Power & Bro. in the commercial life of Fort Benton, which had been seriously hurt by the advent of the railway age and the consequent loss of its river trade,<sup>23</sup> helped keep this small city and the surrounding region on a reasonably stable economic footing.

Power & Bro.'s and Baker & Co.'s participation in the trade with the southwestern Canadian prairies in the last quarter of the nineteenth century was organized on an extensive interregional and international scale. This allowed these merchant houses a means to promote economic development in Montana during this period and later. Even though their original vision of making Fort Benton into a great trading center did not materialize, the immediate effects of their trade with Canada were widely reflected in increased jobs and income in north-central Montana. The long-run importance of the transborder commerce to the Montana economy is also clear. The savings generated by their business abroad helped the former major players in the Montana-Canada trade influence long-term investment in the Fort Benton region, as well as in the Helena, Great Falls, and Kalispell areas, from the early 1890s into the twentieth century. Probably it is to Power & Bro.'s Canadian commerce, along with that of Baker & Co., that we should look for a better understanding of the foundations upon which Montana's economy was built.

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