

## **EARLY BUTTE HISTORY**

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### **I. Introduction.**

I'd like to discuss some of Butte's early history, based primarily on chapters in Michael P. Malone's book, *The Battle for Butte: Mining and Politics on the Northern Frontier: 1864-1906*, published in 1981. Malone was a highly-regarded history professor at Montana State University from 1967 until 1976. He headed MSU's history and philosophy department from 1976 until 1979, was its dean of graduate studies from 1979 until 1988, and its interim vice-president of academic affairs from 1988 until 1990. He then served as MSU's tenth president from 1991 until his sudden death caused by a heart attack in 1999 at age 59. Malone wrote seven books about Montana and western history during his academic career. He is considered one of Montana's preeminent historians and writers.

Butte's early history planted the economic, political, social and cultural seeds that eventually caused it to become what it is today. Every place has its own unique history. Places don't simply appear fully formed as they now exist or remain the same over time. They instead continuously change, develop and evolve from their beginnings to the present, and then on into the future. Any place as it now exists needs be understood in those terms. For example, Butte and Phoenix both started during the 1860s. Butte had a larger population than Phoenix until about 1940. However, both cities then followed different paths in response to the changing circumstances and opportunities affecting them. Those divergent paths have led to significantly different outcomes.

Butte's history is rich, complex, multi-faceted and unique. Based on that history, Butte is different from the rest of Montana in many ways, as everyone in both Butte and the rest of Montana understands. Butte really is "Butte, America." Everyone living or visiting in Butte sees it differently, based on their own perceptions. History ultimately consists of stories showing how the present has followed from the past. Butte has many such stories.

Reading or listening to stories about Butte recalls the story of the committee of three blind men assigned by the village elder to report on a mysterious creature terrorizing a village in rural India. That creature turned out to be an elephant. However, the blind men's committee reported it as a snake, a tree or a rope, depending on whether they had touched its trunk, leg or tail. How one perceives Butte's history also depends both on the part one has touched, and how he or she has been touched by that experience.

I grew up in Butte between 1946 and 1956. I haven't lived there since 1957. However, I've remained in contact over the years by visiting my parents, attending high school class reunions, and speaking with friends who have lived there. I've also read numerous books about Butte. In doing so, I've developed a long-term appreciation for Butte's unique history, particularly as the events occurring in Butte have related to larger social, political and economic events and trends, both in the United States and throughout the world. I'm particularly interested in Butte's financial, legal, political, organizational and cultural history. I'm therefore going to approach Butte's early history from those perspectives.

## **II. Gold Camp: The Rise and Fall of Butte City (1864-70).**

In relation to American history generally, Butte's history is quite short. The gold rush that descended upon Silver Bow Creek began in 1864, only 150 years ago and 74 years before I was born in 1938. By comparison, the Jamestown, Virginia colony was founded in 1607. The Pilgrims landed at Plymouth Rock, Massachusetts in 1620. The Declaration of Independence was signed in 1776. The U.S. Constitution was adopted in 1789.

Placer miners came to Montana from California, Nevada and Colorado, primarily through Idaho. The Idaho Territory, created in 1863, initially included all of present-day Idaho and Montana, and nearly all of Wyoming. The Montana Territory was then carved out of Idaho in 1864. Although there were some prior isolated gold discoveries, the first major bonanza occurred at Grasshopper Creek, near Bannack City in southwestern Montana, in 1862. Placer deposits then were discovered at Alder Gulch (Virginia City) in 1863, and at Last Chance Gulch (Helena), Confederate Gulch (Emigrant City) and Silver Bow Creek in 1864. By 1864-65, Alder Gulch had over 10,000 residents.

Prospectors spreading out from Alder Gulch also found placers on Silver Bow Creek, and at Baboon Gulch and German Gulch on the Butte hill, in 1864. They created a primitive town at Town Gulch, adjacent to the present city, during the fall of 1864. However, the action mostly occurred on the banks of Silver Bow Creek and in its gulches. Silver Bow City, at the center, had about 1,000 people at its peak. Butte had about 350-500 people at its peak in 1867. A new townsite was laid out that year just west of Town Gulch. Placer mining also occurred along Silver Bow Creek at Rocker.

However, the placers quickly faded. By 1868, Butte was in decline. There was a severe drought in 1869. Butte lacked the richness of eroded, surface gold and the ready availability of sufficient water. Some miners, including Joseph Ramsdell, regarded as the "father of Butte mining," understood that vein mining the quartz leads on the Butte hill was essential if Butte was to prosper. They also knew those veins were rich in copper. However, those ores were too complex and refractory to reduce, and could not be "fluxed" for smelting. The ores also could not economically be shipped elsewhere for final smelting and refining, although some attempts were made to do so. The technology and transportation facilities required to do so then weren't available.

Despite those difficulties, William Farlin kept working the Travona mine, shipping high-grade ore to New Jersey for smelting via the Missouri river and eastern railroads. However, most of the early quartz miners left, joining the placer miners in abandoning the Silver Bow and Butte diggings. Butte's ores didn't contain free milling gold, as in California. The miners couldn't figure out how to smelt Butte's compound ores. In 1870, the first census takers found only 241 people in Butte City, including 98 Chinese. Most of those residents left soon thereafter. According to Malone, Butte then "sank into lethargy," looking like any of the hundreds of played-out mining towns in the mountain west. Its future seemed dim and hopes for economic improvement were practically nonexistent.

## **III. Clark, Daly and the Anaconda: 1872-1884.**

### **A. The Financiers.**

The financial Panic of 1873 delayed Butte's development. However, the mines'

control then shifted from their pioneers to merchant-financiers who bought them up cheaply, and had the capital and ability to develop them.

For example, Andrew Jackson Davis (1819-90) came to Montana from Iowa in 1864. Davis began by investing in merchandising, freighting and flour mills. He developed a close friendship and business relationship with Samuel T. Hauser of Helena, one of the West's shrewdest investors and toughest political manipulators during the 1860s and 1870s. He bought a share of Hauser's First National Bank of Helena and joined with Hauser in numerous investments.

Davis began financing the Hendrie mill in Butte in 1868. He acquired the Lexington mine, one of Butte's great silver producers, between 1872 and 1876, and moved to Butte in 1875. He then acquired full control of the Hendrie mill and rebuilt it to work the Lexington's ores, starting in 1877. He also founded the the S.T. Hauser and Co. banking house in Butte in 1877, which eventually became the First National Bank of Butte. Davis provided a strong influence on Butte's development. He soon became Montana's first millionaire.

William Andrews Clark (1839-1925), one of Butte's "copper kings," came to Butte in 1872. Clark, who was from Iowa and Missouri, had joined the Colorado gold rush during the early 1860s. Having little luck there, he went to Bannack in 1863. After a year of placering, Clark and his friend sold their claim. Clark's share was \$2,000, which became the core of his later fortune. Clark then turned to merchandising. He was a "genius at business affairs" and had a "relentless, all-consuming ambition." Clark and his partners made huge profits loading supply wagons in Salt Lake City, the Pacific coast and Boise for Bannack, Virginia City, Helena and Elk City. Clark obtained a profitable mail contract between Walla Walla, Washington and Missoula. He established stores in Helena and Deer Lodge, and bought gold dust for resale. He also formed the First National Bank of Deer Lodge in 1872.

Clark first visited the "near-dormant" Butte mining camp in 1872. He immediately bought four major claims: the Original, Colusa, Mountain Chief and Gambetta mines. He then took a cram course in geological and mineralogical studies at Columbia University School of Mines. William Farlin had left Butte, then came back in 1874 after assays of the Travona mine's ore showed rich silver and copper content. With Clark's financing, Farlin built the Dexter mill to reduce the Travona mine's silver ores and began operating it in 1876. Clark later took over Farlin's properties when Farlin could not make his payments.

In 1876, Billy Parks found a four-foot-wide vein of copper "glance" ore 150 feet down in the Parrot lode. "Glance" ore glistens because of its high metallic content. Parks and two employees began extracting a ton of ore per day, concentrating and then shipping it to Baltimore by wagon and rail. As the result of all these activities, by 1876 Butte was experiencing a major quartz mining boom. It had 1,000 residents in 1876 and nearly 3,400 residents by 1880. Walkerville began to grow around the Alice and Lexington mines. About a dozen buildings also developed around the Travona mine southwest of town. Deer Lodge and Virginia City merchants began running daily expresses into Butte.

Marcus Daly (1841-1900), another of Butte's "copper kings," was born in County Cavan, Ireland. He came to New York as a 15-year-old boy in 1856. After two years there, he went to California in 1858, where he learned hard rock mining skills. He drifted to Virginia City, Nevada in 1862, where he became a mine foreman for six years. He there

became a widely recognized expert in assessing vein structures, tunneling, timbering and blasting. Daly then moved to Mineral Hill, Nevada, where he met George Hearst. Hearst later became one of Daly's major investors. In 1870, the four Walker brothers, who were wealthy Utah merchants, hired Daly as foreman of their Emma silver mine in Alta, Utah.

After seeing Butte ores sent for processing, the Walker brothers sent Daly to look at Butte mines in August 1876. Daly returned to Butte with two of the brothers and a mine appraiser in September 1876. The Walkers and Daly purchased several mines along the Rainbow lode, including part of the Alice claim from Clark's bank. Daly then moved to Butte. The Walkers shipped a stamp mill to Butte, which began operating by mid-October 1876. The Alice became an outstanding silver mine. Since the Alice and Lexington mines were north of Butte, Walkerville developed to house workers and their families near them.

In 1877-78, Davis, his partners Samuel Hauser and Anton Holter, and two Connecticut capitalists, Franklin Farrel and Achille Migron, bought the Parrot mine. By 1881, the Parrot had erected a smelter and was turning out high-grade silver-copper matte. It soon became a leader in using the Bessemer process in copper smelting. Davis also continued to develop the Lexington silver mines group and a mill. He sold the Lexington to a French syndicate in 1881 for \$1,000,000, retaining a one-eighth interest in that valuable property.

In 1877, Clark sent 150 tons of high-grade cuprous ore from his Original mine to the Boston and Colorado smelting firm in Black Hawk, Colorado. That firm was controlled by Nathaniel Hill, one of western mining's giants. Hill had previously applied German and English metallurgy and Boston capital to master the reduction of Colorado's complex silver ores. His experiment with Clark's ore led to creation of the Colorado Smelting and Mining Company in 1878-79. That company built a smelter on south Montana Street, south of Silver Bow Creek, which began operating in August 1879 and expanded in 1881. Clark's Original, Colusa and Gambetta mines fed ores to that plant. Clark also did custom smelting, and bought ores from other miners to form the proper fluxing mixtures to combine and smelt them together with his own ore.

Adolph and Leonard Lewisohn were wealthy German-Jewish immigrant merchant brothers based in New York and Hamburg, Germany, who had prospered by marketing coffee and copper. In 1878, they sent Charles T. Meader, a veteran California and Utah copper man, to look over Butte's properties. Meader purchased the East and West Colusa claims, located on a big ridge east of town, for them.

In 1879, the Lewisohns formed the Montana Copper Company to manage their holdings. They built a smelter east of Butte in 1880. Meaderville grew up around this site. The Lewisohns also built a large electrolytic refinery in New Jersey and a highly lucrative New York-based marketing firm. They also bought large mines in northern Michigan and holdings in Arizona. Meader later went his own way, buying the Bell mine and building a smelter that shipped matte material to Swansea, Wales for finishing. Meader soon lost his Bell holdings to the bank and moved on.

## B. The Railroads.

All these developers needed the prompt arrival of railroads to connect Butte with the national economy. Railroads were required to import heavy machinery, and to market concentrated and smelted ores. However, two railroads aimed at Butte were halted by the

Panic of 1873. The Northern Pacific lay dormant in central Dakota Territory. The Utah Northern, a narrow gauge railroad led by John Young, Brigham Young's son, had stalled at Franklin, Idaho and gone bankrupt. Montana miners therefore had to ship their ores by wagon from Virginia City over Monida Pass to Union Pacific depots in northern Utah.

The Utah and Northern railroad was finally reorganized as part of the Union Pacific. Its first train arrived in Butte on December 26, 1881. The Northern Pacific was completed through Montana in September 1885. However, it initially stayed out of Butte, instead building jointly with the Union Pacific an inter-connecting Montana Union line from Silver Bow west to Garrison Junction on the Northern Pacific main line. This "gentlemen's agreement" squelched competition and resulted in high freight rates for Butte's products.

### C. The Anaconda Mine and Smelter.

The site of the Anaconda Mine, situated on a rise directly east of Butte City, was first located in 1866 by Michael Hickey, a gold rush prospector from New York. Hickey then noticed copper carbonate outcroppings on top of that rise. However, he didn't stake a claim there until 1875 or 1876. He named the mine "Anaconda" after a statement in a Horace Greeley column in the *New York Tribune* he had read while a soldier in McClellan's Army of the Potomac during the Civil War that McClellan's army would wrap up Confederate General Robert E. Lee's forces like a giant anaconda. Soon thereafter, Michael's brother Edward located the St. Lawrence claim adjacent to the Anaconda. However, the Hickey brothers lacked the means and ability to develop those claims.

Marcus Daly therefore agreed to purchase the Anaconda for \$30,000 in the fall of 1880, from funds received from selling his Alice mine interest for a rumored \$100,000. However, since Daly had disengaged from the Walker brothers in selling that interest, they also lost the opportunity to invest with him in building a stamp mill and smelter to crush the Anaconda's ore and reduce it there. Daly instead turned to a San Francisco-based partnership of George Hearst, James Ben Ali Haggin and Lloyd Tevis for financial support.

Hearst had followed the gold rush to California in 1850. He struck it big with the Ophir mine on the Comstock Lode in Nevada in 1859-60. He invested those profits into more mines and real estate. However, he was a miner, not an investor. He had lost most of his wealth during the late 1860s. He came into his own only in 1870, when he combined with Haggin and Tevis. Haggin and Tevis were brothers-in-law who formed a San Francisco-Sacramento law firm, then branched into a broad range of real estate and mining investments. Haggin and Tevis initially advanced credits to Hearst, which evolved into coinvestments. Their syndicate eventually owned over 100 mines from Chile to Alaska, including major silver, gold and copper mines.

Daly had kept in touch with Hearst over the years, since their days in Nevada. He met with the syndicate in San Francisco in the spring of 1881 concerning its possible investment in the Anaconda. Hearst came to Butte, appraised the mine and located the site for its main shaft. Daly sold the mine to the syndicate for his \$30,000 purchase price, then received a 25 percent interest in the trust, which formed the Anaconda Silver Mining Company. Work began on a main shaft in June 1881. Oxidized silver ore, compounded with copper, was found. Less than a year later, as the millable silver ore was playing out, heavy deposits of enriched copper sulphide ore were found at a depth of 300 feet. This was the largest deposit of copper sulphide the world had ever seen.

Daly then met with the syndicate to decide if a multi-million dollar commitment should be made to smelt the refractory ores and to attempt to market the copper to meet the increased demand for copper created by a growing electrical industry. There was anticipated intense competition from the previously dominant Michigan copper producers. After initial doubts, the syndicate decided to make the necessary investments. Daly therefore purchased the St. Lawrence, which held an extension of the Anaconda's vein system, and the Neversweat. He added portions of other claims. He also continued to deepen the Anaconda and St. Lawrence shafts. In the spring of 1883, at a depth of 600 feet, the vein varied from 50 to 100 feet in width. It yielded an average 12 percent, and up to 45 to 55 percent, in copper ore. The copper ores also produced silver and gold, which helped pay for their smelting cost and increased their profitability.

During 1882-84, the syndicate had shipped 37,000 tons of high-grade ore to smelters at Swansea, Wales and Baltimore, Maryland. However, the transportation costs required to do so were prohibitive. The syndicate also had stockpiled huge reserves of lower-grade ore. It finally decided to build its smelter on a site at Anaconda, both because large amounts of water were available there and because the creeks around Butte were largely claimed. Construction of huge concentration and smelting plants began in the summer of 1883 and continued during 1884. About \$4,000,000 was invested in the plant before it ever opened.

Daly and his friend Morgan Evans personally laid out the Anaconda townsite. Daly named the town after the Anaconda mine. A 31-mile Utah Northern-Union Pacific railroad spur line linking that mine to its smelter began operating in August 1884. The smelter began general operation in late October 1884. The "Upper" or "Old Works" smelter could treat 450-500 tons of ore daily. The Washoe Smelter produced a 64 percent copper matte, which was sent temporarily to East Coast and British refineries for smelting.

Firing up the Washoe Smelter culminated a decade-long boom for Butte. By mid-1884, Butte was producing silver and copper at the rate of \$1,250,000 per month. It was edging past Leadville, Colorado as the United States' premier metal mining center. The district's population was approaching 14,000. Butte's mines, mills and smelters employed 2,500 men. Silver was still Montana's premier metal, not yet having been displaced by copper. In 1889, Montana smelted one-fourth of all American silver. However, much of the silver came as a byproduct of copper mining. Below 300-400 feet, silver and gold faded into a secondary partnership with copper. During the period between 1884 and 1900, Butte's copper and copper barons rose to dominate Montana's economic and political life.

#### **IV. Boom Town.**

Butte's development as a copper mining center between 1872 and 1884 was almost accidental. However, by the 1890s Butte had become the major industrial, political, economic and population center in an otherwise lightly-populated rural state. It grew rapidly through the 1890s as thousands of miners and immigrants came to work in the mines.

Butte developed from practically nothing into one of the largest, most cosmopolitan cities in the West in only about 25 years. It was a rough, squalid, unique and fascinating place that dominated Montana's economic and political life for at least 75 years. It was a peculiar urban oasis that seemed incongruous in a thinly populated agricultural commonwealth. It has been called "the world's only island completely surrounded by land." What was it like to live there?

## A. Geography.

In 1875-76, when the silver excitement began, only a scattering of buildings stood along the hill. Butte City, incorporated in 1879, occupied a 183-acre, 45-block area enclosed by the future Mercury, Quartz, Arizona and Washington streets. It had 3,363 residents in 1880. In 1881, it became the seat of Silver Bow County, which was carved out of Deer Lodge County. The Anaconda excitement intensified the boom, and pushed Butte ahead to rival to Helena as Montana's leading city. The Butte metropolitan area had 10,723 residents in 1890, 30,470 in 1900, and 39,165 in 1910. Anaconda had about 9,500 residents by 1900.

Butte was in constant motion, seeming never to sleep or rest. Shifts of miners milled through the uptown streets at all hours. Although the great population surge after 1880 brought a more settled, family-based society, Butte always had more than its share of the wilder element. After a bad fire in 1879, more stone and brick construction followed. However, it still had plank sidewalks and mud was a problem for weeks on end. Impressive central business blocks were concentrated at Park and Main streets. Hennessy's, a six-story department store managed by Daly's henchman Dan J. Hennessy, opened in 1898. That building also housed the Anaconda Company's offices on its sixth floor.

Butte's best residential areas during the 1890s were on its west side. Closely knit blocks of flats and framed workmen's homes reached south and southwest down toward the "flats" at the foot of the hill. Mills, breweries and dumps there fronted on Silver Bow Creek and the railroad tracks. A notorious "cabbage patch" of slums, cabins, lean-tos, hovels, saloons and whorehouses squatting among waste dumps and rubbish covered a six-block swath on the city's southeast flank.

The central mining districts lay north and east of the city. Walkerville had about 2,500 people. Centerville lay between Butte and Walkerville. The Anaconda Hill loomed directly east of uptown Butte. Novelist Gertrude Atherton described Butte as a "tangled mass of smokestacks, gallow-frames, shabby grey buildings, trestles . . . [looking] like a gigantic shipwreck."

Dublin Gulch, with its Irish and later Slavic multitudes, wound down from the hill to the city. Meaderville and the McQueen addition lay to the east. At first, their population consisted primarily of Welsh and Cornish smeltermen and their families. However, by the 1890s the Italians and Slavs were taking over. Meaderville, a suburb of 2,000, eventually became known as "Little Italy." It gained wide-spread fame for its restaurants, night spots and gambling.

## B. Smoke.

Most Butte visitors were astounded by its stark desolation and ugliness, and by the incredible air pollution caused by open roasting and unregulated smelting of its ores. The smoke was heavily laden with sulfur and arsenic. During inversions and easterly air flows, ominous clouds hung low over the hill, so that darkness enveloped the city in midday and lamps had to be lit. On the flats, the settling smoke made life nearly impossible.

The smoke caused some deaths, many illnesses, vomitings and nosebleeds, and killed most of the city's fragile vegetation. Only four trees remained alive in 1890. Although an

antiroasting ordinance was passed in the early 1890s and abatement devices were then installed in most smelters, the smoke problem didn't subside until consolidation of the hill transferred almost all smelting to Anaconda and Great Falls. Even then, smoke damage in the upper Deer Lodge valley led to livestock deaths and severe legal problems until a giant smokestack was built at the Anaconda smelter to lift the smoke further into the air.

### C. Cosmopolitan Population.

Butte's richly cosmopolitan population created a unique personality. It was one of America's most striking melting pots of immigrant nationalities. In 1890, foreign-born residents made up 45 percent of Silver Bow County's total 23,744 population. By 1910, they still comprised well over one-third of the county's total 56,848 population. Prior to the last years of the 19<sup>th</sup> century, most immigrants came from northern and western Europe, especially Ireland and Great Britain. The experienced Cornish miners who poured into Butte after 1885 were mostly Republican, protestant and management-oriented. Their culture and politics differed significantly from the Irish. Those differences created animosities, sometimes used by the mines' management to divide their labor force.

By 1890, over 800 Germans lived in the Butte area, mostly in the Williamsburg area southwest of Butte. There also were French-Canadian and Scandinavian lumber and timber workers (including 1,300 Finns); British Canadians; Scots; Jewish and Lebanese peddlers; 400 to 600 Chinese; Cree, Chippewa and Meti Indians who camped by the city dump near Timber Butte; and a few Blacks.

Over 2,300 Irish-born immigrants lived in Silver Bow County by 1890, and nearly 4,600 by 1900. Because of Daly's leadership, and because they were so numerous, clannish and strongly politicized, the Irish took control of Butte's culture and politics. Although more diverse factions arrived, the Irish prevailed in Butte, and everyone knew it.

Many immigrants later arrived from southern and eastern Europe, particularly Italy and Yugoslavia, often desperately poor and illiterate. The mining corporations welcomed them and sometimes brought them in because of their willingness to work for less pay. Established Anglo-Irish families reacted angrily to the later immigrants, particularly when they competed for Anglo-Irish jobs. However, they were eventually all assimilated.

### D. Social Attitudes.

Butte had more than its share of squalor, violence and despair. The violence was open, unflinching and usually casually disregarded. Disasters also occurred with frightening regularity. The worst were a "big explosion" of a huge amount of dynamite during January 1895 in a cluster of burning warehouses east of Arizona Street that killed 58 people, including nearly all the fire department. The Speculator mine fire in June 1917, caused by some frayed insulation that caught fire, also killed over 160 men.

Butte was a giant mining camp, living fatalistically under the constant fear of disasters. It had an unassuming democracy characterized by social commonality, an unquestioning tolerance of one's fellow man, and unrestrained individualism. Millionaires, bums, working stiffs, well-groomed ladies and whores all bumped elbows on common terms, and Butte seldom bothered to make any pretenses. Butte was a town of personalities and outlandish characters, a city of nicknames. There also was a devotion to animals, especially

Cornish racing greyhounds and other dogs, and the horses and mules in the mines.

Butte had 200 teachers and nearly 8,000 grade-school and high-school students. Its dozens of churches filled to capacity. Lavish mansions represented wealth and social aspirations. Beginning in the 1880s and 1890s, nationally noted “road companies” brought in vaudeville shows. Other “big name” entertainers appeared as well.

Butte also had its wild side. Drinking, carousing, whoring and gaming were among the favorite avocations of the city’s sizable working class. By 1893, the city directory listed 212 “drinking establishments,” ranging from the huge Atlantic Bar having a block-long counter and employing 15 bartenders at a time, to notorious dives such as the Clipper Shades, the Alley Cat and the Bucket of Blood. Many of the saloons never closed. Twenty-five four-horse brewery wagons worked the streets to service the bars. Butte also had 16 “licensed gambling hells,” even though gambling was technically illegal.

Prostitution also became one of Butte’s major livelihoods. A seedy red-light district with hundreds of whores grew up along Galena Street and “Venus Alley,” rivaling San Francisco’s Barbary Coast. Higher-class “parlor houses” appeared along Mercury Street. During the district’s heyday in 1903-17, on a given Saturday night as many as 4,000 men and women could be found milling around the area.

#### **E. Labor-Management Relations.**

Although Butte seemed turbulent and disjointed, powerful bonds served to unite its residents. These included the Catholic faith, the Democratic party allegiance of the Irish and others, and the strength of organized labor. By 1905, there were 9,000 deep miners. They suffered a fatality rate of 3.53 per 1,000 men employed annually, higher than other states, Great Britain or Germany. Silicosis resulting from inhaling mine dust also caused deaths by tuberculosis and pneumonia.

Miners first began organizing in June 1878 when the Walker brothers at the Alice and A.J. Davis at the Lexington mines arbitrarily cut the wages of unskilled underground workers from \$3.50 to \$3.00 per day. The skilled miners peaceably protested those cuts, and won reinstatement of the prevailing \$3.50 wage scale. The workers then formed the Butte Workingmen’s Union. As veteran union miners came to Butte from the Comstock and other declining Nevada mines during the early 1880s, the Butte union grew to 1,800 dues-paying members. The Butte miners union disaffiliated members who were not actual miners. However, those members instead formed smaller craft unions that joined together as part of the powerful Silver Bow Trades and Labor Council.

By the 1890s, Butte had a fully-unionized work force. The Butte Miners Union sponsored smaller craft unions at Butte and set up “branch” unions at other Montana mining towns. It sent thousands of dollars to support miners when violence and federal repression struck the Coeur d’ Alene district in northern Idaho.

The local union generally had a friendly relationship with management and tended to keep it in the egalitarian metal mining industry. It took the lead in creating a new regional union, the Western Federation of Miners, in 1893, and became Local Number One in that federation. However, the Butte moderates lost control to more radically inclined leaders like Ed Boyce and “Big Bill” Haywood.

The WFM soon earned a reputation for radicalism and violence, especially in Idaho and Colorado. It also later participated in founding America's most radical union, the Industrial Workers of the World. However, the WFM and Butte Miners Union continued to live in general harmony with management in Montana. That harmony persisted through the 1890s. However, it would not long survive the great industrial consolidations that came with the turn of the century.

## V. The “Richest Hill on Earth.”

Butte’s early history largely follows from the development and consolidation of its copper mines and smelters. Those events occurred in response to a mushrooming demand for copper wire and conductors, following the invention of Morse’s telegraph in the 1840s, and the invention of Bell’s telephone and Edison’s incandescent lamp during the 1870s.

Understanding Butte’s history requires more than simply looking at photographs of old and torn-down buildings, or at copper artifacts in a museum. It’s instead necessary to “follow the money” in terms of both international economics and United States monetary policy to understand how Butte’s mining and the city generally developed as they did.

### A. United States Monetary Policy.

The United States had used both gold and silver as a “bi-metallic” monetary standard, and purchased silver for that purpose, ever since 1792. However, the Panic of 1873, caused by financial failures resulting from speculative investments, including railroads, and an over-extended economy, created a severe depression in Europe and North America. That Panic lasted for about six years, generally slowing development in the West.

An increasing nonmonetary supply of silver resulting from rapidly expanding silver production also had caused silver’s value to decline in relation to gold, thereby significantly reducing gold reserves as silver was exchanged for gold. Congress believed one of the Panic’s causes was an oversupply of silver. Accordingly, it enacted the Coinage Act of 1873 in February 1873, which eliminated the silver dollar and stopped the practice of selling silver bullion to the Treasury. The government’s refusal to purchase silver caused its value to decline still further, thereby also discouraging silver mining and production. That Act was later referred to by silver advocates as the “Crime of ‘73.”

Western mining states finally pressured Congress to enact the Bland-Allison Act in 1878. That Act required the treasury to purchase between \$2 million and \$4 million in silver each month, and to circulate it as silver dollars. However, western miners and debtors who were part of the “free silver” movement regarded it insufficient to increase the money supply adequately to permit commodity prices to rise, create inflation, and thereby provide debtors some relief by permitting to satisfy their debts with depreciated dollars. Whether to require “free” coinage of silver remained an issue through the 1880s.

Enactment of the Sherman Silver Purchase Act in 1890, which increased silver purchases to 4.5 million ounces per month, created some inflation. However, as the result of the Panic of 1893, caused by overbuilding and shaky financing of railroads, in turn resulting in bank failures, Congress repealed that Act in 1893. That Panic continued through 1896, ruining many Americans, particularly farmers, industrial and mill workers, and those involved in silver mining. Many silver mines closed permanently.

In 1896, William Jennings Bryan ran as the Democratic candidate for President on a free silver platform. His famous “cross of gold” speech at the Democratic national convention arguing for a return to bimetallism led to his nomination. Bryan won the South and most of the West, but was defeated by William McKinley. Bryan ran again on a silver platform in 1900, but McKinley was re-elected. In 1900, Congress then passed the Gold Standard Act, which formally placed the United States on that standard and stopped bimetallism. The United States continued on that standard until 1935.

## **B. Early Copper Production.**

Prior to the 1840s, small copper deposits in Connecticut, Georgia, Vermont and elsewhere were sufficient to meet the limited demand. However, during 1844-46, the world’s only extensive deposits of “native” or metallic copper ore, located in upper Michigan, were opened. The Yankee investors who seized control of that copper country made incredible profits. Boston became the capital of world copper finance.

During the next 40 years, Michigan copper completely dominated the national marketplace and seemed unassailable. It had priceless reserves, easy access to water transportation and expert capitalization. Monopolistic competition through price wars was then commonplace. Marcus Daly and his financiers thus had to consider the risk of such price wars in deciding to develop the Anaconda mine’s huge copper deposit and to invest millions in building a smelter at Anaconda before any of that copper ever could be sold.

The Michigan and Boston copper barons’ dominance began to be challenged during the later 1870s and early 1880s when Butte, and Globe, Jerome and Bisbee, Arizona began shipping small quantities of ore. The western mines initially were at a huge disadvantage, since they produced mainly mid- to lower-grade ores, lacked railroad transportation, and were remote from Eastern smelters and markets. However, the Anaconda syndicate showed that copper ore mixed with silver and gold, efficient mass production, and access to cheap timber, coal and water could offset Michigan’s advantageous marketing location.

## **C. Price Wars, Manipulations and Agreements.**

In response to steadily increasing output by both Michigan and western copper producers, the price of copper dropped from more than 20 cents per pound, where it had stood since the 1850s, to 14 cents during 1884. Reacting to the opening of Anaconda’s smelter in late 1884, the Michigan producers cut the price to 11.5 cents, and then to 10 cents in early 1886.

As the result, Anaconda and the three biggest Arizona mines had to shut down during 1886-87, laying off most of their employees and causing hardship in their communities during that harsh winter. The Michigan producers also faced long-term closures. However, work resumed in Butte in early 1887. Montana produced 78,900,000 pounds of copper that year. The Lake Superior mines produced only 74,660,000 pounds. Anaconda alone produced 57,000,000 pounds, 11,400,000 pounds more than Calumet and Hecla in Michigan.

Copper producers still faced a glutted and depressed market. A well-financed group of French speculators, the Societe des Metaux, attempted to corner that market by entering into exclusive contracts with the world’s greatest mining firms, including Anaconda and the Arizona mining companies, to buy copper at 13.5 cents per pound. By mid-1888, that group

controlled 80 to 85 percent of the world's supply. Copper prices rose to a peak of 21.5 cents during 1888. Those prices brought junk brass and copper into the market. Consumers also reacted by substituting iron and zinc for copper and brass.

In March 1889, a selling panic set in, dropping copper's price to 7.5 cents. The French syndicate collapsed and its organizer, Hyacinthe Secretan, committed suicide. If the syndicate's creditors decided to dump their huge copper surpluses on the market, the entire industry would have been hopelessly glutted, and forced into long-term shutdowns and depression.

That crisis was averted when James Haggin of Anaconda and Col. Thomas Livermore of Calumet and Hecla informed the Rothschilds, Europe's greatest bankers and one of the French syndicate's largest creditors, that if surpluses were released, they would retaliate by flooding the market with cheap copper so that everyone would suffer. Following a Paris conference, both groups agreed on a reasonable 12-cent price. The miners agreed to restrain their output and creditors agreed to gradually release their surpluses over a four-year period.

Following this agreement, Haggin, Livermore and other industry leaders established trade associations representing 75 percent of world production that agreed to limit production. However, Leonard Lewisohn and others refused to agree. Accordingly, copper mining again boomed because of expanding use of electricity and the telephone. Total U.S. copper production increased from 113,181 short tons in 1888 to 303,059 short tons in 1900. However, prices remained depressed, ranging from 9 to 12 cents, throughout the 1890s.

#### **D. Butte's Mining and Related Operations During the 1890s.**

By the late 1880s, Butte "reigned supreme among the mining centers of America." Improvement in rail facilities made full development of the Butte hill possible. In mid-1888, James J. Hill's Montana Central railroad spur line connected Butte with Helena and eventually to Hill's transcontinental Great Northern system. The Montana Central line gave Butte first-rate access to the Great Lakes and to Seattle. Its availability caused the prior Union Pacific-Northern Pacific shipping rate pool to collapse, substantially reducing the cost of shipping out matte ore. The line also substantially reduced the cost of importing coal from the Great Falls area.

As transportation costs fell, the inflow of outside capital increased, further accelerating Butte's boom. By 1890, the Butte hill produced about \$30,000,000 in metals annually. Butte consumed 15,000,000 board feet of lumber and 75,000 tons of coal per year. Over 3,000 men worked in its mines, mills and smelters. During the 1890s, the situation with respect to each of Butte's major mining companies was as follows:

**1. Anaconda Mining Company.** Anaconda kept adding to its mine holdings. Its smelting capacity reached 3,000 tons of ore daily by the early 1890s. Beginning with the initial "Anaconda group" of mines, consisting of the Anaconda, St. Lawrence and Neversweat, it added the Mountain Consolidated group (38 claims, including the Modoc and High Ore mines); the Anglo-Saxon group, centering on the Orphan Girl mine; and the silver-oriented Union Consolidated group. It also expanded the "Upper Works" smelter to reach 1,000 tons per day, then added a new "Lower Works" complex during the early 1890s. Those two facilities combined had a 4,000 tons-per-day capacity.

Anaconda also kept adding to its downstream holdings. After frequent arguments with the Montana Union railroad about rates and services, Daly finally chose to build his own ore carrier, the Butte, Anaconda and Pacific Railroad, to link his smelter complex with its copper sources. The syndicate also built a copper refinery at the Anaconda smelter during 1891-95. By 1896, that refinery produced 100 to 120 tons of marketable copper daily. Anaconda then still shipped about half its smelted, 98 percent pure blistered copper to East Coast refineries, where labor costs were substantially lower. In 1900, after Amalgamated acquired Anaconda, Daly and his plant manager, Frank Kleptko, designed an entirely new reduction works, capable of handling 5,000 tons of ore daily. Opened in 1902, two years after Daly died, it was the world's largest smelter, with the world's tallest smokestack.

Anaconda also integrated its upstream end. It had substantial fresh water from mountains west of Anaconda. It bought existing water works and formed them into the Butte City Water Company in 1891. Daly began purchasing and mining his own coal at Diamondville, Wyoming; and near Bozeman Pass, Great Falls and Red Lodge, Montana.

By 1888, the Anaconda used 40,000 board feet of lumber every day in its mines alone. In 1882, Daly formed a partnership with the Northern Pacific Railroad and Missoula lumber barons Andrew Hammond, R.A. Eddy and E.L. Bonner to form the Montana Improvement Company. By 1883, that company had seven sawmills working double shifts in the Missoula region.

Daly, Clark and other mining-lumber operators also cut large quantities of timber on unpoliced federal lands. After Grover Cleveland was elected president in 1884, his land commissioner filed numerous lawsuits to stop that practice, beginning in 1885. After spending years defending that litigation, Daly finally bought substantial amounts of standing timber in western Montana, and built mills at Hamilton and St. Regis, Montana, and Hope, Idaho. He also bought out Hammond and his partners for \$1,500,000 in August 1898, including their timber, millworks, dam and power plant at Bonner, east of Missoula. With those and other acquisitions, Anaconda achieved lumber self-sufficiency. However, the timber-trespass lawsuits continued for years thereafter against Daly, Clark and others.

By the mid-1890s, Anaconda had evolved into a giant, highly integrated organization, owning huge reserves of ore, coal and lumber, the world's largest reduction works, and a new refining arm. It also owned urban real estate, farmlands, hotels, rails, water and electrical works, and various commercial holdings. Until then, it had been a closed syndicate. However, it finally incorporated in January 1891 as the Anaconda Mining Company, with \$12,500,000 in capital stock. That incorporation opened the company to other investors.

A few weeks later, George Hearst died. He then owned a 7/16 interest in Anaconda. Hearst's wife, Phoebe, and son, William Randolph, wanted to sell his shares. Many were sold to the Rothschilds in 1895, based on options they had been given in extending loans to Anaconda after the Secretan monopolization fiasco previously discussed. Although George Hearst had previously owned the *San Francisco Daily Examiner*, those sales provided the financial basis for expanding William Randolph Hearst's later national publishing empire.

The Rothschilds eventually owned nearly half of the company. However, Haggin and Daly continued to serve as its president and superintendent, respectively. The Rothschilds and other European speculators later sold their Anaconda shares to Boston and New York investors, leaving the company's control firmly in Haggin's and Daly's hands.

**2. The Walker Brothers.** The Walker brothers maintained their control of the Lexington and Alice mines, which continued, along with the Anaconda group, to lead in Butte silver production. The Walker brothers also owned the Magna Charta and Blue Wing mines, and two large mills.

**3. Parrot Silver and Copper Company.** The Parrot mines yielded primarily copper, but also silver and gold. The company employed 500-600 men. It owned 19 claims, as well as a reduction facility southeast of town. Although Clark and Hauser held sizable blocs of its stock, control rested in New England. Bridgeport Copper Company of Connecticut refined most of company's products, and sold them as brass, and copper sheets and wire.

**4. William A. Clark.** Clark owned the Moulton Mining and Reduction Works, and a partnership with Nathaniel P. Hill in the Colorado Smelting and Mining Company, as previously discussed. The Colorado company held four of Butte's best mines: the Gagnon, Fredonia, Burlington and the Nettie. Clark also owned the Odin, Stewart, Oro Butte, Acquisition, Black Rock and Clear Grit properties. In 1886, Clark and his brother Joseph bought the Butte Reduction Works. Clark enlarged it to handle 300 tons of ore daily, both for Clark's mines and to provide custom smelting for smaller operators.

Clark also purchased the United Verde Copper Company in Jerome, Arizona in 1888. He also built the Montana Hotel in Jerome to house the mine's workers. In 1894, an underground fire began in the UVCC's sulfide ores that lasted for nearly 20 years. In 1912, after repeated unsuccessful efforts to extinguish the fire, Clark moved Jerome's smelter to Clarkdale and created a town there for his workers. He then turned the entire mountain behind Jerome into an open pit.

Clark died in 1925. He and his family owned UVCC until it was sold to Phelps Dodge in 1935 for \$20.8 million. There were then 90 million pounds of copper, over 300,000 bars, stacked in the Clarkdale yards. Phelps Dodge later closed its Little Daisy mine in Jerome in 1938 and Jerome's operations generally in 1953.

**5. Boston and Montana Companies.** The Boston and Montana and related companies were founded in 1887-88 by New York and Boston copper men, including the Lewisohn brothers, who had entered Butte mining a decade earlier by forming the Montana Copper Company in partnership with Charles Meader. Boston and Montana was based on that company, which operated the Leonard and Colusa mines and a smelter at Meaderville. It added some valuable new mines, including the Mountain View, West Colusa, Pennsylvania, Liquidator, Comanche, Wandering Jew and Badger State. Jim Hill, who promoted the Great Northern railroad, encouraged Leonard Lewisohn to set up its smelter and refinery in Great Falls, where Hill owned much real estate, by giving him 1,500 shares in the Great Falls Townsite Company. A large complex was fully operational there by 1893.

The Butte and Boston Company owned mines acquired from A.J. Davis, including the Mountain Chief, Silver Bow, Grey Cliff, LaPlata, Blue Jay, and Belle of Butte. The Lewisohns gained control of this company, then fed its ores into the Boston and Montana's Great Falls reduction works. It eventually merged with the Boston and Montana. These combined companies became one of the most profitable U.S. mining operations.

**6. F. Augustus "Fritz" Heinze.** Heinze came to Butte from New York in 1889, after being educated in Brooklyn and in Germany, and graduating from the Columbia

University School of Mines. He worked as a mining engineer for the Boston and Montana Company for a year, learning Butte's geology. He then concluded that a modern, low-cost custom smelting operation serving small-scale miners would be profitable. Accordingly, he quit his job and returned to New York. Heinze's father refused his request to put up the required \$100,000 to build that smelter. Heinze therefore worked for the prestigious *Engineering and Mining Journal*. He became acquainted with the Lewisohns in New York, then returned to his old job in Butte in the spring of 1891.

Heinze's father died later that year. Heinze then persuaded his two brothers to make the smelter investment. He also spent much of 1892 in Europe lining up creditors, and taking a course in mining and geology at Freiburg University before returning to Butte. The Heinze brothers incorporated Montana Ore Purchasing Company, capitalized at \$2,500,000, in March 1893 and opened their sophisticated Meaderville smelter in January 1894.

The Heinze brothers initially had to rely on leased mines and ores from independent miners to keep their smelter running efficiently. However, Fritz began to locate rich ore bodies in previously lackluster leased mines, particularly the Glengarry and Estella. The Heinzes also purchased the Rarus mine (which held the eastward extension of the Anaconda-St. Lawrence lode), and interests in the Snohomish, Glengarry and Johnstown properties. By 1897, the MOPC employed 700 men and produced 20-25,000,000 pounds of copper per year. The mining properties, which had cost \$1.5 million, were then worth \$20-30,000,000.

#### E. The Results.

As the result of all these producers' growth, Montana surged ahead in copper production. By 1890, it produced half of all U.S. copper. In 1897, Anaconda substantially led the Michigan producers, Boston and Montana, the Jerome and Bisbee, Arizona mines, and the Bingham Canyon Mine in Utah in copper production. However, despite the exploding demand for electrical wiring and brass machine parts, unrestrained cheap copper flooded the world market. Accordingly, producers used technology improvements, such as the Bessemer process of firing air currents into molten copper in converters (adopted by Anaconda in 1890), and electrolysis to refine copper to higher purity while reducing production costs.

The Panic of 1893 caused a severe general economic depression, the worst since 1873. Western silver mining, which had been subsidized by the Sherman Silver Purchase Act of 1890, collapsed when the U.S. stopped buying silver to back currency redeemable in either silver or gold. By summer's end, Butte's biggest non-copper yielding silver mines closed, leaving thousands of miners unemployed. The Panic lingered on through 1896.

Silver mining eventually revived on a smaller scale. However, copper continued its high production because of expanding markets, despite low prices. As the result, copper became dominant in Montana mining. During a 5-year boom period and high prices beginning in 1896, as electrical demand continued to expand and American exports flooded European markets, copper climbed to a price of 19.25 cents per pound in 1899. The center of world copper investment remained in Boston. Butte continued to dominate the industry.

## **VI. “Consolidation”: The Amalgamated and the Independents.**

### **A. Initial Consolidation Efforts.**

Around 1900, business consolidations became a major movement throughout American industry. Super-corporations or “trusts,” such as International Harvester, American Tobacco, International Steamship, and U.S. Steel Corp., dominated many major industries. As part of this trend, American Smelting and Refining Co. merged \$65,000,000 worth of western silver-lead smelters, plants, and properties in 1899, including smelters at Great Falls and East Helena. That trend expanded into the copper industry as well.

Thomas Lawson, a Boston stock speculator, began buying depreciated shares of the Butte and Boston Company. By 1896, he owned one-fourth of its stock. Lawson planned to corner Butte and then world copper production, starting with the Boston and Montana companies. He found financial backing from Henry H. Rogers and William Rockefeller, key figures in the Standard Oil trust. Rogers and his friends also began buying heavily into Michigan copper and the Utah Consolidated Copper Company. However, Calumet and Hecla was tightly and conservatively controlled, and therefore could not be taken over.

In 1897, the Rockefeller-Rogers-Lawson team instead therefore joined the Lewisohn brothers and A.S. Bigelow to merge the two Boston and Montana companies. However, by 1898, those companies were hopelessly involved in litigation with Fritz Heinze concerning ownership of their mining rights, as discussed below. They therefore could not then be used as the base from which to corner ownership of other Butte mines.

Accordingly, Rogers and Rockefeller instead began buying into Anaconda, without telling Lawson. George Hearst and Lloyd Tevis were then dead. Haggin and Daly controlled the company, but could see the logic in copper consolidation. Rogers believed Anaconda was a real bargain, because he thought Daly was hiding rich veins that not yet been developed, and persuaded Lawson to go along. Rogers and Rockefeller invested millions in Anaconda before the public realized what was happening, and thereby gained a growing voice in its management. Corporate lobbyists, led by Anaconda, also pressed the Montana legislature to enact a law in 1899 providing that corporate transfers required only a 2/3 shareholder vote, preventing a tiny shareholder minority from frustrating them.

Amalgamated Copper Company was incorporated in April 1899 in New Jersey with a \$75,000,000 capitalization, to act as a “holding company” in investing in operating mining companies. Its “first section” involved acquiring Anaconda, the Washoe Copper Company (Anaconda’s reduction arm), the Parrot Silver and Copper Company, and the Colorado Smelting and Mining Company for \$39,000,000. Amalgamated later issued a “second section” in 1901, acquiring the Boston and Montana companies after their litigation with Heinze was settled, and increasing its capitalization to \$155,000,000. Insiders thereby “watered” Amalgamated’s stock. They also repeatedly manipulated the stock’s value, ruining thousands of investors while enriching the insiders.

After participating in forming Amalgamated, Haggin liquidated his Anaconda holdings for \$15,000,000, 50% more than the Hearst estate had received. He promptly created a syndicate to plunge his earnings into the Cerro de Pasco silver mines in Peru. He continued adding to his fortune until his death in 1914. Daly received Amalgamated stock for his Anaconda shares and became Amalgamated’s president. Henry Rogers served as vice-

president and William Rockefeller's son was secretary-treasurer. The board also contained a number of Wall Street figures, confirming their control.

## B. Litigation with Heinze.

Consolidation of the Butte mines was substantially delayed by numerous lawsuits involving Heinze concerning ownership of the mines' ore veins, based on the "apex" principle of mining law that such veins were owned by whoever owned the land on which the veins surfaced. That litigation began when Butte and Boston sued Heinze, claiming that Heinze's Rarus mine ores actually aped on the Butte and Boston Michael Davitt mine's property. The Standard Oil group supported Butte and Boston.

After a Butte jury refused U.S. District Judge Hiram Knowles' (who was formerly counsel for Butte and Boston) direction to reach a verdict in Butte and Boston's favor, he issued an injunction closing down all operations in the area bordering the two mines and ordered a new trial in Helena. After a six-week retrial, accompanied by extensive newspaper publicity attacking Amalgamated as an alien trust attempting to colonize the state, the Helena jury found for Heinze. Another retrial was ordered based on that unfavorable publicity. That decision then was appealed to the Ninth Circuit, creating continuing delay in mining the contested veins.

Other lawsuits involved claims by Heinze's Montana Ore Purchasing Company that the Boston and Montana Pennsylvania mine's veins aped on its Johnstown and Rarus properties. Montana district judge William Clancy, who was assigned to many of Heinze's cases and consistently supported him, ruled in Heinze's favor. This ruling led to years of litigation, during which Heinze continued to mine the contested Pennsylvania claims.

Prior to the 1899 stock transfer law taking effect, Heinze also obtained a ruling from Judge Clancy preventing Boston and Montana from transferring its corporate charter from Montana to New York, which would have permitted it to litigate in federal court based on diversity of citizenship. Judge Clancy also then appointed a receiver to control Boston and Montana's Butte-Great Falls operations. In response, Boston and Montana barricaded its properties, and shut down its mines and smelters. Boston and Montana soon regained control of its operations. However, the case wasn't settled and the receivership completely lifted until the spring of 1900.

Heinze also filed the "Copper Trust" case against Anaconda in 1899, claiming that a small, unclaimed, piece of property he had found in the middle of other mining claims held the apex of the great Anaconda-St. Lawrence lode. Judge Clancy immediately issued a temporary restraining order closing operations in the Anaconda, St. Lawrence and Neversweat mines until their ownership could be determined. Anaconda immediately shut down the affected portions of those mines, putting 500 men out of work. After hearing their "howls of outrage," Judge Clancy rescinded his order. However, the case continued for two years, until it died in the Montana Supreme Court.

By 1900, a mass of Heinze-inspired litigation threatened hopelessly to ensnarl Amalgamated, which Daly and Rogers had just created. Daly died on November 12, 1900 in New York, after more than a year of declining health. Despite the fact that Amalgamated had bought up or started many Montana newspapers to attempt to influence public opinion, the Clark-Heinze factions won Montana's state and Butte's local elections in November 1900,

largely based on those factions' opposition to Amalgamated's interests and their attacks on the Standard Oil trust. As the result of Butte's election, Heinze controlled two out of three of its judges. It therefore appeared likely he would succeed in any future litigation in which he might be involved. Winning Montana's legislative election also was important to Clark, since the legislature then elected U.S. Senators. Having the legislature elect Clark to the Senate without having to bribe it to do so was most important to him.

## VII. The Battle for Butte: 1901-06.

### A. Politics—1900 to 1902.

In January 1901, the Montana legislature again elected Clark to the U.S. Senate, with a Democratic and fusionist Populist-Labor majority. Clark immediately thereafter broke with Heinze and made political peace with Amalgamated, isolating Heinze as the result. The Clark-Amalgamated faction took control of the state Democratic party apparatus during its September 1902 convention, pushing the Heinze faction out. Heinze therefore assembled a fusion group of laborites, antitrust Republicans and the hard core of the fading Populist party, focusing his efforts on Silver Bow County and supporting GOP Supreme Court candidate William Holloway. In doing so, he retained control over Butte's city government and was able to elect Holloway to the Supreme Court in the November 1902 election.

### B. Lawsuits.

By 1901, 23 separate suits were pending between Heinze and Amalgamated companies concerning ownership of Butte's disputed mining veins. Several concerned veins between Heinze's Johnstown claim and Montana-Amalgamated's Pennsylvania mine. The "Jim Larkin Case" involved Heinze's claim to seize control of the Snohomish and Tramway properties. There also was a battle over possession of the veins running between Heinze's Nipper Consolidated Mine and the Little Mina, owned by Amalgamated's Parrot Silver and Copper Company.

A lawsuit between Heinze and investor Miles Finlen, who also owned the Finlen Hotel, concerned ownership of the Minnie Healy Mine. Ownership of that mine in turn could affect ownership of Amalgamated's mines generally, based on the "apex" theory. Judge Edward Harney, who had been elected in 1900, ruled in Heinze's favor. That case led to sensational claims that Heinze had bribed Judge Harney to do so, and that a group of Amalgamated agents, including William Clark's son Charles, had offered Judge Harney \$250,000 to resign and admit he had taken bribes from Heinze. Amalgamated's efforts in 1903 to have the Montana legislature impeach Judge Harney failed. However, the Montana Supreme Court reversed Heinze's win and remanded for a new trial before Judge Clancy.

Since 1898, there also had been a long-standing fight between Heinze's Rarus and the Amalgamated's Michael Davitt mines concerning ownership of valuable ore bodies, also based on the "apex" theory. A federal injunction prohibited mining in the contested zone until legal title could be determined. In August 1903, the Heinze brothers transferred the Rarus's ownership from their Montana Ore Purchasing Company to their Johnstown Mining Company, then claimed the injunction no longer applied. Heinze then sent crews into the Rarus to seal off approaches from Amalgamated's Pennsylvania mine, blasted and removed ores around the clock, and sealed the cavities with waste rock before they could be stopped.

### **C. Amalgamated's Legality.**

In 1901, Heinze filed minority shareholder suits against Amalgamated claiming it had illegally absorbed the Boston and Montana and the Parrot companies, since they were chartered prior to the 1899 statute requiring only 2/3 shareholder approval for such acquisitions. Heinze also asked Judge Clancy to restrain Amalgamated from issuing dividends drawn from those subsidiaries. Judge Clancy held those cases under advisement for two years. In October 1903, he finally awarded Heinze's Johnstown Mining Company full legal title to the Minnie Healy Mine. He also issued injunctions prohibiting Amalgamated from possessing the stocks or drawing dividends from its Parrot and Boston and Montana subsidiaries. If those rulings stood, the Amalgamated trust was illegal and finished in Montana.

In response, Amalgamated ordered an immediate, complete shutdown of its regional operations, both in Butte and elsewhere. Soon, 15,000 men were out of work and many left. Amalgamated claimed it had to do so to protect its shareholders. However, Heinze argued Amalgamated had closed down to reduce its 150,000,000-pound copper surplus and to maintain a 17-cent price. At a mass meeting, supported by bankers Clark, A.J. Davis II and John D. Ryan (who had become president of the Daly Bank and Trust Company after Daly's death, was also then an Amalgamated officer and later became its president), thousands of miners offered to buy the Parrot and Boston and Montana stocks, then dismiss the suits.

On October 26, 1903, Heinze spoke to an estimated crowd of 10,000 miners, attacking Amalgamated's influence and control. He then stated that his men would sell their stocks to the union at cost if Amalgamated turned over its share in the disputed Nipper claim. He proposed a jointly-selected arbitration committee to negotiate all remaining disputes. He also demanded that Amalgamated maintain the prevailing \$3.50 daily wage for at least three more years and it agree to no further shutdowns for at least one year.

Amalgamated rejected all of Heinze's proposals. It instead demanded that the legislature enact a "Fair Trials" law permitting disqualification of a judge upon any charge of bias by a litigant. Earlier versions of this law had been vetoed by Governor Joseph Toole and voided by the Montana Supreme Court. Toole had been elected in 1900 as a Clark-Heinze man. This time, after days of silence, Toole announced the requested special session on November 10, 1903. Amalgamated responded at once by beginning to reopen its plants. The special session began on December 1, 1903. On December 10, 1903, the legislature passed laws clarifying when there could be a change of venue and how a judge could be disqualified, as Amalgamated had demanded. Doing so in effect broke Heinze's ability to control litigation involving Butte mining and corporate issues with sympathetic Butte judges.

### **D. Heinze Defies the Federal Injunction.**

Meanwhile, Heinze continued to defy the federal injunction by blasting and removing high-grade ores along the Rarus-Davitt border. Amalgamated men saw crews hauling ores out into the Rarus drifts. Its lawyers petitioned Judge Knowles for a right of inspection. However, Heinze went into hiding to avoid service of the court's order. Amalgamated geologists finally regained entry in December 1903. They found huge cavities where high-grade ore had been removed. Before they could be measured, Heinze's men caved them in with dynamite blasts.

There also was guerilla warfare underground, as each side worked to drive out the

other's crews, including hand-to-hand fighting. The fighting finally ended during the spring of 1904. Heinze and his foremen were also then held in contempt for the "fraudulent ploy" of mining the disputed Michael Davitt ore through the Johnstown Company. Judge James Beatty from Idaho, who had replaced Judge Knowles, fined Heinze \$20,000 and his foremen \$1,000 each, but did not impose prison sentences. Heinze had taken an estimated \$500,000 to \$1,000,000 in disputed high-grade ore in violation of the court's injunction.

Some of the pending litigation eventually settled. Some continued until the Heinzes finally were bought out in 1906. The Montana Supreme Court overruled Judge Clancy in the minority stock cases, thereby permitting Amalgamated to hold and profit from its subsidiaries. However, it upheld Clancy's awarding the Minnie Healy to Heinze.

Heinze continued to battle Amalgamated's interests during the 1904 elections. However, Amalgamated was beginning to wear him down. Amalgamated continued to buy up newspapers and to run them at reportedly heavy losses. It sold its holdings in the Hennessy stores to Dan Hennessy, to remove the issue of company stores exploiting workers. Henry Rogers supposedly stated, "I'll drive Heinze out of Montana if it takes tens of millions to do it." Heinze supposedly responded, "I know that Rogers is sick of this fight and wants to settle." Former Heinze allies, such as Governor Toole and Butte mayor Pat Mullins, lined up with Amalgamated's interests. Both major parties froze out the Heinze element. As the result, Republicans easily won control of the legislature, Chief Justice Theodore Brantly was reelected, and Judges Clancy and Harney were defeated. Heinze thereby lost control of a majority of Butte's judges. That control had been crucial to his success.

#### **E. Amalgamated Buys Out the Heinzes—1904-06.**

Soon after the 1904 election, the Heinzes and Amalgamated began or resumed secret negotiations for a sellout of the Heinze interests. Those negotiations, begun in Butte and later continued in New York, lasted for 15 months. Heinze would not accept the embarrassment of having his properties pass directly to Amalgamated. However, in February 1906, the Heinzes agreed to sell the bulk of their Montana properties to the Butte Coalition Mining Company for a rumored \$10,500,000-\$12,000,000.

The Butte Coalition was an Amalgamated-controlled holding company. The transferred properties included the Montana Ore Purchasing Company, the Johnstown Mining Company, and a cluster of Butte mining claims. The purchase price also included dismissal of 110 lawsuits, which were tying up property worth \$70,000,000-\$100,000,000. However, the Heinzes still retained several mining properties in Butte and elsewhere.

### **VIII. A Time of Transition.**

**A. Heinze.** Heinze entered a fusionist slate that was defeated in the 1906 Montana election. His sellout eliminated him as a major factor in Montana mining and politics. He also lost interest in Montana. Heinze instead shifted his attention to New York, where he and his brothers sought to create a United Copper holding company as a rival to Amalgamated. He also bought a bank and used it for speculative investments. His activities eventually led to a collapse in United Copper's stock and his removal from the bank's board of directors. They also led to the Panic of 1907, which triggered a brief but sharp recession, and highlighted the need for improved banking regulation. In 1909, Heinze was charged with granting illegal loans and other instances of banking malpractice, but was acquitted. He

died of a massive hemorrhage in Saratoga, New York, in November 1914.

**B. Clark.** Clark served only one term in the Senate, from 1901 to 1907. He did not run again. He was a conservative Democrat and the richest member of the Senate “Millionaires’ Club.” Following his Senate retirement, Clark returned to Butte for extended visits to his Butte mansion. He enjoyed annual reunions of the Society of Montana Pioneers and hosted festivities at the Columbia Gardens. In May 1910, he sold his major copper properties to Amalgamated for \$5,000,000, including the Butte Reduction Works, and the Colusa-Parrot and Original Consolidated mines.

In 1900, Clark was reportedly worth \$50,000,000, and ranked as the world’s greatest independent mine owner. He owned dozens of mines in Montana, Arizona, Idaho, Utah and New Mexico. He bought plantations in Mexico, and real estate and homes in Southern California. In 1901, he formed the San Pedro, Los Angeles and Salt Lake Railroad to connect Utah to the newly-dredged harbor of San Pedro, CA., and put \$20,000,000 of his own money into the project. It passed through Las Vegas, the seat of Clark County, NV. Doing so put him into competition with E.H. Harriman’s Union Pacific-Southern Pacific. The Union Pacific was forced to buy a half-interest in Clark’s line. It gave Butte a new, alternate freight route to southern California and to the slowly building Panama Canal.

Clark’s first wife had died in 1893. Clark then supposedly married his young ward, Anna LaChapelle, in 1901. They had two daughters, in addition to Clark’s five children by his first marriage. Huguette, the younger daughter, died in New York in 2011 at age 104, leaving an estate exceeding \$300 million. Clark spent much of his time in France. He also began building a mansion on New York’s Fifth Avenue in 1906. It was completed in 1912 at a reported cost of over \$3,000,000, the most expensive dwelling in the nation. It had 131 rooms, including 21 bathrooms and 30 rooms for servants’ quarters. Its furnaces burned 17 tons of coal per day.

Clark tried to buy respectability and to sponsor his older children in New York society, with mixed success. When he died in 1925 at his New York mansion, he was estimated to be worth over \$200,000,000. His estate was immediately divided among his children, with little going to charity. However, his estate founded the Paul Clark Home in Butte, to care for underprivileged children. His Columbia Gardens passed to Anaconda in 1928, which operated it until 1973.

**C. The Butte Mining District.** Silver Bow County’s population continued to grow from 47,635 in 1900, to 56,848 in 1910 and 60,313 in 1920. Butte produced about 30 percent of U.S. copper, and about 15 percent of the world’s copper. In 1912, its mines were valued at \$500,000,000. It represented the largest and wealthiest concentration of population from Minnesota to Spokane, to Salt Lake City. Anaconda employed over 12,000 people in western Montana. However, Arizona and Utah’s developing open pit mines eventually moved them ahead of Montana in terms of annual copper production.

**D. Amalgamated.** By 1906-07, because of development of the Southwest’s mines, Amalgamated never could obtain enough market share to be able to set copper’s price. At most, its marketing arm controlled about 50 percent of U.S. copper production. Its purchase of the Boston and Montana companies and completion of new reduction works at Anaconda during 1902-03 permitted centralization of smelting and refining in Anaconda and Great Falls. However, the Anaconda smelter’s smoke resulted in many lawsuits by farmers

in the Deer Lodge valley from 1905 to 1911 that eventually were dismissed.

In March 1910, Amalgamated's various operating companies transferred all their assets to the Anaconda Copper Mining Company. Clark's companies were merged into Anaconda in May 1910. The Butte Coalition Mining Company was merged in June 1911. Amalgamated also merged a number of small electrical companies together to form the Montana Power Company in 1912 as a separate but related entity. By the 1920s, Anaconda's newspapers controlled over half of Montana's entire circulation of daily newspapers.

Amalgamated finally dissolved in June 1915 by exchanging its shares for Anaconda's shares. Malone concludes, "After 1906, Anaconda continued to dominate Montana like no other single company dominated any other state, with the possible exception of the tiny Dupont satrapy of Delaware. Such had been the high price of industrializing and rationalizing the 'richest hill on earth.'"