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## Article Title: Charles G Dawes, a Nebraska Businessman, 1887-1894: The Making of an Entrepreneur

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Article Summary: Dawes came to Lincoln because the city offered excellent prospects. Having developed his business skills through involvement in banking, real estate and a meat packing company, he moved on to the Chicago area. There he rose to regional and national prominence.

***Scroll down for complete article.***

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Photographs / Images: schematic map of Dawes Business Block property and offices in Lincoln, the Capitol block, the Potvin block, Charles G Dawes on a Nebraska hunting trip in 1926

CHARLES G. DAWES, A NEBRASKA  
BUSINESSMAN, 1887-1894:  
THE MAKING OF AN ENTREPRENEUR

BY RICHARD G. SHERMAN

**I**N THE midst of a rainstorm early on an April evening in 1887, a twenty-one-year-old Ohioan arrived in Lincoln, Nebraska, with a suitcase full of clothing, a few dollars in his wallet and lots of confidence in the growing regional economy of the Western Great Plains. Thus began the crucible period in the business career of Charles G. Dawes (1865-1951) which extended for seven years in the Nebraska capital. Here he developed his style as an entrepreneur, a style with which he subsequently became a national leader in banking and a midwestern leader in the field of public utilities.

The United States and the world is prone to think of Charles G. Dawes as a great public servant, prominent soldier, vice-president, and diplomat. But all these accolades, though well-deserved, never confused Dawes about his real role in the late nineteenth and early twentieth century. In

*Mr. Sherman is chairman of the History and Social Science  
division of Bloom Township Community College, Chicago  
Heights, Illinois.*

August 1921, he wrote to a friend: "I am a businessman, and shall always remain one."<sup>1</sup>

Dawes, however, was no ordinary businessman. By no stretch of the imagination could one label him a "poor" or small businessman. In the field of utilities, for example, Dawes planned, organized, and promoted a manufactured-and-natural gas system which included twenty-eight operating plants in ten states.<sup>2</sup> On the other hand, in banking he helped establish the Central Trust Company of Illinois (Chicago) in 1902 and he served as its president until 1917 when he resigned to enter military service for three years. Of these two fields of business activity, however, Dawes was much better known in banking. During the first decade and a half of the twentieth century his prestige in this sphere rose rapidly. In November 1907, for example, the Chicago Bankers Club elected him president. A month later the Knickerbocker Trust Company of New York City, which closed its doors in October 1907, offered Dawes the presidency when the company reorganized and reopened in

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<sup>1</sup> Letter: Charles G. Dawes to John S. Williams, Aug. 18, 1921. Hereinafter all letters from Charles G. Dawes are cited "to". This article rests on the Dawes collection held in the Deering Library at Northwestern University; the Burlington Archives held in the Newberry Library, Chicago; United States Circuit Court Cases for Nebraska, Omaha, Nebraska; the City of Lincoln Council Proceedings, Articles of Incorporation in the Office of the Secretary of State for Nebraska, Lincoln, Nebraska; and other secondary material found in the Marietta College Library, Marietta, Ohio, the Nebraska State Historical Society, the Nebraska State Library, the University of Nebraska Library, and the University of Nebraska Law Library, Lincoln, Nebraska.

<sup>2</sup> The year 1924 was the peak year for the Dawes gas and electric companies. That year the system consisted of the following companies; Pulaski Gas Light Company, Little Rock, Arkansas; Seattle Lighting Company, Seattle, Washington; Mobile Gas Company, Mobile, Alabama; Mobile Electric Company, Mobile, Alabama; Mt. Clemens Gas Company, Mt. Clemens, Michigan; Staten Island (New York and Richmond) Gas Company, Staten Island, New York; Jackson County Light, Heat, and Power Company, Independence, Missouri; Central Indiana Gas Company, Muncie, Indiana, which operated eleven plants; and the Southwestern Gas and Electric Company, Shreveport, Louisiana, which operated nine plants. This list is compiled from various letters in the collection and from *Moody's Analysis of Investments, Public Utilities and Industrials* (1918, 1920, 1921, 1925), and *Moody's Manual of Investments, Public Utility Securities* (1925, 1926, 1928).

February 1908. One of the largest banks in New York, the failure of this institution shook the business community of the United States and added momentum to the financial panic of 1908. Dawes, however, declined the appointment because "it would not be possible for me to leave the institutions which I have built up here in Chicago, with justice to my associates or to myself." Furthermore, in 1908 the Committee on Banking and Currency of the House of Representatives selected Dawes as one of the leading bankers of the nation to testify on the Aldrich-Vreeland Bill.<sup>3</sup> Dawes may not have been in the top echelon of national bankers with John P. Morgan (1837-1913) and he may not have been in the top group of national utilities leaders with his Chicago contemporary, Samuel Insull (1859-1938), but there is no doubt he was barely one cut below.

Therefore, in view of his ultimate position as a national business leader, at least three questions are pertinent to pose to Dawes in the crucible period of his business career: Why did he select Lincoln, Nebraska, as a testing ground for his entrepreneurship? What was the extent of his business interest in Lincoln? What were the characteristics or style of his Lincoln business activity? And last, why did he leave Lincoln?

The decision to settle in the Nebraska capital was no sudden impulse for the young Ohioan who arrived on that stormy, spring evening. For some time Dawes had focused his attention on the Great Plains as a likely place for embarking on a business career for himself. People in Marietta, Ohio, the community in which he was born and raised, had been moving into the Missouri River Valley where they located at Kansas City, Omaha, and Lincoln. Furthermore, his father's cousin, James W. Dawes (1845-1918), served as governor of Nebraska (1884-86), and in correspondence with Charles' father he emphasized the prospects of Lincoln and the Nebraska region. Dawes must have believed

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<sup>3</sup> To M. M. McDonald, December 18, 1907; *Hearing on the Aldrich Bill*, Committee on Banking and Currency, House of Representatives, Washington, D. C., April 14, 1908.

that such glowing accounts of the Missouri River Valley and especially the Nebraska region deserved a first-hand evaluation because he decided to see for himself. So following graduation from the University of Cincinnati law school in June 1886 he spent several days in Lincoln and decided that the Nebraska capital offered a promising location for a young man seeking a business career.<sup>4</sup> Thus relatives and friends turned Dawes' attention to Lincoln and Nebraska.

In going to Nebraska Dawes joined many prominent Americans who moved to the Cornhusker state in the eighteen eighties when they were young men. William Jennings Bryan (1860-1925), for example, emigrated from Salem, Illinois, in 1887 and arrived in Lincoln almost the same day as Dawes. Two years earlier, George W. Norris (1861-1944), another Ohioan, moved from Sandusky to McCook, Nebraska; and in 1891, John J. Pershing (1860-1948), arrived in Lincoln as instructor of military cadets at the University of Nebraska. Dawes became well-acquainted with Bryan and later with Pershing. It was in Lincoln that he and the future General of the Armies began a close, lifelong friendship which had much to do with Dawes' appointment as the General Purchasing Agent for the American Expeditionary Forces in France in World War I. Indeed, Nebraska and especially Lincoln in the eighteen-eighties attracted many young Americans who later became nationally prominent in many fields.<sup>5</sup>

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<sup>4</sup> *Marietta Register*, June 22, 1886.

<sup>5</sup> Not only did Lincoln attract future national leaders in the eighteen-eighties and nineties, the capital city produced illustrious sons of its own during this period. One of these was Roscoe Pound (1870-1964). Dean of the Harvard Law School from 1916 to 1936, Pound practiced law in Lincoln from 1890 to 1899. Strictly a native son, Pound was born in Lincoln, the son of Stephen B. Pound, who eventually became a lawyer and a judge, and Laura Biddlecome Pound, a native of New York. Pound earned bachelor of arts and doctor of philosophy degrees in botany from the University of Nebraska before going to Harvard to study law in 1889. Teacher and Dean of the law school at the University of Nebraska from 1899 to 1907, Pound taught at Northwestern University and the University of Chicago before going to Harvard in 1910.

When young Dawes arrived, Nebraska enjoyed a thriving regional economy that was nearing the crest of an economic upswing which had been in progress for a decade. A half million people lived in the state, most of them in the eastern section in the Missouri River Valley. The state's chief economic function as producer of cattle, hogs, and grain was steadily drawing the state into a more prominent place in the national economy. In this regional-economic framework Lincoln occupied a leading position as the chief trade center competing with Omaha for the internal markets of Nebraska. Lincoln in particular and Nebraska in general, therefore, offered a fitting locale for an ambitious young entrepreneur to test himself.<sup>6</sup>

Real estate provided Dawes' first business activity in Lincoln. Ten days after his arrival he began speculating in the rising price of suburban land. A syndicate composed of his father's cousin James and two other entrepreneurs, purchased forty acres of property in West Lincoln. This real estate was divided into three-hundred and eighteen lots which sold for \$100 each. Moreover, this property was especially attractive for speculation because of the construction of a street railroad scheduled for the near future. Such a railroad connection indicated a rapid rise in the value of the property to \$200 for each lot. Dawes took a sixteenth interest in the real-estate enterprise with an investment of \$850. The problem of raising the money Dawes solved rather easily. He had family connections. For example, his father, Rufus R. Dawes (1838-99), advanced him \$250 and his Uncle Ephriam, of Cincinnati, furnished the balance.<sup>7</sup> Three years later a similar investment in suburban property netted him \$655 profit when he purchased forty-four lots in northeast Lincoln at a sheriff's sale and sold them immediately.

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<sup>6</sup> Nebraska Board of Transportation, *Annual Report*, for 1892 (Lincoln: State Journal Co., Printers, 1893), p. 103; 2 Interstate Commerce Commission Reports, p. 30; Verne S. Sweedlun, "A History of the Evolution of Agriculture in Nebraska, 1870-1930" (unpublished Ph.D. dissertation, Dept. of History, University of Nebraska, 1940), p. 32.

<sup>7</sup> To Ephriam C. Dawes, May 6, 1887.

With his real estate investments profiting Dawes did not hesitate. Rather he went on to other business interests. Next he entered the banking business when he made the acquaintance of Silas H. Burnham (1848-1933) who urged Dawes to invest in some of his bank stock.<sup>8</sup> This he did by securing loans of several hundred dollars from his Grandfather Beman Gates (1818-94), in Ohio. Soon he was profiting to the extent of the difference between a low rate of interest on his grandfather's loans and the dividends from his bank stock. When Burnham became the president of the newly-formed American Exchange Bank in 1889, Dawes invested in its stock. The advance of the young Ohioan in Lincoln banking circles accelerated steadily. Within a year he was appointed to draft banking legislation for presentation before the state legislature and he was elected bank examiner. The year 1892 found his election to the board of directors of the American Exchange Bank.<sup>9</sup>

Simultaneously with his banking interests Dawes turned his attention to business property in downtown Lin-

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<sup>8</sup> Another migrant which the thriving Nebraska economy attracted in the eighteen-nineties was Silas H. Burnham who came to Lincoln from Maine in 1881. A graduate of Dartmouth College, Burnham's business interests focused on banking. He managed a loan office; he was president of a small bank; he was a director of several banking institutions in the Lincoln vicinity and he served as President of the American Exchange National bank which opened in 1889. This institution was the forerunner of the present First National Bank of Lincoln. Dawes and Burnham became lifelong friends after they first met in Lincoln. Perhaps the New England origin of both their families was a common tie. Dawes often expressed pride that his family traced through New England to William Dawes of Sudbury, England, in about 1620. "Whatever may be said about us we are of good New England stock." Mutual interest and respect of businessmen for each other could explain part of their mutual attraction. In Dawes, for example, Burnham saw a young, ambitious and able businessman. On the other hand, in Burnham Dawes saw an entrepreneur whom the community held in high respect. In an interview with the writer in his office at the First National Bank in Lincoln, in September 1956, George W. Holmes, Board Chairman, stated that Dawes was married in a suit loaned to him by Silas H. Burnham.

<sup>9</sup> Dawes Diary, Feb. 9, 16, Apr. 25, Sept. 24, Oct. 19, Dec. 27, 1888; Jan. 2, Apr. 4, 1889; Apr. 10, June 3, 1890, hereinafter cited, Diary. *Daily Nebraska State Journal*, Apr. 26, 1892.

coln. The main reason for this interest was that real-estate values of all types were increasing because of the rapid growth of Lincoln in the 1880's. Furthermore, J. D. Cox (1828-1900), Dean of the University of Cincinnati law school and one of Dawes' teachers, called his attention to this factor when Cox emphasized the net-income value of central-business property in western cities.

With his eye thus directed toward downtown real estate, for two years after his arrival in Nebraska Dawes devoted much of his time in critically evaluating business property. Finally he decided upon a plan "to get the benefit of the certain enhancement in value which the steady growth of a city is sure to bring to property situated favorably on the line of development." He presented his scheme to Cox who invested \$34,000 in purchasing a building, or business block; and the Dean thereupon placed Dawes in charge of its management.<sup>10</sup>

The young manager soon found that the operation of a business block involved many problems. For one thing the location was important. Dawes learned that the ground-floor offices brought the best returns because "competition in the matter of space is limited, and rents are more stable, more likely to increase and the investment is not so large." For another thing when it came to renting offices he found that merely filling the empty ones was not always the solution. Sometimes, he believed it was more profitable to hold a room vacant until he could get the price rather than rent it at a lower rate.

Then there was the question of maintenance. To secure maximum profits, "the only successful way to run the blocks," Dawes wrote to Cox, "is to watch the little details of expense." Some items entailed more than a little expense. Plumbing, for example, demanded attention; basements often flooded after heavy storms; and several times

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<sup>10</sup> A business block is a piece of property consisting of a building and real estate utilized for business establishments and usually located in the downtown area of a city. Diary, June 3, 1890; Sept. 16, 1889; to J. D. Cox, Dec. 10, 1889.

he was summoned in the middle of the night when fire threatened his property. But Dawes did not believe in re-investing a large share of his returns from rent in maintenance. He preferred "to let the other fellow build and experiment and then buy afterward." Furthermore, the quality of improvements did not have to reach high standards in Dawes' estimation. For example, there was no need for expensive sidewalks because they "have little to do with the character of the tenants."<sup>11</sup>

Management of real estate for Dean Cox finally led to the establishment of Dawes' first enterprise—the Dawes Business Block Company—in the autumn of 1890. This came about when Dean Cox allowed his young associate a half-interest in a block (Webster-Briscoe, see diagram) which Cox purchased for \$24,500. Dawes arranged for his share by assuming the mortgage. But the real beginning of the Dawes Business Block Company was a \$19,500 building located near the center of the Lincoln business district (Dawes block, see diagram). Borrowing \$7,500 from his father, and from his Uncle Will Mills, (1852-1931), President of the First National Bank of Marietta, Ohio, Dawes purchased the building, assuming a first mortgage of \$10,000 and a second mortgage for \$2,200.<sup>12</sup>

From the outset two closely allied problems confronted the young businessman. In the first place he had to arrange a suitable financial structure; but equally as important, he desired to maintain control of the company for himself. Dawes capitalized his company at \$23,000, including \$3,300 of preferred stock which he issued to Cincinnati capitalists. He retained for himself enough of the common stock for control and issued the remainder to relatives and friends. Thus in his first enterprise Dawes dem-

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<sup>11</sup> To J. D. Cox, Feb. 11, Mar. 4, 12, 1891; Diary, May 5, 11, 1891; Mar. 11, 1892; to J. D. Cox, Feb. 6, 1893; from W. Dawes, June 5, 1891; to W. Morris, Jan. 28, 1890.

<sup>12</sup> Diary, Nov. 15, 1890; to F. F. Oldham, Nov. 25, 1890; to W. W. Lucas, Nov. 24, 28, 1890; to E. C. Dawes, Feb. 27, 1891; to W. W. Mills, Dec. 6, 1890.

onstrated the practice of close control, a characteristic which he repeated in all his business ventures.<sup>13</sup>

A reduction of his debts was one of the first steps Dawes took following the establishment of a new enterprise. In this case of his business block company his credit was extended a bit too far for his satisfaction. Two mortgages existed against the company. The first ran for four years at 6 per cent interest and he retired this mostly out of company dividends. The second he cleared by offering to the holder of the original preferred stock, Henry N. Morris, of Cincinnati, an issue of preferred stock at a later date in return for the unpaid preferred which Morris held. Then Dawes resold Morris' old preferred stock to F. F. Oldham, also of Cincinnati. This erased the second mortgage. With exuberance and no little amount of pride the young enterpriser announced the first quarterly dividend of 1 per cent on the common stock early in 1891.<sup>14</sup>

Thus another entrepreneurial characteristic which Dawes exhibited in the establishment of his first enterprise and one which he ultimately followed in his subsequent business ventures was that of a quick reduction of debts and a payment of a dividend no matter how small. Dawes believed that a small dividend paid regularly was more important to the success of a business than a large dividend paid irregularly.

With his varied enterprises going well, there was much evidence to indicate in the spring of 1892 that Charles G. Dawes, then twenty-seven years of age, had arrived as one

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<sup>13</sup> To R. R. Dawes, Nov. 24, 1890; Diary, Dec. 4, 1890; to F. F. Oldham, Nov. 25, 1890; to W. W. Mills, Mar. 10, 1891. At the peak of his active business career, Dawes, his brothers and a group of slightly more than 800 stockholders controlled the Dawes business interests through Dawes Brothers, Incorporated, a quasi-private investment trust. These interests consisted of a large network of gas companies in the Midwest and one of the largest banks in Chicago, the Central Republic Bank and Trust Company, later the City National Bank and Trust Company, and now absorbed into the Continental Illinois National Bank and Trust Company of Chicago.

<sup>14</sup> Dawes Business Block Statement, Nov. 22, 1890; to J. D. Cox, Mar. 20, 1891.

of the promising young businessmen in Lincoln. He was owner-manager of the Dawes Business Block Company. He was also a director of the American Exchange National Bank. But Dawes was not content with these interests. Eagerly he sought to enlarge his business operations.

In the 1880's the expanding meat industry brought into operation a large number of packing companies in the Missouri Valley all the way from St. Louis, Missouri, to Sioux City, Iowa. In Nebraska, the center of the packing industry was in the southeastern section of the state at Omaha, Lincoln, and Nebraska City. The Nebraska Stock Yards Company, the first in Lincoln, was incorporated in March 1884, and in 1888 a second concern, the Nebraska Packing and Provision Company, was formed. But intensified competition reduced the earnings of both companies. Thus with foreclosure proceedings underway against the Nebraska Stock Yards Company, Isaac M. Raymond (1842-1909) approached Dawes with a plan for reorganization.<sup>15</sup> Raymond estimated that a consolidation of the two companies and a reorganization on the basis of a capitalization of \$500,000 would return a net annual profit of \$39,000.<sup>16</sup>

Relying upon his Uncle Will for most of the financial support and putting into action his own powers of persuasion, Dawes took steps to gain control of the company for himself and his uncle. Inasmuch as foreclosure proceedings were instituted by Luther Allen, of Cleveland, who

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<sup>15</sup> In Lincoln during the eighteen-eighties and nineties, Isaac M. Raymond was a general entrepreneur of wealth. He was the senior member of Raymond Brothers and Company, a wholesale grocery firm; and he was sometime President of the American Exchange National Bank of Lincoln. He was one of the incorporators of the Nebraska Stock Yards Company which formed with capital stock of \$1,000,000. Other incorporators of the original company were John Fitzgerald, President, F. M. Marquette, R. E. Moore, J. J. Imhoff, Austin Humphrey, J. M. Burke, W. G. Houtze, Walter J. Lamb, R. C. Outcalt, and P. P. Johnson. See *Articles of Incorporation in Book B. Miscellaneous Corporations*; p. 14, filed in the office of the Secretary of State for Nebraska, Feb. 28, 1884; and the *Daily Nebraska State Journal*, May 12, 1887.

<sup>16</sup> *Luther Allen, trustee, v. The Nebraska Stock Yards Company* (Case No. 172 P. United States Circuit Court for Nebraska); *Diary*, May 31, Nov. 18, 19, 1891.

was a holder of \$50,000 second-mortgage bonds, Dawes decided the first problem was to satisfy Allen. He arranged to loan Allen \$40,000 in return for which the latter agreed to turn his second-mortgage bonds into stock of the new company. Allen also secured an option for Dawes and Mills for the purchase of \$40,000 first-mortgage bonds held by the Charles H. Potter Company, Cleveland investment bankers. Finally, Allen gave Dawes and Mills an option to buy his stock in the new company. Mills raised most of the money for purchasing the first-mortgage bonds from the Potter Company. This permitted the reorganization of the Nebraska Stock Yards Company under the name of Lincoln Packing Company and enabled Dawes and his uncle to take control. For the young Lincoln businessman it represented a personal investment of \$58,000.<sup>17</sup>

Thus in less than eight years in Lincoln, Nebraska, the young entrepreneur from Ohio became a bank director, owner of a business block company, and a part-owner of a meat-packing company. All outward signs indicated that he was a solid, business success in the Nebraska capital.

In January 1895, however, Dawes moved his family to Evanston, Illinois. Why did he leave Lincoln? Two reasons explain his departure. First, Dawes had been looking for wider and larger fields of enterprise for several years. His travels to Chicago and New York in connection with his Lincoln businesses whetted this appetite.

Another reason was that despite early financial success, his Lincoln businesses suffered badly as a consequence of the Panic of 1893 and the general decline of the Great Plains economy in the middle eighteen nineties. This spurred his efforts to find a larger and more profitable area of business. The 1890's, Dawes believed, were the "true harvest time of business." But his financial limita-

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<sup>17</sup> *Diary*, Nov. 22, 23, 1892; Agreement Between Luther Allen; and C. G. Dawes, and W. W. Mills, Nov. 23, 1892; from Mills, Feb. 9, 20, 1893; *Articles of Incorporation in Book M. Miscellaneous Incorporations*, p. 376, filed in office of the Secretary of State for Nebraska, July 12, 1893.

tions presented a problem because "the man of small capital is never safe unless he is dealing in a monopoly."<sup>18</sup> The field of manufactured gas, therefore, met Dawes' qualifications of a quasi-monopoly.

The gas business first attracted him in 1890 when he noticed the large profits of the Lincoln Gas Company. In April 1893, he decided that the gas industry offered him the best opportunity for a major business effort; but commitments to his Block Company and the Lincoln Packing Company delayed his plans.

Buttressed with funds from Uncle Will Mills and his Lincoln business associate, Isaac M. Raymond, Dawes entered the manufactured gas field when he purchased the La Crosse Gas Light Company in July 1894.<sup>19</sup> Though this investment marked Dawes' entrance into the manufactured gas industry the purchase of the Northwestern Gas Light and Coke Company in Evanston, Illinois, at the close of 1894, secured the property which actually formed the main-spring of his gas system and of his material wealth. In 1895 Evanston was a thriving suburb of Chicago. An upper-income population which was turning to the use of gas in great volume inhabited this city. Moreover, the opportunity for supplying the growing North Shore communities of Winnetka and Kenilworth made the Evanston gas plant attractive. There were many grounds for enthusiasm when he wrote Uncle Will Mills: "I may overestimate the Evanston plant, but if we ever have a millionaire in the family he will hail from North Chicago."<sup>20</sup> Dawes never made a more accurate prediction, for the Northwestern Company was the vehicle which hastened his arrival into the multi-millionaire ranks.<sup>21</sup>

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<sup>18</sup> To Rufus C. Dawes, Dec. 22, 24, 1894.

<sup>19</sup> Statement of La Crosse Gas Light Company, July 2, 1894; to John W. Rodgers, Oct. 14, 1894; to Rufus R. Dawes, Oct. 30, 1894.

<sup>20</sup> To W. W. Mills, Dec. 25, 1894.

<sup>21</sup> In December 1929, Dawes estimated his total worth at over \$8,000,000. In September he stated that he had lost none of his holdings but he valued them at one-third of their worth before the depression. To Henry Dawes, Dec. 30, 1929; to W. W. Dyar, Sept. 30, 1933.

Entrance into the manufactured gas business in 1894 and the returns therefrom, especially the Evanston property, proved a fortunate stroke for Dawes. The Panic of 1893 struck his Lincoln business holdings hard. His Business Block Company, for example, failed to pay a dividend on its own after 1893, but returns from his gas enterprises enabled him to pay stockholders a slight dividend after 1896. He sold out his Business Block Company in 1902, and in 1916 he placed his Lincoln real estate in trusteeship with George W. Holmes (1880-1965), as trustee.<sup>22</sup> On the other hand, the Panic of 1893 combined with the drought of 1894 and competition of the larger Omaha companies was too strong for the Lincoln Packing Company. Therefore, in June 1902 Dawes sold his packing company interests to W. J. C. Kenyon, manager of the Union Stock Yards of South Omaha, realizing fifteen cents on the dollar or \$8,842.50 from his sale of stock.<sup>23</sup>

Thus Dawes' business career in Lincoln, Nebraska spanned seven years from 1887 to 1895. Essentially a single reason explains why he came to Nebraska and why

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<sup>22</sup> George W. Holmes, Board Chairman of the First National Bank of Lincoln from 1950 to 1960 was a longtime Lincoln acquaintance of Charles G. Dawes. Though Dawes left Lincoln before Holmes gained prominence as a Nebraska business leader the two were well known to each other. Doubtless this stemmed partly from Dawes' association with Silas H. Burnham whose daughter, Sarah, Holmes married in 1905. Holmes was a frequent visitor at Dawes' office on business trips to Chicago where Nebraska and especially Lincoln visitors always found a warm reception with Dawes.

<sup>23</sup> The Lincoln Packing Company was an unprofitable investment for Dawes for many reasons. In the first place between Dawes and his Uncle W. W. Mills they lost \$75,000. This financial setback stood in sharp contrast to the successes of his manufactured gas utilities which were returning substantial profits at this time. As a businessman this wounded his pride. But more painful to Dawes was the strained relationship that grew between himself and Raymond in the process of liquidating the packing company. Dawes and Raymond were friends and business associates through most of the Ohioan's residence in Lincoln. Dawes served as examiner and accountant and later as a director for Raymond's American Exchange National Bank. The issue centered on who was to pay \$2,870.70 in back taxes when the Packing Company property was acquired. "It is not the money involved that annoys me," Dawes stated, "but the effort of one whom I have considered a friend to do an injustice." To J. W. McDonald, Oct. 25, 1899, and March 9, 1900. From W. W. Mills, June 11, 1902.

he left that state. He came because this community offered excellent prospects for a young man to launch a business career. He departed because his newly-acquired interests in public utilities required operations on a larger scale than Lincoln afforded. In other words Dawes' business interests had grown too large for Lincoln.

Eight years may be a small fraction of a business career that spanned more than a half century but Dawes' business experiences in Lincoln had a shaping and persistent influence upon him. This was his testing period, the making of his entrepreneurial career. He stated this clearly himself when he wrote:

. . . I started my business life in the western country and survived eight years there, notwithstanding the 1893 panic and three drought years were included in that time. I credit that particular period in my life as being the most educational part, especially because in 1893 I had impressed upon me what was then a new truth to me—that a ninety day note comes due.<sup>24</sup>

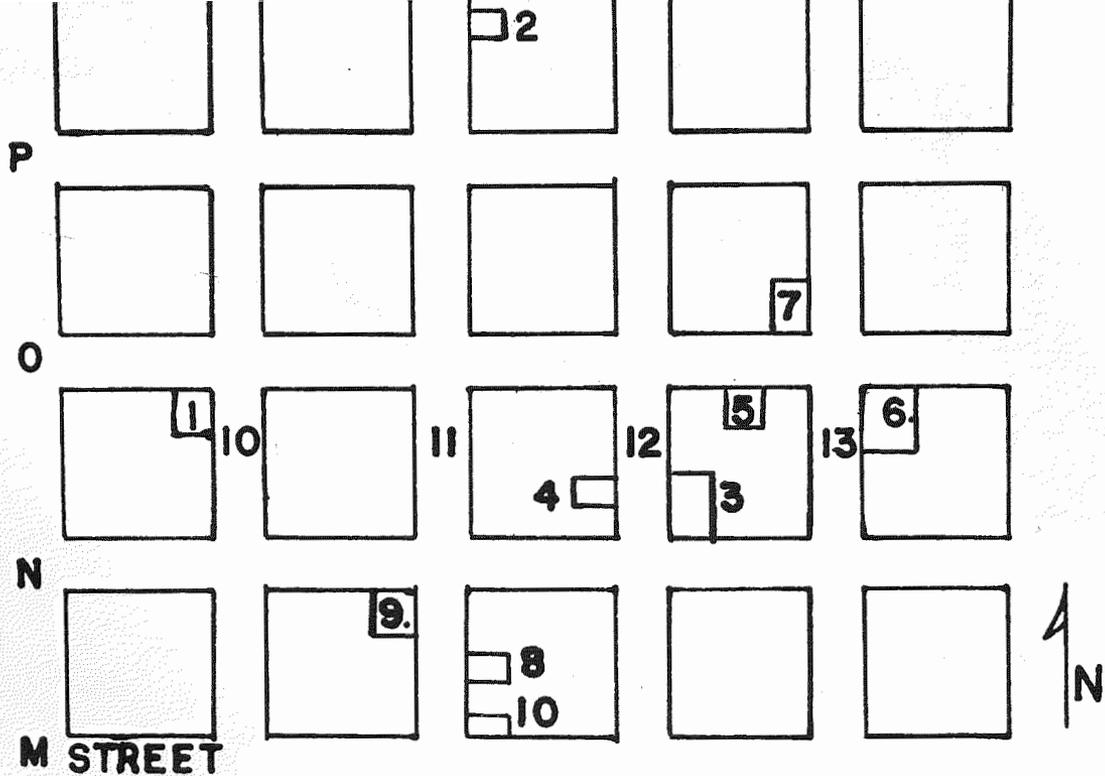
In Lincoln he entered into a variety of business ventures: He invested in real estate. He established a business of his own, the Dawes Business Blocks Company. He became a large investor in meat packing. Moreover, he entered the field of banking in which he later gained national eminence.

Furthermore, in his Lincoln business ventures he initiated practices and procedures that characterized his later career as a national business leader. That is, in Lincoln, he developed his business style or his way of doing business.

Two characteristics featured this style: First was the pattern of a close corporation with which he financed and controlled his enterprises. To raise money, for example, he began by drawing upon his family but always he borrowed from people with whom he was well acquainted. To control his enterprises he preferred a small group of stockholders and he was usually the largest single-stockholder. Second,

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<sup>24</sup> To Frank W. Phillips, Bartlesville, Okla. Sept. 29, 1934.



Dawes Business Block Property and Offices in Lincoln

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|--------------------------|---------------------------------------|
| 1. Capitol Block         | 7. Commercial Block                   |
| 2. Windsor Block         | 8. Billingsley Block                  |
| 3. Little Block          | 9. American Exchange<br>National Bank |
| 4. Webster-Briscoe Block | 10. Dawes and Holmes<br>Law Office    |
| 5. Dawes Block           |                                       |
| 6. Potvin Block          |                                       |



The Capitol Block, Lincoln, Nebraska



The Potvin Block, Lincoln, Nebraska



Charles G. Dawes on a Nebraska hunting trip in 1926

was the tendency to make his enterprises pay regular though small dividends rather than quick, high and irregular returns.

Dawes spent less than a decade of his entrepreneurial career of more than fifty years in Lincoln, but those seven years were among the most important of his business life.