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Article Summary: On December 11, 1899, the Reservoir Ice Company was formed in Omaha, Nebraska. Omaha already had four major ice companies and several smaller ones, but the new company was a combination of several of the others. The new monopoly began charging sharply increased prices while diminishing services. After various legal actions, the ice company monopoly was dissolved in August of 1900.

Cataloging Information:

Names: David Talbot, Edward A Cudahy, Thomas W Taliaferro, Henry C Bostwick, Constantine J Smyth, August C (Gus) Harte, Chris Hansen, William F Stoetzel, Charles T Dickinson, John A Doe, Frank H Gaines, J L Swiggert

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Photographs / Images: Blue River ice harvesting plant near Milford about 1890; Cartoon by staff artist C R Spencer in the *Omaha World-Herald* May 21, 1900; Edward A Cudahy of Cudahy Packing Company; An improvised city ice wagon, J L Swiggert of Wilber, about 1905

THE OMAHA ICE TRUST, 1899-1900: AN URBAN MONOPOLY

By ROBERT S. KITTELL

On December 11, 1899, the Reservoir Ice Company was formed in Omaha, Nebraska. This would have gone virtually unnoticed in the news media because Omaha already had four major ice companies and several smaller ones, but the new company was a combination of several of the others.

The four major ice companies, the Seymour Lake Artesian Ice Company, the South Omaha Ice and Coal Company, the Arctic Ice Company, and the Kimball Ice Company, had been losing capital through the 1899 season. The smaller companies were mostly one-man, neighborhood operations that had never been very profitable.

Since ice was a seasonal business, with ice sold in the Omaha area coming from ice "crops" being gathered from rivers and lakes during the winter months and stored until the warmer months, the formation of the new company went unnoticed by the public until May 1900. At that time the Reservoir Ice Company began selling ice at greatly increased prices.

Less than a week after a large, interstate east coast ice monopoly was called on the carpet before a federal judge in Washington, D.C., the *Omaha World-Herald* called public attention to the local operation in a front page story. The *World-Herald* charged that the Reservoir Ice Company had reduced service and at the same time had increased prices.¹

Officers of the new company were David Talbot, president; Edward A. Cudahy, vice president; Thomas W. Taliaferro, secretary; and Henry C. Bostwick, treasurer. Talbot, Cudahy, and Taliaferro had been owners or executives of other ice companies that had been included in the combination.

The major aspect of the new company that brought it into the public limelight was the rise in prices. Ice was normally sold to the small, individual consumer by means of coupon books, each book containing twenty coupons for one-hundred pound, fifty-pound, or twenty-five pound blocks of ice. The consumer purchased coupon books for the size of ice block his ice box held. In 1899 coupon books sold for \$5.00 for one-hundred-pound blocks (\$5.00 a ton), \$3.00 for fifty-pound blocks (\$6.00 a ton), and \$1.50 for twenty-five-pound blocks (\$6.00 a ton). These were raised in 1900 to \$6.00 for one-hundred-pound block coupon books (\$6.00 a ton), \$4.00 for fifty-pound blocks (\$8.00 a ton), and \$2.50 for twenty-five-pound blocks (\$10 a ton). Since most small consumers had ice boxes that held twenty-five-pound blocks, the price hike meant that the majority of individual buyers paid \$10.00 a ton for ice in 1900. Buyers with twenty-five-pound block capacity ice boxes usually required daily ice delivery. Since the ice delivery season was approximately four months long, the buyer would purchase about two tons of ice. The seasonal price increase from 1899 to 1900 for these small customers was from \$12.00 to \$20.00, an 80 percent rate hike.

Big buyers, such as butcher shops, saloons, and hotels, had discount rates, but they too felt the price jump. In 1899 they paid \$2.50 a ton for ice. This was raised to \$3.00 a ton in 1900. This amounted to the Paxton Hotel in Omaha paying \$30 a month more for ice in 1900 than it had in 1899.²

The *Omaha Daily News* made a comparison of Omaha ice prices with those paid in other cities. Omaha citizens paid nearly twice the price for ice as the citizens of large east coast cities.

In Kansas City where an ice manufacturing plant could produce a better quality ice that melted slower than river or lake ice, the cost to the small consumer was 35¢ per one-hundred pounds, or \$7.00 a ton. In Minneapolis and Saint Paul small consumers paid \$2.00 a month for twenty-five pounds daily, or 31¢ per one-hundred pounds.³

In addition to the increase in prices, the Omaha consumer now had no significant competitive company to turn to if he became dissatisfied with the service of his ice man. The few remaining independent ice dealers, in a move to survive, raised their price to equal those of the alleged trust.

On May 16, 1900, the *Omaha World-Herald* exposed the

monopoly. "Those -- people," replied David Talbot, Reservoir's President, "don't know a -- thing about it." The newspaper noted that Talbot was "ordinarily as mild-mannered as a Kansas cyclone," but occasionally things go wrong. The *World-Herald* article was one of those things.⁴

Less than a week after the Omaha newspapers exposed Talbot and the Reservoir Ice Company, Constantine J. Smyth, attorney general of Nebraska, announced that he would proceed against the combine under the state anti-trust law of 1897.⁵ The attorney general was gathering evidence to take the Reservoir Ice Company to court to have its charter revoked. Smyth requested the help of all Omaha citizens in gathering evidence.

Attorney General Smyth was not out to invoke the criminal law. The proof needed had to be much more conclusive in a criminal prosecution than in a suit to revoke a charter. Smyth said, however, that "any citizen could commence proceedings under the criminal act and with sufficient proof could send the officers of the combine to the place where the latest fashion always runs in stripes."⁶

The news of the attorney general's planned action was enthusiastically received in Omaha, not only by the Omaha newspapers and citizens groups that had supported a fight against the combine but also by the doctors of the city. Omaha's doctors had become very concerned about many people going without ice. This problem was most pronounced among the poor in Omaha who were supporting a boycott against the ice company more out of economic necessity than out of principle. Doctors feared a rise in consumption of spoiled foods.

As legal action was being formulated, Omaha newspapers publicized more of the alleged wrong-doings of the trust and reported the feelings of the citizens on the issue. The *World-Herald*, on May 24, 1900, ran a special article entitled, "Omaha People Give Views on the Big Ice Trust." County Commissioner August C. (Gus) Harte called for the people of Omaha to band together and do without ice that summer to drive the trust out of business. Once the Reservoir Ice Company was driven out, a public ice trust could be formed that would insure fair prices and adequate service. Chris Hansen, a grocer, called the ice trust an outrage. He noted that ice that cost the consumer \$6.00 to \$10 a ton only cost the ice company 8¢ a



Commercial ice "harvesting" plants were constructed on several rivers in eastern Nebraska. This plant was located on the Blue River near Milford about 1890. Note the railroad boxcar being filled with ice for shipment to metropolitan areas.

ton to store. Although Hansen's storage figures were inaccurate and he did not go into other overhead costs of the company, he and many other citizens did have a fair idea of the large profit which Reservoir was seeking. There were a few people who expressed favor for the ice trust. One of these was William F. Stoetzel of the Stoetzel Stove Company. He took a businessman's attitude that if the men in the ice business could make more money through a trust, he didn't blame them. He also said that he would like to see a stove trust in Omaha to raise the price of stoves. Stoetzel and the pro-trust commentators were a scant minority of people whom the *World-Herald* interviewed.⁷

As the furor over Reservoir Ice Company continued to build, the *World-Herald* disclosed still another malpractice of the combine. As noted in another page one article:

The ice trust has attached to its coupon books a clause which reads as follows: "We reserve the right take up this coupon, refunding purchase money due for unused portion of the same." The books are sold at the office of the company and by the drivers of the wagons. If it suits the company, the driver can at any time demand the book from the purchaser and refund money for the unused coupons. The driver, if it so pleases the company, can then sell the patron another book at a higher price. For example, should a patron have in his possession a \$10 book calling for one ton of ice and have used \$3 in coupons, the company can take the book back, refund \$7, and then sell another book to the same patron for \$12, having meantime raised the price of ice \$2 a ton. The patron has therefore no guarantee that he will get ice at the price he agrees to pay for it.⁸

As the Omaha newspapers continued to report the injustices of the ice company, the people of Omaha took some matters into their own hands. In every suburban district residents formed clubs, the members of which pledged themselves to go without ice rather than to "submit to the exorbitant tribute levied by the ice monopoly."⁹ On May 30, 1900, the *World-Herald* stated:

That the trust is not doing the volume of business that is ordinarily done in Omaha at this time of year has been established beyond question, and this condition is due solely to the revolt against the impositions of the trust. The great majority of Omaha citizens regard the prices extracted by the trust as not only an outrage, but a swindle, and hundreds of families, that ordinarily began taking ice long before this, are putting up with inconveniences of various kinds rather than contribute a penny to the concern that has taken Omaha people by the throats in an effort to make them pay tribute to its coffers.¹⁰

The exposure of the ice company led Omaha businessmen to think of alternatives to the combine. One group of businessmen wanted to form a company to ship ice into Omaha to compete with the Reservoir Ice Company. If Attorney General Smyth failed to get action, the new business could be in operation by mid-June.¹¹

The ice company claimed that it cost \$2.50 a ton to ship ice from Minnesota lakes to Omaha and another \$2.00 a ton to deliver. They added a 40 percent shrinkage charge and came up with a total cost of \$9.00 a ton.

Planners of the new, competitive company found that they could ship ice to Omaha from Sioux City at \$1.40 a ton. To this would be added less than 10 percent shrinkage, 20¢ a ton for storage, and \$2.00 a ton for delivery. They claimed that the actual cost of ice should be around \$4.00 to \$5.00 a ton.¹²

Another group of businessmen talked of building an ice manufacturing plant in Omaha. This plant would cost approximately \$100,000 for the machinery and \$50,000 for the building. Its ice would cost \$2.00 a ton to produce, including the cost of water and coal, and \$3.00 a ton to deliver. Ice made in a manufacturing plant was more solid and clearer than river or lake ice and would experience only 20 to 30 percent shrinkage as opposed to 40 to 50 percent shrinkage for river and lake ice. The cost to the customer for manufactured ice would be between \$5.00 and \$6.00 a ton.¹³

Proponents of both plans expressed displeasure over what they termed unfair prices for the small consumer. They cited the \$10 a ton price for individual buyers as opposed to the \$3.00 a ton price for butchers and saloon keepers as the root of their grievance.¹⁴

Attorney General Smyth finally gathered what he thought was sufficient evidence to secure a court order restraining the Reservoir Ice Company from doing business. The attorney general also hoped that the ice company's corporate existence would be declared void and that the alleged combination would be dissolved.¹⁵ A hearing was set for May 31, 1900, before District Judge Charles T. Dickinson.¹⁶

Attorney General Smyth had at least twenty-one men subpoenaed for the hearing. Moreover, David Talbot was ordered to present the books of the Reservoir Ice Company, including the names of stockholders and purchases from other ice companies, along with the books of the Arctic Ice Company. John A. Doe, former general manager of the South Omaha Ice and Coal Company, was ordered to present the books of that company, including the names of stockholders, and Edward A. Cudahy was ordered to present the books of the Seymour Lake Artesian Ice Company.¹⁷

OMAHA WILL RISE AGAIN.



"Monopolies are indefensible and intolerable. Every victory gained against a trust is a victory for the people. The fight should be kept up in city, state and nation until it becomes impossible for one man to control for his own profit the price that any other man must pay for the necessities of life."—W. J. Bryan.

This cartoon by staff artist C. R. Spencer appeared in the Omaha World-Herald on May 21, 1900. The quotation under the cartoon has been re-set for the sake of legibility.

On the day of the hearing before a full court room, action was postponed until June 8 to give the Reservoir Ice Company attorneys, Frank H. Gaines and General John C. Corwin, more time to prepare the defense. Attorney General Smyth asked for but did not receive a temporary restraining order against the ice company.¹⁸

When the hearing finally opened before Judge Dickinson on the latter date, the *World-Herald* noted what it called "startling ignorance" on the part of Reservoir President David Talbot and other officials of the firm. Talbot stated that he had no idea what it cost to make a ton of ice. He said that the people of Omaha thought that profits were much higher than they actually were. Shrinkage on the wagons had cut profits. Talbot was indicating that the company was taking the loss on shrinkage, as most ice companies did. Most observers, however, indicated that Omaha citizens were paying for the shrinkage by buying ice that was weighed prior to delivery. In commenting on the statements of ice company officials, the *World-Herald* said, "Though they may need to take a pull or two out of the knowledge bottle, it may be set down as a demonstrated fact that they are in no present need of a tonic for their nerve."¹⁹

Edward Cudahy vice president of the Reservoir Ice Company and former owner of the Seymour Lake Artesian Ice Company, said he was unsure when the Seymour Lake Company ceased operation under that name. He thought it was the previous fall, perhaps in December. Cudahy also stated that he did not know whether he was present at the meeting which formed the Reservoir Ice Company. He attended several meetings, but did not know whether he attended that one.²⁰ Cudahy said further that the Seymour Lake operation had lost \$5,000 in 1899. He sold the ice company to the Reservoir Ice Company for \$9,000 after first putting \$15,000 into the new company to provide funds with which to make the purchase. Cudahy defended his actions by saying that he thought the new company would make more money.

Cudahy also brought to light a meeting of ice company owners and officials in late 1899. Although the meeting was held on his property, Cudahy claimed that he did not remember whether he had called the meeting. He thought the main reason for the meeting was for Talbot to discuss combination and to gather selling prices from other companies. The meeting included Talbot and Bostwick, then of the Arctic Ice Company,



Edward A. Cudahy of Cudahy Packing Company. The firm also had an ice plant on Seymour Lake at Ralston.

Taliaferro of the South Omaha Ice and Coal Company, Cudahy of the Seymour Lake Artesian Ice Company, all major ice companies, along with Edgar Z. Lamoreaux of Lamoreaux Brothers Ice Company, C. J. Keirle, Sam Thomas, and owners of the Munro and Meyer ice companies. The Lamoreaux, Keirle, Thomas, Munro, and Meyer companies were all smaller operations.²¹

A receipt signed by Cudahy was presented as evidence showing that the Seymour Lake Artesian Ice Company was sold for \$9,862.41. An invoice with a South Omaha Ice and Coal Company letterhead was also presented showing the sale of three companies. This invoice indicated that the South Omaha company had sold out to Reservoir for \$6,889.92, Kimball Ice Company had sold out for \$2,247.50, and the Nebraska Ice Company had sold its total holdings of two wagons for \$225.²²

As the hearing proceeded over the next few days, it was brought out that each of the ice companies absorbed into the Reservoir Ice Company actually bought into the alleged trust in a manner similar to the way Cudahy's Seymour Lake Artesian Ice Company joined the new operation. Each company sold its operation to the Reservoir Ice Company for a certain price by putting more than that price into Reservoir to provide funds for the purchase. The amount put into the new company over the purchase price of the old company went into a fund to provide operating capital for the combined operation. An effective monopoly was formed, since the only ice companies in Omaha

that did not sell to the Reservoir Ice Company were the West Omaha Ice Company, a small operation with only a few wagons, and some of the smaller, neighborhood operations.²³

All remaining companies raised their prices to equal those of the Reservoir operation. This was apparently done to avoid pressure from the monopoly. Although there was no testimony to back it up, there was some speculation that the small operators were threatened with economic and physical reprisal if they tried to undersell the Reservoir operation. A former ice man who did not testify at the hearing reported that officials of the Reservoir Ice Company stated that all delivery wagons of the West Omaha Ice Company, the largest ice company to stay out of the combine, would be followed by wagons from the Reservoir company. Any attempts by West Omaha dealers to sell ice at prices lower than those set by Reservoir would be met by even lower prices from the Reservoir dealer following him. This would continue until the West Omaha Ice Company either raised its prices to equal those of the alleged trust or went out of business. The West Omaha Ice Company yielded to the pressure of the monopoly and raised its prices.²⁴

As the hearing went on, there was considerable defensive maneuvering on the part of Reservoir officials and attorneys who disputed testimony relating to sales of companies, prices, service, and internal operations. Several Reservoir officials accused the old Seymour Lake Artesian Ice Company of selling "bad ice" — that is, dirty ice from near the bottom of a lake — to public consumers while reserving its advertised "pure artesian ice" for its preferred, volume-buying industrial customers. This procedure had supposedly hurt the business of several other ice companies by causing the public to be wary of the quality of ice being delivered. Cudahy denied this, and no evidence could be presented to substantiate the charge. All of the officials of former ice companies who testified made claims of heavy financial losses through the 1899 season, but none of them could account for the extra \$5,000 to \$8,000 they had put into the Reservoir Ice Company when they contributed the funds that would buy their old companies out.

When the court examined the articles in the consolidation charter, the wording was found to be very obscure and the officers of the new company were not named.²⁵ Douglas County records indicated that on December 11, 1899, the articles of incorporation of the Reservoir Ice Company were

signed by Charles A. Achorn, Charles C. Hungate, and Walter L. Coleman. Achorn and Hungate were bookkeepers for the Reservoir Ice Company, and Hungate was also the former general manager of the Kimball Ice Company. Coleman had been a cashier for the South Omaha Ice and Coal Company. There was no mention of former or present officials.²⁶ Also included in the company's articles of incorporation was the provision that the board of directors could make all rules for the operation of the company. The board could also alter and amend the rules at pleasure.²⁷

The final arguments of the hearing were made on June 13, 1900, and Judge Dickinson indicated that he would endeavor to pass on the case in a few days. In the meantime he would devote some time to study the testimony presented and to look up in full detail the contents of the Nebraska Anti-Trust laws.²⁸

Shortly after the hearing, the Douglas County commissioners held their annual Board of Equalizations hearings to determine the tax assessment of local businesses. On June 28, 1900, the last day of equalization sitting, there was a scramble of businessmen to gain adjustment of their county assessments.²⁹ At a hearing on the Reservoir Ice Company's claim, David Talbot and his attorney, Frank H. Gaines, declared that a tax increase would be unjustifiable. The return of the assessor

City ice wagons were usually specially constructed, but small-town ice dealers improvised. J. L. Swiggart of Wilber (about 1905) used a farm grain wagon.



had fixed the one-sixth valuation of the combine at \$5,800. County Commissioner James P. Connolly believed than an assessment of \$15,000 was not too large, and Commissioner Harte favored making it \$25,000. Commissioner Henry E. Ostram wanted to hold out for a \$50,000 assessment. The ice company pushed for an assessment of \$5,000 by showing that only a small portion of the acquired ice plants and equipment was in actual service. A compromise of \$10,000 was agreed upon, \$4,200 above the assessor's claim.³⁰

On June 30, 1900, Judge Dickinson made his ruling on the case. He refused to grant an injunction restraining the Reservoir Ice Company from doing business, but at the same time declared the company to be a trust in violation of Section 1 of the Nebraska Anti-Trust Law. The Reservoir Ice Company was free to do business in Omaha until it could be tried on criminal charges.³¹ Such a trial could not be held until September.

Attorney General Smyth stated on July 2, 1900, that he hoped the Reservoir Ice Company would voluntarily cease operations. Since Judge Dickinson had declared the company a trust, anyone associated with the trust could be arrested each day the company operated and fined from \$25 to \$5,000. This procedure could cause an extremely heavy financial burden on the trust and the attorney general preferred not to take that course.³²

The reaction of Omaha citizens to Judge Dickinson's ruling was mixed. Some felt that the hearing was a failure, since the trust was allowed to continue in business. Others, including Attorney General Smyth, termed the hearing a success because the door was opened to criminal proceedings against the trust. The consumers' boycott of the ice company slowly faded. Most buyers felt that the courts would eventually force an end to the company and that no further point could be gained by depriving themselves of ice.

On August 3, 1900, David Talbot announced that the Reservoir Ice Company had been dissolved and that its properties were for sale to individual buyers.³³ Talbot, in the face of Attorney General Smyth's threat of daily arrests, made this move to avoid a criminal trial. This move cut short further prosecution of Talbot and other officials of the trust and ended the ice monopoly that had aroused the people of Omaha. Several private ice companies came into being to take over the

market, and neither of the "public trust" ideas proposed earlier by Omaha businessmen materialized.

A request for dismissal of the case was filed by the attorney general on March 18, 1901, "on account of the defendants having abandoned the business for which it was sought to be dissolved."³⁴

NOTES

1. *Omaha World-Herald*, May 16, 1900, 1:7.
2. *Omaha Daily News*, May 19, 1900, 1:1.
3. *Ibid.*, May 21, 1900, 1:5.
4. *Omaha World-Herald*, May 17, 1900, 1:1.
5. *Ibid.*, May 21, 1900, 1:1.
6. *Omaha Daily News*, May 20, 1900, 1:7.
7. *Omaha World-Herald*, May 24, 1900, 2:1-5.
8. *Ibid.*, May 25, 1900, 1:7.
9. *Omaha Daily News*, May 25, 1900, 1:3.
10. *Omaha World-Herald*, May 30, 1900, 5:3.
11. *Omaha Daily News*, May 25, 1900, 1:3.
12. *Ibid.*, May 28, 1900, 1:1.
13. *Ibid.*, May 27, 1900, 1:4.
14. *Ibid.*, May 27, 1900, 1:4.
15. *Omaha Daily Bee*, June 1, 1900, 7:1-2.
16. *Omaha World-Herald*, May 30, 1900, 5:3.
17. Douglas County District Court records, Nebraska *ex rel* Attorney General versus Reservoir Ice Company *et al*, South Omaha Ice and Coal Company, Seymour Lake Artesian Ice Company, Arctic Ice Company, and Kimball Ice Company, 72 Nebraska 332 (1900), hereafter referenced as Nebraska v. Reservoir Ice Company *et al*, subpoenas.
18. *Omaha Daily Bee*, June 1, 1900, 7:1-2.
19. *Omaha World-Herald*, June 9, 1900, 7:1-5.
20. Nebraska v. Reservoir Ice Company *et al*, testimony of Edward Cudahay, questioned by Attorney General Smyth.
21. *Omaha World-Herald*, June 9, 1900, 7:1-5. Nebraska v. Reservoir Ice Company *et al*, testimony of Cudahay, questioned by Attorney General Smyth.
22. Nebraska v. Reservoir Ice Company *et al*, documents presented as evidence.
23. *Omaha Daily News*, May 29, 1900, 1:1.
24. *Ibid.*, May 29, 1900, 1:1.
25. *Omaha World-Herald*, June 9, 1900, 7:1-5.
26. *Omaha Daily News*, June 7, 1900, 1:7.

27. Nebraska v. Reservoir Ice Company *et al.*, articles of incorporation of Reservoir Ice Company, entered as evidence.
28. *Omaha World-Herald*, June 14, 1900, 4:4-5.
29. *Omaha Daily Bee*, June 29, 1900, 10:1.
30. *Omaha World-Herald*, June 29, 1900, 8:2; *Omaha Daily Bee*, June 29, 1900, 10:1.
31. *Omaha Daily News*, July 1, 1900, 1:2; *Omaha World-Herald*, July 1, 1900, 16: 1-2.
- Nebraska Anti-Trust Act, 1897, Sec. 59-101 (Sec. 1), defined a trust as a combination of capital, skill or acts to fix the price of any article or commodity of trade, use or merchandise with the intent to prevent others from conducting or carrying on the same business. The law prohibited trusts from creating restrictions in trade and controlling of prices.
32. *Omaha Daily News*, July 3, 1900, 3:1.
33. *Omaha World-Herald*, August 4, 1900, 7:5.
34. Nebraska v. Reservoir Ice Company *et al.*, dismissal request.