

CORPORATIONS AND RESISTANCE IN THE REDWOOD EMPIRE:  
TOWARDS A CORPORATE HISTORY OF HUMBOLDT COUNTY (1579-1906)

by

Ryan Eric Emenaker

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Ryan Eric Emenaker

Approved by the Master's Project Committee

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Sterling Evans, Committee Chair Date

---

John Meyer, Committee Member Date

---

Steve Hackett, Committee Member Date

---

Selma K. Sonntag, Graduate Coordinator Date

---

Donna E. Schafer, Dean for Research and Graduate Studies Date

## ABSTRACT

### CORPORATIONS AND RESISTANCE IN THE REDWOOD EMPIRE: TOWARDS A CORPORATE HISTORY OF HUMBOLDT COUNTY (1579-1906)

Ryan Eric Emenaker

In 1579 the first modern day corporation made contact with the area now known as Humboldt County. During the time period examined, corporations played a major role in the region's politics, economy, and living conditions, and resistance to corporate domination quickly developed. By the 1870s this resistance was turning itself into an organized political force developing into a tradition of dissent with few equals in the nation.

To better understand this dissenting tradition, the history of Humboldt County is examined from the impact of the corporation. As this case study evolves, statewide and national changes to the corporate form are analyzed. This broader corporate history places the history of corporations in Humboldt County in context with state and national changes to the corporate form that affected the region. While this is not a comprehensive history of the county, the role of corporations is a necessary component to better understanding the region.

The work is broken down into four sections. The first section offers an introduction to corporations that operated in the Humboldt Bay region before the area became known as Humboldt County. The second section details the rise of corporate power in the county, while the third explores responses to this increasing corporate

power. Section four offers a conclusion that explores the significance of Humboldt County's unique experience with and responses to the corporate form as well as what lessons can be drawn from it.

Research materials for this study primarily consisted of local newspapers, synthesized local histories, state of California documents and California law, as well as national and international histories of the corporate form.

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Shall the people of this free government be permitted to govern themselves, or shall they submit to be ruled by ever grasping and never satisfied corporations.

-1882 platform of the Humboldt County Democratic Party

## I. INTRODUCTION

### Overview

Corporations throughout the history of Humboldt County dictated politics, living conditions, and the economy, in ways that distorted the political process and suppressed the rights of citizens. Resistance to corporate power developed as soon as corporations appeared. By the 1870s this resistance was turning itself into an organized political force. Louis Tower, who helped form the Humboldt County Tax-Payer Party in 1873, expressed resentment over corporations controlling “many public interest, including vast tracks of public domain and ...the body politic.”<sup>1</sup> His statements were bold, but far from unique, and in the years that followed, his statements were echoed by a string of upstart political parties formed in Humboldt County to challenge the rights of corporations. During the 1870s through the turn of the century, Humboldt County had some of the highest rates of support of any community in the country for dissident political parties that challenged

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<sup>1</sup> Humboldt Times, March 11, 1871.

corporate rule.<sup>2</sup> Even the Humboldt County Democratic and Republican parties were forced to focus their attention on the corporate form's ability to subvert democracy, which the Humboldt Democratic Party stated in their 1882 platform as "the paramount living issue of the day."<sup>3</sup>

However, political parties were not the only organizations in the late nineteenth century that focused on challenging the rule of corporations in Humboldt County. In 1878, the Ferndale Grange, an agricultural organization, passed a resolution stating "we look upon ... [corporations] with suspicion and distrust in their efforts to subvert... government."<sup>4</sup> Labor unions directly clashed about work hours and pay with local corporations, all the while challenging the legitimacy of the corporations to control people's lives. Local citizens banded together to pass resolutions, form ad-hoc groups and secret revolutionary societies, all with the intent to stop illegal corporate acquisition of land, and what they saw as illicit corporate control.

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<sup>2</sup> The term corporate rule is used throughout this project to describe the views of many nineteenth century Humboldt County dissidents. While the phrase is a contemporary one and no examples of Humboldt County citizens using this exact phrase have been found, their argument went beyond critiquing corporations for exercising too much power and addressed the concern that corporations had actually supplanted "we the people" as the ruling entity. This is substantially similar to how the modern day term corporate rule is used. For the purposes of this project corporate rule means the domination of economics, culture, environment, politics, and government by corporations. The intent of the author is not to say that corporations exercised so much power that the existence of corporate rule could be proven in nineteenth century Humboldt County, but rather that that corporations did indeed exercise power and that there was concern by some Humboldt County citizens that corporate power went so far as to constitute "corporate rule." One of the best examples of this is the 1882 platform of the Humboldt County Democratic Party which asked "shall [the people] submit to be ruled by the ever grasping and never satisfied corporations" While the phrasing is more poetic, the meaning is much the same as the modern day use of corporate rule. For an in-depth look at the term corporate rule, see Robert Benson, Challenging Corporate Rule: The Petition to Revoke UNOCAL's Charter as a Guide to Citizen Action (Los Angeles: The Apex Press, 1999).

<sup>3</sup> Democratic Standard, August 19 1882.

<sup>4</sup> Daily Evening Signal, March 15<sup>th</sup> 1878.

Even beyond these more radical political statements against corporate rule, central to shaping Humboldt County history, business and societal organizations formed in direct opposition to the corporate model. The late 1800s saw the formation of cooperatives, and in 1855 lumber workers were responsible for saving the fledgling lumber industry during a time of severe recession when they took control of the mills from the Humboldt Manufacturing Company.

To better understand the rise and extreme popularity of fledgling third parties, the formation of unions, and the creation of non-corporate alternatives, this project will look at the impact of the corporate form throughout the history of Humboldt County. This project tries to get beyond just listing which corporations operated within the county; it attempts to understand the role corporations played in shaping politics, economy, and lifestyle.

This work is broken down into four sections. The first section offers an introduction to corporations that operated in the Humboldt Bay region before the area was known as Humboldt County. Part of this introduction examines the evolution of the corporate form under United States law in the years prior to the establishment of Humboldt County as a geo-political region in order to understand the corporate entity better. The second section details the rise of corporate power in the county while the third explores responses to this increasing corporate power. While these two sections overlap, the separation makes the telling of a chronological history more coherent. Section four offers a conclusion that will explore the significance of Humboldt County's unique experience with the corporate form.

The year 1579 was chosen as the starting point for this project because that was the first time a modern incorporated entity entered the area now known as Humboldt County. The decision to end this history in 1906 was based on a number of considerations. Besides the necessity of picking a realistic ending point, the results of corporate expansion and community responses that occurred from 1579 to 1906 offer a sufficient frame to understand future corporate influence in the area. For example, by 1906 almost all the timber land in the county had shifted from public to corporate ownership.<sup>5</sup> By 1906 anyone wishing to break into the county's leading industry had to be granted land from one of the existing corporations. While the names of the corporations changed after 1906, the corporate influence had been established. Additionally, to sufficiently deal with much of the 20<sup>th</sup> century corporate history would require an excessive amount of additional work. The year 1906 was seen as a logical ending point because one of the largest strikes in the area occurred in 1907. To treat this strike in-depth would refocus the attention of this corporate history to a labor history. There are other works that have focused on the labor history of Humboldt County and dealt with the 1907 strike in extensive detail. Not wishing to recreate their work or to start the massive work of detailing the 20<sup>th</sup> century corporate history, this project uses 1906 as an ending point.

Most research, with notable exceptions, into corporate power have focused on urban centers with hordes of factory workers or the influence of interstate railroads. Humboldt County is a unique place to study the rise of corporate power and the

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<sup>5</sup> Howard Brett Melendy, "One Hundred Years of the Redwood Lumber Industry 1850-1950," Stanford University Ph.D May 1952, 99.

resistance to corporate rule for the fact the area possessed neither prior to 1906. In spite of the area being isolated and rural, it has one of the strongest traditions of dissenting political parties of anywhere in the country and has had profound impacts on state and national resistance to corporate rule.

As this case study on local impacts of the corporate form unfolds, statewide and national changes to the corporate form will be analyzed. This broader corporate history will help put the history of corporations in Humboldt into context with what was happening all over the county. It is the hope of the author that the stories and examples surrounding the corporate form in Humboldt County will then add to the field of “corporate anthropology.”<sup>6</sup> The story of corporations in the county should not be mistaken with a comprehensive summary of the history of the county. While the role of corporations is a necessary component to understanding the county, it is still only a component. Simply put, this is a corporate history of Humboldt County.

#### Corporations in the Qual-a-wa-loo Area

Before Humboldt County existed as a geo-political region, Humboldt Bay was called Qual-a-wa-loo by some of its indigenous inhabitants such as the Wiyot.<sup>7</sup> In 1579, in the area just north of Qual-a-wa-loo, Sir Francis Drake took *The Golden Hind* into Trinidad Bay, bringing the first European ship in the region.<sup>8</sup> The *Golden Hind* was much

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<sup>6</sup> Thom Hartmann. Unequal Protection: The Rise of Corporate Dominance and the Theft of Human Rights (Emmaew, PA.: Rodale Inc., 2002), 74-75.

<sup>7</sup> Oscar Lewis. The Quest for Qual-a-wa-loo: Humboldt Bay (San Francisco: No publisher listed, 1943).

<sup>8</sup> Owen Coy. Humboldt Bay Region, 1850-1875: a study in the American colonization of California (Los Angeles: The California State Historical Association, 1929), 19.;Georgene Dolezal. “Men Who Came to Humboldt County by Sea: 1542 to April, 1850.” Charles R. Barnum Competition (Spring 1965), 17.

more than just a ship, however; its ownership structure was the archetype of the modern-day limited liability corporation. In order to persuade private investment as a means towards empire building, Queen Elizabeth I granted *The Golden Hind*, a ship of which she was the largest shareholder, “legal freedom from liability.” The sovereign profited enormously from this gracious gift, as *The Golden Hind* even gave the minor shareholders a 5,000 percent return. The model developed for *The Golden Hind* caught on. Sovereign rulers started extending guaranteed monopolies or limited liability to charters for a fee or as a favor if the monarch or friends became shareholders.<sup>9</sup> *The Golden Hind* made other trips to California ports besides Trinidad, and its limited liability model is cited as the start of the British Empire.<sup>10</sup>

#### Crown Corporations

The limited liability archetype *The Golden Hind* visited the area, but the first corporation operating in the region was the Russian American Company.<sup>11</sup> The Russian American Company was chartered by Tsar Paul I in 1799.<sup>12</sup> The charter of the Russian American Company granted it exclusive use of all hunting grounds on the coast of America north of 55 degree north latitude. The charter authorized it to extend its control

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<sup>9</sup> Hartmann, Unequal Protection, 74-75.

<sup>10</sup> Woodrow James Hanson. The Search for Authority in California (Oakland: Biobooks, 1960), Unnumbered introduction.

<sup>11</sup> Adele Ogden. The California Sea Otter Trade 1784-1848 (Berkeley: University of California Press, 1941), Chapter IV “Russian Otter Hunting in Spanish California” 45-65.

<sup>12</sup> Less work has been done on the history of Russian corporations; however reviewing the charter and the operations of the Russian American Company it seems that they operated in much the same manner. John S. Galbraith. The Hudson’s Bay Company as an Imperial Factor 1821-1869 (Berkeley: University of California Press, 1957), 113-118.

southward into any territory not already occupied by any other state, and vested it with “governmental authority” within its area of operation.<sup>13</sup>

The Russian American Company is an example of what is often referred to as a crown corporation, or a colonial corporation. These types of corporation were a tool to export wealth back to the stockholders and the monarch who chartered them. These corporations had no rights of their own but were artificial creations of the monarch. While these corporations benefited their stockholders, their charters strictly defined their special privileges and limitations and court cases further stated that that they existed for the benefit and at the pleasure of the sovereign monarch. Thomas Hobbes called corporations “chips off the block of sovereignty,” referring to their relationship to the crown.<sup>14</sup>

After the early 1800s the Russian American Company stopped having a major presence in waters near Humboldt County.<sup>15</sup> There was a crash in the supply of maritime pelts due to overexploitation by fur trading corporations. The Russian American-Company alone was responsible for the destruction 80,271 sea otters and 1,493,626 fur seals between 1797 to 1818.<sup>16</sup> After one Russian American Company contracted trip in 1804, it was remarked by a ship hand, “There is not an otter left from Mission Rosario to

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<sup>13</sup> Galbraith, The Hudson’s Bay Company, 114.

<sup>14</sup> Dean Ritz, ed. Defying Corporations, Defining Democracy: A book of history and strategy (New York: Apex Press, 2001), 82.

<sup>15</sup> Lewis, Qual-a-wa-loo, 2.

<sup>16</sup> Galbraith, The Hudson’s Bay Company, 117.

Santo Domingo.”<sup>17</sup> In 1808 the Russian nobleman Rezanof, Chamberlain of the Tsar, stopped at Trinidad Bay while passing down the coast, looking for a place to establish a settlement. But after observing that the supply of sea otters had been depleted and the native village deserted, he decided to continue south to establish a settlement at Bodega Bay.<sup>18</sup>

However, the crash in the supply in maritime pelts did not deter another corporation, the Hudson’s Bay Company (HBC) from operating in the Qual-a-wa-loo area. The HBC was another example of a crown corporation and the second corporation operating in the Qual-a-wa-loo region. The HBC was chartered by King Charles II in 1670 and, like most corporations operating in the America’s at this time it was British in origin.<sup>19</sup>

There were two reasons the HBC maintained a presence in the area. First of all, the HBC traded pelts gathered from inland sources, and these had not been overexploited yet. Secondly, the British Empire was seeking to expand its area of control and supported the company’s operations in the area.

Similar to the Russian American Company and numerous other charters of the sixteenth through eighteenth centuries, the HBC charter allowed the company to levy taxes, wage war, and imprison people all while enjoying a monopoly over trade in the

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<sup>17</sup> Ogden, Sea Otter Trade, 47.

<sup>18</sup> Lewis, Qual-a-wa-loo, 1- 2.

<sup>19</sup> The Hudson’s Bay Company original charter of 1670 is located at the current company headquarters in Canada, however reprints are easily located and there are several copies on the web including at the company’s web site.

regions where it operated.<sup>20</sup> A charter is what turns an entity into a corporation; it is within the charter that the responsibilities and privileges of the corporation are detailed.<sup>21</sup> Under United States law a corporate charter is often equated with the constitution as a charter is the founding document for every corporation.

The HBC merged with the Northwestern Company in 1821 and entered the location known currently as Humboldt County for the first time about ten years after the merger. Combining companies made sense from both a business and governmental standpoint because it limited competition and allowed for more complete British control of the American West Coast above Mexico.<sup>22</sup> By the 1840s, its control of the area was so great that it caused one writer reflecting on the European search for Humboldt Bay to state: “It is obvious that... the whole country north from San Francisco Bay to the Columbia River [is] in the possession and under the complete control of the English, acting through the Hudson’s Bay Company.”<sup>23</sup>

### The American War for Independence & Corporations

The American War for Independence made an impact on the Qual-a-wa-loo area through the changes that came to the corporate form. After the war the corporate form

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<sup>20</sup> See Galbraith, Hudson Bay’s Company, 8, 23; Hudson Bay Company Charter of 1670 Granted by Charles I; Ritz, Defying Corporations, 222.

<sup>21</sup> A charter has been compared to a constitution in some court cases, such as this Ohio Supreme Court decision in 1838. “If the legislature of the state can not transcend the powers delegated in the constitution much less can a corporation go beyond the charter by which it exists.” *President, Directors, and Company of the Bank of Chillicothe v. Noah H. Swayne and Wm. Minor*, impleaded with Hiram Paddleford and Lyne Starling 8 O. 257 (1838).

<sup>22</sup> Galbraith, The Hudson’s Bay Company, 118.

<sup>23</sup> Lewis, Qual-a-wa-loo, 89.

took a twist because of the severance with Great Britain and ideas of popular rule that developed during this period. At the time of the constitutional convention in 1787 only six business corporations other than banks existed under United States laws.<sup>24</sup> Under the new laws of the fledgling nation the corporate form was to be kept in check in several important ways. Thomas Jefferson believed that strict supervision of corporations was necessary otherwise corporations would challenge “our government to a trial of strength, and bid defiance to the laws of our country.”<sup>25</sup> Of course the framers of the Constitution did not want to ban corporations because they believed that corporations could play an important role in building the new country. Rather, they wanted to focus on how to authorize corporate activity while preventing any single corporation from becoming too large and gaining too much political influence. The idea was to transform the corporate form, making it subordinate to democratic oversight, and to use this “tamed institution as a tool for meeting the pent up need for infrastructure such as roads and bridges.”<sup>26</sup> One of the ways of taming the corporate institution was to charter corporations as close to the local level as possible. A significant portion of the delegates at the constitutional convention had been instructed by their home states to oppose any *federal* involvement in authorizing corporations. Corporations to this day in the United States are almost always granted charters at the state level.<sup>27</sup>

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<sup>24</sup> Ted Nace, Gangs of America: The Rise of Corporate Power and the Disabling of Democracy (San Francisco: Berrett-Koehler Publishers, Inc. , 2003), 46.

<sup>25</sup> Nace, Gangs of America, 46; Ritz, Defying Corporations, 248; Hartmann, Unequal Protection, 30.

<sup>26</sup> Nace, Gangs of America, 46.

<sup>27</sup> Nace, Gangs of America, 47; Hartmann, Unequal Protection, 30.

State's Role in shaping Corporations in the Qual-a-wa-loo area

A comparison of state laws and corporate charters from the early 1800s, conducted by Richard Grossman and Frank Adams of the Program on Law Corporations and Democracy, shows several limitations on corporations. Limits were placed on amounts and types of property owned, time of existence, where stockholders could live, and what they could do with their profits. Books were open to the whole public for review.<sup>28</sup>

As a result of the American War for Independence, several smaller American corporations chartered in different states as well as non-incorporated individuals began working the fur trade off the coast of the Qual-a-wa-loo area.<sup>29</sup> Most of the ships that were involved in the trade originated from Boston. Many of these Boston traders contracted with the Russian American Company, who supplied Kodiak Indians, to help gather the furs in return for a substantial portion of the profits.<sup>30</sup> Only a few Yankee corporations were even big enough to be recorded since they had less capital backing than their British counterparts.<sup>31</sup> This lack of financial backing was partially the result of the United States being a fledgling country without huge financial reserves and the restraints placed by individual states on corporations to prevent the creation of

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<sup>28</sup> Ritz, Defying Corporations, 62.

<sup>29</sup> Galbraith, The Hudson's Bay Company, 137.

<sup>30</sup> Ogden, Sea Otter Trade, 45-47.

<sup>31</sup> Ogden, Sea Otter Trade; Galbraith, The Hudson's Bay Company, 85, 137.

monopolistic, empire building corporations such as those that had colonized the Americas.

In 1845, the HBC sold its business in San Francisco where it had opened an office in 1841.<sup>32</sup> It seems an invasion of smaller Yankee companies was making it less profitable for the company. The HBC strategy for maintaining control of the area had been to undersell Yankee corporations, even if it meant taking a loss at the time of sale. It was hoped that the money would eventually be recouped by maintaining a monopoly. This strategy seemed to have somewhat mixed results before ultimately failing.<sup>33</sup> It is possible that had the HBC been given the kind of support the British Crown had given the East India Company or many of its other crown corporations that the Pacific Northwest could have become a British colony. As it was, the limits placed on the corporate form by the United States meant that the HBC had to struggle against many smaller companies in order to maintain its dominance. One historian's rendition of the situation was that by 1846 these smaller U.S. companies and individual fur traders had "conquered northern California and driven the Hudson's Bay Company out of the country."<sup>34</sup>

#### The State of California & Humboldt Corporations

After the fur trading corporations, the next corporations operating in the Qual-a-wa-loo area were chartered by the state of California. In order to understand this next generation of corporations in Humboldt County, it is necessary to look at the political

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<sup>32</sup> Lewis, Qual-a-wa-loo, 96; W.W. Elliott & Co. History of Humboldt County, California (San Francisco: W.W. Elliott & Co., 1881), 39.

<sup>33</sup> Galbraith, The Hudson Bay's Company, 137-14, Chapter 12 "American Victory."

<sup>34</sup> Lewis, Qual-a-wa-loo, 97.

history of California. Additionally, looking at the political history of corporations will provide a case study to understand how individual states in the union have chartered and placed democratic restraints on corporations.

In August and September of 1849 in Monterey, California's first constitution was created in just forty-three days.<sup>35</sup> The importance of the 1849 constitution to corporate relationships in Humboldt County cannot be overstated. It defines not only how corporations can be created, but what privileges and responsibilities they have. California's Constitution of 1849 further reinforced the interpretation of corporations as public enterprises created with the primary purpose of serving the public good. Every corporation that did business in Humboldt County from 1850-1878 was largely bound by the decisions made at this convention.

Of course the privileges and restrictions of corporations set forth by the California Constitution of 1849 did not materialize out of thin air. While there are some unique attributes of the constitution that deserve mentioning, the majority of the language dealing with corporations was influenced by the prevailing sentiments towards corporations as well as by the language of other state constitutions. Therefore, in the midst of looking at the specifics laws towards corporations in California, it will be necessary to view the context in which they were created.

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<sup>35</sup> For two important reasons, none of the forty eight delegates that drafted the constitution was from Humboldt County. Humboldt County as a geographic political region was not created until 1853 and none of the delegates was indigenous people, the only residents of the area now known as Humboldt County.

### The California Constitution of 1849 and Corporations

Article IV sections 31-36, dealt with corporations in California's first constitution and were more of a reflection of current thought rather than a unique document itself. It borrowed heavily from other state constitutions, especially those of Iowa and New York (from 1846), and followed much of the thinking about corporations after the War for Independence. Like all states it reserved the right to revoke charters at any time.<sup>36</sup> New York's constitution was an attractive model because of its strong language restricting corporate privileges.<sup>37</sup> California's constitution outlawed any concept of limited liability, making it the first state ever to do so. It outlawed the granting of charters through special acts to avoid special favors, and it outlawed banking corporations, the most common type of corporations at the time. Additionally, it attempted to prevent excessive state aid to private business by placing a \$300,000 limit on state debt.<sup>38</sup> It might seem that Californians did not trust nor desire corporations in their state. There was in fact a strong anti-bank, anti-corporation sentiment, which stemmed from a great distrust of

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<sup>36</sup> In 1819 Supreme Court Case *Board of Trustees of Dartmouth College v. Woodward* the Supreme Court ruled that a charter was simply a contract and that states were merely a party in that contract rather than sovereign entities. This decision threatened to do away with the ability of states to alter or abolish corporate charters. In response states passed reserved powers clauses in their constitutions that stipulated they could change contracts that they enter into at any time. Additionally many states started to include language that allowed them to alter or repeal charters at any time into corporate charters themselves as a way of bypassing the supreme courts decision. All states currently had legal language to allow charter revocation. Ritz, *Defying Corporations*, 89-91; McNulty, "Background Study California Constitution," 11-17.

<sup>37</sup> It was well known by the California delegates that New York had recently hosted a convention "by the voice of the people on the subject of corporations and the dangers attending them." Hanson, *The Search for Authority*, 128.

<sup>38</sup> Gerald D. Nash, *State Government and Economic Development: A History of Administrative Policies in California, 1849-1933* (Berkeley: University of California, 1964), 9-10.

concentrated monetary power after the panic of 1837.<sup>39</sup> It was reported that the anti-corporate attitude was so prominent at the convention and well received by the local press that even delegates less opposed to banks and other corporations were afraid to voice any opinion publicly that sounded like support for corporate business.<sup>40</sup> However, conceptualizing this constitution as anti-corporate only tells part of the story. In fact, these delegates had a reason for not being anti-corporation, which is why they *allowed* them to exist in the state.

In 1850 corporations were only *one form* of doing business rather than *the form*. Only about 300 corporations existed as late as 1800 in the United States and even by 1900 only ten per cent of manufacturing companies in California had corporate charters.<sup>41</sup> This one form, despite certain fears and reservations, was recognized by Californians of the 1850s to have certain utility in aggregating capital for large-scale projects. This ability to concentrate capital was also recognized to have inherent risks. For this reason the formation of corporations was encouraged *within* the parameters set up by the constitution and *constrained* by specific limitations in the state codes.

California's constitution laid out the framework within which corporations could exist. It was still necessary for specific laws to be drafted and placed in the California Statutes to allow for the creation of corporations and ensure they stayed within the

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<sup>39</sup> Nash, State Government, 9.

<sup>40</sup> Barring the few delegates with corporate investments, including one who had made a fortune from being a part of the Boston cargo trade, it is conceivable that California might have placed even further restrictions on corporate privilege. Hanson, The Search for Authority, 126-128.

<sup>41</sup> Warren J. Samuels, & Arthur S. Miller ed. Corporations and Society: Power and Responsibility (New York: Greenwood Press, 1987), 2; Nash, State Government, 269.

framework of the constitution. The General Incorporations Act of 1850 was the first attempt to provide these specifics for the creation of corporations in California. With minor changes throughout the years and larger revisions in 1853 and 1862, the General Incorporations Act of 1850 provided the basic privileges and duties of corporations for the next two decades.<sup>42</sup> Through this act, California designed provisions to maintain corporations as a convenient tool for promoting economic growth while limiting their ability to distort the political process. Through the explicit limitations placed on the corporate form in this act, and subsequent acts modifying it, the public nature of the charter and California's sovereignty over corporations is expressed. While the privileges of incorporation were available to private enterprise, restraints on organizational procedure, internal management, profits, and dissolution were also in place.

Some specific examples of limitations placed within the state codes are: dividends paid to stockholders could come from surplus only; debts were not to exceed the capital stock paid in; the state retained powers of investigation by authorizing the attorney-general, or district attorneys to look into the affairs of companies at any time; the amount of land a corporation could possess was limited to 14,040 acres and no individual member of the company in his corporate capacity could own, hold or possess more than eighty acres. (In fact all real estate owned by the company had to be absolutely necessary for the execution of the business for which it was incorporated.) Furthermore, no agricultural

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<sup>42</sup> Nash, State Government, 81-83. A review of state codes implies that this statement is more or less true although there are some major changes that occur in 1853 and 1862 and some minor changes in most other years.

corporations could hold any mineral lands.<sup>43</sup> No corporations could exist for more than fifty years, and some types, such as wharf buildings, had an even more limited term of existence.<sup>44</sup> There were also specific requirements for certain types of business such as insurance corporations, which were forbidden from engaging in any other type of business.<sup>45</sup> With a constitution in place and these restrictions stipulated in the act authorizing corporations it was just days before the first California corporations began the new wave of corporate expansion into the Qual-wa-loo area.

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<sup>43</sup> Chapter LXXXXI, “An Act to provide for the Formation of Corporations for Certain purposes,” Laws of the State of California, April 10, 1858. California Assembly Journal 1858 Ninth Session.

<sup>44</sup> Chapter 128, “An Act Concerning Corporations,” Laws of the State of California, April 22, 1850. California Assembly Journal 1850 First Session.

<sup>45</sup> Nash, State Government, 91.

## II. CORPORATIONS & HUMBOLDT COUNTY

### Land Companies & Local Government

At the same time the California Constitution was being ratified, Euro-Americans were rediscovering the Qual-a-wa-loo region and renaming it the Humboldt Bay region. In the Trinity Mountains, just east of the Bay, the search for gold was going full bore, which led to a search for quicker supply routes to the mines. In 1849, an overland expedition, left the Trinity mines hoping to find a bay where cargo ships could land. After the “discovery” of Humboldt Bay by the Gregg-Wood expedition news spread quickly to San Francisco. In the next few months three rival, fairly well-organized land companies were off in the search of fortune in what historian Ray Raphael calls “the most concentrated land rush in United States history.”<sup>46</sup> The Laura Virginia Association was the first of these to establish a town on the bay called Humboldt City.<sup>47</sup> The charter of the Laura Virginia Association stipulated that each member was to “select and take possession of such lands and locations as they should deem most eligible for commercial and agricultural purposes” and “to hold his claim for the joint benefit of all the members.” By piecing their pre-emption claims together, the Association would have enough land to lay out a town. The original claimants would sell off their land in lots,

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<sup>46</sup> Ray Raphael, Two Peoples, One Place: Humboldt History series, volume I (To be published 2006 by Humboldt County Historical Society), Chapter 5 “A Business Aspect.”

<sup>47</sup> Chad L. Hoopes, Lure of Humboldt Bay Region: early discoveries, explorations and foundations establishing the bay region (Dubuque: WM. C. Brown Book Company, 1966), 45. It was organized as a joint stock company. It had two separate boards of directors, one in San Francisco and the other went on the expedition to develop the town site.

with the profits divided equally among the members. They quickly acquired over four square miles of choice real estate through pre-emption claims from the government for \$2.50 an acre, and then immediately started to sell off land at \$32.00 an acre, almost fifteen times what they paid the government.<sup>48</sup>

These land companies operating in Humboldt County were some of the first corporations to have founding charters issued by the state of California. The Union Company was formed on April 27<sup>th</sup> just five days after the 1850 Act Concerning Corporations was passed allowing for their creation under California laws. All three were joint-stock companies, which had been first tried by the *Golden Hind* and further pioneered by the East India Company, and similarly to these crown corporations Humboldt County's land companies were set up to colonize "new" lands.<sup>49</sup>

The Union Company, probably the most responsible of the three land companies for Euro-American settlement near Humboldt Bay, drew up an agreement, modeled after the Laura Virginia Association. The original copy of the Union Company charter, dated April 27<sup>th</sup> 1850, still on file at the Humboldt County Records office, shows the names of thirty-three members binding themselves to a quarter-section of land to be held for the common benefit of all.<sup>50</sup> The Union Company's interest in settlement in many ways paralleled miners' interest in gold panning; it was a way to get rich quick. In The

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<sup>48</sup> Hoopes, Lure of Humboldt Bay Region, 37.

<sup>49</sup> Chapter 128, "An Act Concerning Corporations," Laws of the State of California, First Session, April 22, 1850.

<sup>50</sup> Hoopes, Lure of Humboldt Bay Region, 48. Even the name Union was what the Laura Virginia Association had originally wanted to call their settlement before settling on Humboldt City.

Humboldt Bay Region 1850-1875 Owen Coy discusses how the Union Company acted much like colonial corporations that helped spark the American War for Independence:

The methods of the Union Company were not always worthy of commendation, for the spirit of monopoly was strong in some of the members. In several cases threats were made against later arrivals who endeavored to settle on lands which the company claimed to control, and in other cases settlers were required to pay high prices to be shown the lines of survey made by the company in order to file upon adjoining lands.<sup>51</sup>

Local government was established concurrently with business during European settlement of Humboldt County and was often used as a way to gain economic advantages over towns. Several towns started to work on establishing government as one of their first orders of business.<sup>52</sup> In the case of Trinidad, it was but a few days from dropping first anchor to elections.<sup>53</sup> This intense desire to form bodies of government was

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<sup>51</sup> Coy, Humboldt Bay Region, 53.

<sup>52</sup> Municipal governments are also sometimes known as municipal corporations; since they are another version of the corporate form sometimes takes. Municipal corporations have charters in much the same way that all other corporations have. While much work could be done to talk specifically about municipal corporations, this thesis is focusing on the business corporation and the citizens of Humboldt County's relations to them. Therefore municipal corporations and other forms of local government will be looked at when they are being acted upon by citizens as a way of controlling corporate abuses or when business corporations are using government to further their own interest. Dorthy Betz et al., Citizens over Corporations: A Brief History of Democracy in Ohio and Challenges to Freedom in the Future (Akron, Ohio: Exchange Printing, 1999), 23.

<sup>53</sup> Coy, Humboldt Bay Region, 49. "On April 8, 1850, not many days after the first vessels had anchored in the Bay...proceeded to survey a quarter-section of land, then after laying out streets and blocks they erected temporary buildings upon it and otherwise set forth their claim to the location as a town site. The town having been laid out, an election was held on the 13<sup>th</sup> of April for the purpose of organizing a government."

also influenced by the profit motive. For instance, having the county seat located in one's own city meant better mail accommodations as well as promotion for the town.<sup>54</sup>

### Mining Corporations

Mining is often romanticized as the ultimate way for an individual to strike it rich while being relatively free and independent of the wage economy. A few short years after statehood Californian mining became dominated by corporations.<sup>55</sup> For Humboldt County, mining was the greatest determinant in the survival of early settlements and municipal governments of the Humboldt Bay area.<sup>56</sup> Mining was the also the first industry to draw the interest of huge foreign corporations and led to some of the earliest examples of local resistance to land speculation and fraud.

The Pacific Mining Company, an example of early corporate mining in the Humboldt Bay region, organized to mine in the Gold Bluffs area. It had a capital stock of \$150,000. While the Pacific Mining Company and other mining operations like it represented a huge capital stock, they contributed relatively little to the economic enterprise to the Humboldt Bay area. Investment in corporate mining, throughout

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<sup>54</sup> Coy, Humboldt Bay Region, 63. The monetary incentive behind election results led to examples of incredible fraud. William Roberts, the largest landholder at this time made a public offer of a block of land in the town for county buildings, and proposed to deed a town lot to each qualified voter of the county who did not already have an interest in Bucksport, if he could establish "by his oath...that he had voted for Bucksport as the county seat. In the next election for the county seat there were more fraudulent ballots cast than legitimate ones. The all important issue of the county seat was finally settled when C.S. Ricks of Eureka was elected to represent the district in the state legislature. One of the first actions taken by the new legislature was to present a petition and introduce a bill transferring the county seat to Eureka. On May 1<sup>st</sup> 1856 county officials took up their location in Eureka where it has remained ever since.

<sup>55</sup> Nash, State Government, 94.

<sup>56</sup> Coy, Humboldt Bay Region, 56. The town of Union set up by the Union Company (changed to Arcata in 1860) became the fastest growing city on the Bay. It was situated on a beautiful plateau at the head of the bay, surrounded by good agricultural and timber lands and had the best route to the Trinity mines.

California was mostly speculative, never panning out in respect to the huge investment capital. In fact, one economic historian critiques investment in corporate mining for draining capital from more conventional outlets. The mining industry is also an example of industry seeking government regulation to protect profits. The rampant fraud by mining companies led investors to beg the government to pay for regulations to save the industry.<sup>57</sup>

Mining for gold was not the only mining taking place in Humboldt County, nor the only type of mining that drew interest from corporate enterprise. Deposits of oil were first mentioned in the Humboldt Times in 1859.<sup>58</sup> Interest dropped off for a few years due to intensive resistance against European settlement put up by indigenous peoples. As those wars leveled off, oil once again became a focus of the new settlers. There was however one catch that this renewed interest in “black gold” had to overcome. There were no laws governing the control of oil deposits, and without security of title people were not likely to invest.

This dilemma provided the new settlers in the region an opportunity to band together to create a system that would work best for them. On November 7, 1864 they did just that, creating the Mattole Mining District. Other mining districts followed and by 1865, when the oil boom was in full effect, every inch of Humboldt County had been organized into a mining district similar to the ones adopted in the Mattole.<sup>59</sup> The rules

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<sup>57</sup> Nash, State Government, 187.

<sup>58</sup> Humboldt Times June 25<sup>th</sup>, Nov. 19<sup>th</sup> 1859.

<sup>59</sup> Coy, Humboldt Bay Region, 231-234.

and regulations they came up with borrowed heavily on those set up by ore miners in California and were based on a belief that if there was a riches to be made all should share in the gains. The two main problems they hoped to prevent were having any individual or group holding too much land or holding it for speculation.<sup>60</sup>

The first major challenge to this egalitarian local decision making authority came when a man showed up claiming to represent the Hudson Mining Company, a corporation backed by \$10,000,000. He claimed to have title to the whole coast south of Cape Mendocino and in “good faith” offered to compensate the new settlers one half the value of the improvements they made upon their lands.

The new residents saw this offer as an insult and a threat to their local control. Once again they banded together attempting to protect themselves, in their words, from “the oppression of the land speculators, monopolist and the millionaire,” by forming a “Settlers League.” The Settlers League went on to describe the purpose of the Homestead Act and other government land polices as programs intended to benefit individual people not land speculators or corporations. In their words, the Homestead Act gave land:

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<sup>60</sup> The Bylaws of the Mattole Mining District November 7, 1864.

Article 3 stated: “Only one claim shall be held in this District by occupancy.

Article. 4. “When a claim has been properly staked and recorded it can be held without tools being left upon it; provided the owner shall do, or cause to be done upon it, at least one day’s work every three months” Coy, Humboldt Bay Region, 229-230.

to *actual settlers*, (not to speculators,) in small quantities for cultivation, not to be gathered in masses for speculation and future sales...

Mining lands are reserved from sale for mining purposes. The policy of the government is to prevent them from being absorbed by speculators. This is a just policy, for it favors the laboring classes, and the welfare and interests of these should ever be regarded. Whether the laborer is a miner or a farmer is immaterial, he should not be subjected to the grasping speculators or the capitalist.<sup>61</sup>

The claims of the Settlers league is another early example of local resistance against outside intrusion by financial interest. Eventually the outside claims were denied on a technicality and once again the population had shown its will desire for local more egalitarian decision making.

With this first challenge to local control of their resources behind them, the mining boom went into full bore in 1865. The population of the Mattole region in Humboldt County noticeably increased and a new town was named Petrolia since it was in the heart of the oil producing region. By 1865-66 more than seventy oil corporations were formed in California. Humboldt had the greatest number of any county in the state.<sup>62</sup> However much of this fascination in oil, like it had been with gold, was speculative in nature. The desired capitalization of just twenty of the new companies that formed for oil drilling purposes in Humboldt County amounted to more than \$7,250,000. If this is compared to the total assessed valuation for all assets in Humboldt County for 1865, a total that amounted to only \$1,383,594, it meant these companies were hoping

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<sup>61</sup> Humboldt Times, Dec. 24<sup>th</sup> 1864.

<sup>62</sup> Nash, State Government, 31. Pacific Mining Journal Oct. 23, 1865 lists 64 petroleum companies operating in California, 31 of these were in Humboldt County. See also Coy, Humboldt Bay Region, 234.

to raise over five times the value of the whole county.<sup>63</sup> The only way this could happen was by attracting outside capital. With this process set in motion the struggles of the settlers to control their own destiny were dashed with the dreams of potential profits and hopes of drawing in outside capital. The combined capital of all the corporations formed to drill in Humboldt County amounted to \$35,000,000, one third of which was owned by three foreign corporations.<sup>64</sup>

After two years of intense excitement, the oil industry in Humboldt County proved to be a failure. The Pennsylvania “coal oil” boom enjoyed a head start of several years, and companies there were able to ship their product all the way to San Francisco and still sell it cheaper than oil from the backcountry of northwest California. The outside investors were unable to “get rich quick” and pulled out.<sup>65</sup>

Even though many recent arrivals departed, enough stayed causing a significant and long lasting impact of the oil boom. This growth in population led to many other demands for items such as building materials. These demands also brought about an upgraded saw mill, a new brickyard, and the formation of a corporation to construct a road and another to build a railroad.<sup>66</sup>

Likewise, the Humboldt Bay region capitalized on the real wealth created by the mining boom. At the height of the packing trade, 100 mules a week left Union for the

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<sup>63</sup> Raphael, Two Peoples, One Place, Chapter 9 “Enterprise.”

<sup>64</sup> Coy, Humboldt By Region, 245.

<sup>65</sup> Raphael, Two Peoples, One Place, Chapter 9 “Enterprise.”

<sup>66</sup> Coy, Humboldt Bay Region, 236 -237.

mines taking \$4,000 – \$5,000 worth of goods. Unlike mining, this was a business venture that was dominated by small independent business. Fueled in part by the revenue from these small businesses, the small towns around Humboldt Bay started to flourish. Additionally the critiques of land speculators and the organizing lessons of the Mining Districts and the Settlers League were to become an integrated part of Humboldt County history.

## Timber

### Pioneer Logging

Timber was central to Humboldt County from the very beginning of European settlement and it did not take long for pioneer logging to get off the ground. Just eleven days after the “founding” of Eureka, timber was being shipped off to distant markets. By that fall, timber was being milled for local use and by winter, mills were shipping lumber to San Francisco.<sup>67</sup> By 1854, just four years after “settlement,” nine steam-powered mills operated in the county, seven of them in Eureka. The mills represented a capital investment of over \$400,000 and employed 130 workers. While later mills would be worth multi-millions of dollars the largest mill at this time was capitalized at only \$100,000, employing thirty-five men and able to cut 60,000 feet of lumber daily.<sup>68</sup> Typical of pioneer logging that went on until the 1880s the capital investment and acreage owned by each mill was rather small. Similar to the small size of post

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<sup>67</sup> Raphael, Two Peoples, One Place, Ch. 5 “A Business Aspect.”

<sup>68</sup> Daniel A. Cornford, Workers and Dissent in the Redwood Empire (Philadelphia: Temple University Press, 1987), 8.

revolutionary war Yankee fur trading corporations, this was partially due to lack of capital and also state laws that placed democratic restraints on these business.

Into the late 1870s, logging was done by several different mills all of which would be considered small mills. Up until the 1880s timber in many ways played second fiddle to agriculture which employed more people. It was not until outside capital came pouring in, aided by land fraud and rewritten corporate codes, that Humboldt County was fully exposed to large absentee business corporations and the boom and bust cycles of a national and global economy.

Pioneer logging should not be overly glorified as it foreshadowed many of the future problems of large foreign corporations. In September 1854, the beginning of a continued effort by the timber industry to regulate output and control prices started when nine of the largest mill owners on the bay united to form Humboldt Lumber Manufacturing Company (HLMC).<sup>69</sup> It was expressly forbidden by the 1850 California Act of Incorporation “for [a] company to use any of their funds in the purchase of any stock in any other corporation,” for fear that it would limit consumer choice and drive up prices.<sup>70</sup> The HLMC could in many ways be seen as a way to follow the letter but not the intent of the law. Not surprisingly the HLMC met with intense resentment locally.<sup>71</sup>

Not long after it was formed, the conglomerate company ran into financial trouble prompting the community to level charges of illegal activity. While the combination

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<sup>69</sup> Coy, Humboldt Bay Region, 119.

<sup>70</sup> Chapter 128, “An Act Concerning Corporations,” Laws of the State of California, First Session, April 22, 1850.

company was a way of exploiting a loophole in corporate codes and an early example of corporate trusts, it was never charged with any wrong doing. The financial crisis it faced was part of a general financial depression throughout the coast during 1854 that was followed by a failure of many businesses in San Francisco.<sup>72</sup> Humboldt lumber that had been selling in San Francisco for upwards of \$50.00 per thousand board feet quickly dropped to \$16.00, \$7.00 less than it cost the owners to put it on the San Francisco market.

The HLMC shut down in 1855 when it could no longer make a profit in the slumping economy and became overwhelmed with debt. Amazingly, even with the demise of the company the mills kept running. Laws governing corporations operating in California at this time played at least a peripheral role in keeping people employed.

One law guiding corporations at this time strictly limited the amount of debt a corporate entity could take on, and another held the stockholders of all corporations personally liable for the entirety of debt of the company.<sup>73</sup> These specific laws had two important consequences. One, the HMLC could not continue to borrow money to attempt going deeper into debt; and two, the company could not file bankruptcy--absolving the stockholders from debt while leaving the creditors holding the bill. The HLMC was in debt and corporate law of the day said it was fully responsible to cover these debts. One

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<sup>71</sup> To be discussed further under the Land Grab portion of this section.

<sup>72</sup> Coy, Humboldt Bay Region, 119. The Treaty of Reciprocity of 1854 with Canada allowing ten years of duty free trade with the United States failed to protect the fledgling Humboldt County lumber industry from foreign imports and only made matters worse. The price stayed steadily low until the treaty's life span ran out at which point it started to climb again.

<sup>73</sup> State of California Constitution of 1849 Article IV. Section 36.

of the common remedies for debt relief described over and over in Humboldt County newspapers from the time were sheriffs' sales of property. These sales of seized corporate property were advertised every week during the early 1850s and 60s in Humboldt County.<sup>74</sup> As an example of how bad the lumber economy had turned, the Modena Mill in Trinidad, part of the HMLC, whose original cost exceeded \$43,000, was auctioned off for a mere \$250.<sup>75</sup> Since auctioning off the corporate property at such low prices was not going to save the stockholders from their responsibility to cover debt the HMLC needed another arrangement. Thus in April of 1855 the mills of the company were turned over to the employees and logging men, who were the chief creditors.

Soon the worker-run mills were turning a "fair profit" off lumber prices as low as \$12 per thousand board feet which was less than one third what it was just the year before.<sup>76</sup> The "new management" sold lumber cheaper because they rejected the credit system, trading the lumber directly for cash at the wharves in Humboldt Bay.<sup>77</sup> By avoiding the credit economy and selling locally, the workers had devised a way to make profits in the midst of a severely repressed economy.<sup>78</sup> Consequently "the mills... [were] steadily employed and ... enabled to pay their employees regularly."<sup>79</sup> Unfortunately the

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<sup>74</sup> Humboldt Times from Oct. 27<sup>th</sup> 1855 has one of the most extensive listings of sheriff's sales of saw mills, but issues for several weeks before and after have similar listings.

<sup>75</sup> Humboldt Times Feb. 10<sup>th</sup> 1855.

<sup>76</sup> Humboldt Times April 14<sup>th</sup> 1855; March 9<sup>th</sup> 1855.

<sup>77</sup> Coy, Humboldt Bay Region, 119-120.

<sup>78</sup> Melendy, "Hundred Years of Redwood Lumber," 278; Humboldt Times, March 8<sup>th</sup> 1856.

<sup>79</sup> Humboldt Times, March 9<sup>th</sup> 1855.

deal between the workers and the company was that the mills would only run until they had recouped their debts. One has to wonder if the workers retained control of the mills how the history of Humboldt County might have been different.

As the 1880s approached a wholesale transformation began that shifted lumber from a pioneer industry of local corporations to one dominated by outside capital. This shift did not happen by some magical push from an unseen hand. Rather it took whole scale fraud and a shift in corporate laws on the national scene driven by bribery to open up the Humboldt lumber markets to outside domination.

### Land Grab

Probably the single biggest factor in shifting from a pioneer logging community into one controlled by large corporations was the land fraud that occurred in the 1880s. However even before the massive illegal land acquirement, the methods of land procurement for timber operations most often violated the law. Corporations operating on the North Coast perpetrated some of the most extravagant pillaging of public lands in order to secure themselves the vast timberlands in the redwood empire that extends from southern Oregon to the San Francisco Bay area.

In accordance with California law, before public lands could even be allocated a state surveyor-general had to survey the land. For much of the 1800s this stipulation did not delay logging operators who openly disregarded the law. Often by the time a surveyor could be sent to an area the valuable timber would already be cleared. It was not until 1864 that California passed a law forbidding the cutting of trees on state-owned lands. However, that was more of a joke than a law because a proviso had been added by special

interest groups stipulating that the ban did not apply to any conceivable use of timber such as lumber, firewood, or wood cut for tanning, agriculture, and mining purposes.<sup>80</sup>

Of course not all land fraud took as little effort as chopping down the trees in an area that a company wanted. The schemes were often very detailed. One such scheme was to put a small down payment of only twenty-five cents an acre; this was enough to give the purchaser the right to cut timber. Once that right was fully exploited they would forfeit on the rest of the payment, meaning that standing timber was being bought at twenty-five cents an acre and the company no longer had to deal with timberless land.<sup>81</sup> Most logging of the time was to clear-cut and burn, which according to the Surveyor-General made the land quite worthless afterward.<sup>82</sup>

School land grants were abused in much the same way. Since some school districts in Humboldt County at this time received their sole support from the tax on standing redwood timber, land fraud and reckless cutting practices drastically cut into educational financing. In Humboldt County prior to September 1, 1853, eighteen school land warrants had been located amounting to 4000 acres. The lumber corporation Ryan, Duff & Company, which later became part of the Humboldt Manufacturing Lumber Company, acquired a large portion of this acreage.<sup>83</sup> Believing that the sale of public

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<sup>80</sup> Melendy, "Hundred Years of Redwood Lumber," 78.

<sup>81</sup> Melendy, "Hundred Years of Redwood lumber," 78. It then cost the state government more than the cost of the land just to foreclose on the payment Surveyor-General's report for Aug. 1, 1879- Aug. 1<sup>st</sup> 1880.

<sup>82</sup> Melendy, "Hundred Years of Redwood Lumber," 81.

<sup>83</sup> Melendy, "Hundred Years of Redwood Lumber," 72 The company acquired 960 acres, second in the county only to Dr. Jonathan Clark of Eureka who accumulated 2240 acres.

lands in such extensive manner was prejudicial to the rights of the settler, a meeting of protest was held in Union, the county seat at the time. At this meeting a resolution was adopted criticizing the School Land Warrants, seeking their halt and asking that the protest of the area be forwarded to the leading newspapers of San Francisco.<sup>84</sup>

Once again Humboldt citizens worked hard to locally decide land use policies in their region. After this resolution was signed no large location of School Warrants occurred in Humboldt County. The governor, at his next annual address to the legislature, spoke of the necessity of passing legislation to “prevent a monopoly of these lands.” Then in 1858 the law allowing School Land Warrants was overturned. The citizens of Humboldt had sufficiently organized themselves to stop one aspect of the “encroachments of land monopoly.” Of course this was just the beginning of the struggle.

Once the 1878 Timber and Stone Act passed it became the main way redwood timber lands were acquired. Many if not most of the acquisitions under this law were fraudulent. In his book Looters of the Public Domain, S.A.D. Puter credits Humboldt County with the notorious distinction of having “[t]he first big fraud under the Timber and Stone Act.”<sup>85</sup> Puter himself grew up in Humboldt County and was one of the major

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<sup>84</sup> Protest of the citizens of Humboldt County against the law authorizing the location of School Land Warrants. Sept. 6, 1853. Coy, Humboldt Bay Region, 85-88.

<sup>85</sup> S. A. D. Puter, Looters of the Public Domain; Embracing a Complete Exposure of the Fraudulent systems of acquiring titles to the public lands of the United States (New York: Da Capo Press, 1972), 17. Mr. Puter grew up on a homestead off of the Mad River became a government land surveyor and spent two years in jail as an insiders of one of the largest land frauds in US history. He published his book detailing how the scams worked and naming all those involved. His book sheds light on how routine and insidious land fraud was in Humboldt County.

players in the land fraud; he later wrote his book as a way of exposing the scams he perpetuated.

The most extravagant saga of land fraud started in the fall of 1882 when a group of unscrupulous individuals from Humboldt and San Francisco made a contract with others from Scotland agreeing to sell them 50,000 acres of publicly owned land for \$7 an acre. All that had to be done was to acquire the land from the government at \$2.50 an acre and turn around and sell it for \$7 an acre. With that, the California Redwood Company was formed and started using the “dummy entry system” under the Timber and Stone Act. The “dummy entry system” was simply a way of paying people to use their name to sign up for a government land grant which would eventually be handed over to the company after a series of legal formalities were performed to cover the conspirators’ tracks.

While the concept was simple the scam was incredibly involved and inclusive, employing government surveyors with knowledge of desirable timberlands, agents to find signers to a timber land claim, dummy entry men who would receive between \$5 to \$50 for signing their names, public notaries who would later sign the dummy entrants’ names again and date it some months later transferring the sale to one of the major players involved in the scam. They then would be paid by the Scottish capitalist to turn the land over to them. This effectively bypassed the Timber and Stone Act’s legal limit of any individual or group of individuals applying for more than 160 acres. The scheme was

extremely profitable because the government was selling off the land for \$2.50 an acre, which could gross a mill well over a \$1,000 an acre.<sup>86</sup>

One might think that over-the-top fraud such as this would be intimately concealed, especially because so few of those involved were ever prosecuted. On the contrary, the scam was worked out of a saloon just three blocks away from the U.S. Land Office in Eureka. Congressional reports of the land fraud stated that “a large number of prominent citizens of Eureka” were well aware of the scams and many were beneficiaries. There were so many land claims the company attempted to take advantage of it, dummy entry men became in high demand. In fact “farmers were stopped on their way home, merchants were called from their counters and persuaded to allow their names to be used to obtain land.”<sup>87</sup> As many as 100,000 acres of “perhaps the most valuable tracts of timberland in the United States” were stolen in the land fraud.<sup>88</sup> A letter from the Secretary of the Interior from the Cleveland administration, William T. Vilas, whose brother was later reported to be a major part of the scam, stated that the “experts of the conspirators [valued the land] at \$11,000,000 and [it’s] probably worth much more.” The

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<sup>86</sup> Report of George Orner special agent in Eureka, Report of the Commissioner of The General Land Office 1888. In some cases to better cover their tracks entrymen were hired for \$150 to \$200 who would build a shack on the land that was built out of scrap wood worth less than \$25. Squatters would then spend three or four nights on the land and then claim six months continuous residence and land improvement in order to comply with the letter of the law.

<sup>87</sup> Report of George Orner special agent in Eureka, Report of the Commissioner of The General Land Office 1888. Many immigrants signed their first citizen papers so that their names might be used for dummy entries.

<sup>88</sup> Cornford, Workers and Dissent, 64-68.

letter from the Secretary of the Interior went on to state that somewhere between 400 and 450 people were hired to make false entries.<sup>89</sup>

Of course, even as obvious as the fraudulent actors were, it was still nearly a miracle that a Congressional report happened at all or that any thing became of it. The laws under the Timber and Stone Act were so inadequate they practically advocated taking timber illegally. The penalties under the Act included a mere fine of between \$100 and \$1,000, not to include the cost of prosecution by the U.S. government. Those found to be illegally cutting but had not exported their stolen harvest could avoid prosecution by paying \$2.50 an acre for cutting the timber. This was the same the price it would have cost them to legally purchase the land in the first place.<sup>90</sup>

Charles Keller and Louis Tower, Humboldt County citizens who had both agitated against corporate abuses on the national scale, worked diligently to publicize the fraud in the redwoods. However, as Keller's national critiques against corporate abuses started to hit closer to home and involve the California Redwood Company, the tone of the Democratic Standard noticeable changed and started defending those involved. The Democratic Standard's defense of the land fraud was not wholly based in support of progress by the captains of industry. Rather, editor William Ayres was one of the 400-

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<sup>89</sup> Report of George Orner special agent in Eureka, Report of the Commissioner of The General Land Office 1888.

<sup>90</sup> Acts prior to the Timber and Stone Act had been very tough on people illegally cutting on public lands, such as an 1831 act that allowed the informers or captors one-half of all penalties and forfeitures collected. Melendy, "Hundred Years of Redwood Lumber," 79.

450 “who had filed a dummy claim while the California Redwood Company was active in the county.”<sup>91</sup>

But having a tainted press and prominent citizens involved is not the only reason it is surprising that the government ever took any land away. Those involved in the scam worked as hard to avoid prosecution as they did to avoid legal land acquisition. A Land Office special agent sent to Humboldt County to investigate some suspicious looking land claims was quickly bribed by the California Redwood Company. The people involved were ready to give Charles Keller \$60,000 if he would keep quiet and leave town.<sup>92</sup> Later that year a second agent sent to investigate refused a \$5,000 bribe. However, when he made charges against the company that resulted in grand jury indictments, he was relieved of his job. In 1885 a third agent was appointed to the job, B.F. Bergen, and when he was neither bribed nor pulled off the job due to political pressures, the company “reached a desperate stage.” According to a land office report from 1886, the California Redwood Company used even more bizarre tactics to avoid prosecution:

Some of the witnesses were spirited out of the country, others were threatened and intimidated; spies were employed to watch and follow the agent and report the names of all persons who conversed with or called upon him; and on one occasion two persons who were about to enter the agent’s room were knocked down and dragged away.<sup>93</sup>

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<sup>91</sup> Cornford, Workers and Dissent, 67.

<sup>92</sup> Daniel A. Cornford, “Lumber, Labor, and Community in Humboldt County California, 1850-1920,” University of California, Santa Barbara Ph.D. 1983, 237.

<sup>93</sup> Melendy, “Hundred Years of Redwood Lumber,” 89.

Another story about land agent B.F. Bergen's popularity over investigating timber fraud cases, involves him being invited to a dinner in his honor in which rat poison was put into his coffee.

As would be of little surprise given its other tactics, the California Redwood Company also attempted to abuse corporate laws for protection. It transferred all of its property to the Humboldt Redwood Company, which claimed it was an "innocent purchaser" of the land and should not be deprived of its rightful property by the fraud of others. It was obvious that both companies were the same since both the stockholders and the American directors were nearly identical. On February 20, 1889 the Humboldt Redwood Company transferred all its Humboldt County property to the American Lumber Company, an Illinois corporation. There was an interlocking board and close personal relationship between these two groups as well. In 1897 42,000 acres originally gathered by the California Redwood Company was thrown open to reentry, at which point the company sued the government. The illegally acquired timberland that was not thrown open to reentry was passed on to several other logging companies. The Hammond Lumber Company, which had been cited by Puter as one of the major abusers of the Timber and Stone Act, then purchased several thousands of these acres, paying the California Redwood Company hundreds of thousands of dollars. The Dolbeer & Carson Lumber Company and the Little River Company also got a hold of some the lands that the California Redwood Company illegitimately acquired as well. These lands have continued to be passed down to present corporations in the area today, which are still benefiting from lands stolen from the public trust.

The California Redwood Company (CRC) was not a special case merely because it was the only one. There were several other land syndicates in Humboldt County. The CRC is mostly memorable because some of the stolen lands were returned to the public domain, it operated at a massive scale, and there is an extensive amount details about who was involved which still survive. The land fraud perpetuated in the redwood empire galvanized the labor movement, but the most important legacy left by the land scams was much more insidious. It transformed the economy of Humboldt County from a multi-business community of small to medium sized lumbering concerns to one dominated by colossal corporations controlled by outside capital. Additionally, it stripped the local schools of millions of dollars, it made labor more dependent on one industry, and caused large amounts of land speculation denying people access to affordable lands and home-sites.

#### Concentration of Land Ownership and Outside Capital Control

While the value of agricultural products increased in the last twenty years of the nineteenth century the lumber industry outpaced it.<sup>94</sup> This was not a slow evolution of local pioneer mills getting bigger through reinvesting, rather it was a major expansion in the redwood region led by land speculation, fraud, changing corporate codes and the influx of outside capital as timber was dying out back east. Eastern capitalists who had made large fortunes on timber wanted to invest in something with which they were familiar.<sup>95</sup> In just the two years between 1900 and 1902, eastern capital purchased a total

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<sup>94</sup> Cornford, "Lumber, Labor, and Community," 58.

<sup>95</sup> Melendy, "Hundred Years of Redwood Lumber," 21-22.

of 118,000 acres, which was almost equal to the 124,000 acres that operators held from the beginning.<sup>96</sup> By 1903, the twenty-six lumber mills in operation in the 1890s had been decreased to sixteen, a half dozen of which were so small they only produced lumber for local use.<sup>97</sup> In a fourteen month period ending in June 1903, seven corporations based in Boston, New York, and Pittsburgh bought up over 65,000 acres of redwood forest land, 35,000 acres by Hammond alone.<sup>98</sup> This influx by outside capital led to the demise of the pioneer lumber industry and a further loss of community self determination. Few pioneer mills survived and increasingly absentee capitalists owned and managed the lumber industry. An investigation by the Bureau of Corporations in 1913 showed that twenty-three holders owned seventy-nine percent of redwood timber.<sup>99</sup> The culmination of this style of land acquisition, furthered and facilitated by changing corporate codes, meant that by 1920 a few giants of industry held an iron grip on the logging business and made it almost impossible for small operators to get started.<sup>100</sup> This process was encouraged by the general rescinding of real estate restrictions in the California Constitution, as well as

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<sup>96</sup> Melendy, "Hundred Years of Redwood Lumber," 101.

<sup>97</sup> Richard G. Willis, "The Labor Movement in Humboldt County, 1883-1910: Its Origins, Character and Impact." Masters Thesis Humboldt State College, June 1970, 124.

<sup>98</sup> Willis, "The Labor movement in Humboldt County." 125.

<sup>99</sup> Melendy, "Hundred Years of Redwood Lumber," 99.

<sup>100</sup> Melendy, "Hundred Years of Redwood Lumber," 205. Had the 14,040 acre limit still be part of the corporate codes, or had it been illegal for one corporation to own another it would have been illegal for just a few giant corporations to control so much of the timber policy. The critique that this control by a few very large corporations made it difficult for small operators to get started was a common complaint by the Humboldt County labor movement starting in the 1880s see Labor News, Oct. 1, 1910. In Melendy, "Hundred Years of Redwood Lumber," 205 there is also discussion of how hard it was for new companies to get started in this massive controlled industry.

the California statutes regulating corporations which were completely removed by 1930.<sup>101</sup>

In Humboldt County the concentration was even higher. By 1904 the Pacific Lumber Company, the Hammond Lumber Company and the Northern Redwood Lumber Company dominated the industry. These three companies owned sixty-four percent of the county's timberlands and accounted for almost sixty percent of total milling. By 1910 the Labor News warned the county was in danger of falling under the total social and economic control of these three companies.<sup>102</sup> These companies acted in concert in almost all matters, especially marketing arrangements, and labor relations. These companies were all controlled by ownership that was from outside Humboldt County.<sup>103</sup>

As was common for late nineteenth century large lumber companies, all three were vertically integrated, meaning they owned the entire ladder of production. They not only possessed vast acreage of timberlands and did their own logging but also owned all or part of a local railroad, owned their own mills, and owned a fleet of their own sailing vessels. All had marketing offices in San Francisco and all had company stores.<sup>104</sup> Vertical integration went so far as to include company vegetable gardens, ranches, slaughterhouses, and dairies.<sup>105</sup> Many lumber companies had their own saloons or sold

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<sup>101</sup> John K. McNulty, "Background Study California Constitution Article XII Corporations and Public Utilities." 1966, 2.

<sup>102</sup> Labor News, Oct. 1, 1910.

<sup>103</sup> Cornford, Workers and Dissent, 153.

<sup>104</sup> Labor News, Sept. 30, 1911.

<sup>105</sup> Cornford, "Lumber, Labor, and Community," 91.

liquor to their employees. The Pacific Lumber Company built its own saloon in order to keep their workers from “tanking up” on bad alcohol in nearby Rio Dell. At its own the saloon the company controlled the alcohol and the sale of liquor to those it considered too inebriated to sober up for the next day’s work.<sup>106</sup> During the so called “Progressive Era” lumber companies carried vertical integration into operations that would structure their employees’ leisure time. They began to establish or encourage churches, Sunday schools, libraries, fraternal societies, theaters, movie houses, and baseball teams.<sup>107</sup>

Companies stores’ rates were so high that in times of depression it was often better to lose ones job than be forced to buy from the company store.<sup>108</sup> A letter from a woodsman employed by the Pacific Lumber Company expressed what it felt like to stare up at the vertical integration of Pacific Lumber and “similar corporations” while living in a company town of Scotia. In his letter he compared the powers of the lumber companies to the “feudal barons of old,” and went on to say,

There is no way to avoid the tentacles of the corporation as every foot of ground and all the material of every description is owned by the company. All over this vast baronial estate the ‘pluck-me’ stores flourish like the proverbial green bay tree, and instances of families whose head has worked for twenty years or more that are in perpetual debt to these stores are numerous. The man or the family working for this or similar corporations is always in danger of becoming peoned through inability to get out of debt.<sup>109</sup>

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<sup>106</sup> Cornford, Workers and Dissent, 93.

<sup>107</sup> Cornford, “Lumber, Labor, and Community,” 95.

<sup>108</sup> Melendy, “Hundred Years of Redwood Lumber,” 321.

<sup>109</sup> Labor News, July 12, 1913.

While the California Redwood Company had attempted to use outright fraud, these three companies were taking advantage of relaxing corporate codes. All three maintained more acres of land than the 14,040 limit that was part of the corporate statutes as early as 1858. All three possessed property that was not essential to carrying on a lumber manufacturing business, an early restriction on California corporations that was later repealed. While charters for early corporations operating in Humboldt County were several pages long, detailed specifically what a corporation was allowed to do, and had to be approved by the California legislature, a new statute added in 1870 allowed corporations to amend their own charters by a majority vote.<sup>110</sup> It should be seen as no coincidence that concentration of ownership and control by outside capital occurred simultaneously with changes to California's and other states' corporate codes. While these changing codes were in the background of increasing corporate control, movements resisting corporate rule in Humboldt County during the 1870s and 1880s often made them the center of their platforms.

The Pacific Lumber Company, often thought of as the heart of Humboldt County timber industry, was incorporated in 1869. By the 1870s it became primarily owned by Nevada capitalists and is cited by one historian as the first major venture by outside capital into Humboldt County.<sup>111</sup> In 1903 The Pacific Lumber Company regained some local ownership when A.B. Hammond sold his stock in the company after being unable to

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<sup>110</sup> Chapter CXVI, "An Act relating to certificates of Incorporation," Laws of the State of California, Eighteenth Session, 1869-70.

<sup>111</sup> Cornford, Workers and Dissent, 14.

gain control. Hammond had entered the Humboldt County economy in 1900 when he bought out the property of the Vance timber companies. Hammond probably more than anyone else exemplifies the use of barely legal tactics and changing corporate structure to amass an empire.

While Hammond's face was rarely seen in Humboldt County, his impact was unmistakable. His entrance into Humboldt County further transitioned the area from local ownership to control by outside capital.<sup>112</sup> Fueling Hammond's takeover of the one of the early pioneer mills in Humboldt County was his involvement in Timber and Stone Act scams in the state of Washington. Prior to even getting involved with Puter in those scams, he had amassed a fortune from his involvement with the Northern Pacific Railroad, that had been given the largest land grant in United States history. The Northern Pacific failed to meet most of the conditions of its land grant and was involved in multiply congressional investigations.<sup>113</sup> When he bought out the John Vance properties in Humboldt County he bought it through C.A. Hooper, who had been involved in the land frauds with the California Redwood Company. When he formed the Hammond Lumber Company he did so with C.P. Huntington who was part of the "Big Four" who built the Central Pacific and Southern Pacific railroads. The Central Pacific Railroad was well known for spending \$500,000 yearly on graft between 1875 and 1885, and the Southern Pacific became the subject of Frank Norris's early 20<sup>th</sup> century novel The

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<sup>112</sup> Cornford, Workers and Dissent, 153-155.

<sup>113</sup> Derrick Jensen & George Draffan, Railroads and Clearcuts: Legacy of Congress's 1864 Northern Pacific Railroad Land Grant (Sandpoint, ID.: Keokee Co. Publishing, Inc., 1995), 1-6.

Octopus, which details the massive control of the state through bribes. It seems almost everywhere Hammond went he was followed closely by corruption.

While Hammond was only a step away from illegality, his legal moves were almost as underhanded. The Vance properties, and the Hammond Lumber Company, were both incorporated in New Jersey by Hammond. At this time period, New Jersey had the most relaxed corporate codes of any state in the nation. One historian states that “[t]he revision of New Jersey’s corporate statutes in 1889 immediately made that state the venue of choice for corporations wishing to escape more restrictive regulations in other states.”<sup>114</sup> In just a few years as New Jersey continued to further relax its codes the results were staggering. By 1901 seventy-one percent of all United States corporations with assets of \$25 million or greater were chartered in New Jersey. In fact this state’s corporate codes were so relaxed that journalist Lincoln Steffens dubbed New Jersey “the traitor state” based on the wreckage to state authority over corporations through this practice.<sup>115</sup> Pacific Lumber Corporation followed the lead of the Hammond Lumber Company and defected to New Jersey to take advantage of its relaxed corporate codes in 1903.<sup>116</sup>

The process of relaxing state restrictions on corporations can be traced to 1866-- only one year after the Civil War, when individual states began to compete for corporate charters, as well as the income that charters generated. New Jersey in 1866 allowed its

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<sup>114</sup> Nace, Gangs of America, 68.

<sup>115</sup> Nace, Gangs of America, 68.

corporations to own property outside the state, and then in 1875 removed the limit on how much money a corporation could be worth. In 1889, the New Jersey legislature passed laws allowing corporations to form monopolies by buying other corporations, causing a rush of large corporations to flock to the state.<sup>117</sup> As mundane as this shift might sound, its impact was profound because corporations now had the ability to shop for the most sympathetic legal venue and the ability to exert leverage on state legislatures to ease restrictions of other sorts. A company organized in one state that did not like the restrictions in its charter could simply have its lawyers incorporate a new corporation in New Jersey and then by selling its stock to the New Jersey operation the original corporation would free itself of the original restrictions without physically moving.<sup>118</sup>

Of course it did not take long for the “traitor state” to be outdone; in 1899 Delaware surpassed all of New Jersey’s relaxed corporate codes. It was not long before Humboldt County felt the bite of the state of Delaware’s legislative actions. In 1908 a new Hammond Lumber Company was incorporated in Delaware to be a holding company for the Vance Redwood Lumber and Hammond Lumber Co (New Jersey). Eventually in 1916 all of the various Hammond operating companies merged into the

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<sup>116</sup> Willis, “The Labor movement in Humboldt County,” 125. In 1905 the company rechartered in Maine.

<sup>117</sup> In 1899 Delaware's legislature matched all of New Jersey's charter laws as well as allowing others "...any classification of stock to be issued, with or without voting powers; no state transfer tax on the resale of securities; annual meetings could be held outside of the state; directors need not own company stock to qualify for the directorate; state and tax rates were set slightly below New Jersey; and finally, charters permitted directors to issue new stock, change the terms of authorized stock previous to sale, retire preferred stock, and even change the firm's bylaws, all without obtaining shareholder consent." 1999 Measure F Task Force article written by Sean Armstrong on file at City Hall City of Arcata under the Committee on Democracy and Corporations (CDC).

<sup>118</sup> Nace, Gangs of America, 66.

Hammond Lumber Company in Delaware.<sup>119</sup>

The outside ownership of Humboldt County timber facilitated by relaxing corporate codes in California as well as other states, as well as the excessive use of fraud, meant that by the 1920s all of the timber land was owned by corporations with weak ties to the community. These companies merely traded land back and forth amongst themselves to better line up their timberlands. After this time anyone wishing to break into the industry had to be granted land from one of the existing corporations, the timber lands in Humboldt County had effectively been removed from the public by both legal and illegal means.<sup>120</sup>

#### Railroads/Shipping

Up until 1914, when Humboldt County was finally connected with the national railway, logs were brought from the gradually receding forest to Humboldt Bay through short local rail lines and loaded onto ships headed for San Francisco. It is somewhat ironic that it took until 1914 for Humboldt County to be linked with the national railway since it had the first incorporated railroad in the state.<sup>121</sup> In the 1850s and 1860s Humboldt County had nearly thirty tram and steam railroads, more than any other area in the country.<sup>122</sup> Rails were probably the biggest single factor allowing rapid expansion of

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<sup>119</sup> Humboldt Historian November-December 1985, "A.B. Hammond Built a Vast Timber Empire," 6-9. Humboldt Historian November-December 1975, "A.B. Hammond First Major 'Outsider' in Redwoods," 1-8.

<sup>120</sup> Melendy, "Hundred Years of Redwood Lumber," 98-99.

<sup>121</sup> Evelyn McCormick, Points in Time: Humboldt History (Rio Dell, CA.: Self-published, 1992), v.

<sup>122</sup> J.W. McCarthy, Old Towns of Humboldt County (No publisher listed, 1983), 11.

numerous mills in Humboldt County, besides land fraud. Rails enabled companies to move away from tidewater and build their mills nearer to the source of supply; they could also log a greater distance from the streams. As mills were improving their sawing techniques, railroads allowed the logs to be brought in faster.<sup>123</sup> During the mid-1870s through the mid 1880s several large lumber companies embarked on programs to expand railroad networks. By 1887, fourteen mills were entirely or partially dependent on railroads, and by 1892 there were 150 miles of railroad track in the county.<sup>124</sup>

The first incorporated railroad in California, the Union Wharf & Plank Walk Company (UW&PWC), incorporated on December 15<sup>th</sup> 1854, was in Union Town, Humboldt County. Its charter was typical of other railroad charters granted in California in the 1850s and 1860s, and other California charters in general. The charter detailed the specific area where the company would operate and limited its for profit existence to twenty years at which point the road would become public property.

In addition to the restrictions placed in the charter, both the California statutes of 1850 governing corporations and the strict guidelines in the 1849 California constitution meant there were several democratic protections. These included local government's ability to set standards, enforce compliance with charters, and require transparency of

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<sup>123</sup> Lynwood Carranco & Henry L. Sorensen. Steam in the Redwoods (Caldwell: The Caxton Printers, 1988), x.

<sup>124</sup> Cornford, "Lumber, Labor, and Community" 59.

corporate books.<sup>125</sup> Railroad corporations had additional statute restrictions beyond other corporations at this time that further “recognized the public nature of such enterprises by stipulating certain definite controls.”<sup>126</sup>

A further look at the progression of the first incorporated railroad in California shows a case study regarding the evolving power of the corporate form as well as depicts how these laws directly affected how the corporate form could be used. Construction of the UW& PWC was to begin within one year of incorporation, and the line was to be completed in five years. If these conditions were not met the corporation lost its charter. The rates charged by the line were set by the Board of Supervisors of Humboldt County, not the railroad itself. The debate in the papers was not whether the public had the right to do this but what rate the Board of Supervisors should allow the company to charge. The statutes of California stipulated that certain people would be able to ride free of charge and that seven board members had to live in the county where the railroad operated.<sup>127</sup>

Later the UW & PWC ran into financial trouble. Due to stockholder liability as set by California law the railway had a similar experience to the Humboldt Lumber

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<sup>125</sup> While changing state corporate codes and constitutions are a part of these restraints being eliminated from corporate businesses, many of these restraints were deemed unconstitutional on the basis of “corporate personhood.” “Corporate personhood” as a legal doctrine traces its origins to court interpretations that the word person in the 14<sup>th</sup> Amendment to the Constitution includes corporations. Many democratically enacted restraints on corporations by municipal, state and federal jurisdictions have been eliminated by the courts on this basis, making most of these historic restraints on corporations beyond the realm of democracy. For in depth discussions on the historical origins and ramifications of “corporate personhood” more correctly known as corporate constitutional rights see. Ritz, Defying Corporations, Defining Democracy; Nace, Gangs of America; Hartmann, Unequal Protection.

<sup>126</sup> Nash, State Government, 49.

<sup>127</sup> Chapter 128, “An Act Concerning Corporations,” Laws of the State of California, First Session, April 22, 1850.

Manufacture's Company. In order to protect the creditors in this instance a contract was drawn up giving the creditors control of the company. With much the same results as the HLMC, instead of the creditors being left holding the bills they and the UW & PWC began to see whopping twenty percent profits in just a few years.

In June of 1878 the Arcata Transportation Company was organized and took over the UW & PWC railroad properties and in 1881 it became the Arcata & Mad River Railroad. The charter was very clear about the purpose of the corporation and the exact location it was to operate stating: "The purpose set forth was to construct and operate from the main ship channel at the northerly end of Humboldt Bay to the North Fork of the Mad River."<sup>128</sup>

In the same way that the land fraud acquisition of timber lands in Humboldt County showed that legal restrictions on corporations could be violated, the legal restrictions on railroads and other corporations in the shipping industry were not entirely sufficient for the protection of the public good. In 1854 while Maj. A.H. Murdock was the state assembly representative from Humboldt County; that year the assembly passed a specific act that at the very least had the perception of a conflict of interest for Maj. Murdock. In fact the legislation was titled "An Act Authorizing A.H. Murdock and Others to Build a Wharf at the Town of Union."<sup>129</sup> A total of six wharves were approved to be built in California in 1854, two of which were in Humboldt County. The other

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<sup>128</sup> Stanley T. Borden, Arcata and Mad River, 6.

<sup>129</sup> Chapter XLII, "An Act to authorize A.H. Murdock and others to build a wharf at the town of Union in Humboldt County," Laws of the State of California, Fifth Session, 1854.

Humboldt resident to receive this honor was the same large landowner William Roberts who tried to bribe people to vote for Bucksport as the county seat. Both of the wharf companies in Humboldt County in 1854 received charters through special acts, even though charters through this type of charter was explicitly forbidden by California law. It is unclear why or how A.H. Murdock and William Roberts were granted these special acts which enabled them to build wharves.

Put in perspective, this kind of action was far from rare. Almost all wagon road companies throughout the United States came into existence through illegal special acts, which was particularly the case in California with its strict defining laws for wagon road companies.<sup>130</sup> Even the illegally granted charter to A.H. Murdock's wharf had strict requirements for how the company would promote the public interest.

While the connection to the national railroad line did not happen until 1914, movements towards making that connection started much earlier. By 1871, John Vance had twice proposed connecting Humboldt rails with the national line in San Francisco if he could have a subsidy, and both times the voters of Eureka had said no to the subsidy "with a whopping vote."<sup>131</sup> In the 1890s there had been a flurry of talk about connecting Humboldt County to the outside by rail. A visiting Southern Pacific official had boasted to the local press about an impending line. A local banker announced he would start the

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<sup>130</sup> Nash, State Government, 46. Even though these charters were gained illegally they still limited the time these companies could exist before becoming public roads, detailed the public nature of the corporate enterprise and granted county supervisors the right to set the rates they could charge.

<sup>131</sup> Gilbert H. Kneiss, Redwood Railways: a Story of Redwoods, Picnics, and Commuters (Berkeley: Howell-North, 1956), 92.

“People’s Railroad,” which never happened.<sup>132</sup> When all of these ideas failed to bring a link to the national railroad system there were growing suspicions that William Carson and other lumber barons were conspiring to keep from getting a railroad to the south to prevent competition from more distant redwood groves.<sup>133</sup>

While Humboldt County was cut off from the rest of the state, it had its own thriving pioneer railroads, of which the UW & PWC was a part. These were tightly controlled by the timber industry, so as outside capital bought up the timber mills, consolidation of the rail lines went with them. For the rest of California the Southern Pacific Railroad Company had a virtual monopoly of the traffic until the Santa Fe Railroad completed its line to California in 1887 and offered competition in certain sections of the state. The Southern Pacific continued to carry a major share of California farm products to distant markets, thus exercising a strong leverage on the state’s agricultural industries. Then in 1914 Humboldt County was linked with the national railroad line when the Northwestern Pacific drove in its golden spike. This golden spike was Humboldt County’s connection with the outside world, but also signaled the end of local control of transportation in the County. The Northwestern Pacific was a combination of the Southern Pacific and the Santa Fe, which together bought out forty other railroads in order to create the Northwestern Pacific.<sup>134</sup>

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<sup>132</sup> Publicly owned railroads had been a major part of the platform for many of the upstart political parties both locally and nationally. See section III of this paper.

<sup>133</sup> Kneiss, Redwood Railways, 92.

<sup>134</sup> Fred A. Stindt, The Northwestern Pacific Railroad (Redwood City: Stindt Publishing, 1964), 6.

### Increased Corporate Concentration and Control

Within each of the major industries in Humboldt County there was a pattern of increased concentration and outside ownership. The timber industry further used its concentration by attempting to control prices, output, and labor. The first attempts at a concentrated effort of controlling prices and output ended with the failure of the Humboldt Lumber Manufacturing Company in 1855. This attempt was but the first of repeated efforts.<sup>135</sup> With the increased concentration of ownership in the redwoods, because of land fraud and relaxing corporate codes, new opportunities for such organizations presented themselves.

In 1879, in the wake of a nationwide depression, the Redwood Lumber Manufactures' Association was formed. The Association established quotas for all the mills in Humboldt and Mendocino counties. Soon after the Humboldt Lumber Manufactures Association was created with a similar focus for Humboldt County. In 1884 during another recession in the lumber market it ordered a twenty five percent cut in production and laid off many workers. This left redwood lumber prices artificially high and caused the mills to be short on logs when the markets hit a boom. Even the pro-business Los Angeles Times criticized the efforts of the Humboldt Lumber Manufactures' Association for its efforts in controlling the market.<sup>136</sup> The HLMA was not always successful in its efforts to control its production since there was disagreement

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<sup>135</sup> See discussion of Humboldt Lumber Manufacturing Association & California Redwood Association in this section.

<sup>136</sup> Melendy, "Hundred Years of Redwood Lumber." 291.

among the members. Most notably there was a rift between the pioneer lumber owners, with roots in the community, versus the newer lumber companies. William Carson who had deep roots in the community refused at points to attend HLMA meetings, believing that the larger lumber companies, particularly the Hammond Company, treated their workers unfairly and that they would further the cause of unionism.<sup>137</sup>

The HLMA never faced any legal action, but as early as 1872 there was legislation in the California Civil Code that outlawed any contract in restraint of trade.<sup>138</sup> Additionally, the activities of the HLMA appear to have been in violation of the rarely enforced Reagan Bill of 1889, which allowed for charter revocation of companies acting in an organized fashion to curtail production to increase profits.<sup>139</sup> However, controlling output was but one aspect of organizations such as HLMA, most notably these organizations served as a way to control Humboldt County labor.

When workers requested better pay and working conditions in 1907 many of the local pioneer mills obliged without complaint. The Hammond Lumber Company, the Pacific Lumber Company and the Charles Nelsen Company banded together as the

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<sup>137</sup> Cornford, Workers and Dissent, 165.

<sup>138</sup> Nash, State Government, 277-278. In the following two decades the California courts upheld this doctrine. The Reagan bill of 1889 was passed to further uphold restrictions on contracts restricting trade. In 1893 the California Supreme Court made a departure from past precedent when it upheld a contract of San Francisco Master Stevedores' Association to fix process and wages.

<sup>139</sup> In 1888 in *Santa Clara Valley Mill and Lumber Company v. Hayes*, the state Supreme Court held that an agreement among lumber mill owners to curtail production and to increase prices was a restraint of trade and a violation of public policy. The Reagan bill of 1889 was passed that allowed the State Attorney-General as well as country district attorneys to fine or imprison guilty parties that impeded trade in this manner. It also provided for the revocation of corporate charters and people could sue for double damages. However, there are only three reported cases of judicial enforcement and five suits by private parties under the Reagan Bill.

California Redwood Association and started placing ads across the country in an effort to flood the labor market. One of the largest strikes in Humboldt County history ensued in 1907 during which time recruiters were sent from Eureka to Chicago to bring back one thousand workers to the Humboldt region. The Hammond Company even used its steamer to bring men from San Francisco to work at the docks and break a longshoremen's strike.<sup>140</sup>

Vertical integration, associations of employers, and overlapping boards of directors, combined with New Jersey and Delaware's allowance of one corporation owning another, made the corporate form a strong means of control in the county -- a means of control that the county had diminishing authority over as the twentieth century approached. Ownership of company towns, banks, common-carrier railroads, and vast acres of timber lands were in the hands of corporations owned by very few people-- people who often did not live in Humboldt County. The integration of ownership of these industries went beyond controlling all the steps necessary for production -- it extended to controlling Humboldt society.

The President of the Manufacturer's Association stated on the first day of the 1907 strike "we will not listen to the demands of the union men, and conference with any of their representatives are not to be thought of."<sup>141</sup> The reason for this was best explained by a representative from the Hammond Lumber Company "It is simply a

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<sup>140</sup> Willis, "The Labor movement in Humboldt County." 190-191.

<sup>141</sup> Willis, "The Labor movement in Humboldt County." 192.

question of running our own business.”<sup>142</sup> This statement shows striking contrast to the belief that a corporation is a subordinate legal entity that is granted privileges from the state in order to provide for the public good. The work of the HLMA went much further than running their “own business.” In fact a court injunction was placed against the mill owners of the HLMA because they: “Intentionally and willfully, unlawfully, and maliciously conspire, combine and federate together to boycott... and to vex, hinder, injure, and destroy business.” Even though the HLMA had the protection of the best lawyers money could buy, and the protection of the fourteenth amendment which had recently been extended to include “corporate persons,” an argument they made in this case, sometimes the laws sided against “corporate persons” and with natural ones. In this particular instance the mill owners’ best recourse came by blatantly disregarding the court order, leaving the workers with little recourse in the highly concentrated and vertical integrated ownership of production in the redwood empire. When the court said that the mill owners had to allow employees to put their withheld money towards the hospital of their choice, one the mills simply responded by placing a sign reading its employees *could* sign up for the union’s hospital, but “FOR OUR MUTUAL BENEFIT WE TRUST THERE ARE NONE.”<sup>143</sup>

When labor wanted to put pressure on employers for better treatment, Hammond - who controlled the First National bank of Eureka -- used his position to crush the movement. Since there was at least one prominent lumber employer serving as an officer

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<sup>142</sup> Willis, “The Labor movement in Humboldt County.” 192.

<sup>143</sup> Willis, “The Labor movement in Humboldt County.” 213. All caps in original.

or director at each of the four other banks in Eureka their influence was plain to see.<sup>144</sup>

During the strike of 1907 lumber owners put pressure on local merchants to refuse credit to strikers, and at least one timber owner stated that the future of the strike “was in the merchants’ hands.”<sup>145</sup> Since the same lumber barons putting pressure on the merchants also owned the banks which the merchants relied on, it might be more appropriate to say that the strike was in the HLMA’s hands.

While the corporate form was forbidden to be used for banking purposes by the 1849 California Constitution in order to protect the people, those laws were quickly challenged by financial interests and started to give way in the mid 1850s.<sup>146</sup> On February 27, 1873, the Humboldt County Bank of Eureka was chartered, making it the first incorporated bank in the county.<sup>147</sup> All of the board of directors were major players in the pioneer lumber market. This link between mill owners and bank owners continued for several decades. By 1906 at least one prominent employer served as an officer or director at each of the four banks in Eureka, as well as the two banks in Arcata and the bank in Scotia. Hammond began using his influence in the banking community to persuade Eureka businessmen to cooperate with the open-shop drive. Securing the cooperation of the banking community was probably not difficult. It is unclear precisely what pressure was put on merchants in Eureka to join the open-shop crusade, but the story was treated

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<sup>144</sup> Cornford, Workers and Dissent, 180.

<sup>145</sup> Willis, “The Labor movement in Humboldt County.” 200.

<sup>146</sup> Nash, State Government, 82-89.

<sup>147</sup> Melville M. Vaughan “A California Principality: Humboldt & its Redwoods,” (San Francisco, Overland Monthly September, 1896 p. 328-368), 346.

seriously by the Humboldt Times, and the labor movement appealed to merchants not to collaborate with Hammond.

These close connections between banks, shipping and timber made labor easy to control, but also meant that the whole of Humboldt society was easier to control. Even access to free and fair elections was severely restricted by this increased corporate control. For example just prior to the state election on whether to ratify the new state constitution of 1879, workers at one of the lumber mills found a ticket under their dinner plates that was marked “Against the Constitution.” A month later the Democratic Standard accused some employers in the county of dismissing workers who had voted for the new California Constitution that put tight new controls on corporations.<sup>148</sup> In 1896 William Carson, who was an elector for presidential candidate William McKinley, posted a notice at the mill, under a picture of the pro corporate McKinley, promising employees a pay raise if McKinley prevailed over populist crusader William Jennings Bryan.<sup>149</sup>

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<sup>148</sup> Cornford, “Lumber, Labor, and Community” 158.

<sup>149</sup> Cornford, Workers and Dissent, 110.

### III. RESPONSES TO CORPORATE RULE IN HUMBOLDT COUNTY

#### Dissension's Roots

Responses to corporate rule in Humboldt County varied. Some were overt, such as the formation of third parties whose primary platform was based on the restriction of corporate power, or labor organizations formed to defend workers' rights against corporate abuses of power. Other responses, such as participation in non-corporate agriculture, were a more subtle way of resisting corporate rule through opting out. While some people participated in agriculture for reasons other than resisting corporate rule, the independent agriculture economy of Humboldt County took some vary strong stances against corporate control, and also offered alternatives to the corporate model.

Corporate rule was a focal point and a galvanizing issue for Humboldt County dissension. Corporations and their control of society were debated from the pulpit, in the press, and in politics throughout the country during the nineteenth century. Humboldt County both reflected and added to the nation-wide discussion of the proper role of corporations in society.

#### Third Parties

Third parties played a prime role in Humboldt County politics, often achieving a success that was unmatched throughout the rest of the state or the country. The California Workingmen's Party, the Greenback Labor party, and the Populist Party were a

succession of successful third parties in the county that all took strong stands against corporate rule. As one newly formed party would fade, another would start up in its place. But before any of these parties could change the political landscape of Humboldt County several transforming factors had to occur.

After the Civil War, most of Humboldt County identified as Republican, due to the political and moral credit the party earned from opposing slavery and defending the Union. By the early 1870s, an increasing number of Humboldt County residents felt the Republican Party had exhausted this credit and could no longer be trusted. Perhaps the best and earliest example of this growing frustration with the Republican Party by a Humboldt County resident is Louis Tower's series of articles that appeared in the Humboldt Times. These articles referred to the ever increasing power of corporations, railroads, and the general corruption in politics. While giving a nod to the golden days of the Republican Party, he resolved that the conflict between "labor and capital was inevitable and that laborers should consider forming a new party to elect men of better principles."<sup>150</sup>

Louis Tower's sentiments that the Republican Party, and the growing power of railroads and corporations, needed to be addressed resonated with many in the county. In 1873, Henry McGowen announced his candidacy for the State Assembly as an independent candidate, denouncing the Republican Party for allowing itself to be blemished by "Land and Railroad monopolies, Credit Mobiliers, Back Pay Stealings, and

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<sup>150</sup> Humboldt Times March 11<sup>th</sup> 1871.

other eruptions of a similar nature.”<sup>151</sup> On August 2, 1873, just two years after Tower advocated the formation of a new party, a mass meeting was held at Ryan’s Hall in Eureka, and a Tax-Payer Party was formed. Many of the leading figures in the Tax-Payer Party were ex-Republicans, including the president of the new party, W.J. Sweasey, who had been chairman of the Humboldt County Republican Party since the Civil War.<sup>152</sup>

In addition to selecting candidates for the up-coming elections, the party’s delegates drew up a long list of resolutions. Issues surrounding corporations were a central theme. The first resolution was against “giving lands or money or loaning the national credit to Corporations or other persons, for the purposes of creating dangerous monopolies to oppress the people.”<sup>153</sup> Equal taxation between rich and poor, opposition to tariffs, and a control of discriminatory railroad rates were also subjects of the party’s resolutions. This was the most heated election campaign in the history of the county up to this point. In spite of several obstacles the Tax-Payer Party fared quite well, winning the State Assembly seat and narrowly missing most county positions.<sup>154</sup>

The Tax-Payer Party was the first tangible example of what is best described as a dissenting tradition in Humboldt County politics. The murmurs of discontent had been

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<sup>151</sup> West Coast Signal (Eureka), July 9, 1873.

<sup>152</sup> Cornford, “Lumber, Labor, and Community,” 132

<sup>153</sup> West Coast Signal, August 6, 1873.

<sup>154</sup> While there was another Tax-Payer party that ran candidates throughout California, the Humboldt County Tax-Payer Party seems to have no affiliation. The Humboldt County Tax-Payer Party also took a much harsher stance against corporate rule than did the party with the same name in the rest of California. Cornford, Workers and Dissent, 35.

growing louder since the Civil War, and were finally culminating into a coherent and organized political movement. By 1873, a significant number of Humboldt County voters were sufficiently frustrated and willing to cast their vote for a political party that denounced the records of the Republican and Democratic parties at all levels while advocating far-reaching reforms of political and economic institutions.<sup>155</sup> Even though the Tax-Payer Party itself disbanded after the election, several leading Humboldt County political figures permanently severed their ties with the Republican and Democratic parties and continued to attempt to rein in corporate power.

The 1870s were hard times in California; the economy had transformed from free-wheeling competition and relative social equality to one that was increasingly stratified and controlled by large corporations. In the nation at large there was widespread unemployment, bank failures, business bankruptcies, mortgage defaults, and stock losses. But in California there were also droughts, poor harvests, and anti-Chinese riots.<sup>156</sup> For Humboldt County the depression of the late 1870s cut the price per 1,000 board feet of lumber from \$30 down to \$18. In 1879 this price drop caused the lumber employers to first slash wages, then close the mills for an indefinite amount of time. By 1877, few mills were operating.<sup>157</sup>

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<sup>155</sup> Cornford, "Lumber, Labor, and Community," 135.

<sup>156</sup> Leonard Pitt, California Controversies: Major Issues in the History of the State (Glenview, Illinois: Scott, Foresman and Company, 1968), 108.

<sup>157</sup> Humboldt Times, July 7, 1877.

Many in the state viewed growing corporate power, and the corruption it was causing not as a mere backdrop to the economic hard times but rather one of the leading causes. In California Controversies: Major Issues in the State, Leonard Pitt states that the rising concentration of wealth and political corruption worked hand in hand to reinforce one another:

...it had become the stated policy of the Big Four-Leland Stanford, Collis P. Huntington, Charles Crocker, and Mark Hopkins-to seize control over *all* transportation facilities in the state, including ferries stagecoaches, inter-urban lines, and feeder roads, and to brook no interference from the government or from rival companies. This strategy required the gradual construction of an ubiquitous political machine to select judges, rig municipal officials and legislatures, silence the press, befuddle the voters, and in general meddle in governmental affair at every turn.<sup>158</sup>

This type of action by the so-called Big Four railroad tycoons, owners of the largest railroad corporations, was what many Californians and Humboldters were reacting to when they were motivated to abandon the Republican and Democrat parties for the Tax-Payer Party. It also made many in California and other states start to question their founding documents.

When the California Constitution of 1849 was written it was one of the strongest in restricting corporate power. However, three decades of the type of corruption described by Pitt, the type of land fraud in Humboldt County and elsewhere, combined with continually relaxing state corporate codes left California statues defining corporate limits gutted. The sentiment among many concerned about corporate power in the late 1870s was similar about the 1849 constitution as it was about the Republican and

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<sup>158</sup> Pitt, California Controversies, 109.

Democratic parties. All were hopelessly inadequate to deal with these problems and best abandoned altogether. This economic depression that was gripping the county in the late 1870s, the rollback of democratic controls over corporations, combined with what California farmers had been experiencing since the early 1870s, set the stage for the Workingmen's Party and a referendum to rewrite the California Constitution. In 1878 when that statewide referendum was held it passed by an overwhelming majority, approaching two to one. In Humboldt County, however, it was passed nearly ten to one with fewer than 300 *men* voting against the Convention (2,552 to 258).<sup>159</sup>

#### Workingmen's Party

After the state-wide referendum to rewrite the Constitution passed the citizens of California needed to select delegates for the Constitutional Convention. In the Daily Evening Signal of May 17, 1878, a letter from "Justice" stated that there would be two classes of people at the Convention to rewrite the California Constitution: first, the true representatives of the laboring classes, and the other representing "the greedy soulless corporations of the State, backed up by land grabbers, banks and money lenders."<sup>160</sup> In Humboldt County the dissenting tradition that had begun was set on making sure that "the greedy soulless corporations" were not representing their county. On the day after the letter from "Justice," an announcement appeared in the Humboldt Times that a preliminary meeting of the Workingmen's Party of Humboldt County had elected W.J. Sweasey as chairman, and that a founding Convention would take place on May 28,

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<sup>159</sup> Cornford, "Lumber, Labor, and Community," 150.

<sup>160</sup> Daily Evening Signal, May 17, 1878.

1878. A call was issued to citizens of Mendocino and Del Norte Counties to choose delegates to the Convention in order to select a Workingmen's Party candidate for the 27<sup>th</sup> Senatorial District. At the convention, W.J. Sweasey was selected for the county delegate seat and J.N. Barton, a southern Humboldt farmer from Ferndale, was chosen as the candidate for the 27<sup>th</sup> Senatorial District.<sup>161</sup>

Once again the necessity for greater controls over the corporate form was a central theme of the Convention. Several resolutions were passed at the Humboldt Convention. One stated that railroad corporations should be taxed in relation to their actual value, and another that large land holdings of corporations and the wealthy should be taxed at exactly the same rate per acre as land owned by small landholders. A resolution also stated that the state should hold all water courses, rather than allowing private interests to control them. Not to be ignored were the Workingmen's Party anti-Chinese sentiments that stemmed from both a fear of job security, wages, and overt racism. These sentiments were exemplified by a resolution stating that the immigration of the Chinese and other "inferior races" should be halted.<sup>162</sup>

The local Republican and Democratic Party organizations decided that it was so important to prevent this fledgling party from representing the county at the convention they swept aside their differences and banded together to jointly select delegates for the convention. Humboldt County Judge C.G. Stafford wrote a letter to the Humboldt Times in support of the united party because "as matters now stand it is possible for the

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<sup>161</sup> Cornford, "Lumber, Labor, and Community," 151.

<sup>162</sup> Cornford, "Lumber, Labor, and Community," 152.

Communists to get control of the Convention.”<sup>163</sup> The Humboldt Times, which characterized itself as an independent paper, stated emphatically of the need to support the combined Democrat/Republican Party, which “barely held their own against the common enemy” in the past municipal elections. However in the end, even the combined force of the two established parties was not enough to stop the growing rumblings of discontent in the county. At the June 19 election both Sweasey and Barton of the Workingmen’s Party won their elections with broad support from all demographics in the county.<sup>164</sup>

Constitutional Convention for the California Constitution of 1879.

Sweasey and Barton joined 150 other delegates elected to attend the Constitutional Convention, seventy-seven of whom were nonpartisan, eleven Republican, ten Democratic, three independent, and fifty-one from the Workingmen’s Party. The majority of the delegates sent to the convention had a distrust of the California Legislature and courts, as well as a fear of large corporate and foreign wealth. The Workingmen’s representatives and their party platform seized the limelight with their anti-Chinese, anti-monopoly, anti-railroad advocacy.<sup>165</sup> It was the hope of the majority of the delegates at the convention to “take from the halls of legislation the corrupting

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<sup>163</sup> Humboldt Times, May 11, 1878.

<sup>164</sup> Cornford, “Lumber, Labor, and Community,” 153.

<sup>165</sup> Pitt, California Controversies, 108-109.

influence of corporate power.”<sup>166</sup> Morris M Estee, one of the independents at the convention, referred to the “concession theory” of corporations, regarding them as subordinated entities created by state governments that could be dismantled at any time. According to Estee, “the creature shall not by any act of ours become greater than its creator.”<sup>167</sup> Estee’s comments, which were reflective of many of the delegates’ attitudes towards corporations, went on to state that almost all business was controlled by corporate non-natural persons, because of unfair privileges granted to them under law:

The insurance business is conducted by corporations, the banking business is conducted by corporations, the mining business is in the hands of corporations, the entire carrying trade of the country, not only the Pacific Coast but the whole nation, is in the hands of corporations, Natural persons no longer control these great interest. The reasons...I attribute to three causes: First, the difficulty of one man controlling money sufficient to handle such great enterprises; second the personal, financial, and moral, irresponsibility of corporations; and lastly, ‘corporations never die.’<sup>168</sup>

At the Convention, the Humboldt County representatives played a strong role.

Sweasey was selected to the Right of Suffrage Committee that removed some of the barriers to allowing women the right to vote and took being “white” out as a requirement for voting.<sup>169</sup> Barton had stated he had come “with the determination of working for the

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<sup>166</sup> Debates and Proceedings of the Constitutional Convention of the State of California Convened September 28, 1878 (Sacramento: State Printing Office, 1881), I, 377-381.

<sup>167</sup> His argument, similar to the beliefs of many Humboldt County upstart political parties, stems from a conservative doctrine expressed by the U.S. Supreme Court in *Munn vs. Illinois*, 1877, which stipulated that railroads and other corporations are monopolies “affected with a public interest” thereby subject to public control. This view of corporations was probably familiar to Morris M. Estee, a San Francisco attorney and former speaker of the California Assembly. Pitt, *California Controversies*, 111.

<sup>168</sup> Debates and Proceedings of the Constitutional Convention, 377-381.

<sup>169</sup> Debates and Proceedings of the Constitutional Convention, 394.

interests of the people, (the corporations will take care of themselves),” and was appropriately selected for the committee on the Pre-amble and the Bill of Rights, and the Committee on Labor and Capital.<sup>170</sup> He expected the same determination from the other delegates and when he felt let down he would chastise them for being the “advocates of the corporations.”<sup>171</sup>

He spoke eloquently on the issue of “land grabbing,” for which he advocated an investigation of past land frauds, which should revert to the state to be reopened for settlement, and introduced several resolutions to amend the state’s tax system to stop “land grabbing.” He also called for taxation on mortgages, which would keep creditors paying their share of the tax burden. He argued articulately for the strongest restrictions advocated by the Committee on Corporations, stating he would utter every word, “in behalf of the people upon this question, and against that soulless corporation.”<sup>172</sup> He argued that corporate directors should be fully liable for all debts saying, “Let the bankers take care of themselves,” and “down with these upstart aristocrats!”<sup>173</sup>

When the debates at the convention concluded, the delegates approved the constitution with 120 in favor and fifteen against. They had added nine new articles and some 8,000 words to the California Constitution.<sup>174</sup> The California Constitution created

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<sup>170</sup> Debates and Proceedings of the Constitutional Convention, 518.

<sup>171</sup> Debates and Proceedings of the Constitutional Convention, 415.

<sup>172</sup> Debates and Proceedings of the Constitutional Convention, 518

<sup>173</sup> Debates and Proceedings of the Constitutional Convention, 415.

<sup>174</sup> 1996 California Constitutional Revision Commission, History and Perspective. State Governance: An Overview of the History of the Constitutional Provisions Dealing with State Governance. Pat Ooley. 3-9.

an elected Railroad Commission of three members to regulate railroads, and other public utilities and a State Board of equalization to equalize the valuation of taxable properties and to assess properties of railroads operating in more than one county.<sup>175</sup> In Article XII on Corporations and Utilities alone, seventeen new sections were added to the 1849 version. Article XII contained many provisions designed separately and cumulatively to curb corporations, railroads and investment interest in the state. Corporations were to be formed only under general laws, and each stockholder was made liable for his proportion of all debts of a corporation. Moreover, corporate directors were made liable to creditors for all money embezzled or misappropriated, and lobbying was made a felony.<sup>176</sup>

The Declaration of Rights Committee for the Constitution, which Barton was on, stated that “[a]ll political power is inherent in the people....and they have a right to alter or reform...whenever the public good require it.”<sup>177</sup> Further, Barton was part of a minority report that wanted a statement added that stipulated that “no property qualification shall ever be required for any person to vote, hold office, or become a juror,” as well as a requirement that the “penalty for all crimes, except petty misdemeanors, shall be imprisonment.”<sup>178</sup> With all of Barton’s work to increase the rights

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<sup>175</sup> A minority report from the committee on corporations argued that “railroads heretofore constructed...in this state, are hereby declared public highways, and shall be free to all persons for the transportation of their persons and property.” Debates p. 235-236 & 361

<sup>176</sup> Delmatier et al., *The Rumble of California Politics: 1848-1970* (New York: John Wiley & Sons, Inc., 1970), 87. Debates and Proceedings of the Constitutional Convention, 235-236.

<sup>177</sup> Article I Sec. 2 1879 California Constitution. This section has since been moved to Article II Sec. 1.

<sup>178</sup> Debates and Proceedings of the Constitutional Convention, 179. This would mean that fines which would make little difference to the rich but disproportionately punished the poor would be abolished.

of individuals it might seem ironic that he argued emphatically for Article XIX Section Two of the Constitution that “no corporation... formed under the law of this State, shall...employ... in any capacity, any Chinese or Mongolian.”<sup>179</sup>

Ratification of the Constitution of 1879.

While the San Francisco branch of the Workingmen’s Party split over the issue of ratifying the new Constitution, the Humboldt County Workingmen’s Party launched a vigorous campaign to ratify. On March 22, 1879, a “Grand Ratification Meeting” was held in Eureka where a series of resolutions were passed honoring Humboldt County voters on a “glorious victory for the friends of labor and of good and honest government” over the “cohorts of Capital, Corporations and Monopolies.” Voters were also warned about the campaign being mounted by the “wealthy corporations” against the Constitution.<sup>180</sup> This vigorous campaign, according to the meeting holders, was being mounted by banks, railroads, manufacturing firms, mining companies, and water and gas companies, and most major California newspapers that opposed ratification.<sup>181</sup>

In spite of this well funded campaign, the ratification of the Constitution occurred on May 7, 1879, by a small margin of California voters. In true dissenting tradition, the Humboldt County vote was more decidedly in favor.<sup>182</sup> The actions in Humboldt County and California to rein in corporate power through the complete rewriting of the state’s

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<sup>179</sup> Debates and Proceedings of the Constitutional Convention, 653-654.

<sup>180</sup> Cornford, “Lumber, Labor and Community,” 155.

<sup>181</sup> Delmatier et al., The Rumble of California Politics, 88. Only one newspaper in Humboldt County endorsed ratification of the new constitution.

<sup>182</sup> Cornford, “Lumber, Labor and Community,” 156.

founding documents were not isolated incidents but rather a part of a movement across the country to address issues of corporate rule. California was just one of at least twenty-six states that drafted new constitutions between 1872 and 1913 in order to deal with the new corporate order that had emerged in America corrupting the political landscape in many people's eyes.<sup>183</sup>

With the ratification of the new constitution completed, the Workingmen's Party worried that all their hard work would be lost if officials hostile to the new constitution were elected. They worked hard to get ready for the upcoming elections. At the end of June the Workingmen's Party convention occurred in Eureka to select upcoming candidates for the state and county elections. The Party won half of the executive positions at the county level, an impressive showing since the Democratic and Republican parties had once again combined as a fusion party to defeat their "common enemy." The Workingmen's Party candidates for State Senate and the Legislature won and every candidate for statewide office got a majority of the votes in Humboldt County.

Outside of Humboldt County, things did not look as promising. The Chief Justice of the State Supreme Court and five of the six associate justices plus sixteen assemblymen and eleven state senators were elected by the Workingmen's Party, but in light of the 1878 Constitutional Conventional elections, these results were disappointing. The party went into decline at the State level, which eventually dragged it down in Humboldt County.<sup>184</sup>

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<sup>183</sup> Ooley, "Overview of the History of the Constitutional Provisions," 4-5.

<sup>184</sup> Cornford, *Lumber, Labor, and Community*, 161.

The decline happened for several reasons, but mainly because most of the lofty ideals placed in the Constitution went largely unrealized after its adoption. The legislature that was elected in 1880 was accused of indefinite postponements, and sabotaging legislation intended to carry out the Constitution. The Railroad Commission “proved as clay in the hands of the great corporations.”<sup>185</sup> Railroad attorneys delayed enactment for many years the provisions for taxing railroads by challenging them as unconstitutional in the courts. Corporations, including the Wells Fargo Express Company, brought suit against the Board of Equalization’s power to equalize assessments and won. While the provision which made lobbying a felony was little more than a laughing stock.<sup>186</sup>

One change the Workingmen Party did get passed by the 1880 Legislature, right after the Constitution passed, was the addition of chapter III, sections 178 and 179 of the California Penal Code. This law was the implementation of Article XIX, Section Two, of the 1879 Constitution that James Barton had argued for and the perfect summation of the Workingmen’s Party position on the peoples’ right to control corporations and their racist beliefs on who is entitled to the rights of people.

**179** Any Corporation now existing, or hereafter formed under the laws of this State, that shall employ, directly or indirectly, in any capacity, any Chinese or Mongolian, shall be guilty of a misdemeanor, and upon conviction thereof shall for the first offense be fined not less than five hundred nor more than five thousand dollars, and upon the second conviction, shall, in addition to said penalty, forfeit its charter and franchise, and all its corporate rights and privileges, and it shall be the

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<sup>185</sup> Ooley, “Overview of the History of the Constitutional Provisions,” 5.

<sup>186</sup> Ooley, “Overview of the History of the Constitutional Provisions,” 4-5.

duty of the Attorney-General to take the necessary steps to enforce such forfeiture.<sup>187</sup>

The Workingmen's Party faded after a few years but its emergence in Humboldt County was much more than a brief aberration in the county's politics. It followed on the heels of the County Tax Payer Party, and flowed immediately into the Greenback Labor Party. For Humboldt County at least, the Workingmen's Party represented the culmination of a dissenting tradition that had been evolving since the Civil War.<sup>188</sup>

### Greenback Labor Party

On July 17, 1880, the remnants of the Humboldt Workingmen's Party County Committee assembled at the Club Room of the Eureka Greenback Club to dissolve their organization. This took place one hour before the founding convention of the Humboldt County Greenback Labor Party. Many of those elected to high offices in the county party were from the Workingmen's Party, such as W.J. Sweasey and J.N. Barton. One historian stated that "the personnel continuity was such that it would be no exaggeration to say that the Humboldt Greenback Labor Party was the Workingmen's Party in new clothes."<sup>189</sup>

Greenback clubs began to appear in Humboldt County as early as 1878 and were picking up momentum in the early 1880s, becoming a force in local politics just as the Workingmen's Party was diminishing. By the early 1880s almost every town in the

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<sup>187</sup> Chapter III Sections 178 & 179 "Acts Amendatory of the Penal Code" Laws of the State of California, Twenty-third Session, 1880. This law was stricken down in 1895 when it was deemed a violation of the commerce clause in 1895.

<sup>188</sup> Cornford, "Lumber, Labor, and Community" 115.

<sup>189</sup> Cornford, "Lumber, Labor, and Community" 192-193.

county had a Greenback club.<sup>190</sup> For many in the county, the Greenback Labor Party was the logical succession to the Workingmen's Party. The Greenback Labor Party viciously critiqued the corporate form just as the Workingmen's Party had. While the Humboldt County Greenback Labor Party endorsed the ticket and platform of the national Greenback Labor Party, many supporters felt their cries were the same as they had been under the Workingmen's party. Since the Greenback Labor Party had a promising performance at the national level in the 1878 Congressional elections, this was the most logical way for Humboldt County dissidents to express their outrage. So as one party died and another formed, one thing went unchanged: many in Humboldt County felt the corporate form needed to be more strictly controlled to protect the public good.

The Greenback Labor Party, reminiscent of the Workingmen's Party, critiqued the "moneyed aristocracy" for controlling the government and creating victims of the "producing classes."<sup>191</sup> The party was critical of land monopoly and corporations, particularly banking corporations which controlled the money supply. The money supply became a major issue because money symbolized an exchange value of different commodities. The Greenbackers felt that if the value of labor were to be properly respected, there needed to be an adequate amount of money in circulation. Otherwise as laborers worked more hours or produced more goods, each unit would be worth less. Additionally, the less money in circulation the more difficult it was for the debtor class to

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<sup>190</sup> Democratic Standard May 29, July 3, July 24, July 31, 1880.

<sup>191</sup> Cornford, "Lumber, Labor and Community," 193.

pay back loans. If the money supply increased then inflation would make it easier for debtors to pay back loans.

Several letters to the editor and editorial pieces started to appear in Humboldt newspapers explaining the Greenbackers' critique of banks and corporations. The Greenbackers believed that the amount of money in circulation was manufactured by banking corporations assuming power, which properly belong to the people through their government representatives:

The action of the banks proves more conclusively than ten thousand agreements could possibly do that the power to control, to expand or contract the currency of the nation must not be delegated to any corporation, but must be restored to the national Government where it belongs.<sup>192</sup>

Therefore if the money were put into circulation by the government and placed at a level that was sufficient to represent the amount of goods and labor being produced, then this classic example of corporate rule could be stopped.

By having a sufficient amount of money issued by the government gauged per capita to fully accommodate the business of the country, and not subject to the control and contraction of the 2,300 banking corporations...we should to a great extent destroy the robbery of the industrial classes that has been going on for so long, and much greater extent obviate the money crisis that spread so much misery and suffering all over the country.<sup>193</sup>

While the pro-Republican Humboldt Times and the Arcata Leader blamed the farmers for not being more industrious, during these particularly hard years for

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<sup>192</sup> The Democratic Standard March 19, 1881.

<sup>193</sup> The Democratic Standard July 22, 1882.

agriculture, county Greenbackers detailed plans to lift debtors out of poverty. Sweet, from southern Humboldt, wanted the price of land fixed at a low price that could only be transferable from government to actual settlers and vice versa. Additionally, Congress should open a bank and land office in each county that would loan money at low interest rates. Sweet was convinced these laws would keep monopoly in check, give all citizens a chance to own land and force capitalists out of land speculation and into a productive business enterprise lest they be taxed on idle money. Humboldt County's 1880 election results show that these radical ideas for promoting the public good resonated with a large portion of the County's residents.

James Weaver, the 1880 Greenback Labor Party candidate for President, received only 2.1 percent of the vote nationally and 3.1 percent in California, but in Humboldt County he received twenty-five percent. This was the same portion of the vote that Democratic candidate William Hancock received. The Greenback Party nomination for State Assembly and their candidate for the third congressional district both won their elections. The party continued to be a focal point of dissident political activity in the county for the next two years, but by 1882 as the election results show, its support had dipped considerably. The party's candidate for governor only received ten percent of the vote in the county, and while considerably better than his three percent state level results, it was none the less disappointing. Humboldt County resident W.J. Sweasey, who ran for Lieutenant Governor, only received fourteen percent of the vote in his own county, and the Greenback Labor candidate for State Assembly from Humboldt received twenty percent. With the exception of two Greenbackers, one of whom was Sweasey's son, no

one in the party got more than fifteen percent of the vote. By 1884 the party was merely endorsing the best men for the job instead of running its own candidates.<sup>194</sup>

One of the problems for both the Humboldt County Workingmen's Party and the Humboldt County Greenback Labor Party was their limited success at the national and state levels. Strong grassroots support could not indefinitely maintain a local party that primarily addresses regional and national issues if the party was not able to ultimately succeed on the state or national level.

Indeed both the Greenback Labor Party and the Workingmen's Party suffered from the conundrum of their platforms being absorbed by the established parties before they could seriously challenge the sanctity of the two-party system. While this had disastrous results for the upstart parties, it forced established parties in the county to more directly address corporate rule as a major issue. In fact the Humboldt County Democratic Party took one of the most radical stances of any Democratic Party anywhere, stating that "labor was the basis of all capital" and that the "paramount living issue of the day" was whether the people will "submit to be ruled by the ever-grasping and never satisfied corporations." However, while the Democratic Party adopted these stances, along with critiquing "the great curse of land monopoly" that should be discouraged "by all legitimate means," the Greenback platform contained specific plans of how to make this happen. This bold "new" platform that the Democratic Party stole from the upstart parties was enough to revive their poor showings at the polls. Regretfully, while the Workingmen's Party died, its anti-Chinese stance was part of its platform that lived on

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<sup>194</sup> Cornford, "Lumber, Labor and Community," 202.

through the Democratic Party. In this vitally important issue, to the Greenback Labor Party's credit, it did not take on this stance, a move that definitely cost it votes, considering that the residents of Garberville decided to remove all of the Chinese residents in 1880, a move followed by Eureka just a few years later.<sup>195</sup>

The support that the Greenback Labor Party attracted in Humboldt County immediately following the demise of the California Workingmen's Party indicates that the rising tide of discontent in the 1870s was not a short lived event nor a movement simply designed to reform the State Constitution. It was instead a reflection of a deep-seated discontent with the rising power of corporations in Humboldt County. The quick rise and fall of both the Workingmen's Party and the Greenback Labor Party show that their causes did not really begin and end with the formation of the parties in the county. Rather than ends in themselves, the parties were tactics that Humboldt County residents used to achieve their ultimate end of protecting their notion of the public good and rejecting the rule of corporations. The work that went into these parties was to play a pivotal role in Humboldt County labor being able to organize itself against the rule of corporations operating in the Redwood Empire.

#### Labor's Opposition to Corporations

Formation of labor unions throughout California coincided with statehood, but the working and living conditions of Humboldt County were not comparable to the hordes of factory workers that inhabited America's major industrial cities.<sup>196</sup> Therefore the

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<sup>195</sup> Democratic Standard, March 27, 1880.

<sup>196</sup> Cornford, Workers and Dissent, 64.

movement against corporate rule, for the first two decades after European settlement in Humboldt County, was mostly centered in the political sphere. As the mid 1880s rolled around, and the modern-day American labor movement exploded, the use of labor organizing became part of the strategy of resisting corporate rule in Humboldt County. For Humboldt County the 1880s was a time when absentee corporate interest bought up huge tracks of land, often illegally, transforming the economy from a multi-business community of small to medium sized lumbering concerns into one dominated by colossal corporations controlled by outside capital. Willis, in his research of the labor movement of Humboldt County, cites the mid 1880s as the first time that Humboldt laborers faced the threat “of the giant impersonal corporation.”<sup>197</sup>

Not surprisingly, Humboldt County unions attracted their greatest following in the larger mills established or taken over by capitalists from outside the county.<sup>198</sup> These same “giant impersonal” mills also had a reputation for more repressive working conditions. For example, one of the first mills founded by outside capital, the Humboldt Lumber Mill Company, founded in 1883 by the Korbel brothers, had a reputation for being one of the harshest regimes in Humboldt County. Workers there were often brutalized by management..<sup>199</sup>

The labor movement was in no way divorced from the political movements that came before and after its emergence in the county. In fact, the dissident political

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<sup>197</sup> Willis, “The Labor movement in Humboldt County,” v.

<sup>198</sup> Cornford, Workers and Dissent, 111.

<sup>199</sup> Cornford, Workers and Dissent, 109, 153.

movements created a space where it was possible for a strong labor movement to germinate. In the same manner that the Greenback Labor Party returned many of the same faces from the Workingmen's Party, the labor movement saw the return of those faces once again.<sup>200</sup> The success of the Humboldt Greenback Labor Party from 1877-81 even provided the first impetus to organize in the county. Additionally, the labor movement produced a series of new parties that became the electoral arm of local labor movement against corporate rule.

#### Role of Humboldt County Labor

Even in the midst of the strong symbiotic relationship between the Humboldt County labor movement and dissident parties there is an important distinction between the two. Central to emergence of the labor movement in this county was the role of local issues, as opposed to the national issues that mesmerized the upstart political parties of the 1870s and 1880s. This was a huge development in the movement against corporate rule and not an easy one to make. It is one thing to denounce distant corporations such as the Southern Pacific Railroad Corporation or exploiting capitalist such as the Vanderbilts, Morgans, and Carnegies, but quite another to chastise Pacific Lumber Corporation, William Carson and John Vance in the same breath.<sup>201</sup>

The massive success of the emergent political parties in Humboldt County, as well as the rise of a local labor movement, is even more impressive based on the workers' role in the Redwood Empire. Workers in Humboldt County during the late 1800s were in

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<sup>200</sup> Cornford, "Lumber, Labor, and Community," 230.

<sup>201</sup> Cornford, "Lumber, Labor, and Community," 315.

a subservient position; the county's main industry was controlled by just a few mills, and the isolated area made it difficult to transfer to a new job or a new area. The small size of both the community and the work setting accentuated the power of employers by exposing workers to round-the-clock surveillance. They worked and lived in relatively small and isolated locales where, through the nineteenth century at least, most lumber employers knew them by name, and in which the community could easily monitor their activities.<sup>202</sup> Even in Eureka, the county's largest city, it remained impossible for agitators to simply melt into anonymity. The vertical integration of the lumber industry further placed workers in an industry that imposed severe constraints on their social space. Partially because of this tight control, the strike, usually seen as the laborers' ultimate weapon against oppressive working conditions, was rarely used in the early years of labor organizing in the county to deal with issues of corporate abuse.<sup>203</sup>

Some of the union activities in Humboldt County sought a reduction in the twelve-hour workday, as well as better wages. However, it is important to note that labor grievances, most commonly identified over wages and hours, went beyond seeking better pay or shorter days. Without a doubt labor was directly concerned with the ever-increasing concentration of corporate power and their rights within the corporate system.

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<sup>202</sup> Cornford, "Lumber, Labor, and Community," 88.

<sup>203</sup> Two issues, food and foremen, in that order, gave rise to more wildcat strikes than any other issue. In the cases of food the strikes were almost always successful. In fact, the first recorded strike of Humboldt County lumber workers took place in 1881 when John Vance's mill workers walked out on the grounds that their food was poorly prepared. Vance quickly appeased his men by firing the cook and hiring a new one. Cornford, "Lumber, Labor and Community," 92. However, while most short term or guerilla strikes occurred over food and foreman, the two largest strikes in Humboldt County history, the 1907 strike and the 1935 strike, both directly confronted corporate control of workers' lives.

In fact, the rise of the labor movement in the United States is synchronized with the growth and development of the American corporation.<sup>204</sup> This connection between the rise of labor organizing and the development of corporate rule goes beyond the concern over disintegrating working conditions attributed to absentee corporate monopolies. It was also asserting what rights workers had within a system of corporate ownership. Companies in this area were trying to control how workers thought, acted and voted. To say that workers' only concerns were with issues of pay and hours is to ignore their concerns about these other issues.

#### Humboldt County's First Labor Organizations

In the mid-1880s the California Redwood Company (CRC) was the largest employer in the area. It was also notorious for its involvement in land fraud and repeated attempts to flood the labor market in an effort to slash wages. Therefore, the CRC became not only the subject of accusations by Humboldt citizens but also the major spark for the first labor unions in the county.<sup>205</sup> By the summer of 1883, local resident Charles Keller was so fed up with the CRC that he had decided it would take more than electing the right people to office or writing outraged letters to the Land office in Washington to change the situation. That summer, after Keller returned from a trip to San Francisco, he stated in the Democratic Standard: "If ever there was a time in Humboldt County for an

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<sup>204</sup> Richard O. Boyer & Herbert M. Morris, Labor's Untold Story (Pittsburgh: United Electrical, Radio & Machine Workers of America, 2003), 12.

<sup>205</sup> Cornford, "Lumber, Labor, and Community," 313.

intelligent organization of wage workers that the time is now.”<sup>206</sup> During that trip he had joined the International Workingmen’s Association (IWA) with the intention of forming branches in Humboldt County.

The IWA was established to assist and aid the organizations such as the granges, Farmers Alliances, and other workers’ organizations. The IWA organized each of its small groups into a “Humboldt Federation of Groups” which issued circulars, and held educational meetings and discussions.<sup>207</sup> Most notably the International Workingmen’s Association was a self-professed revolutionary organization. While the dissident political groups of the past two decades paved the way for the labor movement, there were many obstacles to making the leap from a dissident party to a self-professed revolutionary organization. As stated earlier the fear of reprisal was real and the major employers in the County did not just come together with the Humboldt Lumber Manufacturers Association to control market forces, they also used their organizing to blacklist “trouble makers,” exert control over the banks, and change election results.<sup>208</sup> Therefore, the success of the IWA is both impressive and a testament to local organizers’ ability to address local needs.

The membership and activities of the first two labor organizations, the IWA and the Humboldt Lumbermen’s Association that eventually branched out of it, were both secret organizations patterned after many secret revolutionary societies, which helped

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<sup>206</sup> Democratic Standard, August 11, 1883.

<sup>207</sup> Willis, “The Labor movement in Humboldt County.” 4.

<sup>208</sup> Cornford, “Lumber, Labor, and Community,” 250, 313.

address the fear of reprisal that so many workers in the tightly control timber industry felt. In the case of the IWA, a sophisticated numbering system was created and members were to address each other by number. This makes it hard to be sure of the exact number of members, however the IWA claimed there were sixty organizations with 300 men in Humboldt County, meaning the sparsely populated Humboldt County had the most IWA members of anywhere outside of San Francisco.<sup>209</sup>

Although the dissident political groups often faced a hostile media, labor organizations such as the IWA faced a near total media blackout. This could have proved disastrous for the group, but in many ways it made it stronger. To counteract the media blackout the Humboldt IWA bought a small press and printed its own news. One IWA circular was created that criticized a conspiracy among “mill and timber owners” to advertise for outside workers to force labor process down:

There has been a systematized plan and continued effort on the part of mill and timber owners of Humboldt County to degrade labor and to bring wages down to starvation figures. To this end they have persistently advertised for more men, with a view to overstocking the labor market thereby forcing men to work for less wages.<sup>210</sup>

By educating local workers on this issue, local workers were empowered to take a proactive role in protecting their wages and jobs by meeting the boat loads of new workers and convincing them to leave.

The IWA continued to thrive, mostly fueled by the California Redwood Company’s labor policies and its illegal land acquisitions, which by 1884 totaled 100,000

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<sup>209</sup> Cornford, “Workers and Dissent,” 71.

<sup>210</sup> Quoted in Cornford, “Lumber, Labor, and Community,” 247.

acres. That year the California Redwood Company planned to employ 700 men in seven different logging camps, making it by far the largest employer. Before the 1884 logging season commenced the company announced that all employees would have fifty cents deducted from each paycheck to pay for a hospital plan for the workers. The hospital would be staffed by two company doctors. The plan was endorsed by both major newspapers of the county but was loudly rejected by the workers as a major infringement on their rights. There was a major difference of opinion between timber employers and workers regarding safety and liability on the job. While job conditions in the lumber industry were extremely dangerous, workers assumed all liability for accidents, and owners took little responsibility for making that job safe. Coroners' juries never found the company at fault when a person was killed on the job, and few employers gave consideration to a worker's plight following a maiming accident. Forcing workers to pay for treatment of on-the-job injuries and being treated by company doctors, whose sympathy lied with the employers, only added to this power imbalance.<sup>211</sup>

A meeting was soon held after the announcement, with the main grievances being the lack of input by the workers into the plan and the competence and motive of company doctors.<sup>212</sup> In outrage to the California Redwood Company's plan, the workers formed the Humboldt Lumbermen's Association. It was the first organization of lumber workers

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<sup>211</sup> Willis, "The Labor movement in Humboldt County." 149.

<sup>212</sup> David Evens, a major player in the land fraud and later elected mayor of Eureka, and the spokesperson for the CRC stated that the employees had asked for the plan. At one mill where the company was circulating a petition to automatically deduct 50 cents from each worker, 60 of 100 had refused to sign, a bold response considering the California Redwood Company's labor record. Cornford, "Lumber, Labor, and Community," 256-258.

not only in Humboldt County but anywhere on the west coast.<sup>213</sup> The organization was secret, but the newspapers were saying it had over 700 members by August of 1884. Faced with this organization the company dropped the hospital plan, which caused one member of the Lumbermen's union to say "we defeated them in their game and their quack doctor was compelled to depart for parts unknown."<sup>214</sup>

Just as one political party morphed into another, the IWA and the Lumbermen's Union both morphed into the Humboldt Assembly of the Knights of Labor. Between 1884 and 1886, assemblies of the Knights of Labor were founded in every town in Humboldt County, and soon boasted a total membership of 2,000 in the county. The rise of the Knights coincided with a depression in the mid eighties that rivaled the depression of the late 1870s. The Declaration of the Principles of the Knights of Labor of America could be seen as seeking social justice and improving the lot of workers, as they called for equal pay for men and women, and pressed for an eight hour work day and an end to child and convict labor. However their principles also indirectly and directly attacked railroads, corporations, and the laws that allowed corporate rule to dominate. They sought an end to land speculation, an end to allowing corporations to pay workers when they wanted, and they wanted the first lien to go to workers.<sup>215</sup>

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<sup>213</sup> Willis, "The Labor movement in Humboldt County," vi.

<sup>214</sup> Cornford, "Lumber, Labor, and Community" p. 260 Twenty years later, the first international union for lumber workers, originally established in Humboldt County, fought hard to create a Union Labor Hospital where workers had doctors employed by the union. Willis, "The Labor movement in Humboldt County." vi.

<sup>215</sup> Western Watchman, September 18, 1886.

In another example of the lumber owners operating as a trust, in July of 1884 the Humboldt Lumber Manufacturers Association ordered a twenty-five percent cut in production leaving many without jobs. This move by the HLMA led to a mass meeting of unemployed workers in May of 1885 in which a series of resolutions were passed denouncing the California Redwood Company.<sup>216</sup> The final resolution decided to fundamentally challenge the company's right to decide when work would happen as well as pressuring them to give up their illegally acquired lands. Specifically, the resolution stated that if the company failed to yield to community pressure then evidence would be sent to the General Land Office to invalidate the land claims of the company. Both the Times-Telephone and the Humboldt Standard opposed the resolution, saying the demands were unreasonable. Within the next couple of years the company was investigated for fraud and many of the company's land claims were invalidated.<sup>217</sup>

The Knights in Humboldt avoided entering local politics until 1886. Although this was typical of the American labor movement's ambivalence towards electoral politics, it is somewhat strange in Humboldt County, given the success of the Workingmen's Party and the Greenback Labor Party. In 1886 the Humboldt Knights challenged this assumption and became the main force behind launching a Citizen's Party. In the Eureka city elections, the mayor, the majority of the City Council, and the City Police Chief were all Knights. Before the county and state elections of that year the Knights were instrumental in forming a People's Party in Humboldt County that was nearly identical to

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<sup>216</sup> Humboldt Standard, May 8, 1885.

<sup>217</sup> discussed in part II under Land Grab section of this paper.

the Greenback Labor party. It stated that no banking corporations should be recognized, advocated for a graduated income tax, wanted secure and equal work for equal pay for both sexes, sought to make all public offices elected, and worked to make California water state property. The People's Party fell into a familiar trap for upstart parties and nominated individuals who betrayed their cause and alienated supporters. They fared poorly at the November elections, and both nationally and locally the Knights began to disintegrate. As a result most lumber workers were without union representation for twenty years.<sup>218</sup>

The labor movement would not burst to life again until after the turn of the century with another national drive to organize.<sup>219</sup> The Humboldt County labor movement's peak years of activity prior to 1910 were in 1905-1906. During this time it had the highest membership.<sup>220</sup> The first international union in the lumber industry was formed in 1906 in Humboldt County, and helped to launch a national organizational movement in the lumber industry.<sup>221</sup> As the Labor News told the story it exalted

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<sup>218</sup> Cornford, "Lumber, Labor and Community," 312.

<sup>219</sup> Willis, "The Labor movement in Humboldt County." i.

<sup>220</sup> Willis, "The Labor movement in Humboldt County." 130. During this time the Carpenter's Union organized all the molding mills in Eureka, and the mills adopted a union stamp on their product. The plumbers in Eureka became one hundred percent organized, the Cook's and Waiter's Union received increased wages for members, and the Clerk's Union had all stores but one unionized in Eureka. The Musician's Union boasted forty-seven members in February; the Printers had most of their workers on an eight hour day showing the movement among several of the trades unions was relatively brisk during this time. In 1905 a branch of the Industrial Workers of the World was formed. which took part in the first and only strike called by the IBWSW in 1907. Willis, "The Labor Movement in Humboldt County."152-153.

<sup>221</sup> Willis, "The Labor movement in Humboldt County." vi.

Humboldt County woodmen for creating the first international union in the lumber industry:

Until the woodsmen conceived the idea of establishing an international union for the woodsmen and sawmill workers of the world no such organization existed. ...a new world organization was born and Humboldt country gets the credit of giving it birth.<sup>222</sup>

The International Brotherhood of Woodsmen and Sawmill Workers (IBWSW) spread quickly through Humboldt County, starting several local chapters through the West Coast, and then the rest of the United States. At times it had membership in excess of 1,500 paid-up members in Humboldt County.<sup>223</sup>

In 1906 the Union Labor Party was formed, with a nineteen-point platform that was similar in many respects to the principles of the Knights of Labor and the Greenback Labor Party. Its platform sought the expansion of democratic principles, calling for women's suffrage, direct election of senators, and other progressive causes. Of the nineteen points, almost half dealt directly or indirectly with corporate rule, calling for municipal ownership of public utilities, an eight-hour work day law, laws against "watering" stock, a law compelling corporations in California to incorporate under California law, and many other regulations of corporations.<sup>224</sup> For the 1906 election it

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<sup>222</sup> Labor News, August 12, 1905.

<sup>223</sup> Willis, "The Labor movement in Humboldt County." 184.

<sup>224</sup> Willis, "The Labor movement in Humboldt County." 246.

selected a slate of candidate for state and local office. Although the Union Labor party did not win any offices, it far exceeded the vote total of the Democratic Party.<sup>225</sup>

The labor movement in Humboldt County was both an extension and continuation of the prior movements to stop the corporate take over of the county. While obviously focused on workers and improving their conditions, many of their demands, their rhetoric and their upstart parties all challenged the fundamental rights of corporations to make public policy. The labor movement also saw the local “face” of “the giant impersonal corporation.” The demands of the Workingmen’s Party for public ownership of railroads and state ownership of waterways were continued but added to it was the demand for municipal ownership of public utilities. The complaints against the robber barrens of the nation became complaints against the companies participating in land fraud in their own backyard.

#### Agriculture as Opposition

Up until the 1880s the employment in agriculture surpassed that of lumbering and agriculture was the first or second leading industry for all the 19<sup>th</sup> century. While there was considerable difficulty organizing within in the lumber industry, the agricultural sector shared no such burden. In fact when times got tough and workers could not sell

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<sup>225</sup> Willis, “The Labor Movement in Humboldt County,” 180. The International Workers of the World (IWW) also known as the Wobblies’ had a small and somewhat token following in Humboldt County never having more than a few hundred members. There was a major rift that developed between the IBWSW and the IWW during the great strike of 1907 that caused many in Humboldt County to look unfavorably upon the IWW. In the years following the strike a rift between the Socialist Party, which attracted a huge following in Humboldt County, and the IWW developed once again leading many in Humboldt County to look upon the IWW with disfavor. IWW members comprised a considerable number of the strike breakers in the 1907 strike and also during a Longshoremen’s Union strike. Cornford, “Lumber, Labor, and Community,” 465-467, 502-505.

their labor to a lumber owner they would sometimes join the agricultural sector by raising their own food or selling produce. Part of what made the land grab so insidious is that it took away a major alternative to the corporate economy. The agriculture economy not only allowed people the chance to opt out of the corporate system, it also provided a political movement in the Populist and the Farmers Alliance and Grange movements, as well as alternative institutions. Therefore it is not surprising that much of the resistance to corporate rule in Humboldt County came out of the agricultural sector.

### The Grange

In 1873 the farmers of Humboldt County, reacting to severe depression in the 1870s, affiliated with the California State Grange and opened five branches in the County.<sup>226</sup> By the late 1870s, there were at least six branches of the Grange which had become a strong force in the social and political life of the county. In much the same way that labor organizations provided alternative printing presses, hospitals, and advocated pooling money to start cooperative mills, the agricultural sector provided its own alternatives. The Table Bluff Grange built its own hall, and all the Granges frequently held dances and other social and educational events. The Granges at Table Bluff and Ferndale established their own cooperative retail facilities.<sup>227</sup> While, Humboldt County's agriculture suffered comparatively little from the depression of the late 1870s, the county's Granges joined the state and national Granges in calling for far-reaching reforms. The Humboldt Grangers stressed the need for a more stable circulating currency

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<sup>226</sup> Cornford, "Lumber, Labor and Community," 134.

<sup>227</sup> Humboldt Times, November 18 & December 2, 1876.

based on silver or greenbacks that would make “the poor man’s dollar equal to the rich man’s.” In March of 1878 the Ferndale Grange passed the following resolution that denounced an aristocracy of landlordism which made the workers of this country peons to the banks and corporations:

Whereas, a people view with alarm the growing tendency (by class legislation) of a bourbon aristocracy, a system of landlordism such as exists in Germany, England and throughout Europe, and which if not checked soon will finally reduce the working classes of America to mere slaves and vassals. We may say with truth that the toiling millions of this country are today to the banks and corporations what the peons of Mexico are to the aristocracy of that so called Republic.

Resolved, that we look upon this bourbon element with suspicion and distrust in their efforts to subvert that form of government bequeathed to us by our fathers, and to erect instead a semi-despotic government, controlled by a centralized aristocracy.<sup>228</sup>

The Grange movement in Humboldt County was largely responsible for the success of the Workingmen’s party and the passage of the 1879 Constitution as well as playing supporting roles in the Tax Payer party and the Greenback Labor Party. In fact the rhetoric of the Humboldt County Grange was so strong the county and state press repeatedly attacked it as communistic movement.<sup>229</sup>

### Farmers Alliance and Populism

The Farmers Alliance and its political arm the Populist Party started in California just as the national movement was losing steam. It was launched in Santa Barbara in the spring of 1890 and by that fall there were 173 sub-alliances and a state convention was held in San Jose. Although Populism did not receive the same level of support that it did

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<sup>228</sup> Daily Evening Signal, March 15, 1878.

<sup>229</sup> Democratic Standard, September 14, 1878.

in other states, it still became a powerful force in California, electing eight to the state legislature and sending one to Congress. In 1894 their gubernatorial candidate, J.V. Webster, received an impressive eighteen percent of the state-wide vote. (In Humboldt County he received thirty-six percent.)

Over much of the country the growth of the Alliance movement is attributed to economic depression among farmers. This however was not the case among the Humboldt County farmers as at this time economic conditions were rather good. In other counties where it took harsh economic conditions to politicize people over night, Humboldt County seems more influenced by a longstanding dissenting tradition that merely continued with the Populists.

Humboldt County was late to join the California Alliance movement but even then it became one of the banner counties of the state's Populist movement. In February of 1890 there were ten sub-alliances and a County Alliance. By that summer there were fourteen sub-alliances with 500 members and by the next spring the Alliance had over 1,000 members. Once again an upstart third party that challenged corporate rule burst onto the scene in Humboldt County and achieved massive success. Webster the Populist running for governor in 1894 received thirty-six percent of the vote in Humboldt County (compared with eighteen percent statewide) which was higher than the Republican or Democratic candidates and his highest rate of support in any county.<sup>230</sup>

The Humboldt County Populist created a political movement that had strong social services as well. Following political addresses by several leading members of the

County Alliance, the meetings would break into songs, recitations, and plays.

Cooperative stores were founded by some sub-alliances, and many organized their own Fourth of July celebrations, which attracted over 1,500 people. The Island sub-alliance built its own meeting hall and started its own newspaper, The Alliance Voice, that was edited by a different person each time and read to the membership each month. The Ferndale sub-alliance established an auction market and a warehouse where farmers could sell and store their produce.<sup>231</sup> Women also played a large role in the alliance, often being elected to official positions.

Rather than a completely new movement that sprang up overnight, most Humboldt County Alliance members saw the Populist movement as the best way to achieve radical reforms. As with previous dissident political movements and the labor movement, the Populist lambasted corporate rule as standing in the way of American democracy. The Populist Omaha Platform endorsed by the California and Humboldt Populist called for “[a]ll land now held by railroads and other corporations in excess of their actual needs...[should] be reclaimed by the government and held for actual settlers only.” Similar to the demands of prior Humboldt movements the Populist platform felt that “the railroad corporations will either own the people or the people must own the railroads” and therefore “oppose[d] any subsidy or national aid to any private corporation

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<sup>230</sup> Cornford, “Lumber, Labor and Community,” 374.

<sup>231</sup> Western Watchman, June 20, 1891.

for any purpose.”<sup>232</sup> Articles and letters in the Western Watchman, printed in Eureka, which by 1890 had become one of the longstanding respected reform newspapers in Northern California, expressed the need to control corporations. The Island sub-alliance offered prizes for the best essays about the Farmers Alliance. One essay called for “the protection of the people against the ever increasing monopolies and trust,” as well as advocated charter revocation and government ownership of railroads.<sup>233</sup>

In his work the Populist Moment, Lawrence Goodwyn asserts that personal political self-respect must be achieved in order to confront established hierarchical forms.<sup>234</sup> He then describes the necessity of political movements, such as the Populist, creating alternative cooperative institutions, before a strong political movement will be accepted by people who have grown up in hierarchical capitalist or socialist cultures.<sup>235</sup> Humboldt County offers an example in opposition to Goodwyn’s and most Populist historians’ theories. The 1886 platform of the Humboldt County Peoples Party that formed out of the Knights of Labor borrowed heavily from the Greenback Labor Party and foreshadowed that of the Populist. In Humboldt County it was the past political movements of the Workingmen’s Party and the Greenback Labor Party and the labor organizations that continually built upon one another that created the personal political

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<sup>232</sup> Timothy Patrick McCarthy and John McMillian ed., The Radical Reader: A Documentary History of the American Radical Tradition (New York: The New Press, 2003), 250-252.

<sup>233</sup> Cornford, “Lumber, Labor, and Community” 384.

<sup>234</sup> Lawrence Goodwyn, The Populist Moment: A Short History of the Agrarian Revolt in America (Oxford: Oxford University Press, 1978), xix.

<sup>235</sup> Goodwyn, The Populist Moment, xx & 26.

respect. In Humboldt County cooperative institutions were held together by a common political ideology rather than the other way around.

Dairying as resistance to corporate rule.

Given the fact that the “populist tried through democratic politics to bring the corporate state under popular control,” it is more appropriate to look at the explosion of cooperative creameries as direct resistance to the corporate takeover of their county rather than just a quaint example of farmers helping each other out.<sup>236</sup> The agricultural depression that affected California, prior to the Farmers Alliance movement, left Humboldt County relatively untouched because the majority of its agricultural focus previously shifted over to dairy.<sup>237</sup> Taking advantage of Humboldt’s favorable climate, dairying began with the first arrival of European settlers. During the early years the work was done on a small scale for immediate use of the family. The dairy industry started to take shape in the 1860s with the arrival of the first true breed of dairy cattle. It eventually became the most important branch of the county’s agriculture. By 1900, Humboldt County ranked eleventh in population of California’s fifty-eight counties and third in the value of its dairy products.<sup>238</sup> Butter production was the main emphasis and as it became profitable agricultural and timber land was converted into dairy production. A great need for a creamery became apparent in the 1880s as the Eel River Valley had undergone a

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<sup>236</sup> Goodwyn, The Populist Moment, xxii.

<sup>237</sup> Cornford, Workers and Dissent, 119.

<sup>238</sup> Cornford, Workers and Dissent, 14.

complete transformation from farming to dairying. To meet this need farmers formed many small cooperatives.

The first creamery appeared in 1890 and by 1893 there were twenty-six operating, all of which were cooperatives. The stock of each creamery was owned by the dairymen supplying milk to it and each creamery was controlled by a board of directors elected by the dairymen-stockholders. The board of directors met on the thirteenth of each month to set what price would be paid for butterfat based on the amount of milk delivered during the preceding month. The dairymen received their pay for their milk on the fifteenth of every month and dividend checks came every six months, which on the average, were about ten percent of their money invested.<sup>239</sup>

Just as the takeover of pioneer timber, railroads, government lands occurred at the hands of outside corporations, the dairy cooperatives were taken over by the hierarchical corporate model as well. As one historical account puts it: "In later years the small creameries disappeared and they were replaced by larger and more modern ones."<sup>240</sup> This depiction characterizes the swallowing up of smaller businesses as a matter of fact, an almost unavoidable act of predestination, or that it was somehow beneficial. However the process was not entirely beneficial nor was it deemed inevitable or appropriate by many in the community. Per cow productively was one of the sacrifices in shifting over to larger more modern creameries. The average gross earnings per cow in the large herds per season was about sixty to sixty five dollars, in the small herds it was seventy to eighty

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<sup>239</sup> Myrell A. Parry "The History of Loleta," (Master Thesis Humboldt State College, June 1963), 80-87.

<sup>240</sup> McCarthy, Old Towns of Humboldt County. 5.

dollars.<sup>241</sup> Also one of the first non-cooperative creameries in the county, the Central Creamery Company, incorporated in 1904, was accused of using a number of underhanded, albeit legal business practices, in order to put these cooperatives out of business. The company became the target of hatred from many community members and cried sabotage when it had a “white butter” crisis.<sup>242</sup>

Just as “the giant impersonal corporation” and past political organizing inspired unionization to form in the lumber industry, there was a push to unionize after the cooperatives started to be swallowed up by larger enterprises. An attempt was made in 1913 to form a Milkers’ Union, in order to address the labor cuts that began to occur with increased mechanization. Few members joined the union because many of the dairymen had gotten together and decided they would not hire any union workers.

#### Importance of Resistance to Corporate Rule

It is important not to oversimplify the resistance to corporate rule in Humboldt County by labeling it anti-corporate. For one, the community’s responses to corporations with local ownership or long roots in the community, such as Dolber & Carson Company, were different from its response to the Hammond Lumber Company or the California Redwood Company. The organizing in Humboldt County was in many ways a reaction to a loss of control over ones’ own community. Regaining that community control whether through a labor movement, changing the state constitution, or voting for a third party was

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<sup>241</sup> Walter Bernasconi, “The Dairy Industry in Humboldt County up to 1914.” In clippings section of HSU Humboldt Room filed under Dairying-19<sup>th</sup> century, 34.

<sup>242</sup> It turned out upon closer inspection that there was an overabundance of ozone in the area which causes butter to lose its natural color. Parry, “History of Loleta,” 94.

what was important. This struggle for community control was in many ways a struggle about sovereignty. Over and over again the mantra, who should rule, the corporations or the people, was reiterated.

In Humboldt County, the critique of the corporate form on the national level became a local struggle against corporate rule as the benevolent, paternalist, exploiters of local labor and public policy were replaced up by national and transnational corporations. What was initially only dealt with through political parties attacking national and state policy, transformed into local resistance through the labor movement trying to understand and deal with their local situation.

#### IV. CONCLUSION

In 1579 the first modern-day corporation made contact with the area surrounding Qual-a-wa-loo. In the following four hundred plus years Qual-a-wa-loo became known as Humboldt Bay to most residents. By 1906, the point where this history stops, the corporate form was well on its way to assuming the role of the most dominant institution on the globe. As one would expect, there is a push to understand the history of these global powers. The intent of this history was to assist in that understanding by looking at the growth of the corporate form through the lens of Humboldt County. By using Humboldt County as a case study it is hoped that a better understanding of large corporations' local effects, as well as the history of Humboldt County would be achieved. Because the examination into the corporate form was done within the confines of a specific community, many important aspects of national corporate history were omitted.<sup>243</sup> But what these confines force to be omitted allows room for the telling of a new kind of corporate history--the history of how a community was affected and how it reacted as these changes were occurring.

Humboldt County makes a unique and perhaps a seemingly unlikely place for a case study on the changes to the corporate form, since the area is both rural and isolated. But these potential limitations make Humboldt County all the more attractive for a study into the increased power of the corporate form. The thriving dissent throughout the

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<sup>243</sup> Specifically the ramifications the 1819 Supreme Court Case Board of Trustees of Dartmouth College v. Woodward and the legal doctrine of "corporate personhood" and corporate constitutional rights.

history of the county shows that there was concern for the rising power of corporations far beyond urban centers. Also, although much of the resistance to the increasing power of the corporate form during the nineteenth century was over monopolist railroad corporations, these critiques were being levied in areas such as Humboldt County even though it was cut off from the national railroad system. The mere fact that throughout its history Humboldt County politics, economy, and living conditions were dictated by corporations shows that the influence of corporate power went far beyond just a few “Robber Barons,” and that these “Robber Barons” had effects in communities where this was not anticipated or considered.

California’s political relationship with Humboldt County creates other reasons why it is a unique community in which to study the effects of the changing corporate form. New England states dealt with the ramification of Crown corporations and had been part of the Union long enough to view the changes to the corporate form slowly throughout the nineteenth century. For California which, when it became a state in 1849, had arguably the most restrictive state constitution for corporations, these changes to the corporate form occurred in just over half the time, making the contrast all the more jolting. Additionally, while people in smaller states could feel a connection to their state legislatures and an ability to make changes at the state level, the size of California made this difficult for many communities. Sparsely populated Humboldt County had little representation in either California or Washington D.C. This isolation created local responses to national and state policies. Now, in a time when the concept and slogan of “think globally, act locally” is starting to catch on, the nineteenth century isolation of Humboldt County, combined with

its history of resisting corporate rule, makes it an attractive case study for how to put this slogan into practice.

### Learning from Humboldt County's Corporate History

While the role of the captains of industry is preached over and over, stories of how workers and everyday people saved the economy also needs to be told. The running of the mills by the workers to turn a profit in the midst of a recession offers more than a great story. It adds significance and understanding to the corporate laws that were in place at that time. These laws made seemingly mundane public policy such as lien laws and full stockholder liability come to life as an important part of the part of a thriving economy.

The history of Humboldt County's experience with corporate power can also facilitate a break from seeing the rise of corporate power as benevolent or inevitable. In the same way that Humboldt County organizers had to make a break with the Republican and Democratic parties in order to form new parties and push for the social change, people today have to make a break from seeing the rise of the corporate form as the most dominate institution on the planet as inevitable or beneficial. The example of Humboldt County shows that it was deliberate actions, underhanded and often illegal, that took much of the natural resources out of the hands of the public. These illegal decisions often meant that peoples' abilities to earn a living were restricted and that free market competition among mills was virtually eliminated.

### There Is No Golden Age of Corporate Laws

The strict defining laws placed upon the corporate form in earlier years of this county's history offer more than a road map; they offer a vision of how today's world could be different if these laws were still in effect. One can visualize differences in a world

where stockholders are held fully liable for all portions of their investments, and the mathematical necessity of greater business competition if property ownership is limited to 14,040 acres. Granting the County Board of Supervisors power once again to set rates of major transportation running through their district seems destined to result in increased public interest and involvement in representative democracy. For people immersed in a world where corporations are granted constitutional rights of legal persons, finding laws firmly grounded in the American tradition offer glimpses of hope of what “could be” again.

It is easy to look at the world today where corporations wield so much power and wealth under the law, and long for a day when state and national laws stipulated that corporations could not violate their *detailed* charters, could not own land in excess of immediate business needs, and were required to serve the public good. County representatives could set rates that were best for the community. However, it must be recognized that there is no golden age of laws regulating corporations that can be reclaimed. *Even if* these historic laws were perfect at keeping corporations subservient to the democratic process at particular points in history, corporate lawyers, with much assistance from lobbyists and graft, still managed to repeal those “flawless” laws. Additionally, any in depth analysis should critique those laws for much more than just their inability to withstand the pressures of change. As early as 1812 Thomas Jefferson was lamenting how corporations were challenging “our government to a trial of strength, and bid defiance to the laws of our country.”<sup>244</sup> Throughout American history there has been a

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<sup>244</sup> Nace, Gangs of America, 46.

struggle over the rights of people versus the rights of corporations. At no point have the rights of people completely outweighed the privileges granted to corporations.

Still, looking at these historic laws does offer hope and possible suggestions for ways that corporations could once again be restrained, while also offering a verifiable paper trail of how those laws were subverted. For example, if laws restricting the granting of special charters, the amount of profit, and duration of incorporation for wharf corporations were valuable protections of the public good, but were being routinely violated and later removed, the conclusion need not be that these laws were worthless. Rather, discussions should center on ways to make these protections of the public good stand up against subversion.

#### Movements Start at a Grassroots Level

Humboldt County's experience with the corporate form shows the importance of local grassroots work. It was the simple act of residents setting up mining districts and a settlers' league with their neighbors that stopped a huge corporate land claim of the area. In 1883 the IWA was established as the first labor organization in the county with the simple act of Charles Keller joining the organization on a trip to San Francisco. In 1871 Lewis Tower wrote a series of articles denouncing both the Republican and Democratic parties. Within two years one of the strongest traditions of dissenting party politics was established. The majority of the people who participated and ran for office with these upstart parties were farmers and other tradesmen, not rich professionals.<sup>245</sup> The workers at the Humboldt Lumber Manufacturing Company were capable of managing the mills for

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<sup>245</sup> In fact often the only professional who ran on the Workingmen's Party or Greenback Labor Party ticket were candidates for District Attorney that needed professional experience to qualify for the position.

themselves, at a profit in the midst of one of the nation's worst recessions. They saved the fledgling lumber industry by simply doing what they already knew how to do.

Most important, much of this work with seemingly trivial beginnings reverberated beyond county limits. Just as laws made in Sacramento and Washington D.C. affected Humboldt County, county actions changed state and national politics. The IBWSW started in Humboldt County and became the first international labor union in the lumber industry, starting a national organizing movement. Humboldt County's two representatives at the 1878 California Constitutional Convention made several empowered speeches and worked on committees responsible for curbing the excesses of corporate power and protecting the rights of citizens.

Just as the Declaration of Independence was merely a resolution that became part of a profound change, local resolutions were used effectively in Humboldt County to define state and national policies to protect the rights of citizens.<sup>246</sup> The resolutions passed by the Settlers' League and against the school land warrants both culminated in changes to the state law. Additionally, organizations such as the Grange, and labor organizations made use of resolutions as part of their mounting efforts to resist corporate rule.

Humboldt County has one of the strongest local traditions of supporting upstart political parties anywhere in California, if not the nation. Humboldt County's ready support for upstart parties that challenged corporate rights gave legitimacy to these parties

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<sup>246</sup> Humboldt County never got to the point of actually passing local laws in defiance of state or national law in order to provoke a crisis of jurisdiction. This tactic was used by communities in response to federal support of slavery during the early 1800s. For example communities would openly violate the Fugitive Slave Act in order to voice displeasure and to challenge the federal law that promoted slavery. This type of strategy seems consistent with the radical dissenting politics and culture of Humboldt County but no records of this strategy being employed have yet been found. More research should be done to see if dissident third parties or radical labor organizations discussed using such a strategy.

as these less established parties would often win seats at the municipal, county and state level. As it was, one of the major obstacles to Humboldt County's support of these parties was the parties' failure outside of the region. If other local communities would have been nearly as supportive of these radical political parties it is possible Humboldt County residents would have given even more support, leading to significant, long-term, bottom-up change.

#### The Importance of Creating Alternatives

Some of the loudest resistance against increased corporate power was by organizations and institutions that were able to create community alternatives. The Grange, a co-operative organization for farmers, passed several strong statements against overt corporate control of society. The Grange was also instrumental in making the Constitutional Convention of 1878 occur. Likewise, the Farmers Alliance created meeting halls, markets, and co-operative stores and dairies areas. These alternatives allowed their members to voice their dissent without the constant fear of reprisal that timber workers possessed.

The labor movement had much to offer in terms of resistance, but it was primarily their work creating alternatives to those systems that had some of the most long-lasting ramifications. While the defeat of the California Redwood Company's hospital plan was a sign of strength, the building of the union labor hospital still lives on to this day. Additionally, alternative news sources, such as small newspapers started by radical labor organizations, allow the stories of Humboldt's political and labor resistance to live on. Without these records the story of the Workingmen's Party might be one of a "common

enemy” rather than that of supporters of the basic tenets of what we consider to be a functioning democratic society today.

#### Role of third parties- Re-Envisioning Success

Much of what the Tax-Payer Party, the Workingmen’s Party, the Greenback Labor Party, the Citizens Party, the People’s Party, and the Union Labor Party campaigned for we now hold dear and necessary for living in a functioning democracy. For this reason, all of these parties should be viewed as successful. The third parties were used as a vehicle to attain broader social change, and were not ends unto themselves, evidenced by one party flowing fluidly into another. The Workingmen’s Party would not have been more successful if it existed longer; it was just as successful dissolving itself and allowing the Greenback Labor Party to mature as the best hope to realize the goals of the day. The fact that the ideas of these upstart parties lived on beyond individuals and beyond parties should be a sign of inspiration and success. To assume that the Workingmen’s Party continued to exist in name but not in platform is to confuse what they were striving for.

#### Sovereignty: Who Rules

Possibly the most direct lesson to be drawn from the corporate history of Humboldt County is the importance of recognizing sovereignty in the struggle against corporate rule. Over and over again some derivative of the question “shall the people govern themselves, or be ruled by corporations” was asked by residents and organizations reacting to corporate rule. If the basis of the government’s power, as stated by the Constitution, is not in the document itself but drawn from “we the people,” and as likewise the California constitution states, “all political power is inherent in the people,” then struggling against corporate rule is part of the struggle over sovereignty itself. Asserting peoples’ sovereignty

means that corporations can never be beyond the authority of the people to alter, abolish, or reform them in any way that they see appropriate. This understanding of sovereignty did more than lead to powerful rhetoric; it guided peoples' actions. A firm belief in asserting sovereignty sent the Workingmen's Party to redraft the state Constitution when corporate power was too great. The Settlers' League used its resolution to define the meaning of the Homestead Act. The workers of the HLMC took over the functioning mills. In all these cases, the actors used defining documents and went to the heart of where sovereignty was in order to address their grievances. As the historic struggles of Humboldt County show, questioning the authority of corporations to rule is at the very heart of American idealism.

### Onward

It was always the intention of this author to tell only the corporate history of Humboldt County up to 1906. While there are many more aspects that could justifiably fit into a corporate history of the county, sufficient research was presented to show that corporations throughout the history of Humboldt County dictated politics, the economy, and living conditions in ways that distorted the political process and suppressed the rights of people. Obviously, these are not the only conclusions that could be drawn from the research that was done compiling this history. Additionally, it should be noted that there are other limitations of this project that could lead to new and more profound conclusions. One of the most necessary additions would be representing often ignored segments of the community such as the indigenous nations, the large Chinese population, and women's roles in relation to corporate rule. This history needs to be brought up to the present day to have more examples of corporate policy changes. It would also be useful to compile a genealogy of corporations throughout Humboldt County history to easily pinpoint which

currently operating companies are benefiting from historic misdeeds, such as the public lands stolen by the California Redwood Company. A more detailed look into how the corporate codes were changed, such as who sponsored which bills, with what political connections would help draw out other improprieties surrounding corporate power. It would also be useful to research more thoroughly what role Humboldt County business played in state and national politics to benefit their interest. Most of these limitations could be eradicated with more research by someone with a firm grasp of and expertise in anti-oppression work who would make unheard voices come to life. As it stands, this corporate history is hopefully a first step in that direction.

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