

Merchandising in the Southwest

The Mark I. Jacobs Company of Tucson, 1867 to 1875

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In 1867 Mark I. Jacobs, a respected and prosperous San Francisco merchant, sent his two sons Lionel and Barron to Tucson, Arizona, to establish a retail store. The Territorial legislature had recently voted to locate the capital in Tucson, and business prospects appeared promising. Renting an empty store in the business district, the Jacobs brothers launched a small mercantile firm, which for eight years prospered and gained a reputation for fair dealing and honesty. Besides selling merchandise, they operated a monetary exchange business. Mark held the controlling interest in the company and directed the Tucson branch from San Francisco until he retired in March, 1875. At that time the company passed to his older son and was renamed the Lionel M. Jacobs Company. Like other mercantile firms on the frontier, the Jacobs Company provided goods and services and hastened the settlement of the Southwest.¹

Mr. Stanley is a Ph.D. candidate in nineteenth-century American history at the University of Arizona. Located in the Special Collections at the University of Arizona Library, the Jacobs Collection includes 22 boxes of manuscript materials and 177 volumes of business records. The rich collection contains correspondence (business and personal), ledgers (silver deposits, liquor sales, Army Paymaster accounts), draft registers for correspondent banks, invoices and inventories. The Arizona Pioneers' Historical Society, also located in Tucson, has 14 feet (4,200 items) of the Jacobs family papers. The large collection is a valuable guide for tracing the history of the Jewish merchant and banker in the Southwest.

¹ Lionel Jacobs' obituary in the *Arizona Daily Citizen*, Oct. 27, 1929, p. 10, stated that he and Barron had come to Tucson in 1869. This seems improbable. See George Herbert Smalley, *My Adventures In Arizona* (Tucson, 1966), p. 10, n. 13; Mark Jacobs to Barron Jacobs, Sept. 7, 1868, Jacobs Collection [JC], Box 1, Arizona Pioneers' Historical Society [APHS]; and "Reminiscences of Abraham M. Franklin," mss., APHS, p. 2. The *Census of Pima County, Arizona Territory, 1867*, University of Arizona Library [UAL], taken in March, does not list the Jacobs brothers.

The founder of the Jacobs Company had arrived in California in 1851. Born in 1814 into a Jewish family in Poland, Mark Israel married in his early thirties and migrated first to Prussia, then to England. With news of the California Gold Rush galvanizing all of Europe, Jacobs brought his family to America. In New York, he secured passage on the steamer *Eudora* for San Francisco, arriving there on New Year's Day in 1851. For five years he labored as a tailor, frugally saved his money, and opened a clothing and dry goods store at 177 Pacific Street in downtown San Francisco. He prospered there for the next ten years, with his sons Lionel and Barron clerking in the family store.²

In 1867 Mark Jacobs read in the *Alta California* that on March 18, the military headquarters in the Arizona Territory was to be moved from Prescott south to Tucson in Pima County. Pima had a population of 2,776 and was the largest county in the Territory. On November 1, the capital of the Territory would also be moved to Tucson. The payroll for both military and governmental officials would stimulate the local economy and create markets for frontier merchants. So in the fall Mark decided to send his sons and a small stock of goods to Tucson "to do everything that has some money in it."³

When Lionel and Barron Jacobs reached Tucson, they found that it consisted of a number of one-story adobe buildings scattered on the east bank of the Santa Cruz River. Four restaurants and a "first-class" hotel lined the town's dusty, run-down streets. Most of the residences were constructed of adobe with flat roofs, and many had hide doors. The Catholic Church had recently resumed its work in the town, but there was no Protestant church. Eight merchants supplied the local needs of this community of perhaps 1,300 inhabi-

² Louis J. Rasmussen, *San Francisco Ship Passenger Lists* (n.p., 1966), p. 5; *Great Register for the City and County of San Francisco* (San Francisco, 1869); *San Francisco Directory* (n.p., n.d.), 1852-53, 1856-57; *San Francisco Business Directory* (n.p., n.d.), 1856.

³ Mark Jacobs to Lionel and Barron Jacobs, June 6, 1871, JC, Box 1, UAL; Feb. 14, 1872, JC, Box 1, File 6, APHS; *Arizona Miner*, May 4, 1867, p. 1; Douglas D. Martin, *An Arizona Chronology: The Territorial Years, 1848-1912* (University of Arizona Press, 1963).

tants, of whom three-fourths were Mexican-American. Pauley and Sons, Gin-Fish and Company, Lord and Williams, Tully, Ochoa and Delany, Charles T. Hayden, A. & L. Zeckendorf, John H. Archibald and Wood, and Lesenshy and Company—all competed for the limited Tucson market. Only three or four of these struggling firms managed to do a profitable business. Still, the future looked bright, and there was an air of bustle as the town readied itself for its new status as the military and governmental seat of the Territory.⁴

EVERYTHING FROM HAIRPINS TO HARMONICAS

The Jacobs brothers had spent two months coming overland by a freight wagon loaded with canned goods and other marketable items. When they left San Francisco, Lionel was twenty-four years old and Barron was twenty-six; both were bachelors. In Tucson they rented an empty store at the corner of Main and Mesilla streets for \$65 per month from Leopold Carrillo, an established merchant, and were soon displaying their wares on makeshift tables and shelves. A sign was nailed up announcing the opening of the new Mark I. Jacobs Company, located next to Lord and Williams, which was probably the largest mercantile firm in Tucson. Lionel and Barron then peddled their cargo for a dollar a can.⁵

Like other mercantile firms in the Southwest, the Jacobs Company faced difficult problems in buying and transporting merchandise from California. For seven years, Mark, the senior member of the firm, made the purchases in San Francisco and arranged for the shipment of goods by land and water to Tucson. Mark Jacobs proved to be an exceptional businessman. By midsummer of 1868, when he and his sons had worked out a purchasing and transporta-

⁴ Prescott *Arizona Miner*, July 27, 1867, p. 3; Frank C. Lockwood, *Pioneer Days In Arizona: From the Spanish to Statehood* (New York, 1932), p. 330; Tucson *Weekly Arizonian*, Jan. 22, 1870, p. 4; "The Tucson of 1867," Tucson *Arizona Citizen*, Sept. 3, 1894.

⁵ Inventory, JC, UAL; "An Evaluation Of Banking In Arizona From An Address Delivered By Lionel M. Jacobs, Then Cashier At The Arizona National Bank Of Tucson," *Arizoniana*, III (Fall, 1962), 45; Receipt of Leopold Carrillo, March 8, 1870, JC, Box 1, Miscellaneous file, UAL.

tion system, the company was in debt for \$20,036. Although Mark tried to keep \$12,000 in the London and San Francisco Bank in San Francisco to purchase merchandise and to pay bills, his reserve often dropped as low as \$300. By the late 1860's, however, the company's credit was good, because Mark could borrow against the branch store in Arizona.⁶ Usually he paid cash for his goods, but occasionally he borrowed money to make needed purchases and to meet outstanding debts. At this time California banking houses loaned money to merchant wholesalers at two to three percent, but Jacobs was frequently able to borrow \$1,000 to \$2,000 at one percent.⁷ From 1869 through 1870, his shipments amounted to \$3,000 or more, which often required borrowed capital. But in January, 1871, the shipments were reduced to \$2,000, and Mark built up a sufficient amount of capital to buy merchandise when needed and to meet his financial contingencies.⁸

Although Mark Jacobs bought the merchandise, his sons in Tucson generally knew the local market better and selected most of the company's goods by mail. This resulted in a detailed business correspondence between the brothers and their father. In the late 1860's a triweekly mail service between San Diego and Tucson enabled the sons to communicate with their father every eight days. He dutifully followed their instructions. In eight years of ordering merchandise in San Francisco, not one purchased article needed to be replaced because it had been poorly selected.⁹

Every two months Mark Jacobs made purchases in San Francisco for his sons. First, he checked the arrival time in San Francisco of

⁶ Mark Jacobs to Barron Jacobs, June 2, 1868, JC, Box 1, File 1, APHS; May 7, 1873, JC, Box 1, File 1870-3, UAL; to Barron and Lionel Jacobs, Jan. 12, 1871, March 24, 1871, JC, Box 1, File 1870-1, UAL.

⁷ Mark Jacobs to Lionel and Barron Jacobs, June 2, 1868, Jan. 16, 1871, JC, Box 1, File 1870-1, UAL.

⁸ Mark Jacobs to Lionel and Barron Jacobs, March 17, 1871, Jan. 30, 1871, JC, Box 1, File 1870-1, UAL.

⁹ William J. Parish, *The Charles Iffeld Company: A Study of the Rise and Decline of Mercantile Capitalism In New Mexico* (Cambridge, 1961), p. 27; Thomas E. Farish, *History of Arizona* (2 vols., San Francisco, 1915), II, 1-2; Mark Jacobs to Lionel and Barron Jacobs, June 16, 1870, JC, Box 1, File 3, APHS.

the next ocean steamer bound for Yuma, and a few days before the vessel docked, he visited the wholesale houses and placed his orders. Many of his goods came from the Hoffman Company, the H. M. Newhall Company, and the Hooper and Whiting Company, all general wholesale houses. He bought standard manufactured items that were scarce on the frontier. The bulk of his purchases included non-perishable groceries and food products, dry goods, all forms of cloth, boots, shoes, belts, and a wide variety of common hardware items. He also bought uncommon items like mirrors, violin and flute sheet music, glass inkstands, dominoes, catechisms—everything from hairpins to harmonicas. The total shipment was generally between ten and fifteen tons.¹⁰ Special order items such as powder puffs, crochet hooks, and pipe stems were shipped to Tucson by mail.¹¹

THE KEY WAS THE FORWARDING AGENT

The transportation of merchandise from San Francisco to Tucson was a complicated process that demanded both capital and an infinite amount of patience. The frontier route was by water to Yuma, and then overland by freight wagon. After the goods were loaded in San Francisco, they were carried by steamer around the southern tip of Baja California, and up the Gulf of California to the mouth of the shallow, unpredictable Colorado river. Here the freight was transferred to flat-bottom river steamers which moved the heavy cargo upstream to Yuma. At Yuma, a forwarding agent arranged for a freighter to transfer the goods to wagons bound for Tucson. The trip from San Francisco generally took from sixty to ninety days.¹²

The first shipment Mark Jacobs sent to Tucson arrived early in 1868. The first recorded shipment came via the ocean steamer *Ex*

¹⁰ Invoice Record, Vols. 8-9, JC, UAL; Mark Jacobs to Lionel and Barron Jacobs, Feb. 2, 1872, JC, Box 1, File 6, APHS.

¹¹ Invoice Record, Vol. 8, JC, UAL, p. 24.

¹² "Recollection of Abraham M. Franklin," Tucson *Arizona Daily Citizen*, Oct. 27, 1929, p. 10.

Merchantman and consisted of a small mixed order for the Jacobs Company from the J. Cerf Company of San Francisco. Included were glassware, assorted cloths, tables, tablespoons, forks, trays, bottles, and corks, for a total bill of \$173.59.¹³ This order reached Yuma in a vessel under contract with the Colorado Navigation Company. Mark had specified that his goods be placed aboard "any of the Colorado Navigation Company's vessels at the mouth of the Colorado river." Freight charges were payable on arrival at Yuma and in United States gold coin. Otherwise, the merchandise was landed and "stored at the cost and risk of the shipper."¹⁴ With the exception of the first four months in 1871, when a business depression struck Tucson, Jacobs' merchandise was shipped to the mouth of the Colorado river every two months on the ocean steamers *Centennial*, *Newborn*, *Montana*, *Laura*, *Isabel* or *Clara Bell*.¹⁵ The Colorado Navigation Company charged 3½¢ to 14¢ per pound, and 2½¢ per foot for packages shipped from San Francisco to Yuma.¹⁶ A few lightweight items arrived in Tucson via Wells Fargo Express, which charged approximately 60¢ per pound.¹⁷

For Tucson merchants in the early 1870's, Yuma was the hub of considerable freighting activity. A seaport in the desert, the settlement was a transfer point for merchandise bound for Tucson, Mexico, New Mexico, and other points in the Southwest. From Yuma the so-called Gila Road followed east along the Gila river to Florence, then headed southeast to Tucson. Along this road rolled the bulky freight wagons so important to the frontier merchant. The sizes of the wagons varied. Teamsters interested in rapid transport and quick profit preferred one-ton capacity wagons. Others hauled

¹³ Invoice Record, Vol. 8, JC, UAL, p. 1.

¹⁴ Bill of Shipment via Steamer *Montana*, Sept.-Dec., 1875, JC, Box 1, File 1875, UAL.

¹⁵ Invoice Record, Vols. 8-9, JC, UAL.

¹⁶ Tucson *Weekly Arizonian*, Feb. 18, 1871; Tucson *Arizona Daily Citizen*, Sept. 21, 1872; Bill of Shipment via Steamer *Montana*, JC, Box 1, File 1875, UAL.

¹⁷ Mark Jacobs to Lionel and Barron Jacobs, Feb. 5, 1870, JC, Box 1, File 4, APHS.

with the ten-ton Carson wagons used in the California-Nevada mining camps. All freighters drove twelve- to twenty-mule teams, which generally pulled two trailer wagons equal in size and capacity to the main wagon. A unit of three wagons on the Gila Road averaged fourteen to eighteen miles a day, barring rainstorms and Indian attacks. The largest wagons could reach Tucson in a month.¹⁸

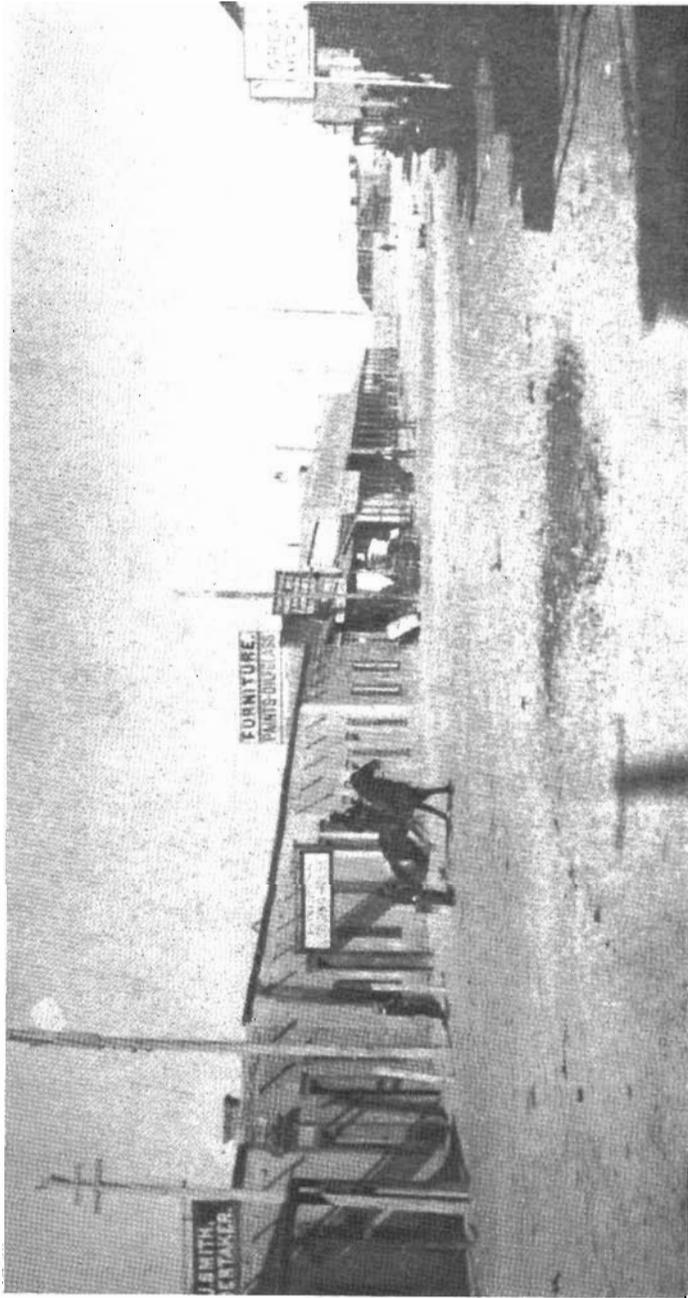
Though most of the large mercantile firms in Tucson owned their own wagon trains and freighted their own wares, the Jacobs brothers contracted with private freighters in Yuma. They transported the bulk of their goods on the trains of Joseph Pierson, Juan Fernandez, Pedro Aguirre, and the Hooper & Whiting Company. The freight charge from Yuma to Tucson averaged 14¢ per pound.¹⁹

The key to rapid transshipment of goods from Yuma to Tucson was the forwarding agent. Except for a brief period in 1870, when Lionel and Barron were served by the Hooper & Whiting Company, they employed David Neahr as their principal agent in Yuma.²⁰ All company freight that arrived at Yuma via the Colorado Navigation Company was consigned to Neahr. He paid the 1,900-mile water-freight charges and then signed a contract with an independent wagon freighter to cart the merchandise to Tucson. Neahr often had trouble with freight arrangements. Occasionally, he had difficulty locating freighting service because many of the independent freighters refused to haul light shipments when they could haul heavy government supplies. The unpredictable Colorado river also delayed the shipment of merchandise. River steamers plowed into shifting sandbars and halted river traffic for a week or more. Neahr then had to buy merchandise from warehouses in Yuma for quick shipment to Tucson. If the goods were urgently needed in Tucson, Neahr

¹⁸ Tucson *Arizona Daily Citizen*, Oct. 27, 1868, p. 10; Harold G. Wilson, "Some Phases of Early Transportation in Arizona" (Master's Thesis, University of Arizona, 1923), p. 37; Prescott *Arizona Weekly Miner*, Feb. 19, 1875, p. 1; Oscar O. Winther, *History of the American Frontier* (New York, 1964), pp. 32, 40.

¹⁹ Mark Jacobs to Lionel and Barron Jacobs, May 3, 1871, JC, UAL; Walker, "The Problem Of Freighting From Guaymas To Tucson, 1850-1880," ms., UAL, p. 2.

²⁰ David Neahr to the Mark I. Jacobs Company, Tucson, May 3, 1870, JC, Box 1, File 1870, UAL.



Adobe with flat roofs
Tucson in the 1870's

*Reproduced from The Great American West,
by James D. Horan*

shipped by Wells Fargo Express. He claimed \$2.50 per ton for his services in forwarding merchandise to Tucson.²¹

“X” MEANT TEN DOLLARS

The Jacobs Company also used the Guaymas route as an avenue of transportation. The route stretched from Guaymas, on the coast of Sonora, through the capital at Hermosillo and on to Tucson. The United States Army originally opened the Guaymas route in the early 1860's to ship supplies to troops stationed in the territories of New Mexico and Arizona. In 1865, when fighting broke out between Mexicans and the French in Sonora, all military freighting through Guaymas ceased by order from Mexico City. Then, in the summer of 1872, the Mexican Congress opened the port to private citizens of the United States. Unbroken shipments were allowed to enter Sonora upon payment of 5 percent of the regular customs duties, which were normally 80 percent *ad valorem*.²² Arizona newspapers opposed the opening of the Guaymas route and the general movement toward free trade with Mexico. They argued that freighting through Mexico would destroy the business and property of every farmer south of the Gila river who profited from the sale of forage to Yuma freighters. Nevertheless, in 1872 and 1873, Tucson merchants began to use the Guaymas route. It saved them time and money.²³

Though the distance from Guaymas to Tucson was 350 miles, 100 miles more than the distance from Yuma to Tucson, the Guaymas route avoided the time and cost of shipping freight up the Colorado river. Merchandise took nearly ninety days to reach Tucson from San Francisco via Yuma, and the combined freight rate via Yuma averaged 9½¢ per pound. Merchandise shipped

²¹ David Neahr to the Mark I. Jacobs Company, Tucson, June 22, 1870, JC, Box 1, File 1870, UAL.

²² Walker, "Freighting," pp. 4, 8; Tucson *Arizona Daily Citizen*, June 15, 1872.

²³ Tucson *Arizona Daily Citizen*, Oct. 15, 1870; Walker, "Freighting," p. 8.

through Guaymas, however, reached its destination in sixty days and at an average cost of $5\frac{1}{2}$ ¢ per pound.²⁴

On November 9, 1872, the Jacobs brothers received their first shipment of goods through Guaymas. The merchandise had been landed at Guaymas, loaded on ten wagons, and brought to Tucson. The shipment took exactly sixty days en route and cost 6¢ per pound. In 1873, they hired Sandoval and Bullé, forwarding agents in Guaymas, and shipped four cargoes through the Sonoran port.²⁵ Soon, however, they discovered that the Guaymas route had its disadvantages. In July, 1873, a change in the custom house officials at Guaymas caused Sandoval and Bullé much delay and annoyance in forwarding the merchandise. In October, freighters in Sonora were required to secure a permit from Mexico City before they could transfer cargo from ocean steamers to wagons. Although four more shipments were received through Guaymas in 1874, delays and expenses incurred from new custom regulations persuaded the Jacobs firm to resort to wagon freighting through Yuma.²⁶

In operating their store, the Jacobs brothers worked out an interesting system of monetary exchange. Paying bills in San Francisco with currency shipped from Tucson involved risk, expense, and time. Because Tucson had no bank at the time, they could not pay bills by check. They relied, therefore, on drafts, an order from one person to another directing the payment of money. They got most of their drafts from Lord and Williams, a large mercantile and freighting company in Tucson. Although not a bank, Lord and Williams was the United States Depository and issued exchange drafts on New York and San Francisco banks. The Jacobs brothers also exchanged greenbacks or gold coin for drafts at military forts and, like other Tucson merchants, secured drafts from the Army Paymaster on whom, in addition, they depended to provide them with customers.²⁷

²⁴ Tucson *Weekly Arizonian*, Feb. 18, 1871; Walker, "Freighting," p. 1.

²⁵ Tucson *Arizona Daily Citizen*, Nov. 9, 1872; Invoice Record, Vol. 8, JC, UAL, p. 16.

²⁶ Tucson *Arizona Daily Citizen*, July 26, 1873, Oct. 4, 1873, June 27, 1874.

²⁷ Tucson *Daily Citizen*, Oct. 27, 1929; Parish, *Ilfeld*, Chap. IV.

In the 1870's the Army Paymaster was an important key to Tucson's prosperity. Twice a year he came to pay the soldiers stationed throughout the territory. The soldiers, however, constituted only one-fourth of Tucson's population. Far more important to the merchant were the Mexican-American farmers, ranchers, and laborers who received from the forts government vouchers, which ranged from \$200 to \$300, for supplies of hay, wood, and beef. Merchants accepted these vouchers for goods and cash. For two months after the Paymaster left, the merchants did a large cash business. When the forts ran out of cash, merchants accepted the government vouchers again from their Mexican-American customers. They were always redeemable in gold coin when the Paymaster arrived.²⁸ Tucson merchants seldom had cash sales that amounted to more than one third of their total sales.²⁹ Most of them bartered their merchandise for wheat, flour, and cattle, which they sold to the military posts.

Abraham M. Franklin, a nephew of the Jacobs brothers, was a clerk in the Tucson store in the 1870's. As an English-speaking storekeeper who sold goods to Spanish-speaking customers, Franklin found his job difficult and sometimes very involved. As a rule when a farmer or rancher announced he was going to town, his neighbors each gave him two to seven Mexican dollars and a long list of needed household items. When the customer entered the Jacobs store, he took off his wide leather belt, which generally had a partition in the center and contained \$150 to \$200. Laying his belt on the counter, the customer commenced to buy the articles specified on his first list. As he gathered each article from the shelves, he made mental calculations to determine if the money given him would buy all the items on the list. As he placed each article on the counter, Franklin recorded the amount of the purchase.

Franklin used an accounting method familiar to the Spanish-speaking customer. He drew a horizontal line on a plain piece of

²⁸ Tucson *Arizona Daily Citizen*, Sept. 3, 1894, "The Tucson of 1867"; Lockwood, *History*, p. 330.

²⁹ Lewis E. Atherton, "The Pioneer Merchant in Mid-America," *University of Missouri Studies*, XIV (Columbia, 1939), 110-11.

white paper, and as the purchases were made, he marked them on the paper. He divided the Mexican dollar into 50¢, 25¢, and 12½¢. A short mark above the line meant 12½¢; a line drawn above and below the center line meant 25¢; a half circle above the line meant 50¢; an entire circle through the line meant \$1.00; a "V" above the line meant \$5.00, and an "X" on the horizontal line meant \$10.00. When a line became cluttered with marks, Franklin and his customer began adding the totals. Then, when an agreement on the amount was reached, the customer paid Franklin the exact sum. It was a tedious method of retailing.³⁰

Prices in Tucson were, of course, inordinately high. The costs of transportation, storage, dryage, insurance, and loss of merchandise by Indian attacks considerably raised the prices of goods sold by the Jacobs Company. In the mid-1870's, for example, the firm paid 6½¢ for a bar of soap in San Francisco and sold it in Tucson for 25¢. Sugar was bought for 85¢ per pound and sold for \$2.00, while coffee, a staple and a good index to prices on the frontier, was bought for 60¢ per pound and sold for \$2.00. Generally, the more a commodity weighed, the more it sold for on the frontier. Probably the highest priced staple in the Arizona Territory was flour. A barrel of flour in 1870 cost between \$4.00 and \$5.00 in San Francisco and sold in Tucson for \$25.00 in gold.³¹

THE GREAT POWER OF MONEY

Besides its business with Mexican-Americans, the Jacobs Company also did a sizable trade with the nearby Mexican State of Sonora. Mexican jobbers hauled pack trains of mescal (something like strong Scotch), panoche (a crude brown sugar), beans, dried fruit, and chile, which they sold to Tucson merchants. With their proceeds the Mexican freighters bought large supplies of calico, bleached and unbleached muslin, cotton lace, thread, needles, and stockings. Tucson merchants sold approximately \$50,000 worth of

³⁰ Franklin, "Autobiography," APHS, pp. 7-8.

³¹ Journal, Vol. 1, JC, UAL, pp. 3, 13, 33; Invoice Record, Vol. 9, JC, UAL, 4, 20; Tucson *Weekly Arizonian*, Jan. 22, 1870.

dry goods a month to Sonora, and their trade amounted to \$6,000,000 annually. Moreover, the Jacobs Company served as a forwarding agent for the Terrenate Flour Mill in Jerante, Sonora. The owner of the mill, Joseph Pierson, sent approximately 25,000 pounds of flour to the Jacobs Company every three months. The company sold most of Pierson's flour to forts south of the Gila river and to the larger mercantile firms which owned their own freight wagons.³²

In the 1870's, the Jacobs brothers, like other Jewish businessmen in Tucson, were prominent citizens and served in many elective and appointive offices. On January 3, 1871, the Pima County Board of Supervisors appointed Lionel to a vacancy on the Board and within a week elected him chairman. Later that year a mass meeting was held in Tucson and recommended Lionel for a seat in the lower chamber of the Territorial legislature. On November 5, he received 673 votes, second in total votes of eleven candidates, and was elected to the Seventh Territorial Legislature from Pima County. He also served on the Tucson City Council, and was a member of several local committees. The Jacobs brothers both served in the office of Territorial Treasurer during the 1870's. It was said in the course of their tenure that the office was "unexceptionably managed."³³

Besides holding elective office, the brothers were known as leaders of Tucson social and literary life. Their Renaissance-style house, built sometime in the early 1870's and located at the northwest corner of Meyer and Alameda streets, was a center of social life. The civilian and military society of Tucson gathered either at the Jacobs house or at Fort Lowell, northeast of Tucson. Following the example of their literary-minded father, the Jacobs brothers in 1873 helped establish the Tucson Literary Society, which met weekly at a

³² Franklin, "Autobiography," APHS, p. 6; Tucson *Arizona Daily Citizen*, Sept. 21, 1872, Nov. 9, 1872, Dec. 4, 1875, Sept. 29, 1877, Nov. 16, 1878.

³³ Mark Jacobs to Lionel and Barron Jacobs, Jan. 20, 1871, JC, Box 1, File 1870-1, UAL; Tucson *Arizona Daily Citizen*, Jan. 7, 1871; Prescott *Arizona Weekly Miner*, Oct. 2, 1872; Floyd S. Fierman, *Some Early Jewish Settlers on the Southwestern Frontier* (Texas Western Press, 1960), n. 23; Margaret K. Purchell, "Life and Leisure in Tucson before 1880" (Master's Thesis, University of Arizona, 1969), p. 116; Tucson *Arizona Daily Citizen*, July 12, 1873.

private home and discussed current books. Both brothers served as chairmen and critics at the Society's meetings. Moreover, they sat on the select "Committee of Invitation" for social parties in Tucson, and both were charter members of the Arizona Social Club.³⁴

The Jacobs Company succeeded as a general merchandise firm because it clung to the first principle of its founder: "Requirement of money is a necessity and necessity knows no law."³⁵ In January, 1871, Mark Jacobs wrote to his sons that they "must not forget the great power of money," and that "a Jew or a Christian, to be anybody, must have money."³⁶ Mindful of their father's admonition, Lionel and Barron, in 1871, established a loan business in the store. Because Tucson had no banking or lending institution, their loan business fulfilled a primary need in a frontier-debtor region. Their loan business was simple. Following their father's advice, they loaned greenbacks to farmers, ranchers, and freighters and to other mercantile firms which needed cash. The loans were made at 5 percent interest—twice the rate charged by San Francisco banks. Because their father required weekly remittances to pay drafts drawn on the company, the brothers restricted their loans to forty-five days and collected them when they were due. As their business was a success, Mark Jacobs urged them to "deal less in calico and more in money." Moreover, he urged them to become exchange brokers.³⁷

On the advice of their father, Lionel and Barron, in 1870, ventured into the exchange business. Mark had requested that they convert what gold coin they had into greenbacks and mail them to San Francisco.³⁸ In Tucson, the value of greenbacks fluctuated from 65¢ to 85¢, but in San Francisco greenbacks sold for between 86½¢

³⁴ *Tucson Daily Citizen*, June 29, 1936; *Tucson Arizona Daily Citizen*, Nov. 8, 1873, Jan. 2, 1875.

³⁵ Mark Jacobs to Lionel and Barron Jacobs, Jan. 5, 1871, JC, Box 1, File 1870-1, UAL.

³⁶ Mark Jacobs to Lionel and Barron Jacobs, Jan. 20, 1871, Box 1, File 1870-1, UAL.

³⁷ Mark Jacobs to Lionel and Barron Jacobs, Feb. 2, 1871, Jan. 5, 1871, Jan. 16, 1870, Box 1, File 1870-1, UAL.

³⁸ Mark Jacobs to Lionel and Barron Jacobs, Feb. 28, 1870, Box 1, File 3, APHS.

and 89¢.³⁹ Beginning in March, Mark mailed \$100 to \$250 in gold in registered packages to Tucson weekly.⁴⁰ He paid approximately \$1.11 for the gold coin in San Francisco. Because coin did not fluctuate in value, and because the demand for it in Tucson always exceeded the supply, the sons exchanged the yellow tokens for greenbacks as soon as the post arrived from San Francisco. They sold their coin for \$1.13 and mailed their remittances back immediately.⁴¹

The demand for coin in Tucson was great, and the Jacobs brothers urged their father to send gold for the exchange business.⁴² In January, 1871, they suggested that their father borrow coin. They insisted that they could sell \$5,000 in coin per month. Though he was tempted to do so, Mark refused to borrow for the exchange business. Instead, he limited his shipments of merchandise to \$2,000 and freed some capital for exchange purposes. As a result, the Jacobs coin sales usually averaged \$2,000 to \$3,000 per month. The exchange business, however, proved very lucrative as the years progressed.⁴³

From 1868 to 1875, the Mark I. Jacobs Company and Tucson had grown rapidly. Army posts had been established throughout Arizona, and Tucson had become a major distributing point for supplies. In 1875 the ten largest retail houses in Tucson sold \$1,463,000 in merchandise, and the Jacobs Company was the fifth largest retail firm in town.⁴⁴ During its eight-year existence, the company had purchased and transported merchandise over vast dis-

³⁹ Franklin, "Autobiography," p. 5; Mark Jacobs to Barron Jacobs, May 31, 1871, Box 1, File 6, JC, APHS; June 10, 1872, JC, Box 1, File 7, APHS.

⁴⁰ Mark Jacobs to Barron Jacobs, May 27, 1872, JC, Box 1, File 6, APHS.

⁴¹ Mark Jacobs to Lionel and Barron Jacobs, April 4, 1871, JC, Box 1, File 1870-1, UAL.

⁴² Mark Jacobs to Lionel and Barron Jacobs, Jan. 9, 1871, Box 1, File 1870-1, UAL.

⁴³ Mark Jacobs to Lionel and Barron Jacobs, Feb. 24, 1871, Box 1, File 1870-1, UAL.

⁴⁴ Tucson *Arizona Daily Citizen*, March 6, 1875; "Reminiscences of Abraham M. Franklin," p. 3.

tances. Its loan business generated credit in Tucson, and its exchange business helped stabilize currency. The Jacobs Company had played a significant role in stimulating business development in the Southwest.

Throughout the rest of the nineteenth century, the Jacobs family continued to play a significant role in the economic development of the Southwest. In the 1880's and 1890's brothers and nephews of Lionel and Barron migrated from California and established retail businesses in Safford, Florence, Tombstone, and Tucson. By 1879 Lionel and Barron's exchange operation had become so profitable that they decided to enter into banking. In January that year they organized the Pima County Bank, the first banking institution in Tucson. Because of its energetic board of directors, led by the Jacobs brothers and members of their family, the bank prospered. By a series of mergers and consolidations the Pima County Bank eventually became the First National Bank (1882), the Bank of Tucson (1886), the Consolidated Bank of Tucson (1887), the Consolidated National Bank (1890), and the present-day Valley National Bank (1935). Controlled and directed by the Jacobs family until 1935, Tucson's first banking institution survived Arizona's stormy territorial days and remains one of the oldest and most successful of frontier enterprises.⁴⁵

Although the Jacobs brothers are remembered as Tucson's pioneer bankers, their merchandising and monetary exchange business contributed much to the economic development of the Southwest. While other pioneers traveled through the sparse Arizona Territory in the 1870's, Lionel and Barron Jacobs remained in Tucson and contributed to its economic growth. As pioneer merchants they provided goods and services that hastened the settlement of the Southwest.

⁴⁵ *Tucson Daily Citizen*, Oct. 27, 1929, p. 10; *Tucson Arizona Daily Citizen*, July 30, 1937, p. 4.