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Abstract

This article examines how, as part of a larger British economic and financial investment in the American West, two Scottish companies, the Matador Land and Cattle Company, and the Prairie Cattle Company, were particularly successful. They also assisted the development of the American cattle industry by supporting the creation of cattle associations and improving cattle breeds.

Scottish Cattle Companies on the Western Frontier

Kelly Witherspoon

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W. Turrentine Jackson in his work, *The Enterprising Scot*, wrote “Stinginess is the characteristic that most men immediately associate with the Scots....Few would deny, however, that the Scots have always been mighty men with money.”¹ John Clay, one of the most successful Scottish cattlemen in the American West wrote “The Scotch...who are supposed to be one of the most thrifty races on the globe, are on the other hand the most speculative....”² Perhaps nowhere is this characteristic of the Scots seen more strongly than in their investment in the large cattle companies which dominated the American West in the late nineteenth century. One could hardly blame them for their speculation, what with reports pouring into Great Britain of investment returns of thirty-three percent.³ In the latter half of the nineteenth century, British money flooded into the American stock-raising market, until drought, severe winters and economic depression drove many investors to turn their eyes to more secure markets. However, Scottish habits of thrift and prudence had motivated the Scots to secure their investment against such market downturns. As a result, two of the largest and longest running foreign-owned cattle companies in the United States—the Matador Land and Cattle Company, and the Prairie Cattle Company, owed their success to the stingy and speculative Scots.

In 1878, Henry Campbell of Texas needed cash. He had purchased cattle for \$9 in Texas, then trailed them to Chicago, where he sold them for \$23.⁴ It had not taken Campbell long to recognize a highly profitable business opportunity. Grazing land was available in Texas for the taking. With a minimal investment in cattle, a rancher could raise his own beef herd, then trail it north for tremendous profits. After selling his herd, Campbell visited bankers and investors in

¹ W. Turrentine Jackson, *The Enterprising Scot: Investors in the American West after 1873* (Edinburgh: Edinburgh University Press, 1968), vii.

² John Clay, *My Life on the Range* (Norman, OK: University of Oklahoma Press, 1962), 14.

³ Lawrence Milton Woods, *British Gentlemen in the Wild West: The Era of the Intensely English Cowboy* (New York: The Free Press, 1989), 53.

⁴ Pauline Durret Robertson and R. L. Robertson, *Cowman's Country: Fifty frontier Ranches in the Texas Panhandle, 1876-1887* (Amarillo, TX: Paramount Publishing Company, 1981), 119.

Chicago, touting his recent profits in an attempt to persuade them to lend him the money necessary to start a ranch in the Texas panhandle. He was successful. When Campbell left Chicago, he had a new partner, Colonel A. M. Britton, a new company, and \$50,000.⁵ Due to his knowledge of the cattle industry and of Texas, Britton and his fellow investors entrusted Campbell with the authority to choose the location of the new ranch and to purchase the cattle and whatever infrastructure was needed.⁶ One of the investors, S. W. Lomax, who had a burning interest in Spanish literature, gave the new ranch its name—the Matador.⁷ Within three years, the Matador could lay claim to nearly a million acres.⁸

The high market demand for beef was not limited to the United States. The supply requirements of the American Civil War and the ravages of disease on British and European herds in the 1860s sent global beef prices soaring.⁹ Longhorns in Texas could be purchased for as little as three dollars, fattened on public land as they were trailed to market, and sold for forty dollars.¹⁰ Over the next fifteen years, the American cattle range grew until it was half the size of Europe, and American exports of beef on the hoof flourished, almost tripling between 1877 and 1879.¹¹ Meanwhile, the development of refrigerated oceangoing vessels in 1880 allowed fresh beef to be carried across the Atlantic.¹² The average tonnage of fresh beef imported into Britain increased each year, birthing another multi-million dollar global business.

This mass importation of beef concerned livestock growers in Britain. In 1877, *The Scotsman* of Edinburgh sent James MacDonald, “an expert in animal husbandry”, to investigate

⁵ Robertson, *Cowman's Country*, 119.

⁶ C. L. Douglas, *Cattle Kings of Texas* (Austin: State House Press, 1989), 221.

⁷ *Ibid.*, 225.

⁸ *Ibid.*

⁹ Jackson, *The Enterprising Scot*, 74.

¹⁰ *Ibid.*, 73.

¹¹ *Ibid.*, 74.

¹² *Ibid.*

the American cattle industry. He concluded that the “threat [of American beef putting British farmers out of business] was not immediate because range cattle beef did not have the quality of domestic animals. Once the range herds were improved by selective breeding and a quality beef produced, the inevitable mass importation would lead to disaster for British stock raisers.”¹³

British farmers continued to struggle, however, and in response to increasing pressure at the end of the 1870s, the British government authorized a Royal Commission on Agriculture to examine the state of British farms. Of necessity, the report surveyed the economic impact of American beef and the “economic threat represented by American herds.”¹⁴

Although British farmers were concerned about the economic prospects outlined in the report, investors found the commissioner’s report enlightening. In the preliminary report released in 1881, the commission stated that “capital invested in the American cattle industry in the previous ten years had earned over 33 percent annually.”¹⁵ Other voices in agriculture were also lauding the profitability of the American cattle industry. J. S. Tait, a cattle and land broker based in Edinburgh wrote “This business will readily pay from 50 to 60 percent per annum, *from the cattle alone*, in addition to the accumulating value in its land.”¹⁶ Although some newspapers continued to worry about the “dangers threatening our agricultural interests by the nearly unlimited food-producing capacities of America”, the best way to take advantage of the situation seemed to be by investing in cattle companies and enjoying the profits.¹⁷ It was an opportunity

¹³ *Ibid.*, 75.

¹⁴ Royal Commission on Agriculture, *Final Report of the Royal Commission on Agriculture; with minutes of evidence, a digest and appendix, 1882* (Shannon, Ireland: Irish U. P., 1969).

¹⁵ *Ibid.*

¹⁶ J.S. Tait, *The Cattle Fields of the Far West: Their Present and Future* (Edinburgh: William Blackwood and Sons, 1884), 13.

¹⁷ W. Bailie Grohman, “Cattle Ranches in the Far West”, *Fortnightly* (1880), 438.

which seemed “unequaled for profitability” and “the most profitable legitimate business in the world.”¹⁸

By 1880, Scottish newspapers were publishing articles outlining everything one needed to know about cattle raising in the United States. W. Bailie Grohman, who had travelled in the American West, wrote an article entitled “Cattle Ranches in the Far West” which was published in the *Fortnightly*, a magazine founded by Anthony Trollope, which despite its name, was published once a month. Grohman informed his readers that “all the land [in Colorado] available for this purpose [cattle-raising], with the necessary water frontage on a creek, is already occupied”, but “Wyoming, Montana, Idaho, and New Mexico, no less than the extreme western portions of Texas, are the most desirable counties in which to “locate” a cattle ranch.”¹⁹ He also told his readers that “there is no trouble about title, deeds, surveyors, and lawyers; [because] possession is nine points of the law” although some readers may have been concerned at the violence implicit in his next statement “...the tenth is that ever-present law-maker and law-breaker, the Colt revolver...”²⁰

Grohman’s articles suffers from more than a touch of the romanticism which quickly permeated global perceptions of the American West and the cattle business. Indeed, the entire article reads slightly like a synopsis of a Zane Grey novel. Grohman rhapsodizes about the ease of starting a cattle ranch with deceptive simplicity:

[It seems] hardly credible, that you or I can today start for any of the three or four last named territories, pick out for our stock a good range for grazing, as yet unoccupied, drive on to it a herd of ten thousand cattle, select a suitable spot near to a convenient creek, and there build our ranch or farmhouse, fence in fifty or a hundred acres for hay land, and, in fact, make ourselves as virtual owners of the

¹⁸ Woods, *British Gentlemen in the Wild West*, 3.

¹⁹ *Ibid.*, 441.

²⁰ *Ibid.*

land, without paying one penny for it, or outstepping any territorial or United States statute or doing what is not perfectly lawful.²¹

However, Grohman also includes an excellent explanation of climate risks and cattle diseases, a nutritional analysis of the grasses of the Great Plains, advice regarding the best places to purchase cattle and the best business practices for obtaining cattle, as well as the advantages of raising stock from brood cows versus fattening market stock. The result is an informative, if overly optimistic, overview of the requirements for a successful cattle ranch.

The Scots, with their history of cattle raising and prior experience with business investments overseas, read articles like this and quickly recognized the opportunities afforded by the “self-made hay” of free public lands.²² They had been investing in the United States for decades, usually in mortgages, mines, and railroad securities.²³ The Scots were also already heavily invested in pastoral enterprises in Australia and South America.²⁴ Thus, their eagerness to invest in the American cattle market was simply an extension of their previous business interests. Ten major British-American cattle companies were incorporated in 1882, and Scots either promoted or sat on the Board of Directors of each.²⁵

Typically, Scottish investment in cattle ranches followed a few similar steps. First, a few prospective investors would get news about a likely ranch or available property. Usually this was obtained through a U.S. banking or investment company which already had connections to other Scottish firms, but sometimes investors would send out their own scouts.²⁶ If the prospect was acceptable, a joint stock company would be organized, a prospectus issued, and money raised.²⁷

²¹ *Ibid.*

²² Royal Commission on Agriculture; William Gerald Kerr, *Scottish Capital on the American Credit Frontier* (Austin: Texas State Historical Association, 1976), 51.

²³ Jackson, *The Enterprising Scot*, 8.

²⁴ Kerr, *Scottish Capital*, 51.

²⁵ Jackson, *The Enterprising Scot*, 82.

²⁶ *Ibid.*, 83.

²⁷ *Ibid.*

The Board of Directors would then send out a reliable inspector who would issue a report; if the report was favorable, the ranch or range property would be purchased, and the previous owner was often kept on as manager.²⁸ However, as the *Scottish Banking and Insurance* magazine pointed out, there were several dangers in this business; most significant, many stockmen were “squatters” who held their land at the “sufferance of the United States government”, making it imperative to ensure that the purchasers received a clear title.²⁹

The first Scottish cattle company formed in the United States was the Prairie Cattle Company, incorporated in 1880 with \$1 million in capital.³⁰ By 1883, the company occupied 2.25 million acres in Colorado and another 2.75 million acres in New Mexico and Texas.³¹ Often called “the mother of the British cattle companies,” the Prairie home office was actually based in Edinburgh and all of its officers were Scots.³² The initial success of the Prairie was often used as evidence to support the starry-eyed claims of tremendous profits with little outlay as early dividends of up to 20.5 percent were paid out in the first three years.³³ The company spared no expense in outfitting the ranch with every modern convenience including three hundred and fifty miles of telephone wire at a cost of \$56 a mile which connected the ranch headquarters with its far-flung divisions.³⁴ As J. M. Rusk, secretary for the Prairie, later admitted, these returns and expenses were unsustainable.³⁵ Yet in the first half of the decade, the reports coming back from the United States promoted the development of even more cattle companies.

²⁸ *Ibid.*

²⁹ *Ibid.*, 84.

³⁰ Woods, *British Gentlemen in the Wild West*, 102.

³¹ Walter, Baron von Richthofen, *Cattle Raising on the Plains of North America*. (New York: D. Appleton and Company, 1885), 49.

³² Clay, *My Life on the Range*, 126.

³³ *Ibid.*; Woods, *British Gentlemen in the Wild West*, 6.

³⁴ Ora Brooks, *Colorado Range Cattle Industry* (Glendale, CA: The Arthur H. Clark Company, 1937), 58; Baron von Richthofen, *Cattle Raising on the Plains of North America*, 49.

³⁵ Clay, *My Life on the Range*, 127.

Thus, economic trends encouraged the American founders of the Matador Ranch to consider selling out to a Scottish syndicate. In 1882, Colonel Britton approached investors in Dundee who sent out Thomas Lawson to appraise the property. Lawson valued the land, improvements and livestock between \$1.2 million and \$1.3 million.³⁶ Following the pattern then in development, on September 28, 1882 with a purchase price of \$1.25 million, the Matador Ranch became the Matador Land and Cattle Company, with Colonel Britton retained as the American manager and Henry Campbell in the position of ranch superintendent.³⁷ The Memorandum of Agreement listed the ranch assets as “100,000 acres held in fee simple and situated in Motley, Cottle and Dickens Counties, Texas...all range and other rights and privileges in or over 1,500,000 acres, 40,000 head of cattle, 14 yoke of oxen, 265 horses, and fencing improvements.”³⁸

Unlike British cattle companies founded about this time which were largely funded by the aristocracy, the Scottish cattle companies were funded by middle class investors.³⁹ In Britain, American cattle ranches were viewed by the gentry and nobility as a way to “combine profit-making with a gentleman’s occupation.”⁴⁰ While the Earl of Airlie, chairman of the Scottish-American Mortgage Company, was influential in the formation of the Prairie Cattle Company in 1880, the role of the aristocracy was typically less visible in Scottish companies which often depended on bankers and businessmen to guide the daily business decisions.⁴¹ Thus, to fund the purchase and the further development of the Matador, rather than look for an aristocratic backer, the Board of Directors authorized the creation of forty thousand shares to be sold at ten pounds

³⁶ William Martin Pearce, *The Matador Land and Cattle Company* (Norman, OK: University of Oklahoma Press, 1964), 10.

³⁷ *Ibid.*, 11.

³⁸ *Ibid.*

³⁹ Woods, *British Gentlemen in the Wild West*, 4.

⁴⁰ Kerr, *Scottish Capital*, 11.

⁴¹ Jackson, *The Enterprising Scot*, 75.

each.⁴² However, the assignees did not have to pay in full at the time of purchase; instead the 450 assignees would pay five to six pounds the first year and pay the rest later.⁴³ William Martin

Pearce, author of a history of the Matador writes:

The “installment buying” of stock doubtless encouraged participation in joint-stock ventures on the part of small investors and persons of modest means, for among the list of initial shareholders were persons from a wide range of occupations; included were bankers, clerks, doctors, waiters, ministers, distillers, hatters, spinners, bootmakers, lawyers, auctioneers, and farmers.⁴⁴

Most of these investors were from Dundee. The vast majority of shareholders held less than one hundred shares; many held only ten.⁴⁵

Perhaps because the Matador shareholders were not independently wealthy, the Board of Directors took seriously their responsibility to manage their investments wisely. William Kerr notes that “it was the prosaic mortgage men who established these American ranching combines...[as] many of the same qualities were needed to succeed...”⁴⁶ Unlike other companies who depended on their American manager and American overseers to both run the daily operations and make major business decisions, Dundee became the Matador headquarters, with the board retaining most decision making authority for themselves.⁴⁷ The Matador Board of Directors approached the cattle business with a focus on quality over quantity. Although they were involved in an industry which promised tremendous returns, the directors were not interested in “get-rich-quick” schemes. Instead, as William Pearce points out, “Behind the director’s close surveillance was the fundamental premise that their Texas venture was a

⁴² Pearce, *The Matador Land and Cattle Company*, 11.

⁴³ *Ibid.*, 13.

⁴⁴ *Ibid.*, 14.

⁴⁵ *Ibid.*

⁴⁶ Kerr, *Scottish Capital*, 8.

⁴⁷ Pearce, *The Matador Land and Cattle Company*, 16.

business—a long-range one—and that it was deserving of their best professional efforts and vigilance.”⁴⁸

This hands-on management system was also developed in part because of the belief that Americans, building their cattle industry on rangy Texas longhorns, had “no real knowledge of good cattle...”⁴⁹ J. S. Tait wrote, “...if cattlemen have made fortunes while leaving half of the resources at their disposal undeveloped, what may not be expected in a country like America from skilled management, accustomed in Scotland to combat with a niggardly soil and harsh climate, and to secure, by improving the breed, the maximum of weight and quality for the minimum of outlay?”⁵⁰ Although the Americans had started the beef bonanza, the Scots believed that they were incapable of tapping its full potential. By bringing the wealth of Scottish knowledge of both cattle and business to bear on the resources of the American West, the directors of the Matador intended to assure the prosperity of their investors.

This mandatory accountability required by the new owners frustrated Henry Campbell. The Matador was his creation and he had retained complete control from the beginning. He had hauled lumber three hundred miles to build a house and married a girl named Lizzie Bundy who became famous for her nursing skills and her Christmas balls attended by everyone within a one-hundred-mile radius.⁵¹ He had established himself as a man of importance in the Texas Panhandle. Now he was accountable to managers in Fort Worth and Dundee who expected weekly reports and detailed accounts of his expenditures.⁵² He found the entire experience irritating, especially as the assistant manager, a Scot by the name of William F. Sommerville,

⁴⁸ *Ibid.*

⁴⁹ Tait, *The Cattle Fields of the Far West*, 15.

⁵⁰ *Ibid.*

⁵¹ Robertson, *Cowmen's Country*, 119.

⁵² Pearce, *The Matador Land and Cattle Company*, 18.

had a habit of elaborating on the instructions received from the Board of Directors as if Campbell could not understand the directives without interpretation.⁵³ In addition, Campbell's hands-on approach to management left him little time to file the timely reports, resulting in considerable concern in Dundee.⁵⁴ Perhaps his annoyance is best understood by a tale related to C. L. Douglas by an old employee of the Matador.

“Great cattle people, the Scotch [sic]. We never buy a hobble rope on the Matador but that they know about it in Dundee. And they're great on accuracy. I remember once when Scottish headquarters wrote to ask how many calves we would brand in a certain year. A guess was made and Scotland told 'about ten thousand.' It was a pretty good guess, too, for when the actual count was made we were only twenty-seven under that number.” And was Dundee please with this close figuring? The Old-Timer grinned. “Well” he said, “we got a letter from 'em after the report went in...they wanted to know what happened to the other twenty-seven.”⁵⁵

Campbell continued to work for the Matador until 1890, when he resigned. During this time Hereford bulls were imported to improve the ranch's breeding stock, new fences were constructed to separate classes of cattle, and windmills were built to pump water for thirsty animals.⁵⁶ Although relations between Campbell and Dundee may have been strained, the Matador had survived hard winters and summer droughts. The next manager would face a series of even greater challenges.

Meanwhile, in 1884, the Prairie Cattle Company received a devastating inspector report. The ranges were overstocked, and the company's financial future was in doubt. Poor records regarding the number of cattle on the range had led to the accidental purchase of one herd twice.⁵⁷ Just two years later, the company found itself short of marketable cattle because too

⁵³ *Ibid.*, 19.

⁵⁴ Pearce, *The Matador Land and Cattle Company*, 19.

⁵⁵ Douglas, *Cattle Kings of Texas*, 226-27.

⁵⁶ Pearce, *The Matador Land and Cattle Company*, 18, 24, 32, 36.

⁵⁷ Clay, *My Life on the Range*, 133.

many had been sold to pay the company's tremendous dividends without taking into consideration the percentage of natural loss and the consequences of mismanagement.⁵⁸ When the directors of the Prairie realized that drastic changes would have to be made to keep the company viable, they turned to a Scot named Murdo Mackenzie and offered him the position of financial manager.⁵⁹ Although Mackenzie's name would eventually be intimately linked with the Matador, in 1885, when Mackenzie arrived with his family in Trinidad, Colorado to begin his life as one of the best-known cattle men in the United States, his first position was with the Prairie.

"Mackenzie of the Matador", as he eventually became known, was born in Scotland to a farmer on the Estate of Balnagown and early in life demonstrated a natural talent for arithmetic by developing a new plan of accounting for his father's sheep herd.⁶⁰ Many years later, he would use that same method of accounting on the Matador.⁶¹ He began his professional career in banking, but at the age of twenty-five accepted a position as assistant to the Factor (manager) of the Balnagown Estate.⁶² Here Mackenzie learned how to manage both the people and the infrastructure necessary to maintaining a large agricultural enterprise. His combined knowledge of agricultural management and banking would enable him to develop a successful career managing Scottish cattle companies in the American West.

Upon his arrival in Trinidad, Mackenzie and the Prairie manager, W. J. Tod, set out to put the business on a sound basis and improve the quality of the cattle.⁶³ At first, they had to accept drastically lower prices for their cattle, although they also managed to cut expenses by

⁵⁸ *Ibid.*, 127.

⁵⁹ *Ibid.*, 131.

⁶⁰ Douglas, *Cattle Kings of Texas*, 230.

⁶¹ *Ibid.*, 231.

⁶² Neil Clark, "Do You Use Fair Play or "Gun Play" to Gain Your Ends?" *American Magazine*, (May 1922), 16.

⁶³ Robertson, *Cowmen's Country*, 109.

\$30,000.⁶⁴ When Tod left in 1889, Mackenzie took his place as the ranch manager; but by 1890, criticism from a group of Prairie shareholders who commenced an investigation into the drop in dividends caused Mackenzie to look for more congenial employment where his judgement would be appreciated.⁶⁵ That year William Sommerville, by then the manager of the Matador, died, and the Board of Directors offered Mackenzie the vacancy at a salary of \$10,000--the largest salary extended to a cattle manager up to that time.⁶⁶ Thus a relationship which would last for fifty years was formed.

When Mackenzie took over management of the Matador, one of his first actions was to bar his men from playing cards or entering a saloon.⁶⁷ Unsurprisingly, this at first made him extremely unpopular, and in a land which still considered that “might makes right”, his life was threatened.⁶⁸ Unlike other Western men, Mackenzie refused to carry a gun. When asked by Neil Clark about this decision in an interview many years later, Mackenzie replied: “I thought the matter over, and decided that if I did carry a gun, I wouldn’t last long. If anyone picked a fight with me, and it came to shooting, he would get me first. For me to tote a six-shooter would be a provocation and an excuse to others. I didn’t believe it was necessary anyway. So I didn’t buy any pistols.”⁶⁹ Instead of a gun, Mackenzie depended on “moral force, honesty, straight talking, and fair dealing” to win over the men under his management.⁷⁰

Mackenzie also developed a better relationship with the Board of Directors in Dundee than the one Campbell had enjoyed, although he too remained prone to disregard their insistence

⁶⁴ Clay, *My Life on the Range*, 133-34.

⁶⁵ *Ibid.*, 134-35.

⁶⁶ *Ibid.*, 135; Robertson, *Cowmen’s Country*, 119.

⁶⁷ Pearce, *The Matador Land and Cattle Company*, 39.

⁶⁸ *Ibid.*

⁶⁹ Clark, “Do You Use Fair Play or “Gun Play” to Gain Your Ends?”, 112.

⁷⁰ *Ibid.*, 114.

on weekly reports.⁷¹ One of his first decisions was to move the company headquarters from Fort Worth to Trinidad where his family was established, arguing that the location put him closer to the markets.⁷² Despite their initial concerns as financial losses rose and dividends dropped (ceasing entirely between 1891 and 1895), the directors came to rely strongly on his judgement as the Matador eventually returned to a strong financial footing under Mackenzie's leadership.⁷³

One of Mackenzie's first major undertakings as manager was the obtaining of an accurate herd count. As may be imagined, an accurate accounting of cattle herds which straggled across thousands of acres was rather difficult to obtain, even during a round-up. According to one source, the Matador eventually claimed grazing rights on nearly 10 million acres (this appears to include land leased from other ranches, public land grazed by the ranch, and land owned outright) making an accurate count even more problematic.⁷⁴ Because of these difficulties, herds were often sold based on the book count, a system which one cattleman called a "gamble in which the dealer always won."⁷⁵ In theory, cattle ranchers started with a known number of cattle and added and subtracted based on estimates of losses and births. While this book count could give a respectably accurate picture of a rancher's herd for a few seasons if he correctly knew the original number of cattle, the picture became increasingly muddled over time, especially as "wastage" on the range was significantly higher than the ranchers at first considered.⁷⁶

The Matador herd count was based on the assumption that 40,000 head had been purchased in 1882. Taking into consideration sales, estimated losses, and the number of calves

⁷¹ Pearce, *The Matador Land and Cattle Company*, 41.

⁷² *Ibid.*, 39.

⁷³ Leland Kent Turner, *C.E.O. on the Range: Murdo Mackenzie and the Matador Ranch in an Age of Reform, 1891-1911* (Lubbock, TX: Texas Tech University, 2004), 46-47.

⁷⁴ Douglas, *Cattle Kings of Texas*, 231.

⁷⁵ Clay, *My Life on the Range*, 49.

⁷⁶ *Ibid.*, 35.

branded each spring, the 1890 books claimed 97,771 head of cattle stocked the Matador ranges.⁷⁷ When Mackenzie completed his count in 1892, he found only 70,200 cattle on the range.⁷⁸ As William Robertson, one of the board members, explained to the shareholders “Either the original herd was short of the number at which we bought it, or our calf count was less than the numbers transmitted to us from time to time, or the death rate was greater than the figures reported to us from America, or all of these were wrong to some extent.”⁷⁹ The shareholders took the news surprisingly well, voting to write off the loss.⁸⁰

Despite the large size of the ranch, which under Mackenzie’s leadership eventually allowed his cowboys to conservatively manage its natural resources, the Matador was still vulnerable to the economic impacts of natural disasters. The blizzards of 1886, while not as devastating in the Texas panhandle, killed thousands of cattle and drove market prices down.⁸¹ Before the market had a chance to fully recover, the West endured a serious drought with no spring or summer rains in 1892.⁸² The Texas ranges dried up. Mackenzie wrote, “Matters were made worse by the previous overstocking of the range and tramping out of sod. By fall that was not a spear of grass left and hardly a settler left in the whole range. Cattle and horses had to subsist on brush, staying mostly in the shinneries [pygmy oak or shin oak forests] which then proved their value to a range. Water holes filled up with drifting sand.”⁸³ Skinny cattle, empty grasslands, and plummeting prices made the first years of Mackenzie’s management challenging.

⁷⁷ Pearce, *The Matador Land and Cattle Company*, 42.

⁷⁸ *Ibid.*, 43.

⁷⁹ *Report of Proceedings*, Eleventh Annual General Meeting of Shareholders, 4; quoted in Pearce, *The Matador Land and Cattle Company*, 43.

⁸⁰ Pearce, *The Matador Land and Cattle Company*, 44.

⁸¹ Turner, *C.E.O. on the Range*, 6.

⁸² Pearce, *The Matador Land and Cattle Company*, 41.

⁸³ Murdo Mackenzie, “The Matador Ranch” *Panhandle-Plains Historical Review*, Vol. XXI (1948), 101.

He responded by continuing to expand the Matador's range north of Texas and holding steers for three to four years, waiting to sell when he could get the best price.

However, as Leland Turner points out in his work *C.E.O on the Range*, "He [Mackenzie] did not secure northern rangeland and redefine the Matador Division holding to simply run more cattle; it was part of a systematic program to produce a better quality product for market."⁸⁴ Scottish agricultural tradition believed that cattle gained more weight in colder climates, so Mackenzie implemented the Scottish system by double wintering Matador steers in the Dakotas and Montana.⁸⁵ With typical Scottish thrift, he did not purchase northern land outright, but began by leasing range from others. Alexander MacKay, the Matador's secretary in Dundee, had met John Clay, a fellow Scotsman and at that time manager of Western Ranges, on one of his annual trips to the United States. When the Matador land proved insufficient, he negotiated with Clay to pasture two thousand young steers on land owned by Western Ranches for \$1 a head.⁸⁶ This marked the beginning of the Matador's successful expansion into northern pastures.

The meeting of Alexander MacKay and John Clay is an excellent example of the prominence of Scots in the American cattle business. Clay played a significant role in the development of cattle companies in the American West from a young age. His father served as one of the commissioners of the Royal Commission on Agriculture in the 1870s and young Clay was appointed as one of the sub-commissioners.⁸⁷ It was the beginning of a fifty-year career in the livestock business. Donald R. Ornduff, who wrote the 1962 introduction to Clay's memoirs states:

There is no doubt that John Clay represented a rare combination of talents. His associates regarded him as a man of courage and integrity. By instinct and

⁸⁴ Turner, *C.E.O. on the Range*, 25.

⁸⁵ *Ibid.*, 10, 25.

⁸⁶ Woods, *British Gentlemen in the Wild West*, 109.

⁸⁷ Clay, *My Life on the Range*, 17.

training he developed skill in livestock and ranch management. That he possessed unusual financial talent is indicated by his ability to carry through with the properties which were under his direction...He was a natural leader of men...His great capacity for friendship was utilized to the fullest, and he had an unusually wide acquaintance among the leading figures of the plains and mountain states of his time.⁸⁸

His role as sub-commissioner placed him in the company of many influential Scottish businessmen, and before long the energetic young man was employed as an agent to examine potential properties for fledgling cattle companies.⁸⁹ In later years, Clay would look back on this period of his life and marvel at how little he knew of the cattle business at the time, wondering that “more mistakes were not made.”⁹⁰ However, the connections he made during this period of his life would profit him throughout his career as manager of the Scottish-owned Western Ranches, Ltd. and the Swan Land and Cattle Company, as well as his role as a founding partner of Clay, Robinson and Company, a livestock commission firm.⁹¹ Clay and Mackenzie became friends, likely due to their shared heritage and experiences, although Mackenzie always kept the interests of the Matador foremost.⁹²

The lease agreement negotiated by Alexander MacKay and John Clay is also an example of the changes which were taking place in ranch management towards the end of the nineteenth century. As the population of Western states increased, open range with sufficient water and winter cover became increasingly hard to find. Prices for settled land rose as well. In the early days of cattle ranching, land was available for pennies per acre.⁹³ By 1895, land prices had increased to nearly \$4 an acre in some locations, making the acquisition of large tracts

⁸⁸ Donald R. Ornduff, “Introduction” in Clay, *My Life on the Range*, ix.

⁸⁹ Clay, *My Life on the Range*, 18, 23, 49.

⁹⁰ *Ibid.*, 49.

⁹¹ *Ibid.*, 204.

⁹² *Ibid.*, 135; Pearce, *The Matador Land and Cattle Company*, 95.

⁹³ Baron von Richthofen, *Cattle Raising on the Plains of North America*, 42.

expensive.⁹⁴ Rising land prices also resulted in rising land taxes, on at least one occasion leading to a protest from the Matador when Mackenzie felt that the ranch land was overvalued.⁹⁵ Moreover, in some states, the state governments frowned upon the large ranches and hindered their renewal of leases of government-owned land in favor of small homesteaders.⁹⁶ As the settlement of the frontier proliferated, ranchers increasingly resorted to leasing land as a way to keep expenses down and control sufficient pasturage for their substantial herds.

Leasing also offered a way to avoid issues associated with alien land ownership. Large foreign owned cattle companies were increasingly viewed with suspicion. Not only did their large size preclude small homesteaders from moving into an area, but some believed that the dividends paid out to their investors were tantamount to highway robbery as foreign investors grew wealthy from rent free lands.⁹⁷ Texas Governor James S. Hogg went so far as to call Scottish and British corporations enemies of Texas democracy.⁹⁸ He persuaded the Texas legislature to pass the Alien Land Law which prohibited aliens from purchasing land and required those who already owned land in the state to become American citizens within ten years--or sell out.⁹⁹ The law was never vigorously enforced and thus had little effect upon the Matador, but it demonstrated how the frontier was changing from an open land of limitless opportunity to a settled society subject to regulation.¹⁰⁰

Despite such temporary hurdles as the Alien Land Law, as the period of the open range ended, the wisdom of the Scots in purchasing grazing land whenever possible became apparent.

⁹⁴ *Ibid.*, 45.

⁹⁵ Pearce, *The Matador Land and Cattle Company*, 56-57.

⁹⁶ *Ibid.*, 51-52.

⁹⁷ J. Fred Rippey, "British Investments in Texas Lands and Livestock" *The Southwestern Historical Quarterly* 58, no. 3 (Jan 1955), 334.

⁹⁸ *Ibid.*, 335.

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*

Although the Matador and the Prairie still felt the pinch of rising land values, by purchasing sizable tracts of land outright the companies safeguarded the heart of their investment.¹⁰¹ Their native thrift and desire for financial security “reduced the profit that could be made but afforded greater protection when the free range became crowded.”¹⁰² The close connection between the Scottish mortgage companies which gave birth to the cattle companies became readily apparent as the Scots adapted to the demise of the free range by transitioning to private leases and outright purchase, as well as developing and selling that land when the value of cattle decreased.¹⁰³

Thus, Mackenzie’s early experience as a banker and an estate manager became especially valuable as he guided the Matador through this transition period and implemented modern business practices. Mackenzie ran the Matador like a business rather than a ranch, creating “a layer of middle management, implement[ing] strict labor codes....acquir[ing] additional ranges, primarily in the North, and mov[ing] cattle between ranges much as a modern product manager moves goods between warehouses.”¹⁰⁴ It is not surprising that the Western admirer and progressive president, Theodore Roosevelt considered Mackenzie one of the most influential cattlemen, calling him “a leader of the far-seeing and enlightened element.”¹⁰⁵

Another development which came out of the transition from open range to settled territory was the formation of cattle grower’s associations. Once again Mackenzie and Clay brought the influence of the Scots to bear on the American cattle industry by taking active roles in the new cattle associations. Within seven years of his arrival in the United States and only two years after he took over management of the Matador, Murdo Mackenzie was given a position on

¹⁰¹ Pearce, *The Matador Land and Cattle Company*, 51.

¹⁰² Woods, *British Gentlemen in the Wild West*, 6.

¹⁰³ *Ibid.*, 6.

¹⁰⁴ Turner, *C.E.O. on the Range*, 8.

¹⁰⁵ Theodore Roosevelt, *A Book Lover’s Holiday in the Open* (New York: Charles Scribner’s Sons, 1916),

the executive committee of the Texas and Southwestern Cattle Raisers Association.¹⁰⁶ In 1901, he was elected president of TSCRA. Meanwhile Clay served as president of the Wyoming Stock Grower's Association for six years and spent another ten years at the helm of the International Livestock Exposition.¹⁰⁷

The associations were created because cooperation between ranchers had become necessary. Large ranches could no longer simply run huge herds of cattle on the range and absorb the losses. The margin for profit narrowed as market prices remained low and expenses increased. Disease, rustling, and even railway collisions could significantly impact the bottom line. In the 1880s, cattle grower's associations were formed in the Western states to "advance the general interests of cattle-raising, studying means for the protection of common property, and of prosecuting trespassers."¹⁰⁸

Over time, large cattle growers used their influence to pressure individual states to implement the resolutions adopted by these associations as state law. Besides laws prosecuting cattle rustlers and regulations for preventing the spread of disease, many of which simply formalized frontier tradition, some of the most important stock laws were the regulations of railroad rates and the reimbursement of ranch owners for cattle killed or crippled by the railroad. Baron von Richthofen informed the readers of *Cattle Raising on the Plains* that the associations developed resolutions requiring railroads to maintain a log book in each county of every head of stock killed or crippled by the rail line and lobbied the states to develop standardized tables of damages to regulate railroad reimbursement to stock owners.¹⁰⁹

¹⁰⁶ Turner, *C.E.O. on the Range*, 44.

¹⁰⁷ Clay, *My Life on the Range*, x.

¹⁰⁸ Baron von Richthofen, *Cattle Raising on the Plains of North America*, 35.

¹⁰⁹ *Ibid.*

Besides introducing modern business practices to the ranch and developing policy with the cattle associations, Mackenzie was also influential in improving the Matador herds by replacing old Spanish bulls with purebred Herefords.¹¹⁰ He implemented a program of intense culling, sending heifers and cows which did not meet his standards to the stockyards.¹¹¹ He also began a breeding management program designed to prevent the Matador from repeating the serious inbreeding which plagued the Prairie.¹¹² The importation of British cattle breeds and the resulting cross-breeding with Texas range cattle created a sturdy animal which fattened well yet could withstand the conditions of the range.¹¹³ Mackenzie was not the only rancher developing a high-quality breeding program, but his meticulous animal management ensured that Matador cattle consistently produced a calf crop of nearly 80 percent and commanded top prices at the market, keeping the ranch profitable.¹¹⁴

By the turn of the century, the circumstances which led to the creation of enormous cattle ranches which could claim grazing rights on millions of acres had vanished. The market prices never quite recovered from the natural disasters of the previous decades or the Panic of 1893. As the open range became more crowded, expenses increased, eating away at the tremendous dividends which had been paid out in the early years. Cattle companies dependent on the open range soon foundered. Those with the foresight to purchase land when it was still cheap lasted for a while longer.

The Prairie Cattle Company wound up in 1916, thirty-five years after its founding. For the last few years of its existence the company paid dividends of seven percent, a handsome

¹¹⁰ Turner, *C.E.O. on the Range*, 33.

¹¹¹ *Ibid.*, 32.

¹¹² *Ibid.*, 34.

¹¹³ Harlan Ritchie, *Breeds of Beef and Multi-Purpose Cattle* (Lansing: Michigan State University, 2009), 14.

¹¹⁴ Pearce, *The Matador Land and Cattle Company*, 73,

return on investment, but nothing like the 20.5 percent offered in the early years.¹¹⁵ The Matador remained in business until 1951, when an increasingly heavy tax burden persuaded the corporation to sell out to American interests.¹¹⁶ At that time the land was valued at \$19 million, far more than the initial investment.¹¹⁷ In the end, the land became more valuable than the cattle which started it all. Those investors who stuck with the company through all the ups and downs made significant profits.¹¹⁸

The Prairie Cattle Company and the Matador Land and Cattle Company are noted for being the most successful and the longest running of the Scottish cattle companies. However, these companies not only benefited their investors, they also assisted the development of the American cattle industry by supporting the creation of cattle associations and improving cattle breeds. The influence of these Scottish cattle companies was also far-reaching in American culture, subtly influencing the American perceptions of the West with their tremendous land holdings and enormous herds. Turrentine Jackson and John Clay could affectionately lampoon the stingy and speculative Scots who believed that the Americans knew nothing about cattle, but they could not deny that the American cattle industry flourished and prospered under the bold investment and thrifty management of the Scots.

¹¹⁵ Rippy, "British Investments in Texas Lands and Livestock", 338.

¹¹⁶ Pearce, *The Matador Land and Cattle Company*, 212, 223.

¹¹⁷ Robertson, *Cowmen's Country*, 119.

¹¹⁸ Pearce, *The Matador Land and Cattle Company*, 223.

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