THE PHILADELPHIA TRACTION MONOPOLY AND THE PENNSYLVANIA CONSTITUTION OF 1874: THE PROSTITUTION OF AN IDEAL

By Harold E. Cox and John F. Meyers*

The period from 1874 to 1907 is significant both in the development of Pennsylvania politics and in the growth of urban transportation in the state. There was, moreover, an extremely close connection between the two. In politics, this was a time of domination by the state Republican machine created by Simon Cameron and later controlled by Matthew S. Quay. In transportation, the period was marked by the establishment of a major traction monopoly in Philadelphia headed by Peter A. B. Widener, an early business associate of Quay. The purpose of this paper is to analyze the close ties between the Cameron-Quay machine and the Widener traction interests during the last quarter of the nineteenth century, and to show how the city of Philadelphia finally managed to assume a measure of control over the traction industry within it.

The years 1874 and 1902 represent two major benchmarks in the study of relations between the state and the traction industry. The Pennsylvania State Constitution of 1874 was pushed through by reform elements whose objective was to reduce legislative corruption in Harrisburg by prohibiting special legislation. Under the old state constitution, business charters were issued directly by the state legislature. The need for special legislation led to questionable relationships between members of the legislature and the Pennsylvania business community. Under this arrangement, businessmen could acquire charters for nearly any purpose. During the legislative session of 1871, for example, a group of companies—referred to as "surety contract" companies and later by

*The authors are, respectively, an Associate Professor of History and an Instructor in History at Wilkes College.
the general label of “Pennsylvania Companies”—came into existence. They were endowed with virtually unlimited corporate powers. During the seven legislative sessions immediately preceding the Constitutional Convention of 1872-73, 475 general laws and 8,775 special laws were enacted. Of the special laws, no less than 450 were railroad charters. To correct the legislative abuses, the new Constitution expressly forbid the passage of special laws in twenty-seven categories, including grants of private and municipal charters. Although the prohibitions against special laws were very broad and couched in general terms, there was no doubt that the Constitution was directed in part against the street railway industry; for it emphatically declared that “no street passenger railway or other transportation company shall be constructed within the limits of any city, borough, or township without the consent of the local authorities.” Presumably, the street railway industry was to be closely regulated.

Twenty-eight years later, in 1902, the Philadelphia Rapid Transit Company was created. This company controlled nearly all operating street railway franchises within the city of Philadelphia. Its creation was the direct result of a political dispute between Quay and Widener and, as much as any single incident, marks the complete breakdown of the noble purposes of the Constitution of 1874 and its idealistic attempts to separate business from politics.

From the time of their first appearance, street railway companies had exercised considerable legislative influence in Pennsylvania. The corruption brewed from this bitter blend of business and politics had not, indeed, escaped notice by the Philadelphia City Council. The city of Philadelphia had expressed serious

---

reservations about the horse railways even before their construction was first undertaken in 1858. Moreover, City Council's qualms were not allayed when the state legislature converted a charter which had originally provided for a steam railroad from Philadelphia to Easton into a charter for a street railway to operate wholly within the boundaries of Philadelphia. Nor was the Council pleased with the subsequent issuance of three additional charters to street railway companies in Philadelphia in 1857 and 1858 without any consultation with the city authorities. The grant of a charter, on March 25, 1858, to the Citizen's Passenger Railway Company, to operate exclusively in Philadelphia, moved the Philadelphia Council to adopt a resolution on April 2 which opposed the issuance of further charters unless the legislature secured the consent of the city authorities beforehand. At this time, the City Council also requested that the exclusive right to legislate in street railway matters be vested in the city.

The Council's stand had little practical effect. The power of the street railway interests was clearly demonstrated when the legislature not only ignored the resolution but issued, between April 9 and 21, nine additional charters for operation within the city of Philadelphia. An additional six companies were formed before the end of 1859, making a total of nineteen operating companies within the city of Philadelphia.

The strength of the traction interests can be seen in the case of the Philadelphia City Passenger Railway Company, which was to operate on Chestnut and Walnut Streets. This line was violently opposed by the property owners on both streets and the original bill had even been vetoed by the governor. But the state legislature, in this instance, set aside the governor's objections and

---

4 Philadelphia Public Ledger, February 11, 1930. A series of articles covering the history of public transportation in Philadelphia was published in this newspaper during 1930.
6 Ibid., February 11, 1930.
7 Ibid., February 12, 1930.
passed the bill over his veto on March 25, 1859. In effect, this measure registered the complete defeat of the city opposition. By 1864 the legislature was openly selling charters, and city opposition had been more or less silenced. The chartering of the Union Passenger Railway in that year was accomplished by wholesale and open distribution of stock options—in what was to be one of the most profitable ventures in Philadelphia’s history—to members of the General Assembly.

Infrequent efforts were made to mollify city interests by requiring the consent of Council for the construction of the roads and, in some cases, requiring the companies to obey City ordinances regulating street railroads. Some of the acts of incorporation even subjected the companies to all ordinances then in force, but other charters allowed the companies almost complete freedom. Regardless of the conditions in their charters, all of the companies did their utmost to avoid obedience to the city ordinances. Thus, the statute “To Regulate Street Railways,” passed by the city of Philadelphia in 1857 and others like it meant little.

By 1868, the legislative jurisdiction of the city of Philadelphia had been, for all practical purposes, completely bypassed. In that year the state legislature passed the so-called “Railway Boss Act”

---


7 The Act of Assembly establishing the Union Railway Company, for example, specified that the line was “subject to the ordinances of the city of Philadelphia regulating the running of passenger railway cars,” but specifically exempted the company from having to secure permission from the city to construct its line. This meant that the city could exercise little control over the company since it was unable to take punitive actions such as withholding or withdrawing franchises. The cavalier attitude of the Union Company toward the ordinance requirements in subsequent years demonstrated the company’s awareness of the city’s lack of control. For this statement see Pennsylvania Laws 1864, Act of April 8, 1864 (No. 297); see also Biddle and Paul, eds., Acts of Assembly and Ordinances . . ., 223.

8 The act authorizing the Germantown Passenger Railway Company, for example, required the consent of Councils for construction, but made no requirement whatsoever for the observance of city ordinances beyond what the city itself might require in the agreement permitting construction, other than a proviso that the city could tax future dividend payments. Even then, the amount of the tax was to be set by the state, and the city was expressly prohibited from placing any other levy on the company’s capital stock. Legislation establishing other passenger railroads usually varied between the severity of the act establishing the Union Company (see note 11 above) and the leniency of the act establishing the Germantown Company. See Pennsylvania Laws 1858, Act of April 21, 1858 (No. 494); see also Biddle and Paul, eds., Acts of Assembly and Ordinances . . ., 74-75.
which prohibited the city of Philadelphia from regulating street railroads without specific authorization from the Assembly. This action made the Assembly, in effect, a "Philadelphia City Council" for street railway matters. Laws dealing with such minute matters as the salting of streets by street railroads in Philadelphia illustrate the Assembly's complete control.

Although special acts were much abused prior to 1874, the rapidity with which the street railway interests, particularly in Philadelphia, succeeded in turning the new Constitution to their advantage commands even a cynic's respect. It was unlawful under the new Constitution to create additional street railway companies until a general incorporation law was passed. The Constitution did not, however, affect existing companies, and it did not take the managers of Philadelphia's street railways long to realize that by preventing passage of such a law they could consolidate their positions without having to worry about the appearance of additional competitive companies. The traction magnates immediately moved to consolidate their positions in Philadelphia while, at the same time, exploiting their favored position within the state legislature—and their efforts bore rich fruit.

In 1878 and again in 1879 general incorporation laws were passed; they provided for the incorporation of street railway companies in cities of the second, third, fourth, and fifth classes. These acts excluded the only city of the first class in the state, Philadelphia, and thereby prohibited additional companies from being established there. Both laws were subsequently declared unconstitutional on the ground that, by excluding Philadelphia from their coverage, they were special acts rather than general incorporation laws. It was not, however, until 1889 that the legislature finally passed a general incorporation law that was accept-

---

14 At first the street railroads were prohibited from salting Philadelphia streets, but later supplementary legislation permitted salting some streets, but not others.
15 Pennsylvania Laws 1878, Act of May 23, 1878 (No. 111); Pennsylvania Laws 1879, Act of March 19, 1879 (No. 9).
able to the courts. After a fifteen-year delay, new street railway companies could once again be incorporated in Philadelphia. By this time, of course, it was too late to preserve competition—if, indeed, that was a purpose of the Act of 1889.17

During the intervening years a street railway combine was established in Philadelphia. Formed in large part through legislative manipulation, it became the most powerful single force in the city’s street railway industry. The leaders of this combine were Matthew Quay, William H. Kemble, Peter A. B. Widener and his business associate, William L. Elkins. Quay’s role in Pennsylvania politics is well known. Widener was a member of the Republican machine and formerly had served as City Treasurer of Philadelphia. Kemble had been the state treasurer and a Republican committeeman. When the group first began forming its monopoly, he had just been released from jail where he had been serving a term for questionable financial practices while treasurer. Not surprisingly, his release had been engineered by Quay.18 The group’s early base of operations was the Union Passenger Railway; and the chicanery later so common in the organization was present here as well.

When a bitter quarrel broke out within the road’s management in the 1870’s, Kemble and his associates withdrew and established a competing company, the Continental Passenger Railway Company. Then, initiating tactics that the group would subsequently often employ, their company constructed routes parallel to those of the Union Company and attempted to win patronage by providing better service. This competition between rail lines was, of course, extremely costly to the participants and both sustained heavy losses. Because the resources of the Continental Company were greater, however, the Widener-Kemble group had regained control of the Union Company by 1880 and, seemingly encouraged by their success in this internal dispute, they immediately launched

17 Pennsylvania Laws 1889, Act of May 14, 1889 (No. 211). The Act of 1889 was passed largely to fill the void left in the incorporation laws by the invalidation of the earlier legislation in the Pennsylvania courts. Now, because of the existence of combines in the street railway business, the legislature had drafted a statute with provisions ostensibly expanding the privileges of so-called traction motor companies but which, in actuality, only furnished greater opportunities to those companies that had taken advantage of the earlier laws to consolidate their positions in Philadelphia.

18 New York, The Sun, September 29, 1891.
an even more aggressive consolidation campaign. On January 1, 1880, the Continental Company was leased to the Union Company and within a year the combine had also gained control of the largest railway serving the area west of the Schuylkill River, the West Philadelphia Railway.\textsuperscript{19}

Since the Constitution of 1874 prohibited special acts and there was no railroad incorporation act applicable to Philadelphia until 1889, regulation of the transportation business in Philadelphia passed by default to the companies themselves. Existing companies were restricted to horse traction at a time when cable and other mechanical systems were becoming popular, and their capitalization was limited to an extent that retarded large scale extensions in a period when Philadelphia was expanding rapidly.\textsuperscript{20} Yet, attempts by the state legislature to remedy the situation had proved wholly inadequate. The Motive Power Act of 1876, which provided for the operation of passenger railways by mechanical means such as steam cars, failed because it required a five cent fare on lines which were motorized, a requirement that was utterly unacceptable to those interests that had the financial capacity to construct a cable line.\textsuperscript{21}

While legislative attempts to improve conditions did not satisfy them, the Widener-Kemble forces did not tarry in implementing their own solution to the problem. After the consolidation of the

\textsuperscript{19} Philadelphia, \textit{The Times}, November 2, 1881; Philadelphia, \textit{The Press}, November 2, 1881; \textit{Public Ledger}, February 17, 1930.

\textsuperscript{20} The popularity of mechanical traction with the public was stimulated by the rapid growth of larger cities. The slow speed of horsecars reduced the limits to which horse lines could be extended from the center of the city; so did the endurance limits of the horses. Cable lines were favored in areas of heavy traffic, particularly where installation of such a line would provide a competitive advantage in speed over paralleling horse lines, but the cost of constructing cable lines was so high as to be prohibitive. One estimate of the comparative cost per mile of construction between horse and cable lines showed, for example, that horse lines cost $50,822.50 per mile while cable lines cost $223,373.25. Moreover, in any arrangement such as that existing in Pennsylvania after 1874, where capitalization and bonded indebtedness were limited and could not, in the absence of a general incorporation law, be increased; the construction of cable lines was virtually impossible—at least by the existing passenger railway companies. For statistical comparison of construction expenses, see Department of Interior, Census Office, \textit{Report on Transportation Business in the United States at the Eleventh Census: 1890} (Washington, 1895), p. 697; \textit{Public Ledger}, February 18, 1930.

\textsuperscript{21} Pennsylvania Laws 1876, Act of May 8, 1876 (No. 147). Only one line was established in Philadelphia under this law—a steam line on Market Street operated by the West Philadelphia Company—and this line reverted to horse traction within a year.
Union, Continental, and West Philadelphia Companies in 1881, the syndicate decided to overcome the limitations of the situation through an entirely new category of company. This decision led directly to the creation of what came to be called traction motor companies. Through the influence of the syndicate members, a bill was passed by the state legislature in 1883 which included a rider permitting the establishment of traction motor companies anywhere in the state, including first class cities. This rider provided for the formation of corporations "for the construction and operation of motors and cables or other machinery for supplying motive power to passenger railways and the necessary apparatus for applying the same." These companies were, moreover, permitted to motorize any existing railway company not previously covered by existing charters and franchises, to sell their services to existing companies, operate lines under contract, and lease lines. In short, to get around a very obvious impasse the state legislature, under syndicate influence and direction, had obligingly legalized the creation of a corporation that might in the future be easily converted into a monopoly.

For the Widener-Kemble group, there were obvious advantages to this type of law rather than a general street railway law. The restriction against the establishment of new passenger railway companies in Philadelphia continued in effect; and, at the time of the passage of the act, no group engaged in the street railway business in Philadelphia other than the Widener-Kemble combine had the financial resources to construct a cable line. The law was, therefore, made to order for this organization; and it was no accident that the first company established under the act was the Philadelphia Traction Company, controlled by the syndicate. Using this new company as a base of operations, the syndicate unified the Union, West Philadelphia, and Continental Companies into a single system to which they added other properties from time to time. Syndicate control was exercised through 999 year leases—in effect, perpetual leases—under which the majority of the more lucrative and strategically located properties in Philadelphia were consolidated.

Because of its potential economic power, the Philadelphia Trac-


Public Ledger, February 17, 1930.
tion Company immediately became a major political influence in Pennsylvania. Politicians on both the local and state levels became, and remained, fast friends of the Company for the next few years. The Philadelphia Council, which had in 1881 prohibited additional privileges to street railways without a guaranteed five-cent fare, waived this requirement in 1886 and granted new rights and franchise privileges to the Union and West Philadelphia Companies, both subsidiaries of Philadelphia Traction.

In Harrisburg, the steady accretion of political power by the syndicate was demonstrated by new legislation in 1887 and 1889 which increased the powers and, therefore, the position of traction companies. Despite the fact that after 1889 new companies were again permitted to build and own track in Philadelphia, the Widener-Kemble syndicate turned even this apparent defeat to their advantage. The group simply created dummy companies which built additional trackage in Philadelphia under its control. The effect of this building was to widen the network of street railways, and with it syndicate control of the street railway industry, while at the same time discouraging competition by small isolated companies in Philadelphia. Although strong protests on both the local and state levels had been lodged against these laws and they were consequently amended, nothing in either the 1887 or the 1889 law was changed which in any way significantly affected the march of the Philadelphia street railway system toward total monopoly.

Because virtually every main street in downtown Philadelphia and a considerable number of the extremely narrow side streets were already occupied by existing rail lines by 1889, constructing

---

26 Pennsylvania Laws 1889, Act of May 14, 1889 (No. 227). These “new” dummy companies, legitimate under the Act of 1889, were simply the agents of the traction motor companies. They built lines in areas not occupied or previously authorized under local franchises or state grants. As a demonstration of their effectiveness, traction companies continued to employ them into the 1820’s to extend their operating lines and to build new lines for connections. Report on Behalf of the City of Philadelphia on the Valuation of the Property of the Philadelphia Rapid Transit Company with Certain Revisions and Additions Before the Public Service Commission of the Commonwealth of Pennsylvania. City of Philadelphia v. Philadelphia Rapid Transit Company, Commonwealth of Pennsylvania, Public Utilities Commission, Docket No. 3504, 187. (Hereinafter cited as Valuation.)
new lines was neither feasible nor necessary. Rather, the syndicate turned to modernizing and consolidating lines already built. Philadelphia Traction began to concentrate on converting its lines from horse and cable operation to electricity while acquiring as many of the small, independent properties as possible. At the same time, it also challenged People’s Traction and Electric Traction, two other traction motor companies established in the city during this period, for complete control of Philadelphia’s street railway industry. By early 1895 only four important companies still survived the city’s traction wars, and all controlled some portion of the trackage in Philadelphia. Of the 430 miles of track then in existence in the city, Philadelphia Traction controlled 203, Electric Traction 130, and People’s Traction 73. The remaining 24 miles were controlled by the tiny Hestonville, Mantua and Fairmount Railway Company—the last of the original chartered passenger companies to operate independently of the traction motor companies.28 This last company, which had survived largely because of its control of a small but very strategic group of franchises in central and western Philadelphia, was a dwarf in a game of giants and, consequently, played a small and short-lived role in the ensuing contest in Philadelphia.

When ruthless competition between the three traction motor companies threatened to ruin all concerned parties, the state legislature was once again called upon; and once again it delivered. In the spring of 1895 the legislature produced the requisite laws permitting a consolidation to take place. The first law authorized traction motor companies to enter into contracts with one another for the sale, lease, or operation of their respective properties and franchises. The second permitted passenger railway companies to sell or lease all or any part of their property and franchises to traction companies and to make contracts with other traction companies for the operation of their leases. This act was specifically designed to remove all doubts regarding the legality of leases and sales already made as well as to allow acquisition of the Hestonville Company by the contemplated combine. The third and final act authorized traction or railway companies that owned, operated, leased, or controlled different lines to operate the lines of the general system as well as to lay out new routes over streets already

28 Ibid., 34.
occupied. Under this new body of legislation, a single combine, the Union Traction Company, was chartered on September 6, 1895. This charter halted the traction wars by permitting the three traction motor companies to share in the administration and control of the Philadelphia railway system; but it provided only a temporary settlement to the consolidation struggle. Following the acquisition of the Hestonville line in 1898, the Union Traction Company held control over all the operating lines in the city with the exception of four small suburban lines. By 1899, complete control of the new company was in the hands of the syndicate.

Yet at the same time that the syndicate was consolidating its economic position, the political position of the combine was deteriorating. Because Kemble had died, leadership of the group was now in the hands of Peter Widener, his son George, William Elkins, and a newcomer, Thomas Dolan, who was a longtime friend of the elder Widener and president of the United Gas Improvement Company. It would seem that Kemble had been the chief connection between the syndicate and Matthew Quay's political machine, for the group's relations with Quay declined sharply following Kemble's death, and they broke down completely between 1899 and 1900. The final rupture occurred when Widener failed to give Quay the support he expected, indeed demanded, during his well-publicized political difficulties. Because of this split between Widener and Quay, the economic-political alliance which had allowed the syndicate to dominate the traction monopoly in Philadelphia collapsed; and the Widener-led syndicate and the Quay-led political machine went their separate ways. In practical terms, this breach meant that legislative concessions for traction operations within Philadelphia were once again available for outsiders.


Ibid., 35-36.

Quay had failed to gain the United States Senate Seat in 1899 when the Democrats and Independent Republicans deadlocked the Assembly on the election. He was appointed by Governor William Stone in spite of this deadlock and in spite of the fact that he was currently under indictment for misappropriation of state funds. The taint of scandal was sufficiently great, however, to cause his rejection by the Senate, and it was not until 1900 that Quay was able to break the deadlock in the Assembly and finally secure his election. For a discussion of this incident, see Sylvester K. Stevens, Pennsylvania, Birthplace of a Nation (New York, 1964), 264-265.
The man who took advantage of this situation was John M. Mack, a newcomer on the traction scene. He had built his reputation on his ruthless efficiency in business rather than political alliances or influences. Yet, one of his early partners in business had been United States Senator Boies Penrose. It was through Penrose that Mack made his connections with Quay and the Philadelphia political boss, Israel Durham. The estrangement between Quay and Widener, then, became the occasion of a marriage of convenience between Quay and Mack. Apparently they joined forces to satisfy Mack's desire to break into the street railway industry and, at the same time, to permit Quay to retaliate against the ungrateful Widener. The immediate result of this new alliance was a spate of street railway legislation which was specifically directed toward destroying Widener's control of the street railway industry in Philadelphia.

This new combination, employing tactics perfected under the old alliance, made its first move on May 28, 1901, the same day that the unsuspecting Widener and Elkins set sail for a European holiday. On that day, two bills were introduced in the state legislature by Quay supporters, Senators Focht of Union County and Emery of Mercer County. Described by the rather cumbersome title of "Elevated or Underground or Partly Elevated and Partly Underground Railway Companies with Surface Rights," the bills provided for the creation of still another category of street rail-

Mack had already enjoyed an extremely diversified business career by this time. His first investment had been in Northern Pacific Railroad bonds at the time of the failure of Jay Cooke and Company. Then, in 1879, when the railroad proposed to exchange farmland for those bonds, Mack acquired a tract near Bismarck, North Dakota, and established the first model farm in the Great Plains area. During the Philadelphia Centennial, he dabbled briefly in contracting; and then moved into paving, where he rose rapidly through his design of a standard paving brick and vicious price cutting in the asphalt business. Street railways were, then, only one of a long list of enterprises with which Mack chose to associate himself. Public Ledger, July 2, 1905.

The original idea for the new bills, ironically enough, had been Widener's. He had earlier negotiated with the Pennsylvania Railroad concerning the joint construction of a subway line under Broad Street, and the Railroad had agreed, only to find that no enabling legislation existed. When David H. Lane, Widener's man in Harrisburg, investigated the situation and persuaded Widener that it was too late in the legislative session to ram a bill through safely, the scheme had been temporarily shelved. It was at this juncture that Quay and Mack stepped in and tied up the rights to build this line as well as numerous others in the city. North American (Philadelphia), March 10, 1902; Public Ledger, February 22, 1930.
way company. The companies created under the provision of these laws were ostensibly rapid transit operations, but were also granted the right to enter upon street railway lines already built as well as to provide surface connections not exceeding 2,500 feet in length. Moreover, the franchises were to be exclusive and perpetual and the companies were to have unlimited powers to borrow money on bonds. If the provisions of the proposed legislation left any doubt about their purpose, their speedy and closely superintended passage did not.

On the day of introduction, they were referred to committee, reported favorably to the Senate, and passed the first reading with only three dissenting votes. Within forty-eight hours, they had passed the second and third readings without debate and had been returned to the House. Then, because the Chairman of the Passenger Railway Committee in the House was allied with Widener, the bills were referred instead to the House Corporations Committee. The object, of course, was to take the Widener supporters in the House completely by surprise. For the same reason, once the bills had been accepted here, they were reported to the floor by still another Quay supporter, and then rammed through the House on June 5. Governor William A. Stone, a machine man, received the bills on June 7 and initialed them the same day. Then, despite the fact that business was not usually conducted on Saturday, charters were issued for roads in Scranton and Pittsburgh and for thirteen companies in Philadelphia, all controlled by Mack and effectively covering every main thoroughfare in the city.

The machine in Philadelphia was equally effective. On Monday, June 10, the Philadelphia Select Council met in special session, and all of the bills for the thirteen companies were approved at a single session of the Street Railway Committee. This was accomplished by forcibly detaining the Committee until they had signed the reports to Councils. The bills were then passed by Councils on June 12, sent to Mayor Samuel Ashbridge the following day, and initialed shortly after midnight on June 14. The execution of the conspiracy had taken less than eleven days, a remarkable feat even in the questionable atmosphere of Pennsyl-

---

45 Public Ledger, February 22, 1930.
vania politics. As something of a measure of the stakes involved, John Wanamaker's offer to pay $2,500,000 for the same franchises was publicly refused by Mayor Ashbridge.

Seemingly the Widener forces had been caught flatfooted by this ably designed and executed scheme, and yet within a very short time Widener and his associates had not only recouped their losses, but had even strengthened their position. On paper at least, the Focht-Emery Bills had a profound effect on the existing street railways. In the first place, the bills reversed an 1891 decision of the Pennsylvania Supreme Court which had declared that elevated railways could not be constructed on streets occupied by the tracks of existing surface passenger railways. This had prevented the construction of rapid transit lines competitive with the traction motor companies for over a decade and efforts to pass laws previously legalizing their existence had been blocked by the syndicate. The final passage of enabling acts allowing the establishment of rapid transit lines guaranteed almost certain ruinous competition to the surface railroads. In addition, their right to enter upon existing surface railroads without permission threatened the security of every franchise in Philadelphia, because heavy expenses involved in constructing and maintaining tracks was completely bypassed. At worst the companies could be required only to share maintenance expenses. For these reasons, the two bills were aptly styled "ripper bills." Still, neither the "ripper bills" nor the Philadelphia franchise grab gave Mack an immediately insurmountable advantage, because he simply did not have the financial resources to carry his traction scheme to its logical conclusion. That he might somehow secure adequate financial backing to complete his coup was a very real threat to the Widener-controlled combine; and the early return of Widener and Elkins from Europe suggests

---

36 Ibid.
37 On July 13, Wanamaker, a prominent businessman and politician, sent a note to Mayor Ashbridge urging him to veto the franchise ordinances and offering to pay the city $2,500,000 for the same rights; he even suggested that these rights should be put up for public auction and sold to the highest bidder. Ashbridge, who was at this time attending ceremonies formally opening the new United States Mint in Philadelphia, received the message, but only looked at the envelope and threw it into the crowd without opening it. Public Ledger, February 22, 1930.
38 His own paving business was in serious financial difficulty at this time and, moreover, the amount of capital raised by the "ripper" companies was itself very limited. Public Ledger, July 2, 1905; Valuation, 105, 187.
that they recognized the seriousness of the threat. When rumors reached Widener that the Pennsylvania Railroad was sufficiently interested in Mack's proposed Broad Street Subway to finance at least this one project, he quickly determined to reach an understanding with Mack.  

The immediate result of their negotiations was the establishment of an entirely new company, originally called the Consolidated Traction Company and later, in a fit of local patriotism and wholly unfounded optimism concerning the service, the Philadelphia Rapid Transit Company. On paper at least, the new company represented a compromise settlement which promised concrete gains to both sides. The Widener people agreed to a straight cash payment of $2,000,000 to Mack. In exchange, Mack agreed to form the new company and then to lease the Union Traction Company from the Widener combine at a guaranteed annual rental of $900,000 which was to be increased until it reached $1,800,000 annually in 1908. Mack was also bound to guarantee the rentals of the Union Traction underliers.  

The implications of this agreement actually extended far beyond this rather straightforward bargain. Although both sides were represented on the Board of the new company, the tables were tipped in Widener's favor. In time, the total package amounted to about $8,000,000 annually for the Widener interests, a remarkable dividend considering that Widener and his associates had gone into the negotiation with their backs against the wall. As the agreement worked out, the syndicate had traded a $2,000,000 payment to Mack for bank deposits totaling roughly $300,000 and his thirteen franchises, all but one of which were allowed to lapse. The Market Street Elevated Passenger Railway Company, the only new company that the syndicate continued to operate, was simply incorporated into its system. Moreover, by the terms of the Widener-Mack agreement, Union Traction—which, because of heavy carrying charges and grossly inefficient operation, had never returned a dividend—was now guaranteed an annual income on

---

"North American, March 10 and 28, 1902."

"Public Ledger, July 2, 1905; The Press, April 21, 1902; North American, March 13, 1902."

"Cash Book, Bustleton and Byberry Rapid Transit Street Railway Company, ms. in possession of the Philadelphia Transportation Company; Valuation, 105 and 187; Public Ledger, July 2, 1905."
its paid-in capital which would amount to 17% by 1908.\textsuperscript{42} The only loss sustained by the Widener forces in the bargain—and this only temporary—was the alienation of Thomas Dolan, longtime friend and partner of Widener who resigned from the Board of Union Traction.\textsuperscript{43}

Widener had, then, managed to turn a seemingly impossible situation to his advantage, by wresting control of the new franchises from Mack who had been utterly unable to take advantage of either his franchise grab or the “ripper bills” and had gained only a temporary seat on the Board of the Philadelphia Rapid Transit Company for all his efforts. This challenge to the syndicate’s control of the Philadelphia street railway system had not only been weathered, but an even more complete monopoly had been the result. This was the situation that prevailed in the traction industry in Philadelphia when the Philadelphia Rapid Transit Company was organized and assumed the operation of the Union Traction Company on July 1, 1902.

Although nearly total monopoly dominated the street railway industry in Philadelphia in 1902, this was not the end of the story. In a significant sequel to this tale of the growth of a monopoly, the legislation that had ultimately been responsible for the creation of the monopoly became the means of establishing some measure of control over Philadelphia’s traction industry by the city.

The “ripper bills” had remained on the books after the creation of the Philadelphia Rapid Transit Company in 1902, but it was not until the period from 1905 to 1907 that any company tried to exploit them. At this time, the Philadelphia and Western Railroad Company attempted to utilize the legislation to challenge Philadelphia Rapid Transit for control of Philadelphia’s street railway industry.\textsuperscript{44} Significantly, on this occasion there seems to have been no involvement of state politics or politicians in the attempted grab. Rather, the railroad made its decision independently of any such considerations; and it chanced to coincide perfectly

\textsuperscript{43} Public Ledger, May 8, 1902; North American, May 29, 1902.
\textsuperscript{44} A summary of the activities of the Philadelphia and Western Railway in this venture will be found in Harold E. Cox, “The Philadelphia and Western Story,” Traction and Models, III (1967), 6-10.
with the continuing efforts of the city of Philadelphia to bring some measure of control over the Philadelphia Rapid Transit Company.

By threatening to grant a franchise within its boundaries to the Philadelphia and Western Railroad Company, the city forced the Philadelphia Rapid Transit Company to agree to a compromise that was mutually acceptable to both sides, syndicate and city. The city granted a fifty-year monopoly on street railway franchises within the city to Philadelphia Rapid Transit, thereby eliminating even the threat of competition. In exchange, the Company agreed, along with other concessions, to allow city representation on its Board of Directors, presumably providing city some control of the operations and activities of Rapid Transit. The agreement between the city of Philadelphia and Rapid Transit, then, permitted the Company to retain its monopoly while at the same time allowing the city to exercise some degree of control over it. This arrangement closed a significant chapter in Pennsylvania history.

The relations between Widener, Mack, and the Republican machine demonstrate some of the difficulties involved in trying to separate business from politics in late nineteenth century Pennsylvania. The Railway Boss Act of 1868 had made the state legislature supreme in traction matters affecting Philadelphia. Although the Constitution of 1874 had been expressly designed to remedy certain obvious defects in this unsavory mixture of business and politics, it failed—as perhaps it had to. Instead, it became the vehicle in bringing about precisely what it sought to avoid, virtually uncontrolled monopoly in the major traction center of the state. It was this document that permitted manipulation of the general incorporation laws; and it was, of course, this manipulation that allowed the traction interests to move toward monopoly. When competition threatened to cripple rail transportation in the city, the state legislature furnished legislation allowing the traction interests to further solidify their position. Finally, it was the state legislature that provided the “ripper bills” which permitted the final consolidation to occur. It was indeed ironic that the prostitution of the reform Constitution and the passage of the “ripper bills”—an open flaunting of the intent

4 For a relatively complete discussion of this arrangement, see ibid.
of the Constitution—actually created the weapon which enabled
the city of Philadelphia to assume a measure of control over the
traction industry, an industry which had forged its hold over the
city's street railway operations precisely because of the mixture
of business and politics. But such was the nature and logic of busi-
ness and politics in Pennsylvania around the turn of the century.