THE ATLANTIC AND GREAT WESTERN RAILROAD

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THE Atlantic and Great Western Railroad was designed to connect the eastern seaboard with the great West. The main line as projected ran in a southwesterly direction from Little Valley (later Salamanaca), New York, a junction point on the New York and Erie Railroad, to Dayton, Ohio, where by means of a connection with the Cincinnati, Hamilton and Dayton Railroad, the line was extended to Cincinnati, and then over the Ohio and Mississippi Road to St. Louis. Credit for the route goes to DeWitt Clinton, who as early as 1832 published pamphlets showing the desirability of building such a road. It traversed a region rich in natural resources, such as hard woods, coal, limestone, iron ore, oil and potters clay, and a dairy and wheat growing region. But it was not the only road seeking westward extension: other railroads were chartered in the same regions and the promoters of these lines attempted to block the entrance of another rival. This competition for rail access to the natural resources created serious problems, as will be seen later.

The Atlantic and Great Western began as three separate ventures, centering around Jamestown, New York, Meadville, Pennsylvania, and Franklin, Ohio. Three different railways, the Erie and New York City in New York state, the Branch or Meadville Railroad in Pennsylvania, and the Franklin and Warren Railroad in Ohio, met their own problems individually.

1 Read at a meeting of the Historical Society of Western Pennsylvania on May 5, 1943. The paper is an abstract of the dissertation presented to the University of Pittsburgh by Dr. Felton as a candidate for the doctor's degree.—Ed.

2 The greater part of the material upon which this paper is based is found among the sixty thousand letters, reports, newspaper clippings, maps, and other items in the William Reynolds Collection, at present deposited in the library of the Historical Society of Western Pennsylvania. The author is indebted to Mr. John A. Reynolds of Meadville, Pennsylvania, for his careful preservation of the Collection and for his permission to have it transferred to the Historical Society's building.
The first of the three original companies to be chartered and organized was the Franklin and Warren in Ohio. Marvin Kent of Franklin owned and operated a glass works, a woolen factory, a flour mill, and in 1850 was constructing a cotton factory. The town of Franklin had no connection with a rail line and consequently Kent was under heavy cost for wagon transportation to Ravenna, Ohio, a station on the Cleveland and Pittsburgh Railroad. Kent asked State Senator Sutliff to introduce a bill for a railroad running east from Franklin to the Pennsylvania state line, west to Akron, and ultimately to a connection with the Ohio and Mississippi Road. A bill was passed in 1851, chartering the Franklin and Warren Railroad. The road was organized immediately. Kent was chosen the first president and, with the exception of about three years, remained its president until 1864. During the latter part of 1851 and all of 1852 the organization was completed, subscriptions to the capital stock were secured, a survey was made, and the right of way was purchased. Through concerted efforts, the officers, directors, and citizens along the line raised $900,000 in stock subscriptions. With this amount the board of directors began construction. On July 4, 1853, Marvin Kent turned the first shovelful of earth on the line at Kent, Ohio. Construction contracts were awarded to Henry Doolittle of Dayton, Ohio. The work progressed rapidly for a time and about 45 per cent of the grading was completed. Shortly after this vigorous beginning a slump occurred in the money market and a severe drought visited the country. All work stopped and little more was done until 1862. In the interim, efforts were made to obtain capital elsewhere.

In New York state, the company destined to become the eastern part of the Atlantic and Great Western was known as the Erie and New York City Railroad. In September, 1850, a group of "public spirited" citizens met and after much discussion and effective lobbying were able to obtain a charter for a road from the mouth of Little Valley (later Salamanca), New York, to Erie, Pennsylvania. The original enthusiasm

3 Third Annual Report of the Atlantic and Great Western Railroad Company, 45-46 (Cleveland, 1855); Ohio, Laws, 1851, 49:444 (Columbus, 1852).
4 Marvin Kent, History of the Atlantic and Great Western Railroad, 3 (1899); copy of a speech delivered by Kent.
among Jamestown citizens produced the necessary finances for commencing active operations. As in Ohio, the work started energetically but a financial slump gradually slowed further operations.

In this manner and independently of each other the New York and Ohio divisions of the Atlantic and Great Western plan were begun, but efforts to obtain a charter in Pennsylvania met well-organized opposition. Attempts of the citizens from Meadville to secure a charter for a road through Pennsylvania failed. Leaders in this agitation were William Reynolds, John Dick, James Shryock, Gaylord Church, and Darwin Finney. Fortunately, the Pittsburgh and Erie Railroad Company invited the promoters in Meadville to join interests with the Erie road and build a connecting link between Ohio and New York under the branching privileges of the Pittsburgh and Erie charter. The offer was accepted. This acquisition of the permission to traverse Pennsylvania, indirect as it was, solved one major problem but the procurement of sufficient capital to build the road was an even more difficult task. All drives for subscriptions were made in the name of the Pittsburgh and Erie Railroad. County commissioners of several counties recommended county subscriptions for the bonds of the Company. These with the individual subscriptions were sufficient to break ground on the Meadville road, but, as in the other cases, collecting the money pledged was a major problem. Insufficient finances in Pennsylvania thus retarded construction from the very first, and in 1853, the engineer of the preliminary surveys resigned.

The vigorous opposition these three railroads met caused the boards of directors to realize very early the advantage of combining their efforts to construct a trunk or through line. They were also foresighted enough to include in their plans representatives from railroads which might later form "feeder" lines along the projected route or even serve to extend the line farther east and west. A conference of all interested parties brought a firm resolution to unite for the construction of a continuous line from Little Valley, New York, to Dayton, Ohio.

The Franklin and Warren company was the first to declare legally that its road was a major link in a system reaching from the Atlantic to the great West. On January 12, 1853, the Franklin and Warren changed its name to the Atlantic and Great Western Railroad Company. Shortly after this change in name the capital stock was increased from $2,000,000 to $4,000,000. Faith in the success and future profits of a proposed "unbroken line of WIDE GAUGE road, without interruption of a ferry, or an unbridged watercourse 1200 miles in extent on the most direct and feasible course from New York to the shores of the Pacific," was thus financially expressed by doubling the capital. The financial policy agreed upon in Ohio was that the right of way and grading of the road be secured by local subscription along the line, with the hope that local sanction of the project would insure the stocks and bonds a more favorable consideration in the open market. It was agreed, too, that the money had to be expended in the county in which it was raised. This procedure had a decided disadvantage. Instead of being able to complete one section of the road which would make possible important connections with other lines and would thus secure an early income, the company had to distribute the work along the whole line.

The directors of the Atlantic and Great Western of Ohio soon realized, however, that local subscriptions were insufficient for the railway's projection and therefore voted for a reorganization, placing men at its head who promised to entice foreign capital. General C. L. Ward was elected president, and A. C. Morton of New York, formerly one of the engineers of the Grand Trunk Railroad of Canada, was appointed consulting engineer. Morton was not long in suggesting a union of the forces in New York, Pennsylvania, and Ohio. A mutual agreement was signed by the three companies in which they agreed to the adoption of a uniform gauge of six feet, the immediate completion of surveys and locations, and a combined table of running time. By this common understanding, a committee from the three companies was able to secure a bonus contract from the New York and Erie Railroad of ten per cent on the gross receipts of passenger and freight to and from the Meadville branch road

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7 Reply to the Statement of James McHenry and others in relation to the American Management of the Atlantic and Great Western Railway, together with the Fourth Annual Report of the Atlantic and Great Western Railway Company, p. 66 (Meadville, 1867).
for five years and a bonus of five per cent for an additional five years. Shortly after the completion of the bonus contract, Morton, Ward, and Doolittle left for England to contact the "influential friends" whose acquaintance Morton had made during the construction of the Grand Trunk Line in Canada.  

The concerted efforts of the tri-state companies and the promised assistance from the New York and Erie brought a move in Pennsylvania that was destined to effect a further advance toward the goal of an east-west trunk road. Internal dissension between the Meadville branch and the Erie and Pittsburgh main line interests had grown to such a degree that a separation of the two was demanded. Through the efforts of D. A. Finney, the "Meadville Railroad Bill" successfully passed the Pennsylvania legislature and the Meadville Railroad Company was incorporated on May 20, 1857. The company was formally organized and William Reynolds was elected president.  

Despite the bonus contract as an incentive to commence work and even with the interests in three states consolidated, the times were unfavorable. Crop failures, a closely knit opposition, and an injunction by the Crawford County commissioners to prevent the issuing of any more bonds made progress difficult. In 1857, the Crawford County bonds subscribed for the construction of the Pittsburgh and Erie and branch roads were repudiated by the Supreme Court of Pennsylvania. This decision almost sealed the doom of the Atlantic and Great Western Railroad. Not only did the decree repudiate the Crawford County bonds; those of other counties were repudiated as well. Pledges for individual subscriptions always had been difficult to collect. The repudiation made collection even more impossible. The general public mistrusted the efforts of the newly formed Meadville Railroad and even the feasibility of the whole Atlantic and Great Western scheme. Consequently, the Crawford County bond repudiation brought about a transition from the domestic phase of Atlantic

8 William Reynolds, manuscript history of the Atlantic and Great Western Railway, 1851-1864, pp. 23-24.
10 County of Crawford versus the Pittsburgh and Erie Railroad Company and G. W. Howard, 173-175.
and Great Western history to the foreign phase. Henceforth the directors of the three affiliated companies seeking the means for the construction of a trunk line railroad relied less on the faith and credit of United States investors and sought more capital from the European public.

The foreign negotiations began in 1857 when Morton, Ward, and Doolittle visited Europe and attempted to secure money through their various contacts. When the group returned with many promises of funds, Morton, self-appointed head, refused to disclose the details of the arrangements unless a contract for the construction of the Pennsylvania section of the road was granted to him by the newly incorporated Meadville Company. Morton demanded more than his share and by holding out for a contract more profitable to himself, carried a bluff too far, and lost not only the contract but his position as consulting engineer. Financial deals during this time became very involved. Many of the inconsistencies in the transactions were caused by the slowness of communication.

Finally on May 8, 1858, Ward and Doolittle, without Morton, sailed for Europe with 1,150 of the bonds and $75,000 worth of shares of stock of the Pennsylvania section. The name of the Pennsylvania company had been changed prior to their departure from the Meadville Railroad to the Atlantic and Great Western of Pennsylvania—this to serve principally as a motivation of interest in Europe. The first negotiations in Europe were successful. In order to facilitate the handling of securities, money and materials, a competent agency was necessary to act as a clearing house for all arrangements. On August 11, 1858, James McHenry of Liverpool signed a contract empowering him to act as the chief European agent.

McHenry sent his own engineer, Thomas W. Kennard, to America to go over the proposed route of the road. His report was so favorable that the companies' bonds were quickly placed. The Duke of Salamanca was among the heavy investors. As a tribute of appreciation, Little Valley,

11 W. S. Streator to William Reynolds, January 1, 1858, in Letter Book 1 of Atlantic and Great Western Railway Correspondence in William Reynolds Collection. There are twelve bound volumes of letters in this correspondence. The volumes were originally unnumbered and for the most part unpaged, but the contents in general follow a chronological order, and the writer has arranged and numbered the volumes accordingly.

12 Copy of contract between James McHenry and Henry Doolittle, August 11, 1858.
New York, was renamed Salamanca—a name it bears to this day. The most important motive in securing the Spanish backing was to give credit to the project in Liverpool—which neither the railroad nor McHenry possessed. Instead of McHenry paper, Salamanca paper could be circulated among the banks, until a portion of the line was built and there was something to mortgage. Thus the Atlantic and Great Western's foreign-financed phase actually began with Spanish credit.13

The financial agreements having been set up, certain other prerequisites were considered necessary before actual cash was exchanged for securities. The European interests desired a greater concentration of effort and interest between the three companies. After numerous conferences of their boards of directors, the three companies, the Atlantic and Great Western of Pennsylvania, of Ohio, and in New York (to be organized) agreed to the mutual guarantee of each other's bonds and to the construction of the railroads of the three companies as one continuous line under the supervision of one engineer-in-chief. McHenry possessed the aggressiveness and tactfulness the Atlantic and Great Western needed. A contract for iron and money was soon forwarded to Reynolds.

The construction of the road, however, fluctuated between two extremes. For example, the encouragement given the railroad in 1858 by Kennard's good reports and the enthusiasm aroused in Jamestown, Meadville, and Franklin by McHenry's promises of money and rails was offset by the intrigue that entered to obstruct the connection between the Pennsylvania line and the Erie and New York City Railroad. The point where the proposed road crossed the state line to where it would meet the Erie and New York City road left a gap of ten miles. On December 1, 1858, General Ward, who was chosen president of the Ohio company on condition that he would help negotiate the sale of the Atlantic and Great Western securities abroad, without consulting the Atlantic and Great Western interests, organized a separate company for this connecting ten miles. The road was chartered as the Atlantic and Great Western of New York. This Company caused much trouble. A. C. Morton

collaborated with Ward in obstructing the extension of the Atlantic and Great Western in New York state. Morton held the contract for the construction of the Erie and New York City line, the route by which the Atlantic and Great Western anticipated a connection with the New York and Erie. After much discussion the boards of directors decided that Morton and Ward could not be satisfied. An alternate route was chartered and a company known as the Atlantic and Great Western in New York was organized. The same directors were selected for the New York Company as were then serving in the Atlantic and Great Western of Pennsylvania.

The establishment of a through route despite serious opposition produced greater demands for European capital and rails. European control of the Atlantic and Great Western increased. The devices used by Europeans to strengthen their authority varied. They took advantage of conflicts between American and European systems of management and finance. The Europeans felt that as more capital was expended, they had the right to determine the disbursement of that capital. Consequently, more of their representatives were placed on the boards of directors. When Europeans, McHenry in particular, demanded concessions of authority and withheld money payments to force acquiescence, Reynolds and Kent withheld securities until a compromise could be arranged. Strategy of this type characterized much of Atlantic and Great Western history.

During 1860 and 1861 the railway was put in operation from Salamanca, New York, to Corry, Pennsylvania. This was made possible by the purchase of the partly completed Erie and New York City road, after a settlement had been arranged with A. C. Morton and C. L. Ward. The construction in Pennsylvania and Ohio during these years was retarded by internal trouble and the events coincident with the Civil War. The news of the bombardment of Fort Sumter in 1861 paralyzed every enterprise in the country for a time. If the Atlantic and Great Western had been completed before the Civil War its line, far enough north of the actual fighting, would have been laden with war transportation. European investors would have had real encouragement. On the contrary, not

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14 Copy of charter, dated May 17, 1857, in Letter Book I.
enough line was finished to receive government contracts.

Fortunately for the Atlantic and Great Western, another event served to more than offset the retardation caused by the Civil War. The greatest stimulus, the greatest inducement that transcended all stumbling blocks and made possible the completion of the road was oil. The glowing reports of the oil boom did all that was necessary to entice capital from abroad. Rail extension to the oil regions almost became a mania. McHenry had no trouble acquiring money and materials.

The years 1862, 1863, and 1864, therefore, can be classed as the construction years. During the Civil War no other railroad in the United States was constructed as rapidly as the Atlantic and Great Western. Naturally the Civil War intensified the problems of construction but the war did not lessen the confidence of the European investors in a railroad connecting New York City with the oil regions and eventually with the great West. Branch development spurred by the anticipation of large profits in oil and coal transportation exceeded the rapidity of the main line extension. Organization changes also were made in order to aid the construction. The control of the whole system was centralized under a central executive board. During these years the railroad’s correspondence was full of requests to speed up the sending of money and rails, of reports on the number of miles of rails laid, of the traffic over the finished lines, of the labor problems, of reports of materials and money received, of descriptions of the elaborate celebrations held when the road was opened to various points, and of constant requests from McHenry for more bonds and shares of stock.

Gradually a greater number of men from Europe as well as Americans in sympathy with the continental policy were appointed or elected to positions where they could assist in determining the railroad’s future. By this procedure the men who had supervised the Atlantic and Great Western from its beginning were replaced.

The physical and financial structure of the Atlantic and Great Western was fixed by the close of 1864. The main line was completed and the

15 Emerson D. Fite, Social and Industrial Conditions in the North during the Civil War, 54 (New York, 1910).
16 James McHenry to William Reynolds, November 19, 1862, in Letter Book III.
principal branches were in large measure nearing completion. The following recapitulation will portray the speed with which the road was completed in spite of the Civil War and financial setbacks.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>April, 1860</td>
<td>Work began in New York state</td>
<td></td>
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<tr>
<td>August 25, 1860</td>
<td>Road opened to Jamestown</td>
<td>34 miles</td>
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<tr>
<td>May 27, 1861</td>
<td>Road opened to Corry</td>
<td>27 miles</td>
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<tr>
<td>June, 1861—May, 1862</td>
<td>Work suspended</td>
<td></td>
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<tr>
<td>October 21, 1862</td>
<td>Opened to Meadville</td>
<td>41 miles</td>
</tr>
<tr>
<td>January 1, 1863</td>
<td>Opened to Warren</td>
<td>59 miles</td>
</tr>
<tr>
<td>February 23, 1863</td>
<td>Opened to Ravenna</td>
<td>24 miles</td>
</tr>
<tr>
<td>June 1, 1863</td>
<td>Opened to Franklin Mills</td>
<td>25 miles</td>
</tr>
<tr>
<td>June 16, 1863</td>
<td>Opened to Akron</td>
<td>16 miles</td>
</tr>
<tr>
<td>November 3, 1863</td>
<td>Opened to Cleveland</td>
<td>50 miles</td>
</tr>
<tr>
<td>December 31, 1863</td>
<td>Opened to Galion</td>
<td>81 miles</td>
</tr>
<tr>
<td>June 20, 1864</td>
<td>Opened to Dayton</td>
<td>31 miles</td>
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Total miles of main line 388 miles

In addition to the main line in the three states there were the following branches:

- Eastern Coalfields and Extension—Meadville to Oil City 32 miles
- Cleveland and Mahoning—single track laid to make it six-foot gauge, leased for 99 years 67 miles
- Hubbard Branch of Cleveland and Mahoning 14 miles

Total branches 113
Total of Main Line 388

Total of miles operated 501

The rapidity with which the railway was constructed intensified the troubles. The necessary time was not given to the deliberation of questions pertinent to the future of the road after the main line was completed. Stock watering was carried to an extreme. Extravagant branch expansion into areas already well supplied with railway facilities was not considered in respect to net profits. The exchange of bonds and the expenditure of cash remittances for branches to the natural resources, together with the financing of the main line, produced financial complications which no auditor could disentangle. The disagreement in accounts caused Reynolds
and Kent to resign from the presidency of their respective companies on September 30, 1864.\textsuperscript{17}

From 1865 to 1868 European investors continued to be optimistic about the Atlantic and Great Western’s prospects because all information from America was favorable. The resignations and changes in American executive personnel should have warned the English investors that all was not well, but such changes were not published and consequently the first sign of strain was kept secret. Branch extension continued, accounts grew more misleading; no true statement of the railroad’s finances could be obtained, even though some investors repeatedly requested an accurate report. Finally legal action was taken. The railroad and property were placed in the hands of Robert Potter as receiver. Potter began the operation of the road on April 1, 1867, and continued until December 12, 1868. The dilapidated condition of the road, the loss of credit, the inability to purchase supplies except at excessive prices, and the general depression of 1866-1867 brought a temporary reorganization. The new plan did not decrease the over-expanded capital; instead, more stocks and bonds were printed and sold in order to secure money with which to pay interest and debts.\textsuperscript{18}

The foreclosure and reorganizations of 1871 and a second reorganization in 1880 were attempts by the creditors to affect some workable scheme whereby the Atlantic and Great Western could begin to pay profits. The frequency of the foreclosures and reorganizations indicated the little success these plans achieved. Strained to a point where foreclosure and sale was again the only remaining recourse, the courts of the three states gave power to effect a sale. On January 6, 1880, the Atlantic and Great Western was sold at Akron, Ohio. Only one bid was made. The road was sold for $6,000,000, the minimum appraised valuation. The total capitalization was estimated at between $120,000,000 and $200,000,000. A separate company was duly formed and incorporated under the name of the New York, Pennsylvania and Ohio Railroad.\textsuperscript{19}

\textsuperscript{17} Reynolds, manuscript history, 311.
\textsuperscript{18} Robert B. Potter, Report of the Receiver of the Atlantic and Great Western Railway for the year ending March 31, 1868, p. 10 (New York, 1868).
\textsuperscript{19} Minor, The Erie System, 442-453; Dynes, The Nypano Railroad Company, 19.
A railroad with great potentialities, void of its name, void of its original gauge, and void of its long-suffering financiers, thus closed its history as the Atlantic and Great Western Railroad.

The factors contributing to the failure of the enterprise are varied: above all other causes for failure was the watered stock. With a reasonably small bonded debt the Atlantic and Great Western would not have been in trouble. It did a large business for a road in the section of the country where many companies competed for traffic, and its business increased in spite of hard times, but it was compelled to accept an extremely low price for its work leaving a margin of profit out of all proportion to the amount necessary to pay interest on the over-expanded debt. Retrenchment was never seriously considered. Rather, all the devices for capital expansion were used—debentures, western extension bonds, and leased lines rental bonds. When all means of inflation were exhausted the interest payments ceased and the collapse followed. The railroad was built before its time. Today as part of the great Erie Railway system the same line prospers.