

## THE WABASH—THE GOULD DOWNFALL

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**T**HE Wabash-Pittsburgh Terminal Railway, known to many people of Western Pennsylvania as the old Wabash Railroad, was constructed in the period from 1901 to 1904 by George Gould, the son of Jay Gould. This was not the first of the Gould railway ventures, nor the greatest financially, but none of the others received more publicity.

In 1867, Jay Gould along with "Jim" Fisk and Daniel Drew decided to obtain control of the Erie Railroad through purchasing a majority of the outstanding stock. Commodore Cornelius Vanderbilt of the New York Central was at that same time planning to control the Erie as it was one of the New York Central's greatest competitors. Gould, Fisk, and Drew were directors of the Erie, and the Commodore desired to relieve them of their duties after purchasing a majority of the Erie stock. He ordered his brokers to: "Buy the Erie. Buy it at the lowest figure you can, but buy it."

The brokers in carrying out the orders discovered that they had bought more Erie stock than was legally in existence. After carefully examining the newly purchased stock, some of it appeared to have been printed on new paper with the ink hardly dry. The three Erie directors had been printing illegal issues of stock to sell to the brokers. Fisk's response was: "Give us enough rag paper, and we'll hammer the everlasting tar out of the mariner from Staten Island." Drew, in speaking of the incident, said: "It was goodnight for the Commodore, because there is no limit to blank shares a printing press can turn out. White paper is cheap—it is bought by the ream; printer's ink is also dirt cheap; and if we could

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keep on working that kind of deal—make Vanderbilt pay us fifty or sixty dollars for little pieces of paper that hadn't cost us two cents, we would very soon have all of his cash."

There is no record of a statement by Gould until word was received that they would be thrown in jail "before sundown that very day." The day must have been cloudy and gloomy in many ways as Fisk looked through the window and said: "There's no sun to go down anyhow." Gould's immediate answer was: "For heaven's sake, shut up."<sup>2</sup> He saw no fun in the situation at such a critical moment.

The three men escaped to New Jersey where the New York police had no jurisdiction, and remained there until a settlement was worked out with the Commodore, who promised not to bring any legal action against them if they returned to New York.

After the settlement, Drew was no longer in the Erie organization; but Fisk and Gould remained, with Gould later becoming president of the road.

With Gould as president of the Erie and Vanderbilt controlling the New York Central, sharp rivalry developed with competition becoming vicious. One of the best known instances of this intense rivalry was the rate war on shipment of cattle from Buffalo to New York City. The rates over both the Erie and the New York Central had been \$125 a carload. Vanderbilt cut the rate to \$100. Gould responded with a new rate of \$75; Vanderbilt followed with a cut to \$50. The final cut was a rate of one dollar a carload over the New York Central. This left little room for further cuts by Gould so he raised the Erie rate to the original \$125 and directed all cattle offered for shipment over the Erie to be routed over the New York Central at the one-dollar rate. In the next few weeks, the Commodore was informed that Gould had bought every head of cattle that he could buy west of Buffalo and had shipped them to New York City over the Vanderbilt

<sup>2</sup>R. I. Warshaw, *Jay Gould: The Story of a Fortune*, 75 (1928).

line making a fortune with the low transportation rate of one dollar per car load.

The bitterness between Commodore Vanderbilt and Jay Gould was not forgotten in later years. The opposition of the Vanderbilt interests to the extension of the Gould system by George Gould was no doubt a consequence in a large part of the events of earlier years.

Jay Gould left the Erie a short time after the rate war with Vanderbilt. The anti-Gould forces within the Erie organization had combined to oust him as president. During the period of Gould domination, the financial position of the road had been severely impaired.

After leaving the Erie, Gould obtained control of several roads west of the Mississippi River. In the years immediately following his death in 1892, George Gould, his son, completed the system. Included in this system were the Missouri Pacific, the Texas and Pacific, the Missouri, Kansas, & Texas, the Denver & Rio Grande, the Wabash, and several other smaller lines. These roads comprised a system reaching as far west as Salt Lake City, serving the important southwestern cities of El Paso, Galveston, and New Orleans; and to the north, the cities reached included such important centers as Omaha, Des Moines, Chicago, Detroit, and Buffalo.

George Gould, like his father before him, was not satisfied with the extent of the system even though it served a broad and diverse territory. His dissatisfaction was fundamentally the result of the dependence of his roads upon other lines for interchange traffic to and from both the east and west coasts. This disadvantage was aggravated by the enmity between these lines and the Gould interests.

To eliminate this dependence, George Gould moved in both directions almost simultaneously. To extend the system westward from Salt Lake City, the Western Pacific was constructed with San Francisco as its western terminus. It was chartered in 1903 and construction was begun in 1909.

Approximately two years prior to the Western Pacific venture, moves were made eastward. The first was to secure control of the Wheeling and Lake Erie which connected with the Wabash, a major link in the Gould system, and extended east to what is now Pittsburgh Junction, Ohio, near Steubenville. Later the Western Maryland was added to the growing list through the purchase of majority control from the city of Baltimore. The Western Maryland at that time extended from Baltimore as far west as Cumberland, Maryland. A distance of less than two hundred miles lay between this road and the Wheeling and Lake Erie which connected in turn with the Wabash Railroad, with St. Louis as its western terminus, and connecting with the Missouri Pacific and on over the other properties to Salt Lake City and the Western Pacific to San Francisco. Less than two hundred miles of construction was essential to have a continuous system from the Atlantic to the Pacific Coast. That is the nearest that the United States has yet come to a transcontinental system under single management.

The Wabash-Pittsburgh Terminal Railway was to fill a portion of that gap between the two railways. It was chartered and work was begun a short time before either the Western Pacific was chartered or the Western Maryland was purchased. The property was to extend eastward from Pittsburgh Junction, Ohio, the easternmost point on the Wheeling and Lake Erie, to the city of Pittsburgh.

The desire for a transcontinental system was not the only reason Gould had for building the Wabash-Pittsburgh Terminal Railway. He was anxious also to share in the enormous freight tonnage entering and leaving the highly industrialized and fast-growing Pittsburgh area. At that time, more freight tonnage originated in Pittsburgh than in any other city in the world. The volume of freight was greater than that of New York, Chicago, and Philadelphia combined. Pittsburgh was first in more than fifteen important commodities, among

them iron, steel, air brakes, electrical machinery, pickles, and tableware. Pittsburgh's production of coke, tubing, tin plate, plate-glass and crucible steel exceeded that in all other areas of the United States. It was accessible to one hundred thousand square miles of bituminous coal lands compared with eleven thousand square miles in Great Britain.

Serving the Pittsburgh area, running east and west, were the Pennsylvania Railroad and the Baltimore and Ohio, which was dominated at that time by the Pennsylvania. To the north, was the Pittsburgh and Lake Erie, a part of the New York Central System controlled by the Vanderbilts who had not forgotten the Erie incident involving Jay Gould and Commodore Vanderbilt. The Bessemer & Lake Erie Railroad and the Union Railroad comprised another route between the city and Lake Erie but were controlled by the United States Steel Corporation and were primarily engaged in the movement of iron ore from Lake Erie to the Homestead Steel Works. The Pennsylvania and Vanderbilt roads were operating under a "community of interest" arrangement, affording a virtual monopoly for the Pennsylvania on east-west shipments. The projected construction by the Gould interests would divert a portion of the freight tonnage then moved by the Pennsylvania, a firmly established system. The desire of the Pennsylvania to maintain its hold upon tonnage and the unfriendly feeling between the Gould interests and the Vanderbilt interests, linked by a "community of interest" agreement with the Pennsylvania, compelled George Gould to face an opposition and antagonism never exceeded, if equalled, in the history of railway development. This opposition took every possible form, without regard for law or common decency. There was only one thought and one aim—to keep George Gould and his projected railway out of Pittsburgh.

If a railway were to enter Pittsburgh from the west, either the Allegheny or the Monongahela River had to be bridged.

Permission to build a railway bridge had to be obtained from the Federal government. The Gould interests moved in 1900 to obtain permission to cross the Monongahela. Joseph Ramsey, then president of the Wabash, succeeded in getting a senator and a congressman from Pennsylvania to introduce a joint resolution reviving an old law which authorized the **construction of a bridge across the river**. No attempt had been made by the original applicant to bridge the river, and the permission had lapsed by limitation. The resolution was approved by both houses of Congress without objection; seemingly, no one realized its significance. No Pittsburgh newspaper made even brief mention of the resolution or its passage. The first step toward entry into Pittsburgh had been taken without the slightest opposition.

To direct the Wabash-Pittsburgh Terminal project, George Gould chose Joseph Ramsey, a Pittsburgher by birth. Ramsey had attended the old Birmingham High School and graduated from the Western University of Pennsylvania, later the University of Pittsburgh. At the early age of nineteen, he was working in the engineering department of the Pennsylvania Railroad. As a very young man, he was chosen general manager of the St. Louis Terminal Railroad. In 1895, he became general manager of the Wabash and soon thereafter became vice-president as well as general manager. Before the real fight for Pittsburgh had begun, he had been made president of the Wabash. Ramsey, without doubt, possessed a dynamic personality and great organizational and executive ability; he appeared to be the logical man to direct the new project.

Around 1900, Ramsey began making frequent visits to his native city, supposedly to visit relatives and old friends. This was a case of having friends at the time and place where they were of greatest service. It is not likely that these visits were so frequent before that time. On these trips, he carefully planned the entrance of the Wabash into Pittsburgh.

He spent most of his visits strolling through the area south of the Monongahela, looking over the ground which was so familiar to him from boyhood days. Eventually, these innocent walks were succeeded by a surveying corps which examined all routes into Pittsburgh that might be considered for the new road.

In February, 1901, Andrew Carnegie signed a contract with George Gould, pledging to the projected line large portions of the freight tonnage originated by the Carnegie steel interests. There had been a certain degree of hostility existing between Carnegie and the railways then serving the Pittsburgh area since the Bessemer & Lake Erie Railroad had been built in the late 1890's. It is highly probable that the agreement with Gould was another phase in Carnegie's war against those carriers. On the other hand, the agreement was signed on the eve of the sale of the Carnegie steel properties to the Morgan interests, which was a prelude to the formation of the United States Steel Corporation on February 25, 1901. Apparently, neither Morgan nor President Cassatt of the Pennsylvania knew anything of the contract until after formation of the United States Steel Corporation. On March 1, 1901, Cassatt sent a telegram to Morgan asking: "Have you learned how far the Carnegie Co. is committed to the project for extending the Wheeling and Lake Erie Railroad in Pittsburgh? . . . If this road is ever built, it will be a serious blow to all our interests, and no effort should be spared to prevent its construction." This agreement was the subject of much correspondence between the United States Steel Corporation and the Pennsylvania Railroad Company until Gould agreed at a meeting with Judge Gary and Mr. Frick, in April, 1905, not to enforce the contract.

On March 25, 1901, an ordinance which would permit the Gould line to construct the bridge across the Monongahela and to operate within the city was introduced into the Pittsburgh councils. At that time, the Pittsburgh council was

composed of two branches known as the Select and the Common Councils. George Gould and Joseph Ramsey were forming an underwriting syndicate with a capital of \$17,000,000. Everyone connected with pushing the ordinance through the city councils denied having any knowledge of the Gould plan.

The introduction of this ordinance set off a series of fights between the Gould interests and the city councils on the one hand and the Pennsylvania and Vanderbilt interests on the other. This fight took many forms. The ordinance was slowed up in every conceivable way by various members of the councils. An injunction was obtained to prevent the bridge from being constructed across the river without permission from the councils and, in due course, appeal was taken to the State Supreme Court where the decision was adverse to the Gould interests. The Pennsylvania tried all possible methods to prevent the Gould acquisition of the rights of way. Property was purchased wherever a main line or even a siding might be constructed, and workers employed by the Gould interests and by the Pittsburgh & Lake Erie actually came in direct conflict on the South Side, indicating how intense was the antagonism between the opposing interests. The issue also became important in the political campaigns of the period. It has long been alleged that various members of the councils received money from the Gould interests. Such an assertion is difficult to prove; however, the following quotation appears in a report by the Interstate Commerce Commission: "The political contributions made between October, 1902, and February, 1904, to politicians in Pittsburgh, two receiving \$30,000 each and another \$17,500. An additional \$10,000 was contributed in February, 1905, to one who previously received \$30,000."<sup>3</sup>

Late in 1902, an ordinance was passed by both the Select

<sup>3</sup>The writer makes no attempt to enumerate all the irregularities or rumors of irregularities that might have taken place between the Gould interests and the city councils. Many, perhaps all, of the rumors might be true, but they cannot be definitely proved and very little would be accomplished if they could be proved.



and Common Councils permitting the Wabash to enter the city but requiring it to pay for the franchise. Such an ordinance was unacceptable to the Gould interests, and Ramsey stopped work on the line immediately. The possibility of not actually entering the city but of establishing a freight station outside the city was seriously considered for the first time.

In May, 1902, the Gould interests obtained control of the Western Maryland through purchase of the stock owned by the city of Baltimore. This was done after a long fight, instigated by the Pennsylvania interests, within the Baltimore Council. Both the Pennsylvania and the Reading Railroads tried to purchase the stock owned by the city. The Reading was acting in the interest of the Pennsylvania, however, as it was at that time controlled by the Pennsylvania. Before approving the sale to the Gould group, the council had received a letter from George Gould stating that he planned to have the Western Maryland serve as the eastern terminus of the Wabash. In February, 1903, Joseph Ramsey was elected president of the Western Maryland. He was already serving as president of both the Wabash and the Wheeling & Lake Erie and directing the sixty-mile extension of the Wabash into Pittsburgh.

The Gould family at that time owned a controlling interest in the Western Union Telegraph Company which had been obtained by the father, Jay Gould. George Gould was president of Western Union, which had wires strung along the Pennsylvania right of way and had offices located in all railway stations of any significance along the Pennsylvania lines. The expiration of the twenty-year contract between the Pennsylvania and Western Union was rapidly drawing near. This afforded the former an excellent opportunity to deliver a serious blow to George Gould.

Renewal of the contract was refused by the Pennsylvania and, upon its expiration, President Cassatt of the Pennsylvania ordered Western Union to vacate all Pennsylvania properties

covered by the expiring contract. The Postal Telegraph Cable Company took over the offices formerly occupied by Western Union. There was no doubt that this action by the Pennsylvania was inspired by the hope that Gould would abandon the railroad project. There was, however, no indication that he intended to do so. The next move by President Cassatt was to order the poles and wires removed within six months from all rights of way east of Pittsburgh and Erie. Gould sought relief through the courts, requesting an injunction prohibiting the removal of the poles and wires. A temporary injunction was granted, and the poles were still standing on December 1, 1902, the day following the expiration of the six-month period. However, the court later refused a permanent injunction, indicating that George Gould must seek another solution of the problem.

The temporary injunction ended on May 21, 1903. Within a few hours following its expiration, orders were given by Cassatt "to cut down the poles and rip out the wires." More than 25,000 miles of wire was torn down. This act by the Pennsylvania was looked upon with disfavor even by Gould's enemies. J. P. Morgan, who was closely associated with the Pennsylvania interests, said to Cassatt: "I do not like George Gould, but I do not like a man who destroys \$5,000,000 of vested property."

In February, 1903, an ordinance, acceptable to the Gould interests, passed both Select and Common Councils permitting the Wabash to enter Pittsburgh. What caused this action by the members of council is not easily determined. There was to be a city election within the next few weeks, and some of the machine men who had opposed the Wabash had not been re-elected two years earlier. In January, 1903, Ramsey ordered all work to cease temporarily on the three miles of track leading into the city, the Mt. Washington tunnel, the Monongahela bridge, and the station within the city. The work stoppage was highly publicized in the Pittsburgh newspapers and prob-

ably led some of the citizens to believe that the attempt to come into the city would be abandoned entirely. In looking beneath the surface of what had taken place, one of the daily newspapers reported that large blocks of Wabash stock had been purchased by several of the Select Council members the day before the measure was approved by that body. On January 31, 1903, stock of the Wabash was one of the least active on the New York Stock Exchange with only 200 shares of common and a very few shares of preferred changing hands. On February 2, the Wabash stock was among the most active with 2,500 shares of common and 5,700 shares of preferred traded. Most of the buying was done by Pittsburgh people.

Passage of the ordinance did not end the Pennsylvania opposition to the Gould progress. Within a few months the Pennsylvania attempted to buy large areas of coal land in the same general section of West Virginia where the Gould interests controlled a branch railway line and also some coal lands. The Gould group immediately began searching for an opportunity to deliver a counterstroke. On March 9, 1903, there was a news item in one of the Pittsburgh papers under a Baltimore date line, stating that the Wabash was planning to run a new road from Baltimore to Washington, D.C., parallel to the Baltimore & Ohio, and also to extend it further to Newport News, Virginia. The Gould plan, without doubt, was a matter of strategy as Gould was in no position to construct the additional extensions at time.

In July, 1903, George Gould visited Pittsburgh for the first time. Through the years when his road was fighting to get into the city, the fight was under the active direction of Ramsey. It seems strange that Gould was willing to carry the struggle so far and over such a long period of time without having been in the city, but he had perfect confidence in Ramsey as the director of a great part of his railroad holdings.

Ramsey reported that the Gould visit was a great success and that Mr. Gould was amazed at the tonnage, factories, and

general industrial activity in the city. Before the visit had come to an end, and when everyone in the group was admiring the accomplishments of the great railway system, Ramsey issued the following statement: "It is our purpose to weld the Wabash roads into one grand system from Ogden, Utah, and El Paso and the Mexican border on the West, going through Kansas City, St. Louis, Pittsburgh, to Baltimore."

On May 7, 1904, the Wabash-Pittsburgh Terminal Railway Company was incorporated. It was the successor, through consolidation and merger, to the Pittsburgh, Carnegie & Western Railway Company, a Pennsylvania corporation, the Cross Creek Railroad, a West Virginia corporation, and the Pittsburgh, Toledo & Western, an Ohio corporation. The Pittsburgh, Carnegie & Western was to build lines to meet other roads within the industrial area; there is no record of any thought of the road becoming a major property. The main purpose of the Cross Creek Railroad was to operate a line to the Ohio state line. The Gould interests hoped to have access to the West Virginia coal fields through ownership of this road. The Pittsburgh, Toledo & Western was to construct, maintain, and operate a line from a point on the Ohio River near Mingo to Toledo.

The first Wabash train crossed the Monongahela bridge into the city of Pittsburgh on June 1, 1904. The bridge had been under construction during the time the franchise ordinance was being debated by the councilmen. The train, composed of a locomotive and one car, crossed into Pittsburgh at 11:35 in the morning with President Ramsey on board. It had come through the Mt. Washington tunnel; and, as it crossed the Monongahela, an engineer of the Pittsburgh and Lake Erie "started the furious tooting of whistles which was taken up by packets, towboats, mills and locomotives" as the train moved across the great cantilever structure.<sup>4</sup>

On June 22, the announcement was made that the first train

<sup>4</sup>*Pittsburg Dispatch*, July 2, 1904.

was to leave Pittsburgh on July 2 and would offer rates below the other railways serving the city. On June 28 an eventful passenger meeting was held in Pittsburgh. Those attending the meeting were officials of the Pennsylvania, Baltimore & Ohio, and Pittsburgh & Lake Erie. Every reduced passenger rate announced by the Wabash was met by this group, except the special rate offered on the first train out.

The *Pittsburg Dispatch* of July 3, 1904, gave the following account of the movement of the first train to leave the city: "With whistles blowing from every boat in the harbor, thousands of cheering persons crowding hilltops, bridges and gaily decorated streets the first train on the Wabash railroad left Pittsburg yesterday afternoon at 4:55 o'clock for the Ohio river at Mingo, Ohio. Ten sleepers, the private car of President Joseph Ramsey, Jr., and a baggage car made up one of the most handsome trains ever sent out of a Pittsburg depot, and all the way from Pittsburg to Mingo it was greeted with enthusiasm. Every cross road had its delegation, and at some points farmers who had driven from far in the country waved their hats and shouted, aged women swung their sunbonnets and young women smiled." The passengers on board the train were men "prominent in every walk of professional, business and political life."

From the same newspaper in which the preceding statement appeared was an editorial, which reads in part as follows: "The opening of the new connection is solid reason for rejoicing in this community. Its meaning in the transportation sense has been dinned into the public mind for months, and it also signifies by its success that in a political way the people of the city cannot be blockaded in their desires by a coterie of Councilmen."

The first train was bound for the Louisiana Purchase Exposition being held in St. Louis. The passengers were traveling on fifteen-day round-trip tickets that were sold much below the rate effective to St. Louis via the Pennsylvania.

Within a short time after the new line was put into operation, control of the Wheeling & Lake Erie was transferred to the Wabash-Pittsburgh Terminal Railway. All of the stock of the Terminal Railway was in turn owned by the Wabash.

The Gould system, by the end of 1904, extended from Pittsburgh westward to the Rocky Mountains. Farther west the Western Pacific was then under construction, though facing difficulties. East of Pittsburgh the Western Maryland extended from Baltimore westward to Cumberland, Maryland. To provide a transcontinental system, the Western Pacific had yet to be completed and a connection constructed between the Western Maryland and the Wabash-Pittsburgh Terminal Railway.

The main line of this road, approximately sixty miles in length, ran from the station at Liberty Avenue and Ferry Street in Pittsburgh to connect with the Wheeling & Lake Erie at Pittsburgh Junction, Ohio. Throughout its entire length it traversed a rugged, hilly country, not following any large streams; and the small streams along the line were so crooked that no railway track could follow them closely for any distance. The valleys were narrow, with high and steep slopes, while cuts and tunnels had to be made through disintegrating shale rock. In spite of all obstacles, construction was of a superior character.

Sections of the Pennsylvania running almost parallel to the Wabash-Pittsburgh Terminal frequently had grades of one per cent and curvatures up to eight degrees. With the exception of the first four miles, which lay largely within the city of Pittsburgh, the Terminal Railway had a maximum grade of only seven-tenths of one per cent and a curvature of three degrees. Sixty-one per cent of the line was straight, despite the rugged terrain. The standards of the Pennsylvania were high in comparison with those of other major railroads of the day, but were exceeded in nearly every respect by the new Gould road. In all recorded surveys made by the Wabash

engineers, the point of major emphasis was to build the line over the shortest route; the high cost of superior construction through adverse terrain received only secondary consideration. In an investigation made by the Interstate Commerce Commission in 1918, it was estimated that construction could probably have been reduced by as much as fifty per cent had the engineers been satisfied merely to equal the gradients and curvature of the Pennsylvania.

Along the sixty-mile road were eighty-eight bridges, eighteen tunnels, and fifty heavy fills. A number of the bridges crossed small streams and were short; the two longest were those crossing the Ohio River at Mingo and the Monongahela at Pittsburgh. The tunnels ranged in length from 270 feet to 4,716 feet, the length of the Greentree Tunnel. One of the tunnels was built with a curve in it.

Plans for the Wabash Station in Pittsburgh were announced in 1902. Estimates of the cost of the proposed station ranged from \$1,000,000 to \$1,250,000. The location of the station at Liberty Avenue and Ferry Street was admittedly not as favorable for railway operations as either the stations of the Pennsylvania or of the Pittsburgh & Lake Erie. The unfavorable location was to be offset, however, by the unusual beauty and attractiveness of the station. The actual cost of the terminal and freight station in Pittsburgh was estimated at \$2,200,000, a figure considerably above the planned estimates. The cost of the property in Pittsburgh east of the Mt. Washington tunnel was fixed by the Interstate Commerce Commission at \$3,445,066.

In the construction of the entire line, including bridges, tunnels, and buildings, the actual cost proved to be several times the most liberal estimates. The estimated average cost per mile of the sixty-mile road was about \$380,000. The entire cost, including buildings and other items, was set at \$25,000,000. Other costs not chargeable to the railway but met by the Gould interests, such as political contributions

and the destruction of the Western Union lines, cannot be estimated with any assurance of accuracy. Even without considering costs not chargeable directly to the property, the burden assumed was exceptionally high for so short a road.

Writers of the period who treated this Gould venture were almost universally optimistic as to its possibilities. None of these writers seemed to weigh heavily the tremendous fixed costs to be met or the fact that the new line was operating in a territory where it was forced to meet bitter opposition from both the Pennsylvania and Vanderbilt interests. They failed to recognize, also, that business activity in the area might not continue to increase at the rapid pace of the preceding decade. Their attitude was an early exemplification of the belief that so many entertain during periods of prosperity, that "prosperity is here to stay."

The years 1905 and 1906 were years of active business throughout the country, yet this activity was in no way reflected in the tonnage moved by the new Gould railway. Any increase in the Pittsburgh area must have gone to competitors, as the tonnage moved by the new road was inconsequential. The small volume of freight moved in 1905 may be explained in part by the fact that full operations were not in progress at the beginning of the year, but the same explanation cannot be given for 1906.

In 1905, dissension developed among the officials of the railway. As a result, Ramsey was given a six-months leave of absence as president of the road and was relieved of all duties as president by official vote of the directors prior to the expiration of the leave. Whatever the objections to Ramsey's administration of the property, his contributions to its development had been important. He had served as president of the Wabash Railroad during the years of its expansion in the late 1890's. While serving as president of the Wabash and of the Wabash-Pittsburgh Terminal, he was also president of both the Wheeling & Lake Erie and the Western



Maryland. Being an engineer, he closely supervised the construction of the new line into Pittsburgh. He had been a dynamic force in the Gould system but had always acted with the backing of the vast Gould fortune. His removal from office did not correct the factors which threatened the future of the railway.

With the coming of the so-called Panic of 1907 and rapidly declining business activity in the area, the property was unable to increase its revenue and could not pay interest on its bonded indebtedness. On May 29, 1908, the Wabash-Pittsburgh Terminal Railway was declared insolvent. F. H. Skelking and H. W. McMaster were appointed receivers for the property and began an eight-year period of operations under receivership.

The Interstate Commerce Commission characterized the project as "a poor business venture." Lack of equipment was clearly demonstrated in the investigation. The Panic of 1907 was named as a contributing factor. The reckless issuance of securities without corresponding increases in physical assets was given more emphasis in the conclusion of the report than any other one factor.

In determining the fundamental causes of the failure of the project, however, Gould properties other than the Wabash-Pittsburgh Terminal, its subsidiaries, and its predecessor companies must be considered. In their efforts to develop a transcontinental system, the Gould interests were moving westward at the same time they moved eastward. The Missouri Pacific, the cornerstone of the Gould system west of the Mississippi River, reached Salt Lake City through acquiring control of the Denver and Rio Grande Railway in 1901. The object of this expansion program was to reach the Pacific Coast, preferably at San Francisco. This expansion was taking place at the same time that the Wabash, center of the Gould system east of the Mississippi, was moving toward the east coast through its acquisition of control of the Wheeling

and Lake Erie and the Western Maryland. The Wabash-Pittsburgh Terminal was to join these two disconnected properties. The difficulties encountered in acquiring control of the operating properties were relatively slight; those encountered in the building of the connecting road contributed heavily to disaster.

The obstacles confronted in the West were in many respects similar to those in the East. The Missouri Pacific had little difficulty in purchasing controlling interest of the Denver and Rio Grande; but to reach the west coast from Salt Lake City was extremely difficult.

To reach the west coast, Gould decided to build a new line from Salt Lake City to San Francisco. In 1903, a charter was granted by the state of California to build the new line across the Sierra Nevadas to the coast. This new road was incorporated as the Western Pacific.

Construction was begun in 1905, the first year of operation of the Wabash-Pittsburgh Terminal. During the period of construction of the Western Pacific, the project encountered the San Francisco earthquake of 1906 and the Panic of 1907, both of which delayed its completion. In addition to these misfortunes, the E. H. Harriman roads, the Union Pacific and the Southern Pacific, were charging unreasonable rates on shipments of railroad ties to the San Francisco Bay points. In areas where the Western Pacific rails were being laid proximate to the Southern Pacific, armed guards had to be maintained to protect Western Pacific workmen from marauders employed by the Harriman interests. Shots were exchanged upon several occasions by hostile groups. Workmen who might have found employment on the new road were hired with promises of higher pay, transferred to distant points on the Southern Pacific lines, and finally set adrift. The tactics used by the Pennsylvania in the East hardly surpassed those employed by Harriman.

During 1905 and 1906, the Gould railroads survived the

heavy construction costs of the Wabash-Pittsburgh Terminal and the Western Maryland. The Western Maryland was extended to Cumberland, Maryland, and further plans were in progress for extension on to Connellsville, and to close the gap between Pittsburgh and Connellsville, completing a transcontinental system under single control.

But the narrow gap was never closed. The Gould industrial empire collapsed at a rapid rate. In the first six months of 1908, the Wheeling & Lake Erie, the Wabash-Pittsburgh Terminal, and the Western Maryland all went into receivership. The Wabash struggled along until 1911 when it, also, was placed in the hands of receivers. These four lines constituted the Gould system east of the Mississippi River.

By 1912, the Gould family had given up control of both the Manhattan Elevated Line of New York City and the Western Union Telegraph Company. That same year the International & Great Northern, a Gould road in Texas, was forced into receivership. The Denver & Rio Grande was so crippled as a consequence of the financial burden assumed in building the Western Pacific that it followed the others into receivership. By this time, George Gould had released control of the Missouri Pacific, the heart of the Gould system in the west, to a New York banking firm. Receivers were appointed for the Western Pacific in 1915 and the Denver & Rio Grande in 1917. There was very little left.

With George Gould passing completely from the railway scene, talk of a coast-to-coast line under unified management ceased until the rise of the Van Sweringen brothers in the 1920's.

It is not easy to explain why a railway system of 15,000 miles was lost so completely and so quickly by a family that had had unquestioned control over a financially strong and vigorous system barely more than a decade earlier. The system had survived the Panic of 1893, and succeeded in other lean years without a receivership. After the Panic of 1903,

the entire system toppled. The explanation hardly lay in the collapse of business during the latter period alone.

B. J. Hendricks writing in the March, 1912, issue of *McClure's Magazine* attributed the collapse of the system to living "lives of idleness and luxury" and at the same time personally controlling a vast industrial empire. The two are incompatible, to say the least.

After 1900, the family began looking toward society. Several millions of dollars were spent by George Gould on a country estate at Lakewood, New Jersey. Elaborate entertainments, accounts of which appeared in newspapers of the day, caused unfavorable publicity for a family which had enjoyed an enviable status. Increasing amounts of time were being spent on yachts, and railroads were unlikely to be the subject of serious thought aboard such luxurious craft. The family leased hunting preserves in England. George Gould became a much-traveled man, spent much time in Europe, and took part in many activities of a recreational nature in America.

These interests, in themselves, are not to be condemned. George and the other members of the family could well afford the best the world had to offer. The family had extensive and complex financial interests, however, that needed constant attention and direction. It seems highly probable that, in the later years, social and recreational activities received attention greatly needed by the railway and telegraph interests. There seems to have been a prevalent belief that family expenses and social activities were given first place. There is the possibility too that the Gould interests had become too diverse for one man to direct intelligently. George Gould could not closely supervise the entire industrial empire, and it is doubtful that he received much aid from other members of the family. There is little less doubt that he would have accepted aid had any of the family been willing to and capable of giving it. George was in charge of almost the

entire fortune by reason of the will of Jay Gould. Men associated with George Gould might well have been highly inefficient or even dishonest without his knowledge of it. One man could not personally direct all of the vast extension projects, and the degree of direction and supervision was even less than might have been possible had social and recreational activities not gained such an important place.

In August, 1916, the Wabash-Pittsburgh Terminal was sold to the so-called Wallace Committee which was the protective committee representing the first mortgage bondholders. The original price fixed by the court was \$6,000,000, but was reduced to \$3,000,000, the price paid by the Wallace Committee.

Reorganization was begun immediately after the sale. In January, 1917, the new organization was incorporated as the Pittsburgh and West Virginia Railway Company without participation of the Gould interests. There is no record of any later effort of the Goulds to acquire an interest in their former railway.

In 1924, another controversial figure entered the scene of the former Gould road. He was Mr. Frank E. Taplin of Cleveland. His actions in attempting to head up a major railway system centered around the small Pittsburgh & West Virginia, and the eventual sale of his interest in the railway to the Pennroad Corporation in September, 1929, caused as much concern in railroad circles as the attempted invasion of Pittsburgh by the Goulds nearly three decades earlier.

Under the Taplin regime, the property was extended to Connellsville, connecting with the Western Maryland and completing the planned transcontinental route, but none of the railway properties were then owned by the Gould family. Today three of the former Gould properties, the Wheeling & Lake Erie, the Pittsburgh & West Virginia, and the Western Maryland comprise one of the through routes from the Great Lakes to the Atlantic Coast, but these roads are all under

separate control. The Wheeling & Lake Erie is controlled by the Nickel Plate, the Pittsburgh and West Virginia by the Pennroad Corporation, and the Western Maryland by the Baltimore & Ohio.

The Pittsburgh & West Virginia experienced many lean years during the depression of the 1930's. In the present decade, both the financial and physical condition of the property have been improved to a considerable degree. A dividend of one dollar per share was declared on the outstanding capital stock in 1948. This was the first dividend since 1931.

There seems to be no desire on the part of the present management to imitate either the Gould or Taplin regimes of earlier years. The main interest is to operate the road profitably as a strategically located railway. Should another depression come, the financial condition of the company at the beginning of the decline in business, at least, will not be so unsound as in the Panic of 1907 and in the depression of the 1930's.