

## **The Old South Penn: “Vanderbilt’s Folly”**

As you travel across the northern half of Somerset Township, you may notice some strange formations snaking across the terrain. There are what appear to be deep trenches in the earth followed, in places, by elevated mounds of earth. At Geiger there is even a tunnel under a mount that seems to go to nowhere but allows the railroad to pass underneath. What’s this all about? Why would anyone go to the trouble of digging deep trenches across open farmland? Who would construct large earthen mounds that seem to abruptly stop and start? It’s all part of one of the most notorious financial scams of the 19<sup>th</sup> century.

The Civil War had proved the importance of a nation-wide system of railroads. During the war the rails carried troops and supplies to the battlefields and proved vital to the Union victory. Following the war, the railroads demonstrated their importance to the nation’s growing industrial revolution. Railroads carried iron ore and coal to the steel mills of Pittsburgh and Johnstown. The rails then carried finished products to the large urban markets of the eastern seaboard. They opened the great American West to settlers and industry. In the process, the railroads brought previously unimaginable wealth and power to a few. The names of Vanderbilt, Harriman, Stanford, and Morgan became synonymous with fortune and influence on a vast scale. Of all the rail lines in the nation, two stood among the others: Pennsylvania Railroad and the New York Central. As a result, the Pennsylvania Railroad and the New York Central became two of the wealthiest and most politically powerful corporations in the nation. Their economic muscle was felt from the Atlantic to the Pacific. As might be expected, a clash between the two titans of transport with inevitable and the battle eventually ended in Somerset Township.

### **Enter the Vanderbilts**

In 1838, the Pennsylvania Legislature commissioned a survey for a proposed railroad that would cross the southern portion of the state and link the Cumberland Valley Railroad to the growing industries of Pittsburgh. Hother Hage, Chief Surveyor, proposed to avoid the steeper slopes of the Allegheny Plateau by constructing a series of tunnels. Hage and his crew of engineers, which included John A. Roebling, who would go on to construct the Brooklyn Bridge, managed to enlist the support of Col.d James Worrell of Harrisburg. Together, they attempted to interest Legislature in constructing the railroad. The plans languished in the Pennsylvania House for years until 1854 when it was finally incorporated as the Ducannon, Landisburg and Broadtop Railroad. The name was changed several times until it was designated the South Pennsylvania Railroad Company in 1863. The railroad continued to exist only on paper until 1881.

Cornelius Vanderbilt, known as “The Commodore,” was a shrewd New York ferryboat owner who had made his first substantial fortune transporting people and goods along the rivers and bays of Manhattan and New Jersey. He was one of the first visionaries who recognized the future of the rail in the new industrial society of mid-nineteenth century America. Many small railroads had spring up in the region and the Commodore bought many of them. He was also able to force other out of business and then buy their assets and fire sale prices until he had assembled a system of rail lines that connected New York City to Albany, and continued to Buffalo, Cleveland and eventually Chicago. He named this railroad in the New York Central. When he died in 1877, he was generally acknowledged to be the richest man in America. He left the bulk of his

\$95,000,000 fortune and control of the New York Central, the jewel in the Vanderbilt crown, to his eldest son, William Henry Vanderbilt, a man as shrewd and ruthless as his father. In 1881 William H. Vanderbilt purchased a franchise to operate the South Penn from its owners the McCalmont brothers for \$25,000.

### **The Opening Shots**

The battle for control of rail traffic in the nation opened quietly enough. The New York Central main line from New York City to Albany made its way up the east shore of the Hudson River. On the opposite shore was a small rail line, the West Shore Railroad, which was struggling unsuccessfully to compete with the mighty New York Central. Its stock price, which had long remained very low, had suddenly and mysteriously started to rise. Someone was very quietly buying up West Shore stock and Vanderbilt's spies were convinced that they knew who it was. They reported to Vanderbilt that their sources on Wall Street had confirmed that the Pennsylvania Railroad was secretly buying control of West Shore and planned to construct a rival rail line in the very back yard of the New York Central. Vanderbilt was furious and started to plan his retaliation.

Vanderbilt already owned the Pittsburgh and Lake Erie Railroad, a small line whose principal business was transporting iron ore from the docks of Erie to the mills and factories of Pittsburgh, along with oil from John D. Rockefeller's fields in northwestern Pennsylvania. He instructed his operatives to keep an ear open for any signs of dissatisfaction on the part of the Pittsburgh mill owners toward the Pennsylvania Railroad. Dissatisfaction was there in abundance. Vanderbilt learned the great industrial powers in Pittsburgh, Carnegie, Frick, Oliver, Rockefeller and a host of others had long standing grievances against the Pennsy. They felt that they were being gouged for the "privilege" of having their products carried by the Pennsy over the shorter route to the East through the Keystone State but has no other options available to them.

### **The Plan**

The story gets very murky at this point. Scholars disagree on who first approached whom but in 1882, Vanderbilt laid out his plans to Andrew Carnegie, leader of the Pittsburgh Group. Vanderbilt proposed to use the South Penn Franchise, which he had purchased only a year earlier, and construct a rail line through southern Pennsylvania using the plans that had been developed forty-five years earlier. On its western end, the new line would join with the Pittsburgh and Lake Erie Railroad, which already ran through Carnegie's Homestead Mill. On its eastern end the line would join with another Vanderbilt holding, the Reading and Jersey Central Railroad.

### **The Battle**

With financial backing from Andrew Carnegie and others in the Pittsburgh Group, Vanderbilt announced his plans publicly. He had also secured the financial support of other New York railroad tycoons such as Daniel Drew, Jay Fisk, and Jay Gould. The result was a firestorm on Wall Street and in the boardroom of the Pennsylvania Railroad. The Pennsy speeded up its purchase of shares of West Shore Railroad, hoping to strengthen their position in the fight against Vanderbilt. The South Penn backers held a meeting on July 10, 1883 in Philadelphia and announced their choice of Robert H. Savre as Chief Engineer and President of the railroad. The first contracts were let in October

1883 and actual construction began on November 19<sup>th</sup> of that year. Construction was supervised by American Construction, another Vanderbilt holding. There were over 150 separate contractors and more than 6,000 men employed in the project. Many of them were Italian immigrants who were hired as stonemasons. The company published a monthly newsletter, "The Transit," in Somerset. Three copies are in the collection of the Somerset County Library. Vol. 1, No. 3 of May 3, 1884 reports "...The Collins Brothers...built a good wagon road along the line from Weller Church (Husband) to Gastiger's and a telephone line was installed from Somerset to Quemahoning tunnel to Laurel Hill." The Husband area was, we believe, the location of one of the work camps, with another site probably located near the village of Wills.

### **The Deal**

Work continued rapidly during the years of 1883 and 1884. Reaching Somerset Township marked the last major engineering hurdle spanning the Alleghenies. However, the battle between the New York Central and the Pennsy continued in the media of the day and on Wall Street. Some had been watching the entire drama unfold and realized that more was at stake than Vanderbilt's pride or Carnegie's gripes. J.P. Morgan, Wall Street banker and financier who had been called "The Emperor of Money," one of Vanderbilt's backers, was worried. Morgan has amassed his own impressive fortune by financing other people's industrial ventures. He was reportedly a man who never let emotion interfere with reason and now he had come to the realization that the last thing the nation needed was another railroad. Soon, he reasoned, rail line would start cutting their freight rates, which would lead to a price war. Some of the lines in which he was a backer might collapse. Reason and stability, he felt, had to be restored to the rail industry. In July 1895, Morgan invited Vanderbilt and representatives of the Pennsylvania Railroad to a lavish dinner on his yacht, the "Corsair." As the ship lazily cruised the waters of the East River off Manhattan he demanded that the West Shore and South Penn nonsense be halted immediately. Reports tell that when his guests refused to accede to his demands, he ordered the captain not to allow anyone to leave the ship until the South Penn "problem" had been resolved. Very late that night the rail tycoons were seen disembarking. An agreement had been reached: the Pennsy would sell its interest in the West Shore Railroad to Vanderbilt who would in turn halt construction and sell his majority interest in the South Penn to Pennsy.

On August 5, 1885, R.H. Sayre, President of the South Penn, met with the principal contractors in Somerset and at the work sites in Somerset Township. He told them that there were no further plans to proceed. He stopped short of telling them to stop working for fear that if he did there might be legal liability. The contractors agreed that they would stop new construction but wanted to know what provisions had been made to pay them for their previous work. Sayre, stone-faced, told them that no provisions had been made to pay anyone anything. The final issue of the "Transit" of November 1885 lamented "If it were so soon to be done for, oh, what was it ever begun for." Caught in the middle were the large Pittsburgh stockholders Carnegie and his group. Their money had been spent with very little to show for it and they were still at the mercy of the Pennsy. As the work stopped, William H. Vanderbilt was in Chicago when a reporter asked him if he felt sorry for the workers, the contractors, farmers, and other members of

the public who had been ruined in the collapse of the South Penn. “The public!” he replied angrily. “The public be damned!”

### **The Aftermath**

The great battle for control of the rails had ended with no winners, only losers. Within a month after the halt of construction, William H. Vanderbilt would be dead. The Pennsy would not be allowed to hold on to its control of what was left of South Penn. A Court would later rule that such ownership constituted a monopoly and the ownership of South Penn reverted to the State of Pennsylvania. Carnegie, at his own expense, tried unsuccessfully to revive interest in the South Penn in 1887 and again in 1899. The rail bed itself became overgrown and abandoned except for a short piece of line used by the Pittsburgh, Westmoreland and Somerset Railroad near Husband. The memory of “Vanderbilt’s Folly” faded until 1935 when the old South Penn rail bed became the basis for the construction of the Pennsylvania Turnpike.

### **The South Penn Today**

Remnants of the South Penn are visible in Somerset Township today. However, in recent years the deep cuts have been filled and the earthen fills have been hauled away. A local farmer reported finding bones of long dead mules in parts of the fill on his property in Somerset Township. However, the stonework of the South Pennsy endures. Scattered throughout the Township are drainage culverts and tunnels with superb examples of the stonemason’s artistry. One such culvert near the Village of Wills, built with stone from the Laurel Mountain Quarries near Bakersville, still has its original chestnut planking in excellent condition after more than 100 years. Some of the stonework was salvaged from the culverts and tunnels and reused in modern local buildings. See the map for location of the South Penn right-of-way.

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