

Book Reviews

The Pennsylvania Railroad at Bay: William Riley McKeen and the Terre Haute & Indianapolis Railroad. By Richard T. Wallis. (Bloomington: Indiana University Press, 2001. Pp. xiv, 189. Illustrations, maps, index. \$44.95).

Richard Wallis has written a model business history that tells the story of a Terre Haute banker who kept the country's biggest railroad "at bay" for a quarter century. In so doing, he sheds light on a critical phase of American history when railroads, the dominant enterprise, were transformed from local to centrally controlled corporations.

William Riley McKeen was a typical mid-nineteenth-century entrepreneur who believed that his community's success was linked to keeping important assets in local hands. The Terre Haute & Indianapolis (TH&I) represented an important asset by connecting the city to Indianapolis and eastern markets. When a Cincinnati syndicate threatened to snatch control of the TH&I in 1867, McKeen stepped in to become its president and began a long and complicated series of maneuvers to keep the railroad independent.

At first, he found an ally in the Pennsylvania Railroad, which also was conceived by its Quaker merchant bankers as an intrastate enterprise linking Philadelphia with Pittsburgh. "But the company's hired managers had quickly come to realize the necessity of helping to construct connecting feeder lines" west of Pittsburgh to tap the emerging Midwest markets, Wallis writes. (18) Constrained by his conservative board, J. Edgar Thompson, president of the Pennsylvania, pursued a stealth policy of empire building by cooperating with local interests to build "independent" lines and then to enter into traffic alliances with them.

In 1868, Thompson struck a deal with McKeen to lease the St. Louis, Vandalia & Terre Haute to the TH&I on favorable terms. McKeen renamed the system The Vandalia Line and used the lease to keep the Pennsylvania at arm's length. He opened branch lines into the Indiana coalfields, invested in other railroads promoting local growth, and created a homespun organization that relied on the close kinship relationships between workers and managers.

Railroad economics, however, were drastically changing. Raids by speculator Jay Gould, followed by the Panic of 1873, exposed a flaw in the Pennsylvania's corporate expansion—namely that joint traffic agreements and cooperative alliances were inefficient substitutes for direct control in the

face of ruthless competition and plummeting rates. Wallis does an excellent job placing the growing clash between McKean and the Pennsylvania bureaucracy in the context of the free-for-all railroad wars and financial skullduggery that plagued the railroad industry during the nineteenth century.

While at a disadvantage financially, McKean can be seen patiently and deftly parrying the Pennsylvania's offensive to gain control of the Vandalia. The balancing act was exhausting, and, newly remarried and more inclined to banking anyway, McKean made an uncharacteristic blunder in 1887. He sold his interest in the TH&I to Henry Ives, who looted the treasury in a vain attempt to gain control of the Baltimore & Ohio Railroad. At the stockholders' insistence, McKean returned to the helm of the Vandalia, but the damage was done. The Pennsylvania's ever more centralized bureaucracy was determined to wrest control of the railroad. In 1893, McKean sold out to the Pennsylvania, which retained him for two more years before integrating the Vandalia fully into its Lines West system.

Surprisingly missing from Wallis's account is a description of the banker's relationship with Eugene V. Debs, the Terra Haute native who had worked on the Vandalia Line before becoming grand secretary treasurer of the Brotherhood of Locomotive Firemen. McKean befriended Debs and helped him win the race for city clerk of Terre Haute in 1879. Debs in turn lionized McKean and contrasted his respect for railroadmen with the hard-boiled labor practices of the Pennsylvania.

What linked the two men was a common distrust of outside domination. While McKean finally succumbed in 1893, the younger, idealist Debs went on to fight the same concentrated interests as leader of the American Railway Union in the 1894 Pullman Strike.

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