


2007

William W. Cook and Detroit Street Railways, 1891-1894

Margaret A. Leary

University of Michigan Law School

Follow this and additional works at: <http://repository.law.umich.edu/articles>

 Part of the [Legal History Commons](#), [Organizations Law Commons](#), and the [Transportation Law Commons](#)

Recommended Citation

Leary, Margaret. "William W. Cook and Detroit Street Railways, 1891-1894." *Chron. Hist. Soc'y Mich.* 29, no. 4 (2007): 21-3.

This Article is brought to you for free and open access by the Faculty Scholarship at University of Michigan Law School Scholarship Repository. It has been accepted for inclusion in Articles by an authorized administrator of University of Michigan Law School Scholarship Repository. For more information, please contact mlaw.repository@umich.edu.

WILLIAM W. COOK AND DETROIT STREET RAILWAYS

1891-1894

by Margaret Leary

In 1890, much of Detroit's street railway system used outmoded technology, had severe labor and public relations problems, and faced uncertainty over the remaining length of the 30-year franchise granted by the city in 1863, but extended in 1879, perhaps illegally. An apparent solution came in 1891, when William W. Cook—later to earn a fortune that he would give to the University of Michigan Law School—and other "Eastern capitalists" purchased Detroit's street rail system. They were unable to solve the existing problems, and the new outside ownership itself added difficulties. Cook's group sold out in 1894, and over the next seven years street car lines consolidated, ultimately as the Detroit United Railway in 1901. The "war" between the city and the company continued until 1922 when the city finally bought the company. This made Detroit the first U.S. city to own its transit system, the Department of Street Railways, or D.S.R..

Examining Cook's role provides information about his investments, his business relations, and his continuing connection to Michigan after he moved to New York City in 1882 from his Hillsdale home. The story also provides insight into the long-standing difficulties of providing effective transportation in southeast Michigan.

Detroit's street railways began in 1863 with the Detroit City Railway. By 1874 there were seven different companies operating on 29 miles in the city. In 1898 there were an additional nine suburban street car lines operating beyond the city's limits.

Detroiters in 1890 were obsessed by horsepower—but not in the form of the internal combustion engine, as they would later be. In 1890, Detroit relied primarily on horse-drawn cars for its public transportation. The city's three major horse car lines had 66 miles of track, employed 890 people, had 33 cars, and owned 2,195 horses. This meant 5 cars per mile, 2.66 platform men per car, 6.6 horses per car, and 33.38 horses for mile of track.

Horses, of course, had shortcomings. They were expensive to buy and maintain, and could only do the work for 3-5 years. They produced an average of ten and half pounds of manure per horse, per day, on the streets and more in the stables. Although the stable manure brought revenue, the smell was a public nuisance. The horses had many ailments: colic, corns, collar gall, shoulder strains, coughs, runny nose and pink eye. There were epidemics of horse disease, the worst in 1872 when epizootic apthnae swept the country. The slow speed of a horse-reliant system limited the system to a four mile radius, the de facto limit for urban growth. The city grew from 116,340 in 1880 to 205,870 in 1890. It would grow to 285,704 in 1900, and 465,760 in 1910. These factors pushed entrepreneurs and inventors to

find different methods to power the cars.

Failed efforts included steam (smoke, cinders, noise, frightening to horses); ammonia; electric storage batteries; "soda motor", and compressed air, none of which were effective. The only alternative that worked, before electric power was successfully used, was cable. The method was essentially that still used in San Francisco. By the early 1890's, cable railways served 28 American cities. In 1894, there were 662 miles, 5000 cable cars, and about 400 million passengers a year.



Detroit, however, was not among the cities in which cable was being used in 1890, and was in fact never served by cable. Instead, the major Detroit street rail companies stuck by their horses, with exceptions for short-lived experiments with electric batteries and steam. Two new electric powered suburban lines began in 1886: the Detroit Electric Railway and the Highland Park Railway. In 1888, The East Detroit and Grosse Pointe Railway, also suburban, used a slotted third rail electric system, then steam and finally overhead

wires. Converting old lines to power required investment in power houses, new heavier track, power lines and new cars. In 1891, the suburban Jefferson Avenue Railway Company inaugurated the use of steam cars.

Detroiters were not happy with horse-reliant transportation, which continued to prevail in the city. The unhappiness was with limitations of the power source, the low quality of service, and the ownership of the companies. Detroit followed state law and issued, by vote of the Common Council, franchises to operate the cars. The companies then paid taxes to the city, but the city had no way to ensure accurate reporting of the earnings on which the taxes were paid. Many believed the city should own the system, remove the need for profit, and provide public accountability. By 1891, those who worked for the street railways were also highly irritated: they worked long hours, and received low pay. They struck, seeking a ten hour day and 20 cents an hour.

April 21 brought a big surprise; the street railway workers went out on strike over hours and wages and, more immediately, by the firing of several employees who were organizing the workers. The next day, rotten eggs and bricks hit one car, there was rioting on Jefferson Avenue, a car was detached and run off the track, but there was still good service on nearly all lines. On the 23d, two major parts of the system were paralyzed, streets and avenues were blockaded in all directions, and police could not give protection to the cars. Shoemakers quit work in sympathy, some 150 of them, and 300 formed a group, complete with a band, to march in support of the strikers. The companies refused to run

cars until the city could guarantee protection. No cars ran. The barns were empty of men, and silent. Rioters who misbehaved were taken to court but given lenient fines for throwing rocks, sticks, and other objects. The Mayor, Hazen Pingree, sent a letter urging the parties to seek arbitration.

On April 25, over 2,000 men struck the Michigan Car Works and began to riot, asking for shorter hours and higher pay. However, the railway owners and the striking street car workers agreed to arbitration, and the cars moved again that day. An arbitrated agreement was reached in May, with increased pay and shorter hours.

The immediate crisis, the strike, was resolved at least temporarily. But public sentiment remained solidly against the owners of the several companies and especially against the most important company, the Detroit City Railway. That company had been granted a 30-year franchise in 1863, which was renewed in 1879 to run until 1909. Mayor Pingree felt the extension was illegal, and argued that the franchise would expire in just two years, in 1893. By July, 1891, unhappy citizens created a great uproar in the Common Council, demonstrating against the franchises, hissing, groaning and sneering. Council passed a resolution to extend the franchise, but Pingree vetoed it.

The need to electrify the lines, the apparently near-end of the franchise after Pingree's veto, and the public hostility and labor unrest required a new approach. Perhaps the solution was for the owners, George and William Hendrie in the case of the Detroit Street Railway, to sell out and let a new set of owners, and a new company, start over. In July, just that happened. On July 23d, newspapers announced the sale of the City Lines and Grand River system, as well as the Highland Park electric road, and possibly all the other Detroit street railways, to a party of gentlemen from New York and Boston. George Hendrie said he'd been negotiating with eastern capitalists since May, and that his own deteriorating health was a factor. The price was said to be \$5,000,000, and the whole Detroit system was estimated at 80 miles of track.

The purchasers were represented by William W. Cook and his law partner, ex-Governor of Connecticut Thomas W. Waller. Together with Harrison Wagner, they practiced law in New York City from 1884 to 1894. Waller met with the Detroit press and said the new owners would be willing to fairly compensate the city, and to invest in extended lines and in electrification, estimated to cost \$2,000,000. He further promised that there would be 500 to 1,000 Detroit stockholders. On July 24th, Waller announced that William W. Cook would be president of the combined roads. Cook was a Michigan man by birth, in Hillsdale, and an 1882 graduate of the University of Michigan Law School.

The story made papers in New York, Washington D.C., and Chicago. It was part of a national movement to buy horse car lines and convert them to electricity—the latest way to make money. The New York Times reported that none of the purchasers were connected with the New York syndicate gobbling up horse car roads in the East. Just who was in the syndicate was not fully disclosed, as the Detroit papers were quick to observe. One purchaser was Willard R. Ferguson, of Boston, who claimed to have changed seven systems in the past two years from horse to electric power. Ferguson said that Detroit, with wide and straight avenues, was much better suited to electricity than his hometown, with its narrow crooked streets. He said electric cars would go twice as fast as the horse cars, with no more accidents.

Another in the syndicate was Edward P. Shaw, Jr. of Boston, who had examined the property and found most of it in good condition, although the roadbeds needed some reconstruction.

By September 2d, the articles of incorporation for the new Detroit Citizens Street Railway Co. were filed and the new owners disclosed. In addition to Thomas M. Waller and William W. Cook, owners included Mills W. Barse of Buffalo, N.Y., Dwight Townsend of New York City, and Detroiters Hoyt Post and John R. Mulliken. Waller, Cook, and Barse had 80 shares each. Townsend, Ferguson, Post and Mulliken had 10 shares each. All seven were directors. The company was capitalized at \$4 million, and Cook said they did not depend on selling stock to finance their work, and were in fact not anxious to sell it.

Some commentators reported a "curious air of mystery" about the transaction, and suspicion by Pingree and others that the new capitalists were merely "stalking horses" for the old company, who were expected to divert public attention and secure the much-needed franchise that the former owners could not have obtained. This suspicion blocked progress, and the lawyers from the east decided that, to win public confidence, Detroiters should hold a majority interest.

So, on September 13, local Detroit capitalists bought enough street railway stock to control the company. Waller reported to the press that he and Mr. Cook had sold the majority interest of the stock of the new company to a Detroit syndicate including D. M. Ferry, President of the First National Bank; M.S. Smith, President of the American Exchange National Bank; J.J. Murphy, a well know lumberman; and others. These men were of "unquestioned integrity [and] could appeal to the citizens of Detroit without arousing the slightest suspicion." Waller denied that the franchise would terminate in 1893, citing Cook's legal opinion which had been endorsed by local attorneys.

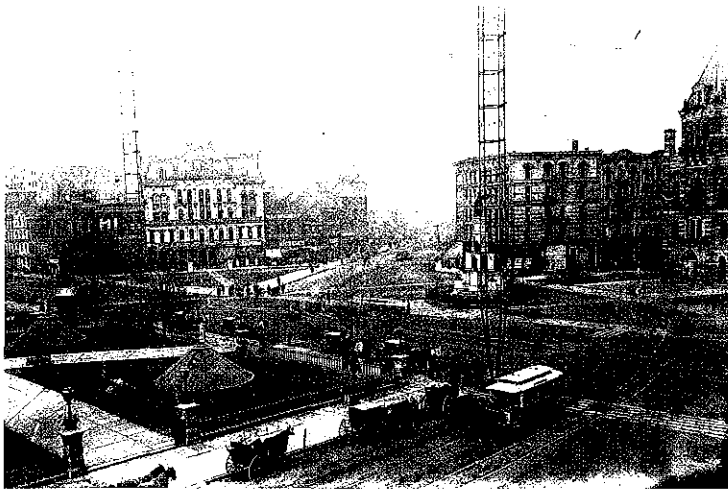
The Cook and Waller-led syndicate bought the New Haven and West Haven, Connecticut, horse railroad two weeks later, and secured control of the stock of the projected Winchester Avenue Street Railroad. Waller said they would soon start to construct the Winchester line and connect it to the West Haven Road, which ran from New Haven to Savin Rock, an Oceanside resort south of West Haven.

On October 2, Cook was again comfortable in the Cadillac Hotel in Detroit and met with newsmen, reporting that the street railroad deal was consummated and completed that day, when the Detroit Citizens Street Railway Company took over the entire systems of railroads, franchises and property of the Detroit Street Railway and the Grand River Railway Company, and that the new company was entirely under the control of the Detroit syndicate. The new company filed a \$3 million mortgage, and announced immediate improvements including use of a steam motor on one car and extending lines.

In 1892-1893, the new company made improvements, although the question of when the franchise would expire remained unresolved. The company ordered new cars, tried out an electric car, provided summer cars with waterproof curtains, and made plans to electrify Woodward Avenue. From October 1, 1892 to May 25, 1893, the company invested \$911,000 in improvements and extensions. The weekly payroll was \$11,000. However, the company resisted granting transfers, installing air brakes, and attempted to evade the agreed-on ticket price. The terrible 1893 Depression must have played a role in slowing investment in improvements, but neither the historians nor the newspapers refer

to a direct effect. Mayor Pingree gained tremendous popular support during that depression by providing land and seed money for people to grow their own potatoes. He also gained support from a public that wanted reduced transit fares and ownership of the system.

Mayor Pingree stuck to his guns: he wanted either profit to the city or municipal ownership of the lines. He ignored his friendships with the new local owners because he felt they were tools of the old company, being used to obtain concessions in the form of the long franchise, which it otherwise could not obtain. A committee of fifty prominent citizens was appointed, essentially to help Pingree insist on termination of the franchises in 1893. Pingree was re-elected



in the fall of 1891, and he propelled the entire question into the courts, where it bounced from lower federal courts to the U.S. Supreme Court, and then to the Michigan Supreme Court. Finally, in October 1894 the question was resolved in favor of the franchisees: the extension was good until 1909.

Meantime, in March of 1894, rumors again surfaced that there might be a street car settlement in the air. But in a week, papers reported that negotiations had failed. Once again, the strategists seem to have concluded that a sale was in order. After several months, the street railway was sold to Thomas Nevins of Orange, N.J., who then immediately sold his entire interest to R. T. Wilson and Co., Wall Street bankers. Speculation was that the shares sold for 75 cents on the dollar. 6,015 shares of the total 10,000 were sold.

The new owners announced that there would be no reorganization until a court decision in the pending litigation over the length of the franchise, nor would any attempt to equip lines with rapid transit be made until that time. Frank S. Smith talked to the press, assuring Detroiters of the financial soundness of the new owners by pointing out that R. T. Wilson's son had married Miss Astor. The Hendries maintained the same interest they had always had, so yet again there were suspicions about the effect of the apparent sale on the actual ownership and management.

By 1899, there were just three separate street railway companies in Detroit, all owned by R. T. Wilson and managed by Tom L. Johnson. Cooperation with suburban railways made a wonderfully convenient system. A passenger could board a car at City Hall in Detroit and "be conveyed to the State University at Ann Arbor, 40 miles distant; or to the great soda ash plants, 12 miles down the river; or to the suburban residences at Grosse Pointe Farms, on Lake St. Clair; or to the mineral baths at Mt. Clemens, 20 miles away; or to the beautiful city of Pontiac, the seat of the State insane asylum, 26 miles from Detroit. Great passenger coaches, with mail, bag-

gage, and light-freight facilities, rush through the streets with the speed of an express train; and the private car, with dining conveniences, marks the limit of convenience and pleasure. Such, in brief, is the Detroit street railway system."

Because the 1894 sale terminated William W. Cook's interest in the Detroit street railways, the story of his involvement ends here. The struggle between the city and the street

railway companies continued until 1922, when the city finally bought out the privately-owned company (then called the Detroit United Railway) for about \$20 million and assumed control on May 15, 1922. The city-operated line was called the Detroit Street Railway, or DSR. Thus ended the "thirty years war" over Detroit's public transportation, which began in 1891, with the strikes and public protests against the companies which had failed to treat employees

fairly and failed to provide improvements enjoyed by most other American cities.

The DSR ran the lines using trolleys, supplemented with busses, until 1956, when it shifted entirely to busses. Most (183 of 186) of the trolley cars were sold to Mexico, where they remained in service another thirty years.

William W. Cook's other investments reflected various aspects of the economic development of the country: Cuban sugar and railroads after the Spanish-American war; a cattle ranch; bonds of European nations; and, primarily, stock in the Mackay Companies for whom he became general counsel. Those investments, and the rest of Cook's life, are another story.

Margaret Leary is Director of the University of Michigan Law Library in Ann Arbor.

This article is based on coverage in the Detroit newspapers of the time, and the following secondary sources:

George B. Catlin, The story of Detroit, Detroit, *Detroit News*, 1923, 764 p.

Graeme O'Geran, A History of the Detroit street railways, Detroit, Conover Press, 1931, 459 p.

William D. Middleton, The Time of the trolley, Milwaukee, Kalmbach Press, 1967, 436 p.

Charles Moore, "Municipal ownership of street railways in Detroit," *The Quarterly Journal of Economics*, v. 13 no. 4 (July 1899), p. 453-464.

Kenneth Schramm, *Detroit's street railways*, Charleston S.C., Arcadia Publishing, 2006, 128 p.