

Entrepreneurs and City Growth: Scranton and Carbondale as Case Studies

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The ties between urban history and business history should be closer. After all, what could be more important to the success of a city than its business leaders? We talk about river cities, coal towns, and shipping ports as if mere location and resources made those cities what they are. Surely good location and plentiful resources do shape growth. Yet without capitalists to build the harbor, dig the coal mines, or make the ships, workers will not come and the cities are built elsewhere. For every St. Louis or Cincinnati there are scores of hamlets nearby whose residents once had visions of metropolis. More often than we think, aggressive and imaginative elites may be the margin separating the successful cities from the failures.

There are ways of testing the impact of elites on urban growth. One is to isolate the behavior of the elite as a cause of growth. This can partly be done by comparing the development of several cities near each other -- cities which had similar advantages of location and timing of settlement. Which of them grew rapidly, which grew slowly, and which grew not at all? And how did the economic leaders in these towns respond to opportunities? In this paper I shall compare urban elites in Scranton and Carbondale -- two major anthracite coal centers in Pennsylvania in the 1800s.¹

Early industrial Scranton had youth, openness, and a venturesome elite. In fact, its very founding was a fluke. In 1840 William Henry and his Scranton cousins chose the site (which they later named Scranton) as suitable for making nails from the ores and coal in the area. They borrowed money, bought land, built a blast furnace, and hired laborers from miles around. But there was one crippling problem: the Scrantons ran out of local ore -- quickly. Northeast Pennsylvania had just enough iron to tempt investors to come but not enough to support industry long. In desperation the bankrupt Scrantons imported ore from central Pennsylvania, through other wealthy towns (such as Wilkes-Barre) to their imperiled city. Yet their labors still went unrewarded -- this time because Scranton nails were too brittle and were unmarketable in New York City. Others would have declared bankruptcy and fled

back to the farm; but the Scrantons tenaciously switched their focus from nails to rails. Using local and imported ore, and more borrowed money, they secured and fulfilled a contract to supply rails to the Erie Railroad in 1848. In doing so the Scrantons became the first Americans to mass-produce rails. With such daring entrepreneurs no wonder that the city of Scranton flourished; it doubled and then tripled the population of Wilkes-Barre by 1870. Not location or resources but aggressiveness of leadership set Scranton apart from older towns in the area.

And the Scrantons were as venturesome in city-building as they were in rail-making. Kinship ties counted for less than ability and Scranton became a symbol of openness for enterprising newcomers. In fact, the Scrantons actively recruited capitalists and talented men from towns in northeast Pennsylvania. Together they started coal companies, banks, and steel mills -- and their city grew with their businesses. Then this Scranton elite did more. For example, they secured from the Pennsylvania legislature city limits of almost 20 square miles for their young town. Within these spacious boundaries Scranton's capitalists urged openness and growth. They also formed a board of trade to attract industry; they even offered tax incentives for new businesses. Some immigrants struck it rich in this open environment: Thomas Dickson, John Jermy, and William Connell, for example, captured the presidencies of two coal companies, two banks, a manufacturing company, and even a railroad. Inventors, too, found Scranton a creative city to market their wares -- trolley engines, coal-mining equipment, gunpowder cartridges, and steel locomotive wheels all were invented and manufactured in Scranton. Such diversification reflected Scranton's openness and contributed to its growth.

A second type of elite -- one with little loyalty to their town -- was found in the city of Carbondale, located 16 miles east of Scranton. New Yorkers established Carbondale in 1825 as a terminus for their Delaware and Hudson Canal -- built to ship coal to New York City. Scores of coal miners and railroad mechanics flocked to Carbondale during the 1830s and -- long before the Scrantons set foot in Pennsylvania -- Carbondale seemed a likely regional center. It was surrounded by plentiful coal, it was close to outside markets, and it was the first town in the anthracite fields with a railroad. One observer labeled Carbondale "the grand emporium of northeast Pennsylvania" -- and by 1850 it was easily the largest city in northeast Pennsylvania. Yet, despite these advantages Carbondale soon stagnated and lost all hope for urban supremacy.

A look at the urban elite gives us some clues as to why this happened. Carbondale's real economic leaders were the New Yorkers who founded the town, ran the D & H, and owned most of the urban real estate and coal land there. They made the investment decisions that charted Carbondale's future, and when they made these

decisions they were thinking of New York City and not Carbondale. So the owners of the D & H channeled the profits of anthracite elsewhere and Carbondale soon stagnated despite its early growth. Scranton, by contrast, had aggressive local residents as their leaders. Carbondalers did not and they could not shape their own future.

New Yorkers cared about their company in Carbondale, not the city there. With no resident urban elite to impose order on Carbondale, that city stumbled aimlessly into the future. Urban services were bleak; just living there must have been bleaker. For example, fires periodically gutted whole sections of the city destroying property, buildings, and lives. Mine cave-ins were always a threat: the most serious collapse buried 60 miners (14 died) in 40 acres of subterranean caverns. If the fires and mines did not get you, a flood might, and one in particular (caused by a poorly planned reservoir) surged through the main street filling the mines, taking lives, and decimating buildings and houses.

In light of these disorderly influences it is startling to discover that before 1851 Carbondale had no fire or police department. In that year, after an unusually severe fire had laid waste to almost the whole city above the public square, Carbondale's shortsighted leaders finally decided to get some "means of protection against fire or outlaws." The dedication of Carbondale's new civil servants is debatable because another fire soon ravaged the city: this time destroying William Richmond's coal car factory and George L. Dickson's mercantile firm, among other damages. This new city government also did not provide for sanitation; as one resident complained (in 1875) "another inconvenience is that citizens have no convenient place to dump their coal ashes, or empty...rubbish." Such a perilous environment prevented a stable business climate and must have repelled potential investors.

Even prominent locals could not stand it. In the 1850s, they made an exodus to the open and well-managed city of Scranton. Making the permanent jaunt from Carbondale to Scranton were James Archbald, chief engineer for the D & H and Carbondale's first mayor; Charles Pierson, the wealthiest man in town and owner of a foundry; Horatio Pierce, Carbondale's only bank president; and Edward Weston, operator of the town's flour mill. Carbondale's loss became Scranton's gain and Carbondale's permanent stagnation was even more certain.

In Pennsylvania anthracite coal fields, then, two of the largest cities had different types of elites and different patterns of growth. In Scranton, a venturesome imaginative elite created an open environment that promoted a diversified economy and rapid growth. In Carbondale the leaders were outsiders. They neglected the town and, as it stagnated, many enterprising men there moved to Scranton.

NOTE

1. The material in this paper is drawn from my forthcoming book, *Urban Capitalists: Entrepreneurs and City Growth in Pennsylvania's Lackawanna and Lehigh Valleys, 1800-1920*.