

State Economic Policy and the Region in Pennsylvania, 1853-1895

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The late nineteenth century witnessed a profound transformation in the character of Pennsylvania government. Economic development and an exploding population created severe strains on the governing relationship between the state legislature and the various regions that comprised Pennsylvania's economy. The state constitution of 1838 had given a vast array of political, administrative, and economic powers to the legislature which enabled it to shape the daily affairs of entrepreneurs, their companies, and even the activities of local government. As result, the fortunes of individual regions often depended on legislative decisions in Harrisburg, the state capital of Pennsylvania. By the 1870s this relationship had outlived its usefulness forcing various interest groups in Pennsylvania to seek new solutions which would dramatically affect the powers of the legislature and its relationship with the region and its counties and communities. The centrality of this relationship to legislative decision making marks the starting point for my analysis of governance in Pennsylvania during the last few decades of the 1800s [28, pp. 85-119, esp. 90-1; 13, pp. 170-97].

Until the 1870s, the Pennsylvania legislature and the region (including its counties and communities) formed the basis of policy making in the state. The legislature was the most activist branch of state government. It held the power to incorporate all would-be corporations, a privilege sought by entrepreneurs throughout the state. Through its charters, the legislature set limits on the scope of a company's business operations, the physical boundaries of its activities, and the number of directors and their terms of office. The charter often specified a time limit after which renewal was mandated and often accompanied by a review of the company's record. Legislative acts also strictly prohibited actions outside the specificity of the charter, a restriction which led to an endless stream of amendments seeking greater scope of activities for companies. The range and power of the legislature also extended its decision-making capacity to local governments, their taxation policies, fee structures, boundary changes, and even the duties of local officials [3,10,15,27].

The region and its counties, cities, and towns remained the point of origin and focus of much of state legislation. The vast majority of bills, petitions, and remonstrances dealing with economic issues originated among entrepreneurial groups, the members of which had tied their fortunes to developing industries in their region. Entrepreneurs proposed numerous bills which were intended to encourage regional economic growth and which these men carefully brought to the attention of legislators from their districts. Similarly, city officials, often drawn from local entrepreneurs, drew up a large number of the measures that affected their communities and demanded legislative approval [21,8] .

The nature of this relationship becomes clearer in an examination of two regions during the last half of the nineteenth century. The Lehigh Valley in east central Pennsylvania and the Oil Fields in the northwestern section of the state ranked among the state's most dynamic local economies after 1850. The Lehigh Valley helped pioneer a thriving iron and steel and coal industries which contributed to Pennsylvania's lead in manufacturing and energy. It complemented these activities with a prosperous grain and dairy trade and an expanding commercial base. This regional economy encompassed three counties, Carbon, Lehigh, and Northampton which housed rapidly growing populations and major industrial cities [5,12,16,25]. The oil fields created an entirely new industry which fueled the state's growth and, in the short run, made it a leader in oil production. The oil region, consisting principally of Warren and Venango Counties, survived almost entirely as a one-industry, extractive based economy into the 1900s. It sustained a profitable lumber industry at midcentury and an explosive oil trade after 1859 which generated numerous oil-related, industrial activities. The region's development also sparked the growth of a number of cities which served as important centers for the burgeoning oil industry [24,26].

Inevitably, entrepreneurs in these regions responded to the power of the state legislature in regional economic affairs. These men recognized that only in the state capital in Harrisburg could they legitimately acquire privileges such as incorporation. At the same time, the state senators and representatives from these regions saw their chief function "as distributing the state's resources, privileges, and other favors" which would facilitate economic growth that would benefit their own constituencies [3, pp. 458-70; 13, ch. 4].

The bills, remonstrances, and petitions raised in the 1853 session of the General Assembly demonstrate the link between the legislature and the regional economies [Tables 1 & 2]. Of the 255 measures brought to the capital, ninety percent concerned matters directly related to communities, entrepreneurs, companies, and individuals in the Lehigh Valley and the Oil Fields. As important, economic legislation which comprised sixty-two percent of the measures constituted the lion's share of all measures from these regions [9;10, pp. 6-7]. Typically, the measures ranged from petitions for incorporation, settling of local economic disputes, to debates over the location of bridges. The Bethlehem Gas and the Easton Water Companies in Northampton County and the Easton to Nazareth Plank Road in Lehigh County secured their legal existence through the legislature. The measures derived from entrepreneurial ambitions in these regions, were designed to

satisfy local economic needs, and usually sparked little debate before passage [9, p. 2/18 January; pp. 1,4/3 February, pp. 1,3/9 February, p. 2/11 March, p. 2/12 March]¹.

Table 1
Geographic Orientation of Bills, Petitions, & Remonstrances Presented by Legislators from The Lehigh Valley & Oil Field, 1853, 1871, 1895 Session

Geographic Orientation	1853	1871	1895
State-wide	10%	7%	71%
Region	14	7	4
County	38	33	8
Local	38	53	17
Total	100% (255)	100% (241)	100% (126)

Sources: Daily Legislative Record: Proceedings of the General Assembly of the Commonwealth of Pennsylvania for the Session Commencing January 3, 1853 (Harrisburg, 1853); Debates and Proceedings of the Pennsylvania Legislature for the Session 1871 (Harrisburg, 1871); The Legislative Record for the Session of 1895 with Index (Harrisburg, 1895). These serve as sources for table 2. Petitions and remonstrances were counted separately when only one version was read in the legislature for a number of such measures which had the same content.

Table 2
Distribution of Bills, Petitions, & Remonstrance Presented by Legislators from the Lehigh Valley & Oil Fields, 1853, 1871, & 1895 Sessions

Category	1853	1871	1895
Economic	62%	36%	17%
Government	20	38	44
Social	13	19	30
Private	5	7	9
Total	100% (255)	100% (241)	100% (126)

Social includes bills, remonstrances, & petitions related to education, welfare, the insane and ethnocultural issues.

¹The *Daily Legislative Record* assigned no page numbers. Each issues generally consisted of four to five page unnumbered pages. I list a number for each along with the date of issue. Each legislative measure has the name of the legislator and/or his county.

The legislators from these districts did, on occasion, engage in heated debates on extending economic privileges and advantages to specific companies. In 1853, for instance, a furious exchange erupted over amending the Lehigh Crane Iron Company's charter to allow construction of a railroad to facilitate the shipment of anthracite coal and reduce transportation costs. State congressmen split on this issue. Many argued that any such improvement would create an unfair advantage since other companies lacked the charter privileges to build their own rail lines. In contrast, opposing congressmen generally believed that any railroad would benefit the locale and the state [9, p. 1/26 January, p. 4/28 January, p. 1/29 January, p. 2/1 February, p. 3/4 February, p. 1/9 February, p. 3/10 February, p. 3/15 February, pp. 1,3/26 February, p. 4/9 March, p. 4/15 March].

The debate already had a history by 1853. Representative David Laury had won election based on his pledge to frustrate the iron company's intentions. As he noted, the company had already received an offer from the Lehigh County delegation of a plank road which, unlike the proposed railroad, would preserve the competitive situation. Such local disputes inevitably made their way into the legislative halls which served as a forum for their resolution, a natural outcome of the legislature's intense relationship with the region [9, p.3/26 February].

The debate on standard railroad gauge reveals the legislature as an arbiter of inter-regional disputes. Senator Thomas Hoge from the Oil Region vigorously argued against a measure that called for a standard railroad gauge of 4 feet 10 inches. According to Hoge, the bill's sponsors, Philadelphia's businessmen, intended the measure to benefit the city's chief rail line, the Pennsylvania Railroad. The gauge would adversely affect the capacity of entrepreneurs in the oil fields to attract the capital necessary to maintain or construct their own rail lines which lacked the gauge specifications in the bill [9, p.2/7 March, p.2/11 March].

Legislative involvement moved well beyond the economic realm and typified most other legislation in this session. As in the case of the entrepreneurs, those interested in civic affairs petitioned the legislature for numerous measures which ranged from fixing the location of elections in local townships, to incorporating community lodges, and, finally, to changing the method of collecting county taxes [9, p. 2/1 February, p. 1/7 February, pp. 1,2/9 February, pp. 3,4/15 February, p. 2/12 March, p.1/16 March, p. 1/22 March].

Legislation in 1871 suggested the pattern found in the 1853 session (Tables 1&2). Of the 241 total, an overwhelming ninety-three percent addressed matters in the region. The content of these proposals changed little since the 1850s. Incorporation, time limits on a charter, issuing new bonds, and other matters of local, county, or regional importance occupied the affairs of the legislators from these regions. Companies such as the Warren & Jefferson Railroad and Coal Company and the Lehigh Stove and Manufacturing Company sought charter privileges or resolution of private disputes which came under legislative authority. Even noneconomic measures, which had grown to 64% of the total, continued to focus on purely local matters from raising the pay of Venango County commissioners to allowing

town council of Venango City to raise its borough tax. Here, too, local disagreements became part of the legislative record. Congressmen from Lehigh County brought numerous petitions against "the passage of an act allowing increased rates of taxation for borrowing." [14, pp. XLVIII, L, 10, 22, 70, 78-9, 131, 183, 294, 349, 458, 476, 546, 726, 796, 877]

The volume of such proposals, multiplied many times for all the industrializing regions of the state, posed a formidable challenge to the effective operation of the legislature. By the 1870s the tide of bills, petitions, and remonstrances had long since exceeded the capacity of members of the general assembly to read all the measures before them. At the same time, entrepreneurs found the need to bring every economic action before the legislature, regardless of how trivial, a major impediment to running their affairs [3, pp. 458-74; 9, p. 4].

In an effort to cope with such discontent, the legislature had passed a number of general incorporation laws from 1849 through 1860. Designed to reduce the burden both to the legislature and the business community, the measures had, by and large, made little impact on the volume of special acts passed by the Pennsylvania house and senate. In 1872, for instance, the legislature enacted 801 measures, of which 428 dealt with private corporations and internal improvement and another 214 authorized actions for local governments from taxation to borrowing. New functional groups in the economy such as the railroad and insurance industries found the lack of uniformity inherent in such a system frustrating. The Union League of Philadelphia, an organization of leading businessmen in the city whose interest spread throughout the state, voiced an opinion that the "legislature had often blackmailed corporations by threatening to enact harmful legislation." Since general incorporation had failed to achieve its objectives, critics concluded only a complete overhaul of the constitutional system would resolve these ongoing problems. At the same time, such a restructuring would remove from the reach of the legislature the vast majority of economic and urban issues that many believed had neutralized its ability to make true general policy [10, pp. 218-23; 15, chapt. 2; 17; 18; 19, pp. 111-15; 3, pp. 472-74].

The new constitution significantly reduced the ability of the legislature to intervene in the economic affairs of companies or entrepreneurs on an individual basis. Measures such as the incorporation of companies or the range of business activities were removed to administrative agencies beyond the reach of the state legislature. The constitution also specifically prohibited all special acts and specific practices such as awarding "exclusive privilege to any corporation, association, or individual." The restrictions significantly reduced the overall volume of legislation from a 1000+ laws in 1873 to 208 acts in 1874. Last, sessions were made biennial in an effort to minimize the

volume of legislation² [4, Part II; 11, chapt. IV; 28, pp. 129-38, 155-73; 1, chapt. 4].

By the mid-seventies, a new, if still primitive, administrative structure that provided a more rational environment for the business community was in place. In the process of creating this system, the state bureaucracy had grown at the expense of the legislature. For instance, the Secretary of the Commonwealth reviewed all matters relating to the incorporation of private companies, their consolidation, name changes, increase or decrease in stock, among other powers formerly exercised by the general assembly. The Secretary of Internal Affairs was charged with oversight of "railroads, banking, mining, and manufacturing and other business corporations of the state" to "see that they confined themselves strictly within corporate limits." The new state machinery included the Insurance Commission, established by the Constitution of 1873, which received the charters and annual statements of all insurance companies in Pennsylvania³ [22, chapt. XI; 28, pp. 138-44, 167-73].

By the 1890s, the administrative reach of the state had expanded considerably and particularly under the Secretary of Internal Affairs who headed an array of agencies that focused on economic issues. The Bureau of Railways monitored the business activities "-indebtbness, rates, costs of operation, maintenance, dividends-" of all transportations systems from canals to railroads and made annual reports to the legislature. It also handled all complaints against the transportation companies. Similarly, the Bureau of Industrial Statistics collected relevant data on business-labor relations throughout the state and built up an information base useful for state agencies. The Banking Department, created by a legislative act in June 1895, exercised a measure of control over the financial community in the state. Yet, while these agencies certainly assumed regulatory powers, they liberated business from the power of the legislature, a place oriented-institution, sensitive to popular and often irrational demands, and staffed by amateurs ill-equipped to cope with the demands of an increasingly sophisticated economy. Last, the new commissions also created one set of rules that applied to all participants in an industry and differed sharply from the seemingly capricious legislature [6, pp. 37-83].

The Constitution also extended the drive toward the creation of a more rational environment to local governance. The delegates to the 1873

²The extent to which these changes produced a rational environment akin to the twentieth century and in which decisions and administration reflected such an ethos remains unanswered at this point. My evidences does point to a new structure in which such decisions would be made, one very different than its predecessor.

³The process of restricting state governments along these lines began in 1846 with New York's constitution and continued through 1879 with California's constitutional revision. See 13, chapt. 6 and 22, pp. 163-44 of references. The difficulties of realizing a rational and bureaucratic norms are outlined in 22, chapt. X. This series constitutional changes suggest that states, for a variety of reasons, were attempting to raise their administrative capacities far earlier than the 1890s and early 1900s.

constitutional convention removed from the legislative domain "the affairs of counties, cities, townships, and school districts," the conduct of local elections, the powers of local officials, and the managing of public schools. These and other powers of the state legislature were shifted to administrative agencies such as the Office of the Superintendent of Public Instruction and the Bureau of Assessment & Taxes [6, pp. 37-83; 28, pp. 129-38].

The appointive powers of the governor also grew to accommodate the new administrative system. By the 1890s, the governor exercised the authority personally to select the Secretary of the Commonwealth, the Attorney General, the Commissioner of Banking, the Commissioner of Insurance, and the Superintendents of Public Instruction and the Public Grounds. Over the next 20 years, legislative measures only added to the number of executive-oriented administrative agencies. The Board of Revenue Commissioners, the state board of Veterinary Medical Examiners, and the Board of Health & Vital Statistics provide just three examples. The once powerful legislature had lost a significant portion of its power. As important, these changes had created new centers of administrative power absent before the 1873 Constitution [6, pp. 66-9; 22, pp. 159-87].

In what ways did these broad changes in the character of state government affect the legislation put forth from the two regions? The transformation appears most prominently in Tables 1 & 2 which note the sharp drop in sheer volume in 1895. Just 126 proposals were noted in the records of the legislative debates for that year, a 48% decline from 1871. A mere 21 of these proposals addressed economic issues and all but a handful had state-wide policy implications. For example, the representative from Carbon County in the 1893 session presented a bill before the whole body which was designed "to protect and guarantee the right to belong to labor organizations," a measure no doubt shaped by the labor turbulence of the coal fields in the county but clearly aimed at the broader public. Similarly, a petition from the "citizens of Northampton County" opposed the "sale and manufacture of imitation butter" in Pennsylvania. The petition certainly grew out of the agriculturally rich Lehigh Valley but expressed a sentiment shared by other regions dependent on farming. The petition in no way pinpointed a specific region, company, or group of entrepreneurs [29, pp. 115, 306, 502-08, 589, 634, 732, 797].

The one debate in the 1895 session which approximated the special bills of the pre-1873 derived from the efforts of the Standard Oil to absorb the pipeline constructed and operated by independent oil producers throughout northwestern Pennsylvania. The corporation advocated repeal of a law which blocked such mergers. The measure, in many ways, differed from the legislation deliberately banned in the Constitution of 1873. The repeal covered an entire industry and originated at the insistence of a company functionally tied to the Pennsylvania economy and not rooted in a specific locale or sustained by efforts of long-time residents of a region or county. Even the independent oil producers acted as a group unified by their mutual commitment to oil rather than to place of residence. Virtually all measures affecting the performance of individual companies or specific entrepreneurs

remained wholly absent in the legislative proposals from the two these regions [29, pp. 502-08].

In the area of local government, legislative measures from the Oil Fields and the Lehigh Valley also reflected the impact of the state constitution. The local legislation that did appear consisted of calls for repeal of older special acts deemed no longer appropriate or in conflict with the articles of the Constitution of 1873. General policy bills addressed far broader concerns from municipal indebtedness, taxation levied on third to first class cities, to the powers of county governments to purchase or condemn local bridges. The language and intent of these measures clearly moved beyond the border of the region [29, pp. 130, 147, 164, 186, 210, 212, 222, 306, 526, 743, 1158, 1238, 1451, 1497].

After the mid-1880s, government-related bills increasingly originated among the myriad of new professional groups from public health experts to veterinarians who began to carve out a niche in the state political system. Highly organized occupational groups such as the brewers and bottlers association joined the new professionals in pressing demands upon the state legislature. When combined with the legislative measures from regional delegation, the volume again challenged the effectiveness of the General Assembly. In fact, by the 1890s the number of pages which contained the legislative debates rose from 1300 pages in 1871 to over 4000 pages, as in the the 1893 and 1895 sessions. Legislators lacked both the time and the skills to cope with many of the issues raised by such groups and certainly the shortened biennial sessions hardly opened sufficient time to acquire these tools [30, pp. 83-92; 20, pp. 34-5, 79-83; 29, pp. 918-24, 970-84].

While the provisions of the 1873 Constitution had responded to crisis in the economic realm as it then existed, the document, in no way, provided the means to cope in particular with the new demands arising from the host of professional associations that appeared at the end of the nineteenth century. A classic case occurred in 1891 when "the American Water Works Association unanimously endorsed a bill in the Pennsylvania Legislature providing that no water supply system shall be constructed, enlarged, or used when the state Board of Health shall by its certificate in writing express its disapproval thereof as dangerous or unsafe to public health." Few legislators had the training in water testing, a skill provided by experts in the public health arena. In much the same the way that local entrepreneurs once shaped state legislation from the perspective of the region, new professional groups now participated in the legislative process from their position as experts. The legislators simply lacked the "adequate training or knowledge to enact the thousands of special laws," brought before this body by groups such as water control experts. Such measures also hint at the importance of the movement for administrative supervision of cities which "favored transfer of decision-making authority from amateur legislators to professional

administrators" who would institute "more systematic state control"⁴ [2; 23, chaps. 4 & 5, esp. 119-33; 30, pp. 92, 103-05, 123-24].

In his discussion of state legislation during this period, Jon Teaford comments that it "was an uncoordinated distribution of favors by harried amateur lawmakers ... who coped with the flood of demands as best they could." In many ways these remarks echoed the descriptions of state economic policy before 1873 as fragmented and incremental [30, p. 103]. The response, ironically, followed the lead of the constitutional reformers in expanding the state's administrative system. The creation of state bureaucratic agencies from the Bureau of Public Health to the Banking Department removed from direct legislative review important functional areas and provided a more rational environment. By 1900, health, education, banking, insurance, manufacturing, and transportation had been transferred to the administrative realm. Beginning in 1901, constitutional amendments also began to streamline taxation and finance, municipal debt, and election procedures. Such changes created a new regulatory and promotional environment, dramatically affected the relationship of the state with its economy, and significantly diminished the power of the General Assembly. The region and its entrepreneurs, once the focal point of legislative activity, had given way to new functional and professional groups and an increasingly sophisticated state bureaucracy [4, pp. 127-46].

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⁴The process of bureaucratization was also occurring in Pennsylvania's major cities. For example of Pittsburgh, see Joel Tarr, "Infrastructure and City-Building in the Nineteenth and Twentieth Centuries," Samuel P. Hays, ed., *City at the Point: Essays on the Social History of Pittsburgh* (Pittsburgh, 1989), 213-65, esp. 228-40.

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