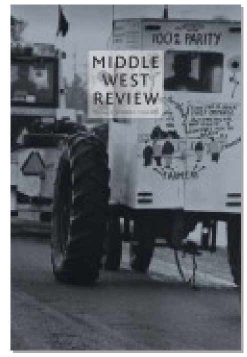
PROJECT MUSE

Harriman vs. Hill: Wall Street's Great Railroad War by Larry Haeg (review)



Benjamin Schwantes

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Eller's notes at the end of both books reveal that his study is based on an access to a wide body of knowledge about Bradbury: interviews, letters, travels, and influences. No brief review could possibly do justice to Eller's excellence in examining with clarity, insight, and authority the growth of Bradbury from a struggling young writer to a respected and loved mainstream writer in the 1970s. Given Eller's access to so much rich material, a reader might ask hopefully, "Will there soon be a third volume?"

Loren Logsdon
EUREKA COLLEGE
Eureka, Illinois

Larry Haeg, *Harriman vs. Hill: Wall Street's Great Railroad War*. Minneapolis: University of Minnesota Press, 2013. 384 pp. $29.95.

Larry Haeg's entertaining and well written *Harriman vs. Hill: Wall Street's Great Railroad War* could alternately be titled *Capitalists vs. Regulators*. Haeg, a former executive vice president for corporate communication at Wells Fargo & Company, focuses on the "accidental" 1901 corner of Northern Pacific Railroad stock by brokers acting on behalf of James J. Hill and J. P. Morgan for the Great Northern Railroad and those acting on behalf of Edward H. Harriman and Jacob Schiff for the Union Pacific. The corner and unprecedented New York Stock Exchange panic that followed might have led to a broader national and international financial crisis, Haeg argues, if not for Morgan and Schiff's timely decision to call a truce and calm the markets by making credit available to overextended brokerage houses and delaying required delivery of stock certificates from speculators who had shorted "Nipper" stock in the run-up to the corner. Haeg views the amicable resolution of the crisis as an illustration of free market forces at work and argues that the financial titans' ability to act decisively in the best interest of both investors and the economy as a whole, without interference from federal or state officials, is one of the important lessons to draw from the event. Furthermore, he sees the 1904 breakup of Northern Securities, the trust subsequently created by the warring parties to jointly manage their combined shares of the Northern Pacific, Chicago, Burlington and Quincy, and Great Northern Railroads, as a miscarriage of justice brought on by the opportunistic, populist demagoguery of President Theodore Roosevelt and his political allies. *Harriman vs. Hill* highlights the precariousness of

Wall Street fortunes in an era when no firm was too big to fail, but also illustrates just how interconnected the national and international economy had become as a result of railroad, telegraph, and steamship connections that permitted information to cross the nation and the Atlantic Ocean in days if not hours. A Wall Street panic could rapidly escalate into an international crisis, and no government could act quickly enough to contain the damage. Only those at the center of the financial web had the means and knowledge, Haeg asserts, to prevent "accidents" from becoming depressions, and so-called progressive efforts by governments to manage and control big businesses only disrupted the natural flow of economic activity to the detriment of the economy as a whole.

While much of the action in the book takes place in Manhattan offices and Wall Street exchange floors, Haeg sees the Midwest as ground zero in the financial conflict that ultimately precipitated the Northern Pacific corner. James J. Hill had forged an efficient rail system stretching from the Upper Midwest to the Pacific Northwest. His vision extended to Asia, and he saw his railroad as the natural link between Chicago and the markets of Japan and China. He had also purchased a minority stake in the parallel Northern Pacific line, though federal law prevented him from acquiring ownership outright. The major weakness of Hill's Great Northern, however, was that it lacked a direct connection to the Windy City and had to lease trackage rights from other rail lines. Backed by Morgan's wealth, Hill hoped to acquire control of the Burlington in order to secure the Chicago link he desired. Edward Harriman, chairman of the rival Union Pacific system, opposed Hill and Morgan's plan, since it represented a direct threat to the UP's dominance of freight traffic across the Lower Midwest and Mountain West. Harriman's financier, New York banker Jacob Schiff, tried to facilitate Harriman's purchase of the CB&Q, but his offers were rebuffed by the line's conservative, Boston-based leadership. The battle for the critical midwestern route played out over the early months of 1901 until Hill managed to secure a purchase agreement with CB&Q president Charles Perkins in March.

Seeking payback, Harriman, Schiff, and their allies sought a new strategy to punish Hill and Morgan for intruding into the UP's geographical sphere of influence. They decided to secure control of the Northern Pacific by quietly acquiring a majority of the railroad's stock. This would put Hill in a tough spot since the NP route paralleled so much of his line. By May 3, Schiff and Harriman felt confident that they had a majority of outstanding shares and bluntly informed Hill. Rather than compromise with his rivals, Hill alerted

Morgan and they began purchasing all available NP shares at any price. This caused the normally moribund NP stock price to skyrocket over the next few days. Speculators anticipating a price decline on the overheated stock shorted the NP, only to be caught in a bind as the price continued to rise. This led to chaos as speculators offered to pay practically any price for NP stock to cover their obligations, while panicked investors pulled their funds out of the market, driving down the price of stocks across the board. Fortunes were lost in a matter of hours, and the panic threatened the stability of numerous Wall Street and London brokerage houses.

The fight for dominance over crucial midwestern railroad corridors frames Haeg's narrative, but *Harriman vs. Hill* highlights the limited agency of midwestern actors in shaping the economic development of their region. The critical decisions by Hill, Morgan, Harriman, and Schiff took place in New York City (and to a lesser extent overseas). While telegraph and telephone lines linked East and Midwest by the turn of the twentieth century, important midwestern metropoles such as St. Paul and Chicago played a supporting role at best in the region's financial affairs. Midwestern businessmen such as Hill felt compelled to travel east in order to transact necessary business with bankers, brokers, and fellow railroad directors.

Ultimately, Larry Haeg's study highlights the shocking banality of momentous political-economic transactions, as his protagonists were motivated largely by practical financial and managerial concerns and, in the case of Harriman and Hill, a personal dislike of each other. A financial crisis and resolution that would eventually help to rewrite American constitutional jurisprudence had at its heart bruised egos and personal miscalculations.

Benjamin Schwantes
GERMAN HISTORICAL INSTITUTE
Washington, D.C.

Tracy Campbell, *The Gateway Arch: A Biography*. New Haven, Conn.: Yale University Press, 2013. 232 pp. $26.00.

The Gateway Arch, located on the west bank of the Mississippi River in downtown St. Louis, is one of the most recognized symbols anywhere in the United States, perhaps in the world. Designed in 1947 by architect Eero Saarinen, the arch was erected between 1963 and 1965. It opened to the public in 1967, a 630-foot monument to President Thomas Jefferson's