

Quassaick Creek:
Kilmer Wire Works/
American Felt & Filter

EXCERPT

FROM MERCHANT TO MANUFACTURER:

THE ECONOMICS OF LOCALISM IN 19TH CENTURY NEWBURGH, NEW YORK

by

Mark C. Carnes

A Thesis submitted
to the
Department of History
in partial fulfillment of
the requirements for the
Master's Degree

Columbia University

New York, New York

26 October, 1977

city. The current crisis, they reasoned, must have been the fault of the new leaders--the Wrights, Whitehills, Beckmans and Delanys--for, as one paper complained, "the old aggressive spirit of development seems to have died with Homer Ramsdell."¹⁵

Money as well as leadership were needed to bring about economic recovery. During the two years following his declaration of bankruptcy, William Wright appealed to local sources to raise the \$10,000 necessary to satisfy the Engine Works' main creditor, a "rapacious" New York City bank. Wright noted that if he were able to commence operations he would rehire two hundred "resident mechanics" and thereby inject \$10,000 in wages into Newburgh's prostrated economy each month. But owing to what Wright termed "the indifference of the moneyed class of the city," his efforts failed. As the date for the public sale of the Engine Works was set--July 18, 1895--Wright bitterly complained that if Homer Ramsdell were still alive he never would have had to "beg" for the money to put his firm back in order.¹⁶

Whitehill encountered similar problems and was forced to put his factory up for sale at public auction two days prior to the sale of the Wright Engine Works. A syndicate of outside creditors had become dissatisfied with the actions of a locally-appointed receiver and had begun to pressure the local judge to

dispose of the firm's remaining assets more equitably.¹⁷ A number of prominent Newburghers reasoned that once the firm was sold there would be "no doubt of its prompt transfer to local interests and immediate resumption."¹⁸

The auction took place in the office of the factory with scores of "capitalists, machinists and workmen" milling around outside awaiting word of the disposition of the old enterprise and the plans for the new. What developed inside was a heated struggle between "local capital" and "New York money," the former being represented by Whitehill and his friends, the latter by the major New York City creditors. A third faction, headed by Colonel William Dickey (a major real estate speculator in the Heights section of the city) began to bid with the others, but soon dropped out, overawed by the "display of New York money." The New York faction, "exhibiting the dash and nerve that is characteristic of their city" and led by a member of the Whitney family, gained ownership of Whitehill's factory. They departed the city close-mouthed about their plans.¹⁹

As the New Yorkers descended towards the railroad terminal, Whitehill, Dickey and the other local capitalists, as well as the machinists and laborers, no doubt wondered whether the people of Newburgh still possessed the resources and leadership necessary to control their city's destiny. The sale of Wright's two days hence

loomed ominously in their minds, and the belated and clumsy efforts of the Board of Trade to found a joint-stock company to preserve the local factory seemed especially disheartening.²⁰ As was the case with Whitehill, Wright had amassed a number of short-term commercial notes which could not be repaid as orders slackened with the onset of the industrial depression. Wright's decision to pay his workers and "other local creditors" just before declaring bankruptcy exacerbated the wrath of the firm's creditors.²¹ On the day of the sale, the same group of Newburghers that had watched the departure of the Whitney group no doubt flinched as a group of well-dressed people emerged from the New York train and climbed the hill towards the courthouse. Once again Coloney Dickey, with representatives of the Newburgh Real Estate Company, commenced the bidding after proclaiming his intention to start the shop, rehire the workers, and place Wright back in charge. But the Newburghers were outbid by the men who represented several New York creditors. Wright's, too, became the property of absentee owners. Observing that "the idea that Newburgh people may be called into the concern seemingly exists more in hope than in material substance," the Sunday Telegram complained that "local capital lost its opportunity."²²

Within four months of the sale of the Whitehill and Wright factories, local capital sustained yet another "severe blow." The

Kilmer Wire Works, which had been brought to Newburgh by the Board of Trade through a local subscription of \$100,000 in capital stock, declared bankruptcy in October. The failure was precipitated by the major supplier of the Kilmer Works, namely the Troy Iron and Steel Company which no longer agreed to let its \$106,000 account go unpaid. The Kilmer stockholders, mostly Newburghers, found their stock certificates worthless as the total debts of the firm rose to over \$800,000.²⁴ Proclaiming it "the most disastrous failure ever known in Newburgh," the public-spirited capitalists who had invested in the enterprise singled out the Board of Trade for "soaking them."²⁵ A major supporter of the venture was both vice-president of the Board of Trade and a large investor in local real estate; a partner of the firm that marketed the stock locally was found to be related by marriage to the Kilmer family, all of which increased Newburghers' apprehensions. The Sunday Telegram observed that "the next man or organization that can float any stock around this town will have to be a freak."²⁶

Since it no longer appeared likely that local capital was either willing or able to direct Newburgh's industrial recovery, Newburgh's leaders looked expectantly to see what the absentee owners intended to do with the Newburgh factories. One leader predicted that with the sponsorship of wealthy New York syndicates,

Newburgh's iron and machinery firms would conduct operations of "gigantic" proportions.²⁷ Gradually, however, these optimistic projections faded. The absentee owners of Wright's retained only skeletal crews while the owners of the other two firms sold their patents, machinery and inventories to non-local producers.²⁸ Confronted with local judges who were more sensitive to the economic needs of Newburgh than the bankruptcy statutes, the creditors of Wright's and Whitehill's had purchased the bankrupt firms simply to supervise the disposition of their assets.

Optimism abounded over rumors that the Troy Iron and Steel Company, closely tied to Standard Oil, would take over Kilmer's.²⁹ The ambitions of Newburgh's industrialists and realtors appeared to be more than realized when the nation's largest wire trust--the Washburn and Moen Company--acquired the Kilmer Wire Works in 1899. The optimism subsided when the Trust immediately released all of the firm's salesmen and some of its machinists. The Wire Trust made its intentions explicit within several months: the Newburgh factory was to be dismantled. The machinery was removed and shipped to other parts of the country while the unusable remainder of the firm's assets were to be "junked." The Newburgh wire mill had been purchased solely to prevent others from using its facilities. An astonished Telegram concluded, "And so ends the

desert mirage held out in the distant visions of hundreds of skilled mechanics and cottages filled by the families of contented workingmen."³¹

In 1900 the Telegram observed, "It has taken Newburgh exactly seven years to strike bottom." The nation as a whole was well on the way to recovering from the depression of 1893 to 1897, but in Newburgh the situation had scarcely improved. The census for that year confirmed that there had been no appreciable increase in the city's population for the first time since the crisis brought about by the Erie Railroad. The iron and machinery business had "gone to pot" and recovery seemed unlikely since the wave of late 19th century industrial consolidations had strengthened the position of the Pennsylvania and mid-Western competitors.³³ The building trades, formerly the largest sector of Newburgh's employment, were completely inactive. Ten years earlier nearly two-hundred homes were built annually; but only three houses were constructed in 1899, and none through the first half of 1900.³⁴ Rents declined sharply and one realtor lamented, "There is no real estate market to quote, and hasn't been for a number of years."³⁵ Some of the city's more enterprising unemployed took to planting potatoes in the vacant lots of the city, and some fifty families were sustained by these rustic experiments in urban economics.³⁶

Those who had waited patiently for the city's economic recovery began to give up hope. The city's leaders--Wright, Whitehill, Delany, Kilmer, Beckman, Dickey and others--had been unable to save their own firms, much less rebuild the economic foundations of the entire city. Wright had died penniless in a Brooklyn tenement. Whitehill, too, had died shortly after his firm's failure, and his brother was left to fight unsuccessfully for local control of the engine works. Ramsdell had divided the largest portion of his estate among his grandchildren, thereby minimizing the extent to which his wealth could be immediately wielded for local enterprise after his death in 1895. Beckman was fired shortly after his gas and electric company had been absorbed by General Electric. The Newburgh Steam Mills had come under absentee ownership and were to be closed within the decade. And if local industrialists had proven incapable of orchestrating Newburgh's economic revival, it now seemed doubtful that the various absentee owners would take on Newburgh as their charge.

These were the undercurrents, then, that the aforementioned Newburgher disingenuously omitted from his discussion with the traveller from Middletown in the autumn of 1900. Newburgh had indeed undergone a transition from a commercial town to a manu-