

HISTORICAL INTRODUCTION

AS THE RAILWAY AGE developed, Ohio provided a perfect environment for the railroad promoter. By the mid-nineteenth century the state benefited from a growing and industrious population; boasted a large number of expanding towns and cities; claimed a plethora of booming and prosperous farms, businesses, mines, and factories; and possessed farseeing, risk-taking entrepreneurs who effectively tapped pools of investment capital. Even the terrain was mostly attractive, posing no major construction obstacles. When the final boom in railroad construction ended in the five-year misery known as the Panic of 1893, ribbons of rail laced Ohio, providing most localities with “the oxygen of life.” After hard times lifted, modest construction continued; in 1908 the Ohio rail network peaked with 9,581 route miles. Residents of all 88 counties enjoyed access to the iron horse. In fact, it was not unusual for a community to have two or more carriers.

The evolution of the Ohio railway network mirrored what occurred in other settled sections. The earliest carriers were primitive affairs, best represented by the Mad River and Lake Erie Rail Road that in 1837 opened between Sandusky and Bellevue, a distance of 16 miles. These short lines typically connected bodies of water with inland areas. Later, longer roads appeared, often absorbing these pioneer pikes. Then, following the Civil War, system building gained momentum. Once the national economy recovered from the hard times of the mid-1870s, capitalists fused together various carriers, usually by direct purchase or through long-term lease. These financial deals created regional and interregional networks. In 1879, Jay Gould, arguably the most talented and aggressive railroad financier of the Gilded Age, took charge of the future Wabash Railroad and used the Toledo, Wabash, and Western Railway that stretched between Toledo and St. Louis as a principal unit for his Wabash, St. Louis, and Pacific. This imposing property extended from Toledo and Detroit to St. Louis, Chicago, Omaha, and Kansas City. The Wabash was hardly the only “system” of the era. Even more impressive combines emerged, best illustrated by the New York Central (NYC) and Pennsylvania (PRR) Railroads.

In 1881, against this backdrop, the Columbus, Hocking Valley, and Toledo Railway (CHV&T), the core component of the future Hocking Valley Railway,

made its debut. This 323-mile road was a true system, being composed of three related carriers: the Columbus and Hocking Valley; the Columbus and Toledo Railroad; and the Ohio and West Virginia Railway. While not an NYC, a PRR, or even a Wabash, the CHV&T achieved the status of being much more than a small, intrastate short line. It served two major railroad centers, Columbus and Toledo, and hauled both local and interchange or “bridge” traffic. Still, the CHV&T was hardly a major-league carrier, operating as it did only a modest number of often poky trains over a modest physical plant. The company never claimed the sort of high-speed “ballast-scorching” express train that became the hallmark of the mightiest roads.

Although the nation’s largest and busiest carriers usually avoided bankruptcy, at times lesser roads fell into the hands of court-appointed receivers. Trunk roads like the Baltimore and Ohio, the Erie, and the Wabash experienced receiverships and, in the case of the “Weary Erie,” multiple corporate failures. Smaller roads likewise encountered difficult economic times, forcing reorganizations. When in 1897 the CHV&T came under court protection, the company was hardly unique, for nationwide scores of railroads failed during the deep depression of 1893–97. Yet midwestern carriers tended to be more financially stable than those in other sections of the country, especially the South. Indeed, the record for the road in bankruptcy the longest was held by the 500-mile Georgia and Florida Railroad (“the God-Forgotten”), the poster child for a chronically troubled carrier. The CHV&T, reconstituted as the Hocking Valley Railway, ended its receivership in 1899 after only two years, exemplifying the basic soundness of most midwestern and Ohio carriers.

Throughout the remaining history of the Hocking Valley, corporate events mostly mirrored those of other American railroads. During the halcyon years of the early twentieth century the HV sought to improve its position, developing a close corporate relationship with the Toledo and Ohio Central, the Kanawha and Michigan, and the Zanesville and Western, subsequently units of the NYC system. However, legal forces, influenced by a strong anti-corporate, progressive reform movement, forced an end to the HV’s involvement with these three companies. Still, the HV remained in control of two smaller properties, the Wellston and Jackson Belt Railway and the Pomeroy Belt Railway.

Although the HV sought to strengthen itself, the company lacked true independent status, being jointly owned. Several of the region’s most powerful roads, including the B&O, Chesapeake and Ohio, NYC, and PRR, held

significant amounts of the outstanding stock of the HV. During the heyday of the Railway Age the corporate picture nationally was replete with larger carriers owning either a controlling or substantial interest in other firms, creating what contemporaries called a “community of interest.”

In the case of the HV, though, the C&O became the dominant force, holding after 1910 slightly more than two-thirds of HV’s common stock. This led to a sensible corporate and traffic arrangement. When the C&O built one of the last lines in Ohio, a connector of more than 60 miles from its trackage at Waverly to Parsons and an interchange with the HV, the C&O could move shipments of coal directly to the Port of Toledo and connecting Great Lakes boats. This relationship with the HV as a subsidiary worked well until 1930, when the parent absorbed its Ohio property.

At the time the HV lost its corporate identity, the C&O, while retaining its identity, belonged to a prominent business combine. It was a key part of the sprawling railroad empire controlled by two resourceful Cleveland businessmen brothers, Oris Paxton Van Sweringen and Mantis James Van Sweringen, the “Vans.” Indeed, the C&O emerged as the most stellar unit of the Vans’ holding company, the Alleghany Corporation, which also dominated such trunk roads as the Chicago and Eastern Illinois, Erie, Missouri Pacific, Nickel Plate, and Pere Marquette. As the Great Depression worsened, the relatively stable C&O kept the Vans’ financial house of cards from totally collapsing. In 1935, a restructuring through creation of another holding company further stabilized part of the empire, but then the two brothers died suddenly of natural causes. Not long after their deaths the Alleghany Corporation became the domain of another financial wizard, Robert Young. The C&O, together with its HV component, remained free of the bankruptcy court and became a money machine following the end of the Great Depression. The HV had joined with a winner; the company’s somewhat roller-coaster existence had concluded on the high end.

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Clemson University



UNITED STATES OF AMERICA. STATE OF OHIO.

The Hocking Valley Railway Company.

First Consolidated Mortgage 4½% Registered Gold Bond.

KNOW ALL MEN BY THESE PRESENTS, That The Hocking Valley Railway Company, a corporation (hereinafter called the Railway Company), for value received, promises to pay to

or assigns, the sum of

ONE THOUSAND DOLLARS (\$1,000)

in Gold Coin of the United States of the present standard of weight and fineness,

**ON THE FIRST DAY OF JULY,
1999**

at the office or agency of the Railway Company in the City of New York, N. Y., and to pay interest thereon from the first day of January or July next preceding the date hereof, at the rate of four and one-half per cent per annum until the said principal sum shall have been fully paid; such interest to be payable semi-annually at said office or agency, in like gold coin, on the first day of January and the first day of July, in each year, until the payment of said principal sum.

Both the principal and interest of this bond are payable without deduction for any tax or taxes or stamp duties which the Railway Company may be required to pay, or to retain therefrom, under or by reason of any present or future law of the United States, or of any State, County or Municipality therein; the Railway Company hereby agreeing to pay all such tax or taxes and stamp duties.

This bond is one of a series of coupon bonds and registered bonds of the Railway Company, known as its First Consolidated Mortgage 4½% Gold Bonds, duly authorized and approved by the Board of Directors and the Stockholders of the Railway Company, bearing interest at the rate of four and one-half per cent per annum from July 1, 1899, until the full payment of said principal sum, issued and to be issued in pursuance of and subject to, the terms of the mortgage or deed of trust next hereinafter referred to; but so that the aggregate amount of said bonds, both coupon and registered, at any one time outstanding never shall exceed the principal sum or Twenty Million Dollars.

All of said bonds are equally secured by the First Consolidated Mortgage, dated March 1, 1899, executed to Central Trust Company of New York, a corporation of the State of New York, as Trustee, by The Hocking Valley Railway Company and The Buckeye Coal and Railway Company, both being corporations organized under the laws of the State of Ohio, upon property of the said two companies severally and respectively, as mentioned and described in said mortgage or deed of trust, to which reference hereby is made for a description of the nature and extent of the railway, property and franchises mortgaged, and of the security and rights of the holders of said bonds under the same, and of the terms and conditions upon which said bonds are issued and secured.

This bond is transferable by the registered holder thereof in person or by attorney duly authorized, on the books of the Railway Company, at its office or agency in the City of New York, upon surrender and cancellation of this bond; and thereupon a new registered bond will be issued to the transferee in exchange therefor, as provided in said First Consolidated Mortgage, and on payment, if the Railway Company so shall require, of the charge therein provided for.

This bond shall not become obligatory for any purpose until it shall have been authenticated by the certificate, hereon endorsed, of the Trustee under said mortgage or deed of trust.

IN WITNESS WHEREOF, The Hocking Valley Railway Company has caused these presents to be signed by its President, or its Assistant to the President, or one of its Vice-Presidents and its corporate seal to be affixed hereunto, and to be attested by its Secretary or Assistant-Secretary, this

day of

**THE HOCKING VALLEY
RAILWAY COMPANY,**

Attest:

By

Secretary.

President.