Vantage on the Bay: Galveston and the Railroads

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On the eve of the Civil War, Galvestonians cockily proclaimed, "The steady increase in the trade and general business of Galveston leaves no room to doubt that it must ere long rival many of the principal sea ports of the South." Indeed, the city possessed locational endowments so overwhelming that its prosperous destiny seemed certain. Located on an island off the Texas coast, Galveston possessed a harbor which many observers contended was the best along the entire Gulf coast, from Pensacola to Vera Cruz, and this harbor contributed to the city's antebellum prosperity. In 1860, for example, the port handled almost $16 million in cargo. Galveston never realized its early promise, however, and by the beginning of the twentieth century, upstart Houston replaced it as southeast Texas' premier port. Geographic advantages notwithstanding, human underachievement was responsible for Galveston's relative failure.

ENTREPRENEURSHIP AND URBAN DEVELOPMENT

Locational factors alone do not preordain a city's economic success. Urban capitalists and politicians are important, particularly those who display entrepreneurial characteristics. Urban entrepreneurs are innovative capitalists and public officials who promote the town by creatively applying any societal resource to encourage community growth. They differ from ordinary town promoters who boost the local economy, but in a non-creative, non-innovative fashion.

Urban entrepreneurs are builders of infrastructure. Essential to any city's economic success is the provision of an infrastructure which will make the community more economically viable. Such infrastructure contributes goods or services which local businesses need not provide themselves (e.g. highways, railroads, canals, waterfront improvements, industrial parks) and which are vital for specific forms of business activity. Although the provision of these goods or services may be publicly or privately administered, the pattern in which they are made available and distributed has a definite bearing on a city's success. This pattern constitutes the infrastructure and can include transportation systems, utilities, educational facilities, and a skilled labor market. Entrepreneurs can affect a city's economy by preparing or planning infrastructural development.

They exert this influence by being innovative, that is, by "creatively applying societal resources." They may adopt innovative infrastructure, one which is new to their community and which has not gained wide-
spread acceptance elsewhere, particularly among the city's closest rivals. Or they may introduce a more conventional infrastructural form by using innovative strategies, which consist primarily of booster methods which few other communities have applied. Those capitalists or politicians who begin and direct such innovative initiatives are entrepreneurs.

In a city where the capitalists and politicians are not innovative, the consequences may be grave. The city will be slow to adopt new types of infrastructure that may give it an "edge" over rival communities. Or it simply may fail to attract a relatively common infrastructure, but one which—if applied with a bit of creativity—could have a favorable impact on the city’s economic progress. In either case, the city either will collapse or will decline in relation to its closest competitors. This brief study of Galveston will illustrate these arguments.

Although Galveston enjoyed excellent locational advantages, the city's capitalists displayed few entrepreneurial qualities. During the 1850s Houston confronted Galveston with a rather serious challenge. Houston's capitalists had organized and directed a series of railroad projects, which by 1860 established that city as an important rail hub. The Bayou City's railroad tentacles penetrated into north central Texas (The Houston and Texas Central), plunged into the sugar producing region of Brazoria County south of the city (The Houston Tap and Brazoria), and extended to the Louisiana border (The Texas and New Orleans). In addition, the Houston Tap and Brazoria fed into the Buffalo Bayou, Brazos, and Colorado Railway (B.B.B.C.) which ran to Columbus in central Texas. Galveston's response to this challenge from Houston was hardly an entrepreneurial one, and it would have an important bearing upon consequent developments in those two cities.

GALVESTON AND RAILROAD DEVELOPMENT: EARLY ATTITUDES

Even though Galveston merchants, financiers, and lawyers were interested in railroads prior to 1856, their interest was not terribly keen. When the Galveston Bay and Red River Railroad (later renamed the Houston and Texas Central) was chartered in 1848, Willard Richardson, editor and publisher of the Galveston News, praised the line's Houston promoters but at the same time urged that investment come predominantly from those who directly benefitted from it, namely, landowners in the territory through which the railroad would pass. He did not encourage Galveston's businessmen to support the company.' Hamilton Stuart, editor and publisher of the Galveston Civilian, expressed similar caution:

The project, we think, is well worthy of the careful attention of our citizens. . . . The scheme is one of no insignificant
magnitude. It will require time, energy, and means to carry it out; and these must be yielded liberally and boldly to secure success. On the other hand, economy and caution are equally necessary, and their neglect may defeat the measure after all the necessary means and appliances have been secured.

Following such advice, the Galveston business community maintained extreme reluctance toward railroad enterprise. In 1850, the city's merchants shunned Ebenezer Allen, a fellow Galvestonian and founder of the Galveston Bay and Red River Railway (G.R.R.), who asked them to subscribe to stock in his company. Such an investment was too uncertain, argued John B. Jones, speaking for the city's merchants, because the state's trade could not generate sufficient income to support even one railroad.

Similarly, in October 1852, Houston's railroad promoters challenged the city of Galveston to match their town's $200,000 subscription to the G.R.R., but Richardson scoffed at their request. Such an investment, he claimed, made little sense, as the "immediate benefits would accrue to Houston." Although Richardson regarded the enterprise as a practical one, he further protested that local capital could not be invested until the road was extended to Houston:

When the road is extended to Houston, we doubt not but that our citizens will endeavor to do their part by extending it still farther to Galveston... We are willing the terminus should remain at Houston until the energies of the county may require it to be extended to this point. And we are all the more willing for this, because, as we have before said, our citizens admit their inability to build railroads at this time without taking the capital which is absorbed in business upon which they depend for support.

As the editor of the News admitted, Galveston capitalists were unwilling to risk their own capital in railroad endeavors. Content to see Houstonians project rail lines throughout the countryside, they promised only enough assistance to connect Galveston with the Houston system.

A corresponding attitude marked Galveston's response to the B.B.B.C. When the La Grange Monument appealed to Houstonians for investment in this Brazos valley railroad, Francis Moore, editor-publisher of the Houston Telegraph and Texas Register, cited Galveston's lack of interest:

If the railroad then is intended to be the main route from Austin to Galveston, the editor of the Monument should not complain of the citizens of Houston doing no more than the citizens of Galveston toward constructing the road. He surely
cannot expect that the citizens of Houston will come forward and offer to furnish funds to complete the road, when as yet the citizens of Galveston have not subscribed to a single dollar stock in the railroad."

As Moore correctly reported, Galveston's capitalists were not interested in the B.B.B.C. Jonathan Barrett, President of the B.B.B.C., labored continuously to solicit Galveston investment in his railroad. He and the company's officers promised to establish their Harrisburg terminal as an outlet for Galveston commerce. Their plan envisioned hinterland trade arriving at Harrisburg, from where it would be lightered to Galveston's wharves for ocean shipment. Accordingly, in 1853, Barrett and John Tod, the company's assistant treasurer, spent considerable time trying to convince Robert Mills, a leading Galveston merchant-financier, to invest in the road. Mills declined, however, thinking it foolish to invest in the B.B.B.C. until it actually commenced service to Harrisburg.

Barrett himself bore part of the blame for Galveston's non-response. He was reluctant to extend the B.B.B.C. from the mainland to Galveston Island, because, at an estimated cost of $500,000, a "Galveston Connection" was too expensive. His thinking was that Galveston would always "communicate with the rest of the country through the Gulf," and that it would be less costly to purchase "three boats costing $20,000 each" to "do the business by water." Barrett thought that the attraction of a Harrisburg railhead would entice Galveston capital to his company, but he was wrong, misjudging the attitude of Galveston's business community. If the B.B.B.C. was about to prepare a Harrisburg terminal for Galveston-bound trade, then why should Galveston merchants invest their own capital in this project? They could merely dispatch their own steamboats to Harrisburg, without having to invest a cent in Barrett's company.

By the mid 1850s, however, most Galveston capitalists had recognized the importance of railroads, and a few even began to assist railroad construction. In May 1855, Barrett chaired a meeting at which he solicited subscriptions from several of Galveston's leading merchants, bankers, and businessmen: Jonathan Dean, Jonathan B. Jones, Hugh McCleod, J. C. Kuhn, A. Ball, Henry Sheldon, E. B. Nichols, J. W. Jockusch, Willard Richardson, L. M. Hitchcock, and J. F. Waddell. In a November 1855 editorial, Richardson fully endorsed Barrett's railroad, gave assurance that it was "no moonshine speculation" and promised that "any aid our citizens may extend will only help to expedite it so much more."

It would appear that Galvestonians had reversed their stance on railroads, but in fact they only viewed them as subordinate to their
city's advantages as a seaport. Willard Richardson observed that the Houston & Texas Central (formerly the Galveston Bay & Red River) would "enable the produce of the country to reach this place [Galveston] with almost as much cheapness and dispatch, as if the road had its terminus here; for the close connection that must be established and kept up between the steamers and the cars, will prevent any material delay, beyond the few minutes required to transfer passengers and freight from one to another." As Richardson indicated, Galvestonians finally had recognized the worth of railroads, but only as a means for funneling hinterland trade to Galveston steamboats.

Though aware of the railroad's importance, Galveston capitalists still regarded a water-oriented infrastructure vital, almost sufficient in itself to ensure their city's economic prosperity. Expressing this attitude, Richardson wrote:

We have always looked upon our navigation ... as affording to Galveston and the people of the country, nearly all the advantages of a railroad of the same extent. The great difficulty is that this navigation does not extend far enough and this deficiency can only be supplied by railroads. But for the purposes of transportation, this navigation ... answers nearly all the ends of a great railroad trunk, and we shall feel about the same interest in railroad connecting with it, and drawing trade from different parts of the country, as we should if those roads were the branches leading to this city."

Galvestonians were uninterested in building their own railroads, as long as they could maintain a water connection with any mainland rail system. They saw nothing dangerous in Houston's railroad promotion, provided that Galveston barges were allowed to dock at that city's wharves.

Throughout the decade, Galveston capitalists emphasized harbor and wharf improvements, a conventional form of infrastructure, and clung stubbornly to their belief that the Island City's status as a natural port would sustain future growth. The vehicle for enhancing these waterfront facilities was the Galveston Wharf and Cotton Press Company, a semi-public corporation in which one-third of the stock was owned by the city of Galveston. Associates of the company were prominent Galveston merchants and bankers: M. B. Menard, Samuel M. Williams, Stacy B. Lewis, J. S. LeClare, Henry Williams, John Sealy, Henry Rosenberg, J. L. Darragh, Isadore Dyer, J. G. Duffield, C. G. Wells, Thomas Shearer, A. F. James, Henry de St. Cyr, Robert Mills, and E. B. Nichols." Chartered in 1854, the Wharf Company absorbed, combined, and purchased all competing firms, creating in their stead a monopolistic service for handling and processing commerce on the
Galveston waterfront. The company charged excessive fees, paid huge dividends to its investors, and plowed most of its profits back into harbor and waterfront improvements. At the time, Galveston merchants saw this enterprise as the primary means for increasing their personal wealth and their city's prosperity. As such, they preferred the Wharf Company to any railroad endeavor.

Prior to 1856, Galveston capitalists lacked innovation in their infrastructural choice. They were followers—not leaders—in railroad building. Where Houston's business community organized its own railroad system with local capital and then urged other jurisdictions to join the effort, Galveston's merchants delayed, waiting until hinterland towns and settlements demonstrated faith that they would invest in railroads. Even then, Galvestonians maintained a "wait-and-see" attitude, fearing that their capital would subsidize growth at various back-country locations. In the meantime, they firmly held to the ideal that theirs was the best port in the state and neglected to create a Galveston-oriented rail network. Galvestonians would have been much more innovative (and hence, entrepreneurial) had they adopted railroad infrastructure at an early date and committed their capital and their efforts to building a rail network with its intersection at Galveston.

GALVESTON AND ITS RAILROAD

By 1856, Galvestonians recognized Houston's threat to their commercial advantage. If Houston persisted in building railroads, including one connecting with New Orleans, Galveston could become isolated from mainland commerce and could lose its reputation as Texas' premier port. As a result, previous beliefs began to change, and Galveston at last initiated its only antebellum railroad—the Galveston, Houston and Henderson (G.H.&H.).

Chartered in 1853, the G.H.&H. immediately began construction to Houston from Virginia Point, a spot on the mainland near Galveston Island. Feeling that a B.B.B.C. terminal at Harrisburg would suffice as a rail outlet for their commerce, Galveston merchants and financiers withheld support from the G.H.&H., and in February 1856, only three miles had been finished. But with Houston's railroad enterprise looming larger and more foreboding, the G.H.&H.'s directors were able to push construction forward, completing twenty miles by May 1857. In June 1859, the entire forty mile distance between Virginia Point and Houston was "ironed out."

The company's shortage of capital was an immediate—but not an underlying—cause for the construction delay. The G.H.&H. relied on French and British capital, as W. J. Valentine, a British investor, reminded his compatriots in Galveston: "The large amount of capital
for constructing the line has not been furnished by your citizens; it is foreign capital..." Valentine's remarks came after an inspection trip to Galveston in which he attempted to exhort Galvestonians to carry the enterprise forward. Supervising the company was not exactly a local operation either, as in 1857, Richard Kimball, a New York railroad promoter, was the company's president, while Valentine, T. P. Anderson, and W. C. Lacey—all non-Texans—served on the board of directors. Without the backing and efforts of local capitalists, the road remained a speculative enterprise, profiting mostly those who bought and sold stock in paper railroad companies.

In May, 1857, Galvestonians began to exhibit more enthusiasm toward the G.H.&H. At the May 9 celebration marking the completion of twenty miles, Judge Leslie Thompson and Hugh McCleod, a Galveston merchant, urged the city to build a bridge linking Galveston with the mainland road. Kimball had proposed this project at a special session of the city council held on May 7. With Thompson, McCleod, J. S. Sydnor, Thomas M. League, and other Galveston businessmen present, the council submitted for voter approval a $100,000 bond issue to finance bridge construction to Virginia Point. Wanting speedy approval so as to forestall any opposition, the council scheduled the election for May 19.

The drive for voter ratification was swift and decisive. At a May 12 organizational meeting, Mayor J. H. Brown, M. M. Potter, Henry de St. Cyr, J. S. Sydnor, R. H. Howard, and H. H. Andrews established a series of three-member committees to campaign in each ward, to make certain that people voted, and to provide "conveyance for those who asked for it." At one public rally, St. Cyr, John B. Jones, Potter, and Leslie Thompson quieted fears that Galveston was assuming too much responsibility for the project. According to the Galveston News, they expressed their "hearty concurrence in the proposed measure, their conviction that its importance was such as to decide the future destiny of our city for weal or for woe, if defeated." Of this effort, St. Cyr observed, "Never before have we known so much unanimity and enthusiasm manifested by our citizens on any public question." Voters approved the issue 741 to 11, whereupon Mayor Brown appointed Sydnor, League, and Thompson to confer with G.H.&H. officials and report a plan for "carrying out the will of the people." Following this early spurt of enthusiasm, Galvestonians resumed more lackadaisical ways. The city council did not want the city to assume total responsibility for the project and hesitated to let contracts for building the bridge. Fearing that the city would pay for a bridge that would profit a private company, Galveston officials wanted some assurances that the G.H.&H. would also contribute to the project. This delay caused an exasperated St. Cyr to declare:
Is it proper or not that the city of Galveston should build the bridge? The talking about it will probably take from 3 to 6 months more, the negotiations for the contract as much longer, and the actual building of the bridge, when it is commenced, will require another 6 months before it is completed. Considering that public opinion in this case has been formed and manifested with a degree of unanimity seldom ever witnessed, I think the time I have allowed for further discussion, negotiation, and action is quite sufficient to cover all reasonable causes for further delay in this great enterprise.  

In July 1858, a breakthrough finally came. St. Cyr called a meeting attended by E. B. Nichols, James Sorley, Hugh McCleod, J. S. Sydnor, L. A. Thompson, Thomas League, and B. S. Parsons, whereupon he urged the city to "quickly begin construction." St. Cyr asserted that if the city would only provide the bridge structure, the G.H.&H. would then lay the track. He further promised that an agreement amenable to the city's interests could be reached with the company. The city and the company accepted St. Cyr's proposal and drew a contract, in which the city promised to begin construction immediately. Galveston agreed to issue $100,000 in bonds, the proceeds from their sale to be paid directly to a private contractor for building the bridge. The G.H.&H. was required to service the bonded debt and to maintain the bridge in good repair, while the city would hold title to the right of way.  

Bridge construction began in September 1858, but not until April 1859 did work begin on the line between Galveston and the bridge. Finally in February 1860, the bridge and its approaches were completed, and the G.H.&H. was open to rail traffic between Galveston and Houston—almost three years after Galveston voters had approved the issuance of bonds for bridge construction. Perhaps the Civilian best summarized the story of this enterprise which gave Galveston rail access to the mainland when it remarked, "The bridge is built . . . notwithstanding the many blunders which delayed completion of the road."  

RAILROAD PROMOTION AT GALVESTON  

Although the Galveston Bridge was among the longest in the United States at the time, the problems that stalled its construction were not technological ones, for it took but a short time to build the bridge. A major difficulty was that Galveston capitalists only apathetically were involved in the project. At one point Willard Richardson became so frustrated that he lambasted the local business community:  

... Is it not strange with all our wealth, population, and local advantages, we cannot even muster enterprise enough to build
a bridge across our bay to bring the road built by others into town . . . ? Well, if apathy does any good, we think we have built our share of the bridge."

In 1856, Richardson similarly had chided Galvestonians for "waiting as we have been waiting for the 20 years past, for the people of the country, or for capitalists from abroad, or for railroad corporations, or for somebody else beside ourselves, to make some great highway by which the trade of the interior may pass its wealth into our laps and give a tenfold value to our property.""

Richardson's assessment of Galveston's business community was essentially correct. Galveston businessmen were capitalists without foresight, timid merchants who only sporadically invested in railroads and other internal improvements and who consistently expected others to carry the brunt of investment responsibility. They hesitated when it came to railroad enterprise and sought ways to minimize their risks, rather than taking initiatives that would have penetrated the hinterland barrier and expanded local accumulation opportunities.

Had Galveston established rail connections with mainland producers, the city's merchants might have been able to steer hinterland trade directly into the Island City. Instead, local capitalists first watched Houston's entrepreneurs build railroads into the frontier and then tried to connect their "trunk line" (the G.H.&H.) with the Houston railroads. Houstonians balked at this prospect, and their city's board of aldermen refused permission for the G.H.&H. to establish a direct rail connection with the Houston and Texas Central."

The aldermen thought that the G.H.&H. would merely tap into the Houston-oriented rail network, thus allowing hinterland trade to flow directly into Galveston without pausing for transhipment at Houston."

The connection was finally made in 1865, when the Galveston and Houston Junction Railroad provided the necessary link."

Taken as a whole, Galveston businessmen were not entrepreneurs. That is, they failed to adopt the railroad infrastructure at a time when such a move could be judged as innovativive. Instead, they hesitated and allowed Houston the opportunity to apply this innovation and become an important rail hub. Throughout this episode, Galvestonians exhibited limited foresight, imagined few new vistas for local commerce, and stalled when more creative members of the business community suggested daring alternatives. Yet Galveston's citizens had ample opportunity to foster railroad development in the state and thus to create an infrastructure that would complement their port's mercantile advantages. Why did they not invest in the Galveston Bay and Red River Railroad before it became the Houston and Texas Central? Why did they decline to subscribe to stock in the B.B.B.C., a move which could have given
their city a direct rail connection to the Texas frontier? Why did they wait so long to build a rail trestle to connect the island with the mainland? In short, why did Galveston capitalists not take a more energetic role in transportation enterprise?

Again, Richardson provides an appropriate answer: "... The impression seems to have been that the great natural advantages of Galveston, as the commercial emporium of Texas, are such as cannot be counteracted by the rival interests and enterprise of other places and that those advantages will secure our future prosperity even in spite of ourselves." Galvestonians saw little sense in investing their capital in railroad enterprises when the community's prosperity seemed ensured by its location on Galveston Bay. Furthermore, because Galveston served as a natural staging point for all Texas commerce, it was expected that railroads would have to come to the city anyway.

Richardson, however, observed that dogmatic faith in Galveston geographic advantages could prove fatal and disastrous for city's property owners. In 1856, for example, he warned:

> It may be true that Galveston is destined eventually to become a large commercial seaport, whatever our present property holders may do or may not do. But it should be remembered that TIME, with most of us at least is an important consideration in our estimate of what may or may not take place in the future. ... Without some new impulse given to our trade, without some more effort to make Galveston accessible as a market for the back country, the next twenty years will probably be as fruitless as those that are past. Does any man suppose it possible for Galveston to become anything more than a secondary place of trade, or rather port of establishment for the trade of other places, without some connection with the mainland?"

And when Galvestonians finally began to heed Richardson's warning and became more interested in railroad construction, the only significant effort was the trunk line to Houston (G.H.&H.). As far as Galveston merchants were concerned, however, the G.H.&H. was quite sufficient: "The trade of all parts of the interior of our immense state is gradually being concentrated at this port by means of the various railroads now in progress of construction, all of which, with but one or two exceptions, are either in connection, or soon will be, with the trunk road from Houston."

This trunk road, in effect, established Houston as a break-in bulk point for Galveston commerce and did not provide Galveston with direct rail connections with the Texas hinterland. That is, interior
produce first arrived in Houston via one of its railroads, was unloaded and placed on cars bound for Galveston via the G.H.&H. Galveston merchants shortsightedly viewed the trunk as a transportation artery which complemented their city's natural advantages, but in reality it made Galveston commerce dependent upon a Houston-oriented rail network and enhanced Houston as a competitor to Galveston.

GALVESTON AND THE RAILROADS: THE POST-CIVIL WAR PERIOD

Following the Civil War, Galveston businessmen belatedly recognized that the inadequate rail infrastructure indeed could isolate their city from the rest of the state. Galveston was heavily dependent on the Houston trunk, a weakness which Houston merchants often exploited. During the fall of each year, rumors would circulate of a yellow fever epidemic in Galveston, and Houston would quarantine all Galveston commerce. It so happened that these yellow fever epidemics coincided with the cotton harvest, a situation which forced all of Houston's cotton shipments to be rerouted around Galveston.¹⁰

Another threat involved the post-war expansion of the transcontinental rail system. The Texas rail network converged at Houston, "cutting Galveston off on every side," and it was evident that goods could be transported to Eastern markets without passing through Galveston at all. Accordingly, Galveston capitalists feared that existing transportation routes would enable commerce to bypass their city to the benefit of other Gulf Coast cities—namely, Houston, Port Lavaca, New Orleans, or Mobile.¹⁰ They summed up their fears in an 1871 document which urged the immediate construction of a Galveston-oriented rail system:

Galveston is purely a commercial city. Successful commerce at the present day means simply the cheapest and quickest method of exchanging commodities; and look where we will, we see those commercial centres the most prosperous that control the quickest transit connections between producer and consumer . . . Galveston has not, nor never can have one-fifth the degree of prosperity naturally due her geographic position, unless her citizens control her avenues of commerce and make them more than equal to those that her competitors are using against her.¹¹

By the 1870s, Galveston had begun to acquire alternate rail contracts to the mainland. In 1870, T. W. Pierce, an eastern railroad promoter, and a few Galveston associates chartered the Galveston, Harrisburg, and San Antonio Railroad Company (G.H.&S.A.). This road acquired the property of the B.B.B.C. and extended track to San
In 1877, it connected with the G.H.&H., thus giving Galveston a direct linkage to San Antonio. In 1881 it merged with Collis Huntington’s Southern Pacific system, and Galveston had at last tapped the transcontinental rail network.

Another railroad, the Gulf, Colorado and Santa Fe (G.C.&S.F.), was more of an entrepreneurial effort in that it was inspired and organized by Galveston businessmen. Incorporated in 1873, the G.C.&S.F. roughly paralleled the old B.B.B.C. route until it reached Richmond, where it turned northward toward the Panhandle to connect with the Santa Fe system. By 1886, several branch lines had been established, and the line had given Galveston direct rail contact with interior towns, such as Fort Worth, Dallas, and Temple.

Both the Santa Fe and Southern Pacific railroads were of a defensive character. Neither isolated Houston or diverted commerce around that community, since both built spurs to the Bayou City. Instead, they gave Galveston direct access to the interior and forestalled any attempts to isolate Galveston from the mainland.

THE RAILROADS’ ECONOMIC IMPACT

Although the Gulf Coast railroads decisively enhanced Houston’s economy, the Bayou City’s rail infrastructure did not immediately subvert Galveston’s prosperity. During the years 1856 through 1860, Galveston County’s aggregate property value increased from $3,976,000 to $7,265,000, an 83% gain. Land values rose from $1.14/acre to $3.55/acre, an increase of 211% and the total value of town lots grew from $2,420,000 to $5,126,000, a 116% increase.

A closer measure of Galveston’s prosperity is revealed in commercial data. Between 1856 and 1860, the value of Galveston exports increased by 196%, from $4,344,000 to $12,873,000. Cotton shipments fluctuated during this time frame, probably due to seasonal variations, but at no time did Galveston export less cotton than Houston. In fact, Galveston handled 119,563 bales/year between 1856 and 1860, whereas Houston averaged only 73,683 bales/year. Clearly, Houston’s railroads did not immediately undermine the Island City’s commercial success.

In fact, throughout the nineteenth century, Galveston reigned supreme, at least from a mercantile standpoint. In 1890, Galveston transported $51,588,000 worth of cargo, as compared to Houston’s $13,881,000, and Galveston’s cotton shipments were twice those of Houston (893,944 bales to 322,384 bales). Furthermore, Galveston handled over 79% of Texas cotton crop in 1890 and over 82% in 1900. Despite Houston’s status as a railroad center, Galveston still was mightily significant as an entrepot.
By the turn of the century, however, Galveston and Houston had developed two entirely different economic bases, and the latter's was more adaptable to the industrial spurt that would occur in Texas during the twentieth century. Following the Civil War their two economies diverged in different directions. In 1870, Galveston's manufacturing was more significant. It had more manufacturing establishments than Houston (91 to 64), and the city's total value of manufactured goods was $1,215,000, compared to Houston's $579,000." During the remainder of the nineteenth century, however, Houston experienced a tremendous industrial surge, until by 1900, its manufacturing output was twice that of Galveston's. In that year, Houston factories produced $10,642,000 in manufactured products, while Galveston firms manufactured $5,016,000 in industrial goods."

Furthermore, by 1900 each city possessed a different industrial mix. In that year, a significant proportion of Houston's manufactured products was associated with higher order industries, with over 40% of the value of the city's manufactured goods coming from railroad shop construction, foundry and machine products, sheet metals, brick and stone, and cotton seed oil. Also prominent were processing, mercantile, and service industries, such as cotton compressing, bread and bakery, carpentering, confectionery, and lumber."

In contrast, Galveston's industries were predominantly mercantile and processing in nature. The city's most important manufactured products derived from industries upon which its commerce depended: cotton compressing, flour and grist, lumber, bread and bakery, printing and publishing. Aside from its shoe industry and foundry operations—which together accounted for only 7% of the value of Galveston's manufactures—the Island City's economy was much less oriented toward heavy industry and far less diversified than was Houston's."

Although Houston's railroads had failed immediately to place the city on an economic par with Galveston, they did enable the Bayou City to become a major transhipment center for Galveston-bound trade. As a result, the community became viable as a site for processing and packaging industries, until by 1909, it had become a preeminent manufacturing center, contributing nearly 9% of the total value added to Texas manufacturers."

Thus, Houston's railroad network constituted an infrastructural asset that was particularly applicable at a later time, and as a result, its effect upon the Houston-Galveston rivalry was not noticeable until several years after the railroads were put into operation."

CONCLUSION

Galveston capitalists responded to railways in a most non-entrepreneurial fashion. Proceeding with caution and skepticism, the
city's merchants at first were unwilling to invest their own capital in railroad enterprise because they feared that such investment would impart advantages to interior towns. They reasoned that Galveston's superiority as a seaport would inevitably attract the railroads, that interior towns needed Galveston more than Galveston needed them, and that railways could not bestow advantages any greater than those already supplied by the city's magnificent harbor. After all, the argument continued, Galveston was and would continue to be Texas' commercial emporium; so why rush into railroad construction when there was no need to?

By neglecting railroad enterprise, Galveston's capitalists permitted Houston's entrepreneurs to challenge their preeminence. Houston became a transhipment center for Galveston-bound trade, relegating the Island City to dependence upon the Houston rail system. In addition, railroad development allowed Houston to create a diversified economic base, establishing both mercantile and industrial economies. By contrast, Galveston grew only as an entrepot for nineteenth century commerce. Although Houston's entrepreneurs partially fostered this outcome, by organizing the first and most extensive rail network in Texas, the result also was assisted by Galveston's capitalists, who displayed a paucity of entrepreneurship.

NOTES

1 Texas Almanac, 1861 (Galveston, 1862), 236.
1 Earl Fornell, The Galveston Era (Austin, Texas, 1961), 4-6.
1 Texas Almanac, 1861, 236.
1 One can separate entrepreneurs into two categories. Private entrepreneurs are creative capitalists, their base of power lying in the private sector. Public entrepreneurs, on the other hand, are innovative politicians. They transform public organizations and institutions in ways that alter the prevailing distribution of public goods. “To Make a City: Entrepreneurship and the Sunbelt Frontier,” in David Perry and Alfred Watkins (eds.), The Rise of the Sunbelt Cities (Beverly Hills, California, 1977), 110-111, and “Zenith Revisited: Urban Entrepreneurship and the Sunbelt Frontier,” Social Science Quarterly 61 (December 1980), 434-435. The last two citations are used with permission from Sage, Inc., and The University of Texas Press, respectively.

4 Thus, urban entrepreneurship is fundamentally a group effort. Innovation at a particular town will require the combined efforts of several entrepreneurs. Angel, “Zenith Revisited,” 435. Used with the permission of the University of Texas Press.


"Galveston Weekly News, May 5, 1848. It must be noted that Richardson did perceive the importance of railroads, but he favored the construction of a state-owned and state-built railroad network, a system called the "Galveston Plan." Richardson and the Plan's other Galveston promoters later renamed it "The State Plan," but they could not convince the Texas legislature to go along with it. By 1856, the legislature had authorized a series of land subsidies and state loans to private railroad companies. This action terminated further interest in the State Plan. Fornell, The Galveston Era, 157-179.

1Galveston Civilian, May 5, 1848.
2Burke's Texas Almanac and Immigrant Guide for 1883 (Houston, 1883).
3Galveston Weekly News, October 12, 1852.
4Houston Telegraph and Texas Register, July 16, 1852.
5Barrett to Tod, July 28, 1853; August 9, 1853; Tod Papers, Barker Texas History Library, Austin, Texas.
6Barrett to Tod, July 28, 1853; Tod Papers.
7Barrett to Tod, July 28, 1853.
8Barrett to Tod, May 8, 1855.
9Galveston Weekly News, November 20, 1855.
11Houston Tri-Weekly Telegraph, May 11, 1855.
12Fornell, The Galveston Era, 16.
15Galveston Weekly News, August 1, 1854.
18Galveston Weekly News, June 21, 1859.
19Galveston Weekly News, November 22, 1859.
20Galveston Weekly News, July 12, 1859.
28Galveston Weekly News, September 1, 1857; January 1, 1858; October 20, 1857.
29Galveston Weekly News, January 12, 1858.
31Galveston Weekly News, August 12, 1858.
32Galveston Weekly News, July 27, 1858; September 28, 1858.
33Galveston Weekly News, October 5, 1858.
Galveston Civilian, February 7, 1860.

Galveston Weekly News, April 13, 1858.


Galveston Weekly News, June 3, 1858, August 17, 1858.

Galveston Weekly News, August 17, 1858.

Muir, “Railroads Come Houston,” 52.


Texas Almanac, 1861, 236.

Reed, A History of Texas Railroads, 284.

The Tributary and Economical Relations of the Railway System of the United States to the Commerce of Galveston (Galveston, 1871), 13-19.

Tributary and Economical Relations, 10-11.

Potts, Railroad Transportation in Texas, 46-48.

The directors elected in 1878, for example, were all prominent Galveston businessmen: M. Kopperel, J. Sarley, H. Rosenberg, R. S. Willis, J. E. Wallis, C. B. Lees, W. Gresham, W. S. Moody, J. Runge, H. Kempner, C. W. Hurley, H. Marwitz, and C. E. Richardson. Potts, Railroad Transportation in Texas, 59.

Potts, Railroad Transportation in Texas, 56-59.

Between 1857 and 1860—the time frame during which Houston’s rail network became prominent—aggregate property values in Harris County increased from $2,175,000 to $7,881,000, a 184% gain, and land values quadrupled, from $.92/acre to $2.76/acre. Texas Almanac, 1858, 1859, 1860, passim.

Texas Almanac, 1858, 1859, 1860, passim.

Texas Almanac, 1858, 1859, 1860, passim.

Texas Almanac, 1860, 222; R. M. Farrar, The Story of the Buffalo Bayou and the Houston Ship Channel (Houston, 1926), 12.


Annual Report of the Chief of Engineers, 1925.

Compendium of the 9th Census (1870) (Washington, D.C., 1872), 77.


Census Reports, Volume III, Twelfth Census of the United States (1900), Manufactures, Part II, States and Territories (Washington, D.C., 1902), 878-881.

Twelfth Census of the United States (1900), 878-881.


The Houston Ship Channel, which was completed in 1914, embellished Houston’s reputation as a manufacturing center, but the city’s industrial appeal already had been established by the time construction began seriously, around the turn of the century. Angel, “To Make a City,” 118-122.