



Lake Pontchartrain Basin Maritime History Briefs

Charles Morgan- The “father of integrated shipping.”

Part C- Activities and Accomplishments, 1860- 1874

While a permanent resident of New York City, Morgan had major business interests, vessels, and facilities in the South, particularly the northern Gulf Coast in the years before the Civil War. While born, raised, and resided in the North, somewhat unexpectedly, Morgan was a major slave owner starting as early as 1846. During the period, 1846-1861, Morgan was reported to own as many as thirty-one slaves who served as stevedores, deckhands, and chambermaids for his transportation company. Further, he condoned slave ownership by his New Orleans shipping agents- Harris, Morgan, and Payne.

In spite of the fact that Morgan and his agents displayed Southern sympathies, several of the vessels of the Southern Steamship Company were seized by the Confederacy in January 1861. This was only the beginning of a year that proved to be a challenging one for the Company as it attempted to maintain its transportation services as the vessels of the Company were alternately seized and returned by Confederate forces. This period of uncertainty ended in January 1862 at which time most of the vessels of the Company were finally seized by General Mansfield Lovell, the Confederate Commander at New Orleans, effectively ending the Company's ability to maintain its services. This action ultimately led to the liquidation of the company in 1863. Fortunately, Morgan's earlier diversification by the acquisition of the T.F. Secor Company, that was renamed the Morgan Iron Works, more than compensated Morgan for the loss of revenue from his Southern Steamship Company. Since its acquisition in 1850 and due in large part to the aggressive management of George Quintard, the firm had become one of the foremost manufacturers of marine steam engines in the United States. The firm was particularly noted for medium-sized engines used for coastal and river vessels. During the period 1850-60, the firm manufactured forty-nine engines and was able to maintain high production during the subsequent war years, 1861-65. During that period alone, Morgan Iron Works received contracts to manufacture twelve engines for the U S Navy and one engine for an Italian company at a total cost exceeding 2 million dollars.

Despite Morgan's profitable efforts that aided Union forces during the Civil War, one of his vessels made four successful blockade runs between Havana and Gulf ports that aided Confederate forces for which he was compensated rather handsomely. Despite these duplicitous actions, Morgan continued to prosper during the very difficult period of the Civil War. Because of this, in the late 1860's, he was able to undertake new initiatives as well as reactivate and expand his Gulf transportation system. Morgan's attempt at establishing

regular service to Mexico from New York and New Orleans was judged to be only marginally successful if not a failure. Following the Civil War, the demand for marine steam engines declined sharply. This motivated Morgan to sell the Morgan Iron Works to John Roach for \$450,000 in 1867.

However, the main focus of Morgan's post-Civil War efforts appear to be clearly on re-establishing and expanding his northern Gulf Coast transportation services- both the outside routes and the inside route connecting the rail service from New Orleans to the Atchafalaya River at Berwick Bay with the steamship route to Texas ports. Specifically, the following outside routes were re-established:

Tri-weekly service on a New Orleans- Galveston- Indianola route

Galveston- Brazos St, lagoon route via Matagorda and Aransas Bays

The dormant New Orleans, Opelousas, and Great Western Railroad company was re-activated and the New Orleans- Brashear (at the Atchafalaya River) service restored. Further, the twice weekly (subsequently expanded to tri-weekly) Brashear to Galveston and Indianola steamship service was similarly restored. One of the tri-weekly trips was routed via the Sabine Pass. To rebuild his fleet, Morgan used a combination of purchases from the US Navy Department and new construction. In some instances, he actually repurchased vessels seized from him during the Civil War. This process encompassed the purchase or construction of as many as 16 steamships varying in tonnage from 583 tons (*Agnes*) to 1,282 tons (*Josephine*).

A significant tonnage of the freight carried by Morgan's steamers from Texas ports was cattle, cattle hides, tallow, processed beef and turtle meats, sheep skins, cotton, and wool. In February of 1869, investors formed a company to ship fresh beef via steamers equipped with a newly developed refrigeration system attributed to Wilson Bray of New York. (Note: I could not independently confirm the Wilson Bray assertion of Baughman, 1968. It has been established that John Gorrie, of Apalachicola, FL, is credited with the development of the cold air process of refrigeration as early as 1842. He received the first US patent for refrigeration in 1851.) Through a chartering agreement with the newly formed company, Morgan equipped his steamship *Agnes* with the refrigeration system and transported fresh beef from Indianola to New Orleans in July of 1869. It was reported that the refrigeration system performed adequately, and that Morgan's service was satisfactory, but the newly established company failed after two years due to opposition by New Orleans butchers and eastern competition. Despite this failure, Morgan can be seen as somewhat of a pioneer for his involvement in what at the time would have been termed an innovative shipping initiative.

Post-Civil War, Morgan also re-established steamship service from Milneburg on Lake Pontchartrain, the Lake terminus of the Pontchartrain Railroad, and Mobile. As early as mid-1865, a Morgan steamship was making a daily run to Mobile. By 1866, three Morgan steamers

were engaged in the New Orleans to Mobile route. By sheer numbers and business savvy, Morgan essentially eliminated competition on the run until 1870. In the intervening period, tragedy struck the firm of Harris and Morgan. Harris, Morgan's New Orleans agent of 25 years and son-in-law passed away on Christmas Eve 1867 after a brief illness. For his successor, Morgan selected another of his sons-in-law Charles Whitney who joined with Alexander Hutchinson to form the firm, Charles A. Whitney & Company, New Orleans. Morgan basically granted the firm full authority to manage all of his vessels including those of the Morgan Line operating between New Orleans and Texas and across the Lake.

During the late 1860's and early 1870's much of Morgan's business activities was devoted to railroads, either their acquisition or their competition. While an investor in the New Orleans, Opelousas, and Great Western Railroad, he did not have any management responsibilities or authority. Due to a variety of factors, the Railroad found itself in financial difficulty by not being able to meet its legal payments to investors. Lengthy and complicated legal battles ultimately ensued leading to Morgan's acquisition of the Railroad and all its assets for \$2,050,000 in May of 1869 and renaming it the Berwick's Bay and Texas Railroad. The new name clearly signaled Morgan's intention to extend the route of the railroad to Texas.

One such asset from the sale was a forty-acre freight yard fronting 370 ft on the Mississippi River at Algiers. While the Morgan Line owned a ferry terminal and wharf at the foot of St Ann in New Orleans, Morgan sought to acquire a 600 ft frontage on the River at the foot of Girod Street with plans to build a modern ferry terminal. Not being able to acquire the Girod property, Morgan turned to improving his facilities at the St. Ann site. He enlarged the existing ferry terminal at St. Ann and fitted out three of his ferries to accommodate up to ten railroad cars that could be loaded via ramps and turntables constructed to accept cars from all the railroads operating in the city. Based on a grant by the city, this landing was increased by 700 ft between the streets of Marigny and Barracks streets starting in August 1871. In addition to site improvements and expansion, Morgan invested heavily in upgrading and increasing the railroad's equipment and raising the track bed by 2 ft to protect the route against flooding.



The following photo and illustrations give a clear indication of the busy New Orleans wharf during the mid to late 1800's. It is noted that in the illustration to the left, the sailing vessels seem to outnumber the steam-powered vessels. That suggests a period in the early 1830's.



The clear intention of Morgan to extend his newly acquired railroad to Texas was challenged by a competitive railroad, the New Orleans, Mobile, and Chattanooga Railroad. Formally opened in November of 1871, this railroad severely and successfully challenged Morgan's steamship service between Mobile and New Orleans. Not only was the railroad faster but it was less expensive and ran three times daily as opposed to the twice daily steamship passages. Morgan also lost the mail service but did manage to retain a large portion of the heavy freight business. Further, rather than actually extending its tracks to Chattanooga, the company announced its intention to extend its route to Texas that would be in direct competition with the intentions of Morgan. However, before either Morgan or the competing company, now renamed New Orleans, Mobile and Texas Railroad, could move forward, the franchises and partially cleared route of the New Orleans, Opelousas and Great Western Railroad had to be acquired. This initiated numerous lawsuits, negotiations and legislative actions, the latter not particularly favorable to Morgan. Baughman (1968) reported that the Louisiana Republican Legislature was particularly hostile to Morgan and his ventures. Ultimately, a decision by the U. S. Circuit Court, District of Louisiana, in April 1876 ended Morgan's plan to extend the New Orleans to Brashear line to Texas.



While a great deal of Morgan's attention was devoted to railroads during the early to mid-1870's, his and the competing railroad, he increased the number of his steamships to Texas and established a network of railroad connections to them. He also opened new routes to Gulf ports, Havana, and New York. His railroad car ferry service between New Orleans

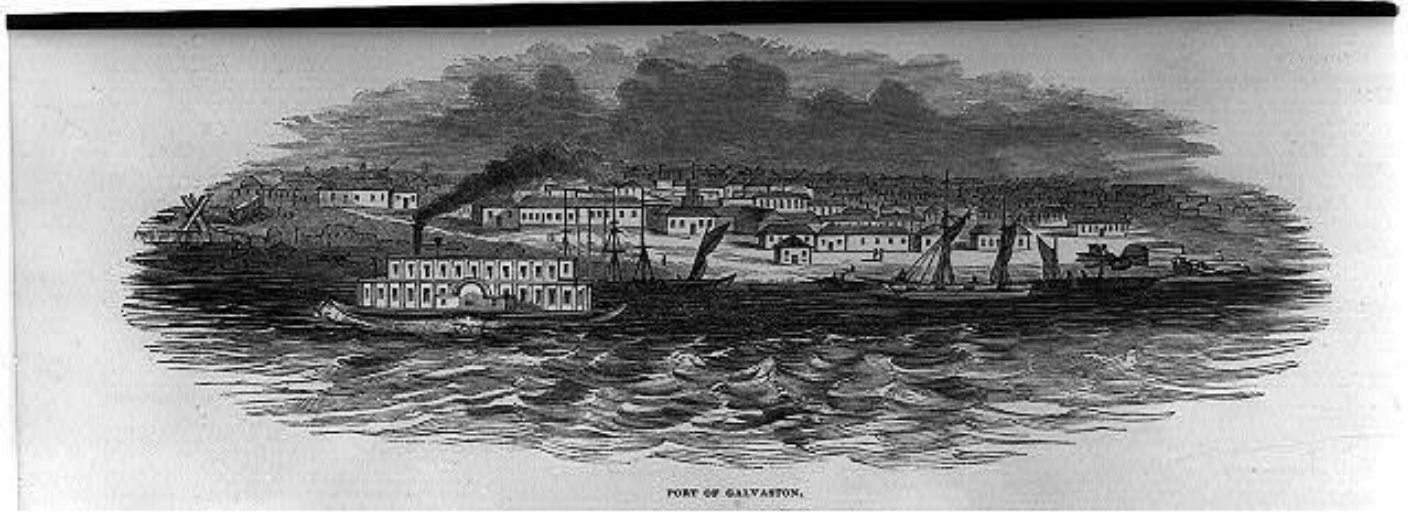
and Algiers was capable of transporting as many as 260 cars per day. The photo above is attributed to the 1870's and is of the ferry *Louise* at a wharf at the foot of Canal Street. While not one of Morgan's ferries, the photo gives a sense of the conditions along the New Orleans waterfront during the 1870's. His extensive machine and carpentry shops at Algiers were capable of both manufacturing new cars and repairing existing cars. In 1873, his New Orleans

(inclusive of Algiers) payroll was estimated at 530 employees. His lack of success at acquiring the more logistically favored wharf site at the foot of Girod Street caused Morgan to concentrate his efforts and resources to the Brashear site. By the mid-1870's, Morgan's operation encompassed 2,600 ft of wharves along the Atchafalaya River waterfront and as many as 800 employees. Early in 1870's, Morgan became one of the principal stockholders in the Atchafalaya Bay Company and the prime contractor for a project to dredge a seaway from Brashear to the Gulf. Upon completion of the dredging in May 1872, Morgan closed his outside routes from New Orleans to Texas. This action solidified Morgan's contribution to "integrated shipping." As the years passed, Morgan and his agents developed connections with agricultural interests along the New Orleans to Brashear route resulting in the construction of branch lines to facilitate the transport of agricultural products. Morgan also cooperated with independent steamship companies operating on the bayous that the railroad crossed by providing connecting service to New Orleans and Texas.

Morgan's company was known to be a fair and stable employer and experienced little in the way of labor disputes. The company was known for the quality and maintenance of its steamships that numbered fifteen in 1876. A year earlier, Morgan decided to compete in the New Orleans to East Coast trade routes. For this purpose, he had four screw steamships built that would carry freight only between Brashear and New York. The service was transferred to New Orleans a year later when one of the major competitors on the New York route moved its southern operation from New Orleans to Galveston. This venture was judged to be an unqualified success.

Despite having a long-term steamship service between Louisiana and Texas- the "inside route" from Brashear and the "outside route" from New Orleans, Morgan was faced with new challenges and competition during the reconstruction period following the Civil War. One of the major competitors was railroads that threatened to displace Morgan's steamships as the principal freight carrier from the Texas ports traditionally served by Morgan. As was his management style, rather than fight the competition he chose to implement his "integrated shipping" model and invest in a railroad that could be organized seamlessly with his steamships at the major Texas ports of the period. Specifically, in partnership with Henry S. McComb, Morgan purchased the San Antonio and Mexican Gulf Railway Company in 1870. Their plan was to integrate the line with Morgan's steamships at Indianola and extend the line into the interior of the State. Among one of their first actions was to rename the railway the Gulf, Western Texas, and Pacific Railroad. This sent an obvious message as to their intention to extend the railway westward to the Pacific. Morgan's previous initiative to achieve such a goal had failed. Did this attempt succeed? The simple answer is no for a variety of factors including construction cost overages; loss of public confidence; and inability to garner governmental legislative and financial support.

On another front, the dominance of Morgan's steamship service to the Port of Galveston (see illustration below dated 1845) was being challenged by the Mallory Line that was providing



service to New York bypassing New Orleans. This effort was aided and abetted by the Port and the City both of which took actions that favored the Mallory Line and thwarted Morgan. It was under these circumstances that Morgan was approached by representatives from Houston to help “develop their city at the expense of Galveston” (Baughman, 1968). During this period, railroads were penetrating to Galveston and Houston from the north but the Galveston, Houston, and Henderson Line out of Galveston somewhat hampered its own expansion by continuing to rely on its narrow gage track and equipment rather than adopting what was becoming the standard gage of 4' 8 ½". It was during this period of waning success at Galveston and developing opportunity in Houston, that Morgan made a rather momentous decision at the time but one that facilitated the success of a significant venture in collaboration with Houston. That is, he converted his steamships freight tariffs to a “slightly railroad basis”- per 100 pounds rather than per barrel. This was somewhat of a concession on the part of Morgan, but it demonstrated his ability to adapt and possibly acknowledge the fact that as passenger and freight carriers' railroads were rapidly overtaking the role of steamships. His action can also be viewed as another example of his leadership in “integrated shipping”.

Rather than continuing to fight with officials at Galveston, Morgan effectively decided to bypass Galveston and stake his future Texas trade principally with Houston. To this end, he formed a partnership with the Buffalo Bayou Ship Channel Company. Leading up to this partnership, the Company had undertaken a project to provide an eight-foot-deep channel between the ports of Galveston and Houston via the Buffalo Bayou. The project had stalled in 1874 for a variety of factors including financing. Thus, opening the door for Morgan.

The story of Morgan's Houston venture is important and needs to be fully told but I have already significantly exceeded my desired word count. Thus, in the final Morgan brief, I'll address the Houston story as well as his company's path after his death in 1878.

Sources

Charles Morgan and the Development of Southern Transportation, James P. Baughman, Vanderbilt University Press, Nashville, 1968.

Houston Ship Channel, Marilyn M. Sibley, Texas State Historical Association, 1976 (Updated 2017). [TSHA | Houston Ship Channel \(tshaonline.org\)](https://tshaonline.org)