Different Charters, Different Paths: Corporations and Coal in Antebellum Pennsylvania and Virginia

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In 1833 John Heth and his partners successfully petitioned the Virginia legislature for a charter to form the Black Heath Company of Colliers, the first coal mining corporation in the Old Dominion. This landmark act was not without opposition. One petition protesting the charter stated that "no privilege can be *given* to one or more Citizens that does not to the same degree *take* from the rights & privileges of their fellow Citizens," while another argued "No matter how guarded the Language by which such powers are conveyed, or the purity of intention with which they are asked or granted, we have abundant evidence that they are frequently perverted, and made subservient to purposes not contemplated by those who were instrumental in their Creation" [Laws of Virginia, 1833, 133-136; Henrico County Petition, 11 December 1832; Goochland County Petition, 5 January 1833]. A year later in Pennsylvania, a controversy between rival anthracite regions triggered a legislative investigation of the relationship between corporations and the coal trade. In his lengthy report on the nation's leading coal trade, Senator Samuel J. Packer found the presence of these "artificial" entities in the anthracite trade troubling. "There is at this day no greater necessity for conferring corporate powers upon a class of men to mine coal," he argued, "than there was at that day to enable a society of carpenters to plane boards, or of farmers to plough their lands" [Packer, 1834, p. 19].

Business and legal historians have long found the corporation an essential ingredient of American industrial success [Hurst, 1970; Chandler, 1977; Horwitz, 1977; Hovenkamp, 1991]. But as the quotations above demonstrate, corporations were creatures born of legislative politics, and for most of the nineteenth century states forged their chartering policy by balancing traditional ideological reservations about the "soulless" character of the corporation, practical concerns over economic development, and competition between states to capture growing industrial markets. This was especially true in the two leading centers of America's growing coal trade, Virginia and Pennsylvania. For the first half-century of American independence, coal mining firms in those

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states rarely utilized the advantages of corporate chartering – in large part because they could not secure liberal charters from their respective legislatures. In this context, the transition from "special" charters, which were granted by the legislature as individual laws, to "general" charters, which were created by a simple administrative process, was a pivotal innovation in the political history of the corporation.

This essay compares corporate chartering in Pennsylvania and Virginia during a critical period for the American coal industry – critical because the advantages of the corporate form to the coal trade became apparent in both states at the same time that Pennsylvania and Virginia drafted legislation allowing for general incorporation. It is my contention that the political evolution of corporate chartering in each state forged distinct institutional contexts for the growth of coal mining in Pennsylvania and Virginia, which in turn reinforced divergent paths for each state's coal industry at a time when the corporate reorganization of coal mining was most effective. Whereas other public policies such as internal improvement programs and geological surveys certainly contributed to the regional divergence of the coal trade, the timing and nature of general incorporation played a crucial role in widening the gap between the two states. In Pennsylvania, a system blending special and general charters facilitated corporate investment in the booming anthracite trade and the growing bituminous fields in the west. Sectional dissention and the long-standing reliance upon local political institutions frustrated the same process in Virginia, which exacerbated the stagnation of its strategically important Richmond-area mines as well as the slow development of the Old Dominion's potentially rich bituminous fields to the west.

The Era of Special Charters

Legislative charters appeared in both Virginia and Pennsylvania in the early nineteenth century, but their impact was limited. In Pennsylvania, securing mining charters was a tricky venture in the antebellum period. The first hurdle was the legislature. Representatives and senators hostile to coal corporations undermined charters by voting against them, attaching untenable amendments, or preventing them from ever escaping committee. A common weapon for the legislator wishing to defeat a charter was to either strike out the charter's limited liability clause or add an amendment that made stockholders liable for all debts and claims against the company. Legislators also used "pinch bills," in which they would introduce a rival bill simply to extract a bribe from the potential incorporator [Bowers, 1974, p. 150]. These barriers emerged as a result of both local interests or general antipathy toward the corporation, and drew rhetorical inspiration from the fiery editorials of anti-charter newspapers such as Pottsville's *Miner's Journal*, Pennsylvania's leading coal trade journal. Whatever the origin of the legislative animosity, aspiring corporate interests needed both political and financial power to pass the Pennsylvania legislature intact.

Even if the bill escaped both the House and Senate in a remotely familiar form, Pennsylvania's governors often vetoed corporate charters during

the antebellum era. As the executive officer in charge of the interests of the Commonwealth as a whole, the governor was able to rhetorically rise above the log-rolling and underhanded deals that often accompanied legislative politics. For example, in 1845 Governor Francis Shunk vetoed the North Branch Railroad and Coal Company charter and, citing Schuylkill County as proof, stated that, "Among the varied pursuits of men there is, perhaps, none more simple, or more completely within the compass of individual resources, than that of mining coal" [Pennsylvania Senate Journal, 1845, p. 693]. While hardly a pristine statement of gubernatorial responsibility and often influenced by the same interests that blocked charters in the legislature, the veto nonetheless represented another potential problem for many coal corporations in Pennsylvania.

Animosity toward charters in coal mining had no formal party or movement, but the informal constraints were formidable. In fact, throughout Pennsylvania, historian Louis Hartz argued, "An anti-charter philosophy emerged which became one of the most powerful, repetitious, and exaggerated themes in popular literature" [Hartz, 1948, p. 69]. The theme also carried political weight in the Pennsylvania's state government. During the twenty years following the anti-charter Packer Report, relatively few charters for coal mining companies passed through the legislature. From 1834 to 1854, only 48 companies (about three per year on average) were chartered with the right to mine coal, whereas over this same period the Pennsylvania legislature passed 1,089 business charters [Evans, 1948, p. 12].

Logrolling, vote trading, "killer amendments," and other tricks of the trade exacted a lesser toll on charters in Richmond than they did in Harrisburg. From 1835 to 1840, Virginia's legislature passed 172 mining and manufacturing charters, compared to 46 in the previous five years. Following the passage of the Black Heath Company of Colliers in 1833, the Virginia legislature passed a number of charters for Richmond-area concerns, but corporate charters in Virginia never triggered a large-scale legislative investigation like Pennsylvania's Packer Report. Most coal mining firms were small in both acreage and capital and at first did not envision the corporate charter as a means of greatly expanding their power and influence. For example, the Black Heath Company of Colliers' charter only incorporated the property already held by the firm prohibited it from purchasing any additional coal lands [Laws of Virginia, 1832-33, p. 134]. The Cold Brook Company of Colliers (1835) also carried a restriction on purchasing additional lands and divided the initial shares among the women and children of the Cunliffe Family. In that case, the corporate charter served as a way to consolidate a number of coal mining tracts tied to dower or inheritance rights [Laws of Virginia, 1834-35, pp. 175-179]. Elizabeth Branch formed two corporations, the Dutoy and Powhatan Coal Companies, with her lessees on two separate tracts of coal land, thus uniting both parties of the lease under a single corporate concern [Laws of Virginia, 1839-40, p. 119]. In the Richmond Basin, charters were rarely used to create completely new business ventures with the privilege to purchase or hold large amounts of land. As a result, corporate chartering hardly revolutionized Virginia's established coal industry.

The most important innovation in early mining charters occurred in 1837, when the legislature created a boilerplate charter which still required a special act of the legislature to become law, but set limits in regards to stock subscriptions, the election of board members, and other procedural rules. The 1837 act streamlined the chartering process by providing for limited liability to the amount of stock held, by removing taxation from the charter itself, and standardizing the privileges granted under the charter. This system helped defuse any potential battles between coal interests vying for additional grants or privileges from the legislature, but also removed incentives to manipulate the system. Another provision dictated that the charter was forfeited if four-fifths of the stock was owned at one time by less than five persons, if one person held over half of the stock, or if the company suspended operations for a period of two years, which theoretically eliminated the potential for corporations to facilitate a single individual's wealth or influence [Laws of Virginia, 1836-37, pp. 75-79].

As a result of Virginia's boilerplate legislation, more coal mining charters passed through Richmond than Harrisburg, but the presence of these corporations had a smaller impact upon the structure of Virginia's coal industry. In both states, the conventional wisdom that coal mining was a venture best undertaken without corporate privileges persisted through the 1840s. In time, however, it became obvious that coal mining could be more profitable with corporate organization.

The Rise of General Incorporation

By 1846, anthracite miners raised over 3 million tons of coal annually and Pennsylvania's bituminous production stood at 1.2 million tons [Eavenson, 1942, p. 430], but the belief that coal mining could be undertaken predominately by individual entrepreneurs had faded considerably among pundits of the coal trade. Coal mining entailed a number of high start-up costs such as buying and clearing large tracts of land, digging and pumping water from shafts, and constructing links with major thoroughfares. As coal lying close to the surface became more and more scarce, the entry cost to mining ventures became more and more expensive. The nineteenth-century anthracite trade was also susceptible to a number of booms and busts, which often taxed the patience and pocketbook of individual mine owners. Anthracite coal's main domestic competition, the Richmond Basin, produced 130,000 tons of bituminous coal by 1846 [Eavenson, 1942, p. 443], but actually declined over the next decade as the need for deeper and more elaborate shafts and expensive machinery for lifting the coal and pumping water drove many individual mining enterprises there out of business.

The western bituminous fields in both states presented an additional challenge. The coal reserves of western Virginia represented the state's greatest mineral asset, as miners there raised 325,000 tons in 1846 – a 60% increase from five years earlier [Eavenson, 1942, 504-505]. But there, just as in western Pennsylvania, the high start up costs of mining coal in unimproved areas

represented a significant barrier to entrepreneurs. The lack of regular river improvements – to the Kanawha River in the southern coal-producing counties and the Monongahela and Ohio systems in the northwestern portion of Virginia – frustrated the attempts of small-scale miners in the Old Dominion's western bituminous fields to expand operations.

At the same time that coal mining needed charters, the method of bestowing corporate privileges was in flux. Since special charters taxed both the time and integrity of legislators, many states turned to "general" incorporation, which authorized an administrative official, usually within the executive branch, to provide firms with charters so long as they accepted standardized limits upon capital stock, uniform by-laws, and land-holding restrictions. Some states made this administrative method of incorporation mandatory. L. Ray Gunn, in his study of public policy in antebellum New York, suggested that the Empire State's landmark law making general incorporation mandatory "depoliticized" the corporation and it thereafter "lost its political or quasi-public character and became essentially private" [Gunn, 1988, p. 222]. Even the militantly anti-corporate *Miner's Journal* championed general charters and hoped that such an act would be passed so that "it will place all of our citizens on an equal footing," and "form manufacturing companies, in which every one who is possessed of means – and it will not require much – will be permitted to join" [*Miner's Journal*, 1 April 1848; 24 February 1849].

However, in states like Pennsylvania and Virginia, the simultaneous existence of special and general chartering provided a less coherent transition than in states like New York, as the blend of special and general charters reflected political decisions made in each legislature. In Pennsylvania, this took the form of general incorporation in two major acts of 1849 and 1854. The result was a blend of special and general incorporation that represented a de facto industrial policy and aided the rapid development of both anthracite and bituminous coal fields. In Virginia, legislators relied upon the traditional locus of political authority: circuit courts. While Pennsylvania's solution drew from the leaders in corporate innovation such as New York and Massachusetts, Virginia turned to its past to resolve the issue of corporate chartering.

Pennsylvania's first comprehensive general incorporation law, passed in 1849, focussed upon chartering firms in specific industries, and included coal mining through an 1853 supplement. The amended act limited coal mining firms to less than two thousand acres of land, restricted their capital to less than five hundred thousand dollars, made stockholders completely liable for all debts incurred for labor and machinery, and set an initial tax of one-half of one percent upon the capital amount. A ban on charters in the anthracite-producing Luzerne, Northumberland, Lehigh, and Northampton counties was lifted the following year, but a restriction on Schuylkill County remained in force for the duration of the act [Laws of Pennsylvania, 1849, pp. 563-569; 1853, pp. 637-638; 1854, pp. 215-216].

A second general incorporation act aimed at the development of untapped mineral resources was passed in the legislative session of 1854. This act allowed firms to incorporate "for the purpose of developing and improving

such mineral lands," which included the construction of railroads on their land, building machines and structures for extracting the coal, and even opening shafts. It provided for the ownership of up to three thousand acres of mineral land, placed no limits on capitalization, and taxed the corporations at the standard rate of one-half of one percent. However, the act also provided that these firms "shall not engage, in any manner, in the business of mining, selling, or conveying to market the minerals on or in its lands." Two years later this limitation was repealed by a supplement which also placed a cap on capital of five hundred thousand dollars and made the stockholders completely liable for debts of the corporation. In 1857, the provisions of the act were extended to Schuylkill County and in 1862 these firms were allowed to increase their capital to one million dollars [Laws of Pennsylvania, 1854, pp. 437-439; 1856, p. 283; 1857, p. 199; 1862, p. 403].

The various amendments, provisions for liability, and exclusion of certain counties in both general acts provided a lasting imprint of the political negotiations required to pass general incorporation in Pennsylvania, and both acts served specific purposes. Although ostensibly passed for general utility, the 1849 act appeared particularly attractive to investors in the Northern Anthracite Field. Of the seventy-eight firms chartered by the act, sixty-two (80%) were authorized to own lands in Luzerne County and the vast majority of the firms that incorporated did so in the five-year period from 1854 to 1859. Whereas the Southern and Middle fields were linked to Philadelphia, the Northern field shipped mostly to markets out of state via interstate carriers such as the Delaware and Hudson Canal. New Yorkers remained justifiably skittish about investing in Pennsylvania coal lands without a Pennsylvania charter, since in 1833 the state forced two New York corporations, the Delaware Coal Company and the North American Coal Company, to secure state charters or lose their lands [Laws of Pennsylvania, 1832-33, pp. 167-170]. Rather than deal with the political mischief often required to get special charters, many New York investors chose instead to use the 1849 act. Despite a clause that mandated that the majority of stockholders be residents of Pennsylvania, many of these firms were obviously based in New York and merely retained a majority of Pennsylvania stockholders as figureheads. For example, the Luzerne Anthracite Company's minority directors, Samuel Smith and George Haywell of New York, owned 98.5% of the stock. Smith also owned 98% of the stock of the National Anthracite Coal Company, 99.5% of the East Scranton Coal Company's stock, and 88% of the North Carbondale Coal Company's shares [Pennsylvania Corporations Bureau, Letters Patent File].

In the end, the corporate development of the Northern field demonstrated real results. Despite the limitations of the 1849 general act, over the five-year period from 1855 to 1860 coal production there rose 64%, as opposed to 40% for the Middle Field and 4% for the Southern Field [Eavenson, 1942, p. 498]. The toll revenue on the Delaware and Hudson Canal, moreover, witnessed a significant increase of $208,869 from 1853 to 1854 – an increase of 71.2% during the first year of the 1849 act's application in Luzerne County [Delaware and Hudson Canal Company, 1865, p. 10].

Whereas the 1849 Act concentrated investment in the Northern Field and tapered off quickly following 1856, the 1854 act did not seem to favor any particular region or county. This general law did address the problem of the improvement companies, whose broad corporate privileges resembled a real threat to existing coal firms throughout the 1850s. Improvement companies were firms authorized by the legislature to do everything *except* actually mine coal. They could own land, build structures and railroads, find coal veins, and sink shafts, but the actual extraction of minerals was to be left to other firms or individuals. Despite their limitations, improvement companies were viewed by many as "horrible monsters," whose corporate privileges and ability to hold large tracts of land and lease them at will represented a threat to individual enterprise [*Miner's Journal*, 6 March 1852; Palladino, 1990, 29-30]. The 1854 act explicitly created restrictions that were not standard in many improvement company charters but also encouraged the corporate development of mineral lands. For example, three firms chartered by this act – the Locust Gap Improvement Company, the Northumberland Improvement Company, and the Locust Mountain Improvement Company – received general charters in 1854 with the authorization to capitalize at three million dollars and operate in Northumberland County in the Middle Anthracite Field [Pennsylvania Corporations Bureau, Letters Patent File]. In a sense, this act leveled the playing field and effectively undermined much of the appeal of special improvement companies, whose capitalization generally fell under one million dollars. Thus, rather than eliminate the improvement company altogether, general incorporation in this case represented a way of standardizing improvement company charters. The 1854 act also could be manipulated by legislators to protect existing interests, as the 1856 supplement which limited capital to $500,000 and created individual liability excluded Northumberland County [Laws of Pennsylvania, 1856, p. 283].

Given the opportunity to utilize general incorporation, why did firms in Pennsylvania choose special charters with its political risks and hidden costs? A closer look at the special charters that were issued at the same time that general charters were available reveals a tendency toward western bituminous charters with railroad privileges. Of the 27 coal and improvement companies chartered by the legislature from 1855 to 1860, 20 (74%) were based in the western bituminous field, and 11 (41%) were western bituminous firms specifically granted the power to build railroads to link coal lands with existing lines [Laws of Pennsylvania, 1855-1860; Beitel, 1874]. Comparatively, the general acts tended to be eastern firms; out of the 65 charters granted by the 1849 act over the same period, 88% were eastern anthracite firms, and 68% of the 25 firms created by the 1854 act were authorized to mine eastern anthracite coal [Pennsylvania Corporations Bureau, Letters Patent File]. Lesser developed regions could count on fewer enemies in the legislature, and as long as these firms did not encroach upon an existing firm's interests, their charter had a better chance of passing [Dykstra, 1989, p. 225]. The simultaneous existence of general and special charters therefore opened both the existing anthracite fields as well as the growing bituminous fields of Pennsylvania to corporate

development at the same time that it minimized the political conflict over corporate chartering.

In the Old Dominion, the story of general incorporation is quite different. The potential for charters to help exploit the massive bituminous deposits of the Virginia's counties west of the Blue Ridge Mountains became evident by the 1840s. For example, in 1841 the Preston Railroad, Lumber and Coal Company of Preston County was created with the authority to own 10,000 acres, which dwarfed the five eastern coal mining charters, whose average authorized holdings were 1,100 acres, passed in the same year. Seven years later the West Virginia Coal Mining Company was created with the authority to hold 10,000 acres in six counties and was capitalized at one million dollars [Laws of Virginia, 1840-41, pp. 116-123; 1847-48, p. 313]. Although many of these companies never actually brought coal to market, the presence of charters in western Virginia suggests growing interest among speculative capitalists in the area's mineral potential. The discovery of cannel coal, which could be easily distilled into a coal oil or gas for illumination, east of Charleston in the Kanawha Valley provoked even more speculative interest in western coal [Rice, 1965, pp. 396-398].

At the time that western Virginia's coal trade edged toward a boom period, developments in Richmond threatened the area's prospects. Political tension between western and eastern Virginians over taxation, representation, and internal improvements achieved critical mass by 1850, and the constitutional convention that convened in the fall of that year attempted to redress western grievances [Shade, 1996; Sutton, 1989; Ambler, 1910]. At the root of this sectional controversy was the future of slavery. In short, eastern slave holding counties feared that further industrial development in Virginia might undermine the resolve of the legislature to protect slave-based agriculture in the Old Dominion. The question of graduated emancipation was narrowly defeated in the 1831-32 session, and a growing belief among western Virginia elites that eastern slave holding impoverished the state as a whole strengthened the resolve of eastern conservatives to keep the legislature apportioned in their favor [Freehling, 1982]. Corporate chartering was not a major topic in the Convention of 1850-51, but effective chartering in Virginia became a casualty of one of the new constitution's reforms. In the interests of limiting local legislation in areas such as divorces, borrowing money, and debating internal improvement schemes, the delegates agreed to limit the legislature to biennial sessions limited to ninety days.

For Virginians interested in industrial development, the lack of an annual session created major problems. Most notably, demands on the legislature for corporate charters occupied a large portion of the session. "The State is now controlled by corporations," argued Tidewater Senator John W.C. Catlett in 1854, "the heads, the Agents, and sub-agents of corporations, have crowded this chamber and the other all winter" [Lynchburg *Virginian*, 6 March 1854]. With only ninety days to secure a charter, and with the prospect of waiting two years if they were unsuccessful, it seems logical that corporate lobbies would turn up the intensity in a biennial session. The frenzied pace,

however, did not please western industrial interests, who still felt shut out in Richmond. "As to expecting the Legislature to do anything for us this winter it is leaning on a broken reed," exclaimed one Kanawha valley industrialist in 1855. "The set of miserable wretches! They will spend their own time & the people's money discussing federal politics, [and] the Crimean War" [John Prosser Tabb to Charles Quarles Tompkins, 20 November 1855, Virginia Historical Society].

As they had two decades earlier, some members of the Virginia legislature sought to reform chartering policy to compensate for this structural change. One option, given the experience of other states like Pennsylvania, would be to pass some sort of general incorporation law that transferred chartering authority to the executive branch. Instead, Virginia chose a local solution to this statewide problem. In January of 1854, Spicer Patrick, a delegate from Kanawha County, introduced a bill to use circuit courts to incorporate mining and manufacturing companies, which was passed into law on March 3, 1854. In addition to allowing circuit court judges to issue charters, this act allowed for the limited liability of stockholders up to the balance of their investment and provided that each corporation created in this fashion must open its books on the legislature's demand. The act limited the amount of land that coal mining companies could hold to three thousand acres and mandated capitalization at no less than twenty thousand dollars and no more than one hundred thousand dollars. Considering that the average coal company chartered by the legislature in 1854 averaged $818,181 in maximum capitalization and 3,909 acres, circuit court charters would be smaller in size than their legislative counterparts [Laws of Virginia, 1853-54, pp. 32-33].

The problems inherent in a biennial legislature dominated by eastern counties suggest that this reform – like nearly every other political issue in antebellum Virginia – was influenced by sectionalism. Western entrepreneurs already considered themselves second-class citizens in Richmond, and securing a charter in such a brief period of time would cost time and money. Even worse, if their bill did not pass, they would have to wait for two years before reapplying. Therefore, western legislators strongly supported circuit court chartering for mining and manufacturing companies, as the printed roll call of the vote to pass the bill in the Senate suggests. Of the twenty-three yea votes, only six (26%) came from eastern senators, and one of those represented the city of Richmond. Eastern senators accounted for twelve (75%) of the nay votes, leaving the remaining four nays to senators from the far west and Shenandoah Valley [Virginia Senate Journal, 1853-54, p. 333].

But the question remains – why circuit courts? The longstanding political and cultural tension between state and local authorities most likely determined the nature of Virginia's chartering reform in the 1850s. Since the eighteenth century, Virginia society had a well-established "Country" tradition that remained suspicious of centralized, or "Court" directives. In his study of Virginia legal culture in the eighteenth and early nineteenth centuries, A.G. Roeber convincingly argued that Virginians identified the ideas of manufacturers, bankers, and many reformers as a Court mentality that should always be

held in suspicion. During the 1850s this traditional distaste for Court solutions to legal problems blended easily with the growing sectional tension over slavery to rule out following the leadership of a New York, Massachusetts, or Pennsylvania in corporate chartering [Roeber, 1981, p. 260]. Considering that farmers comprised 54.6% and lawyers only 17.1% of Virginia's House of Delegates in 1854, this "country" reform made sense for many legislators [Lynchburg *Virginian*, 23 February 1854]. The new constitution also provided for the popular election of circuit court judges, which removed the position from Richmond's influence. Institutionally, politically, and culturally, circuit courts became the logical location for an alternative chartering authority.

Of the 25 companies chartered by circuit court judges with the privilege of mining coal, 21 of them received their charters in the West. Nevertheless, relocating chartering authority to the county level did not have a major impact in western Virginia, even though it was a viable political solution for western interests. As the blending of general and special charters in Pennsylvania demonstrated, different charters were most effective when they targeted certain areas. Judges in western Virginia could not issue charters with wide ranging railroad privileges or with the power to own land outside of their jurisdiction. Even if a firm did secure a circuit court charter, there was no guarantee that a rival could not secure a charter with the privilege of raising more capital and owning more land from the legislature. Of the 13 circuit court charters that list capitalization amounts for western Virginia, the median maximum capitalization was $300,000, and only one contained the right to build railroads. From 1854 to 1860, 35 special charters passed the legislature for coal mining firms in western Virginia, with an median maximum capital of $500,000 and landholding of 5,000 acres, and 19 (54%) also had the right to build railroads [Virginia Senate Journal, 1858, appendix]. Rather than complement corporate investment as they did in Pennsylvania, general and special charters competed with each other in western Virginia.

The timing of Virginia's general chartering policy, furthermore, impeded investment in the western bituminous fields by making it especially difficult for outside investors to get information regarding their existence. "It is not the merits of the speculation itself, but the want of capital, through the unfounded aversion of the public, that is the chief cause of failure," argued *The Mining & Statistic Magazine* in 1858. Capital was available for coal companies, the editors asserted, "but in the case of Mine shares there is generally a difficulty in finding a purchaser, except among those intimately acquainted with the merits of the concern, arising from the prevailing antipathy to such undertakings, and the general want of information respecting them" [*Mining and Statistical Magazine*, 1858, p. 375]. In Pennsylvania, Harrisburg acted as the clearing house for both special and general coal company charters. New York, Boston, and Philadelphia investors could draw upon the vast lobby network of lawyers and former legislators to guarantee that they received the right kind of charter [Bowers, 1983, p. 471]. Institutions such as the Kanawha or Fayette County circuit courts, although important legal and social centers for the immediate area, could not develop a similar network. Local entrepreneurs tried to promote their

endeavors through prospectuses, but without the high profile and established reputation of the Pennsylvania coal lobby in Harrisburg, they operated at a disadvantage. Thus, placing chartering authority in the hands of local authorities chilled investment by raising the transaction costs for potential investors at a period in which western coal needed the most promotion.

Conclusion

The Civil War represented a major watershed in the corporate reorganization of the coal trade in both states. In western Virginia, both organized campaigns at the onset of the war, and the guerilla warfare that lingered until 1865, virtually halted the region's bituminous trade. The miners of the Richmond Basin, in contrast, remained active despite the almost constant presence of the Union Army. In fact, the remarkable productivity of the Confederate munitions industry can be attributed in part to Richmond Basin coal. The creation of West Virginia as a separate state removed the political effects of sectionalism from the western bituminous region, but the rich bituminous fields of Southwestern Virginia and West Virginia did not witness substantial investment and development until the 1880s.

The anthracite and bituminous coal fields of Pennsylvania were affected by an invasion during the Civil War, but not of the military sort. The expected increase in the demand for coal created a boom in investment in the coal trade, and the crisis mentality surrounding Harrisburg allowed the number of special charters passing the legislature to increase substantially; 44 mining charters passed the Pennsylvania legislature in 1863 alone. General charters saw a major increase as well, aided in part by a very liberal act passed in 1863 that placed no restrictions on the amount of land companies could hold and resulted in over twelve hundred charters [Laws of Pennsylvania, 1863, 1102-1109]. Schuylkill County, the bastion of individual enterprise and anti-charter rhetoric, witnessed the most dramatic corporate reorganization. In 1863 a single corporation, accounting for less than one percent the Schuylkill Region's tonnage, was listed among the miner operators in the *Miner's Journal*'s annual compilation of production statistics. By 1864, 25 corporations accounting for 33.2% of the region's production were among the 110 mine operators, and by 1865 that number had more than doubled – 52 corporations accounted for 49.7% of the region's tonnage and nearly half of the operators [*Miner's Journal*, 23 January 1864; 21 January 1865, 20 January 1866]. The dual system of chartering in Pennsylvania persisted until the reform constitution of 1873 made general incorporation mandatory.

The corporation represented a critical intersection of public policy and private enterprise during the antebellum era. Although receiving a charter evolved into a simple matter of paperwork over the twentieth century, historians should always consider the political origins of corporate chartering in state legislature and its impact upon economic development. The story of corporations and coal in Pennsylvania and Virginia is an elusive narrative of economic aspirations, political intrigue, and both intended and unexpected

results. A greater understanding of this complex relationship, however, is essential if we are to understand the timing, location, and extent of early American industrialization.

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