

John S. Newberry and James H. McMillan: Leaders of Industry and Commerce

by Thomas A. Arbaugh

During the last half of the nineteenth century no two men had a greater impact on the industrial growth of Detroit and the residential growth of Grosse Pointe than did

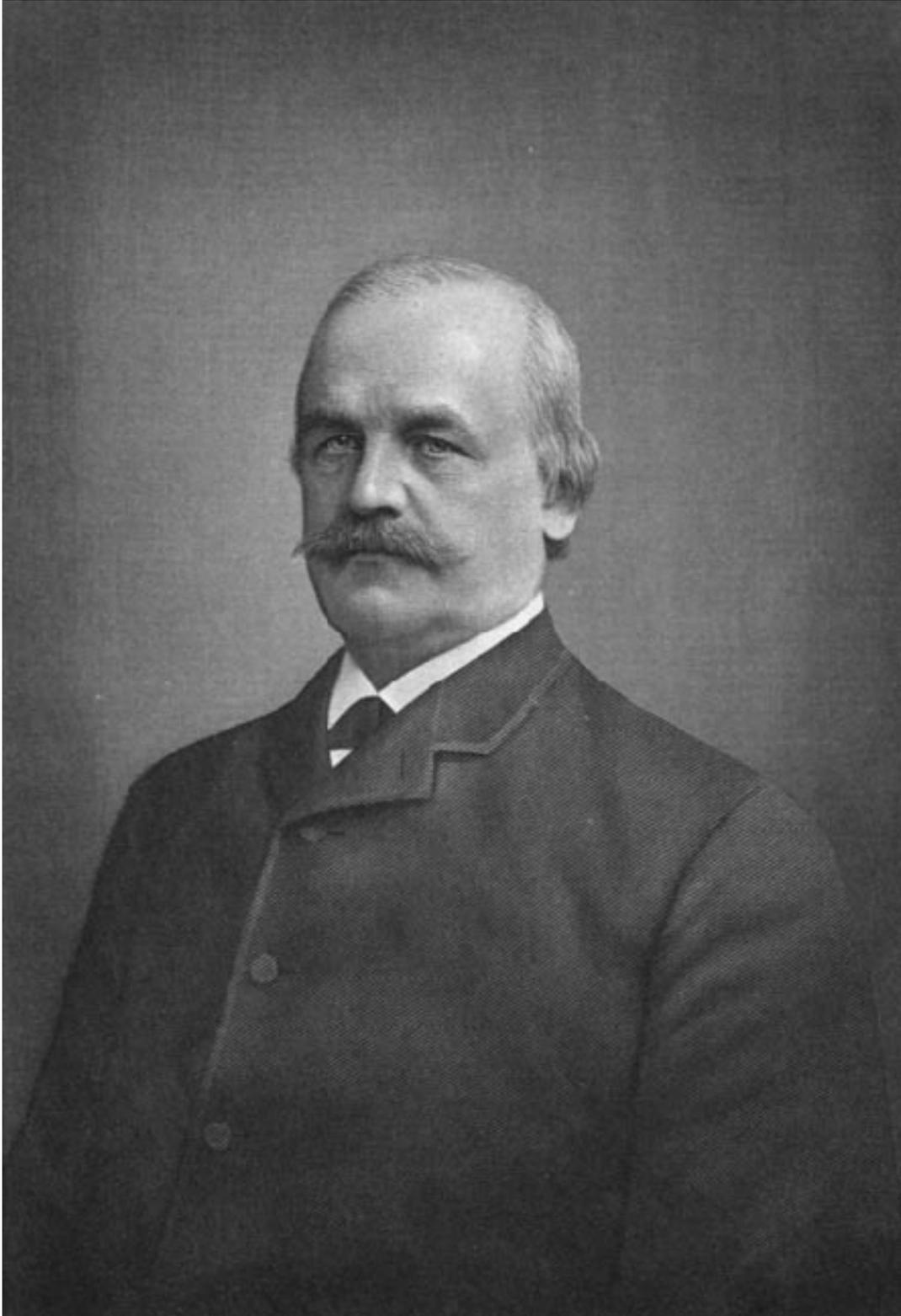
John S. Newberry and James H. McMillan. Here the story of these two remarkable men, and their many accomplishments, is told by Thomas A. Arbaugh.

THIS STORY IS about change. How two men, above all others, change nineteenth century Detroit from a small town on a strategically located river that is primarily a railroad and Great Lakes transit point, into a mighty industrial city that by 1900 manufactures essential goods, shipping them on railroad cars and steam-powered boats made in Detroit factories and ship yards, factories and ship yards owned and operated by John S. Newberry and James H. McMillan. In so doing, these two men also change Grosse Pointe from an isolated, French speaking, agrarian community on Lake St. Clair into an exclusive suburb for the principal beneficiaries of Detroit's industrial growth.

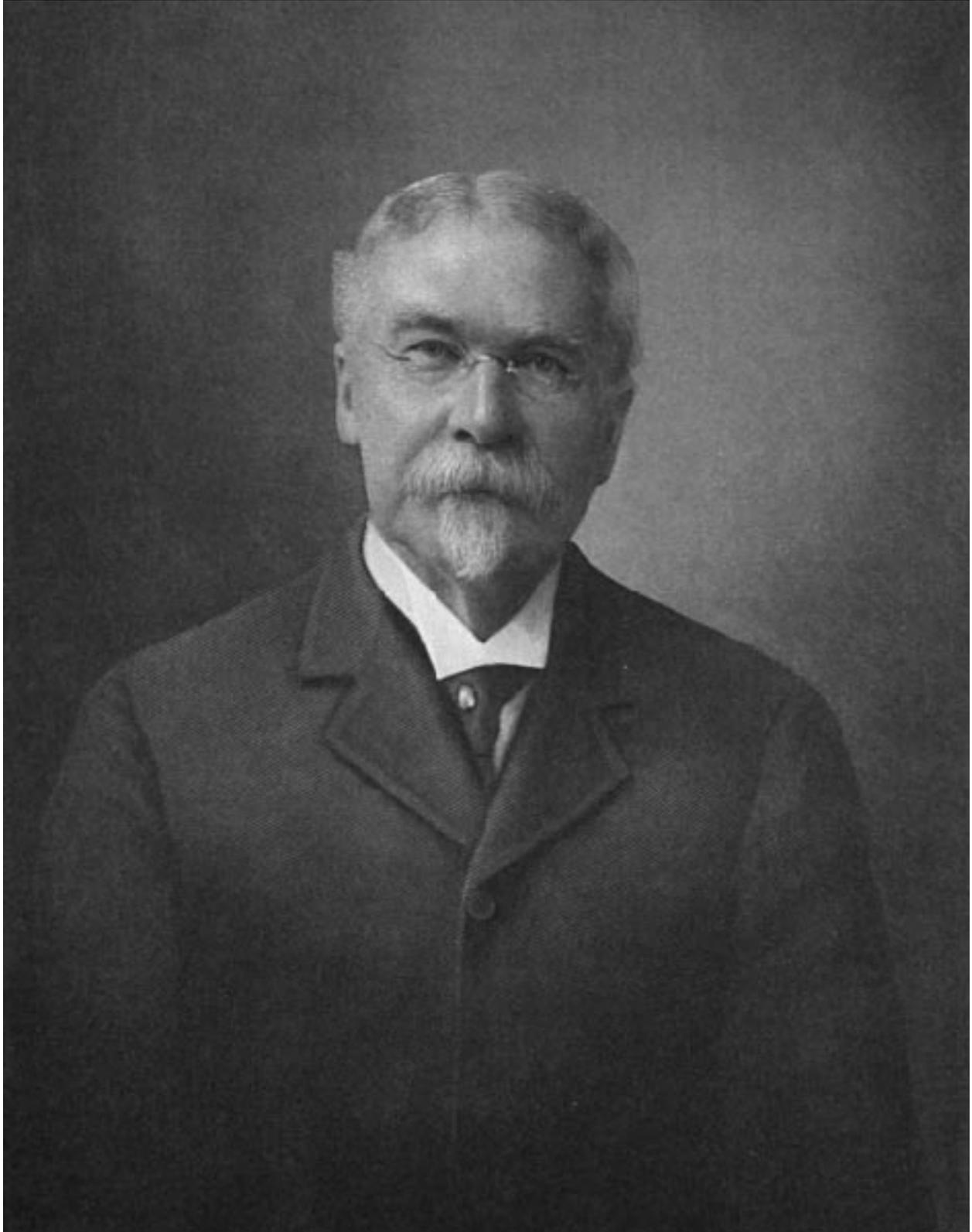
Into Detroit's industrial genesis comes John Stoughton Newberry in 1832 when just five years old, and James McMillan in 1855 when 17 years of age. Upon Newberry's arrival there are no railroads, many sailing vessels but only several steam boats, no Upper Peninsula mines, no blast furnaces or stove works, scarcely any industry and only a couple of untrustworthy, wildcat banks. By the time of Newberry's

1887 death, he and his partner, James McMillan, had taken Detroit's industrial development from a cool, spring day-break, transforming it into a blazing midsummer's afternoon sun. Quickening Detroit's modest industrial beginnings, they built scores of their own companies that stimulated the creation of hundreds of others. They led Detroit's surge into the world's foremost producer of every kind of railroad car, every imaginable type of cast iron stove, every variety—both passenger and freight—of Great Lakes steam ship and were in the nation's forefront for implementing Edison's new electrical generating equipment and Bell's telephone.

The dawn of it all really begins with Newberry's uncle Oliver taking a hike in 1819 to Detroit from Buffalo, New York, walking the shortcut trail across the Canadian province of Ontario. Once before, just after the War of 1812, Oliver Newberry ventured to Detroit, that time traveling by cumbersome sailboat, battling the erratic Lake Erie winds. Detroit was a mess, wharves falling into the river, the fort's stockade logs rotting and toppled, many houses burned and the people looking starved. The ravages of the War of 1812 still were



John S. Newberry



James H. McMILLAN

in strong evidence and he hastily returned to Buffalo.

After the digging of the Erie Canal started on July 4, 1817, promising freighting rate reductions across New York state from \$32.00 a ton per hundred miles to just one dollar a ton, Uncle Oliver comes back, first starting a wholesale commission business, then locating a ship building yard where Cobo Hall is today. Just two years after the Erie Canal begins funneling thousands of people west, the steam ship *Argo* is built in Detroit. Picking up Erie Canal passengers at Buffalo, it takes them to Detroit, returning to Buffalo with produce for the East. By 1837 Detroit's waterfront is very busy, and among the hundreds of boats using its wharves are steamers built and registered in Detroit by Oliver Newberry.

Elihu Newberry (John's father) at the urging of his brother, Oliver, visits Detroit in 1829, evaluating its prospects. Liking what he sees, Elihu returns to New York, sells his farm, and comes back to Detroit. But instead of staying in bustling Detroit, feeling more comfortable in a rural setting, and using the proceeds from the farm sale, he buys a wagon and sundry goods to sell. Then setting out to establish a business, he settles in Romeo, Michigan, about 30 miles north of Detroit.

There the family thrives (there is a Newberry street in Romeo) allowing them to build a substantial home and enlarge his store. Romeo prospers so much at the time—in addition to being a farming center, there also is a small foundry and farm-wagon factory—the new University of Michigan establishes a branch campus. Taking advantage of the local educational opportunity, in 1844 young John Newberry starts his freshman year studying literature. After completing his first year in Romeo, his father sends him on to Ann Arbor for his last three years.

Upon graduating in 1848, and at the head of his class, he disregards his literary degree, which primarily qualifies him for teaching. Instead, under the influence of his Uncle Oliver, seeing a better future in business, he hires on with the Michigan Central Railroad. Working for two years in their engineering department, he learns engineering management and architecture while laboring to complete the line from its landlocked old terminus in the middle of the state at Kalamazoo, to the new more economically logical terminus for midwest transportation at New Buffalo on Lake Michigan. Once the railroad is completed across Michigan

to the lake, it then is profitable to build a railroad across Ontario, Canada, connecting Detroit by rail directly to both Boston and New York City, thereby strengthening the city's important location.

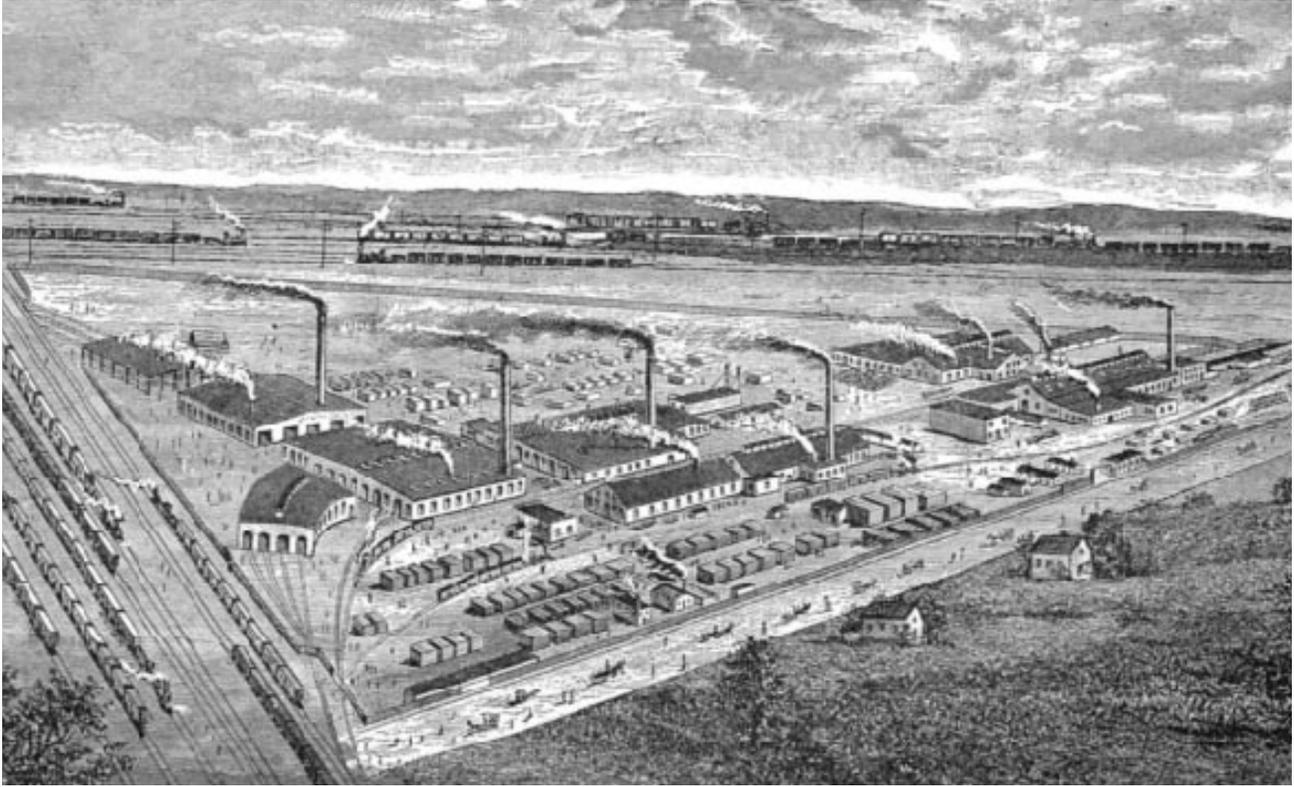
After the railroad is completed and wanting to see the Midwest, Newberry takes a year off, and traveling mainly by steamboats, tours the Great Lakes, and the Ohio, Mississippi and Missouri Rivers. During those travels, he recognizes the importance of river and lake transportation in addition to the railroad. Moreover, he is shocked by the number of boat accidents due to the lack of established standards and regulations. Consequently there are a number of expensive, extensive and complicated liability suits.

Upon his return Newberry abandons any more immediate railroad work in favor of studying maritime law in the Detroit law offices of Emmons and Van Dyke. In no time he becomes the acknowledged Midwestern maritime expert, publishing Reports of Admiralty Cases in the Several District Courts of the United States. Newberry wins his first important case, defending Captain Sam Ward, owner of the *Ogdenburg*, in his case against the Atlantic. He proves himself as the paramount admiralty law litigator in the Midwest. Establishing his own law practice, and having his office in the Rotunda Building on the corner of Larned and Griswold streets, in the heart of Detroit's growing financial district, he acquaints himself with all the important men of Detroit commerce.

Although extremely busy with his flourishing practice, he is not too busy to fall in love. While in Buffalo on legal matters, he meets Harriet Newell Robinson, whom he weds in 1856. A son, Harrie, is born the same year. Tragically, ten days later, his wife of less than a year dies. Newberry saves all of her personal possessions and wedding gifts as remembrances for Harrie.

Three years later while on business in Cleveland, Newberry meets Helen Parmelee Handy, the daughter of a prominent banker. Marrying in 1859, they return to Detroit, first living in a rented house on the four hundred block of the soon-to-be-fashionable East Jefferson Avenue, making that street the place to live for most of Detroit's new, post-Civil War, manufacturing and financial class. Two sons, Truman Handy and John Stoughton Jr., and one daughter, Helen Hall, are born to that union. All three, making excellent use of their father's financial legacy, achieve their own successes in late

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Michigan Car Company's Works, near the railroad junction in Springwells.
Illustration from Silas Farmer's *History of Detroit and Wayne County and Early Michigan*.

nineteenth and early twentieth century Detroit and Grosse Pointe.

Canadian-born James McMillan comes from Hamilton, Ontario, to Detroit in 1855. Although an excellent scholar and qualifying for college, he too, like Newberry, chooses business instead. His father, William, works for the Great Western Railroad, both as it is being built through Ontario in the early 1850s connecting the east to Detroit, and in its freight and passenger business.

Taking the Great Western, young McMillan first sees Detroit's busy riverfront with its boats, wharves, warehouses and small factories, from across the river in Windsor. From there the sailing ship's spiring masts, spars, and web-like shroud lines resemble a dense forest, while the belching smoke from the steamboat's funnels and Detroit's few factories play hide and seek with the sun. Not seeing anything ugly about it, McMillan just sees the economic promise. Carrying a letter of introduction attesting to his work habits and intelligence, he wastes no time looking for a job.

Stopping first at the hardware store of Christian Buhl and Charles DuCharme, he is immediately hired. But the job lasts only two years as the recession of 1857 forces Buhl and DuCharme to retrench, and McMillan is let go. Because of

his father's influence and despite the recession, the 20-year-old soon hires on with the Detroit and Milwaukee Railroad.

That railroad is completing its 188 miles of track from Detroit to Grand Haven, where, to cross Lake Michigan, steamboat connections are made to Wisconsin. Samuel C. Ridley, the construction manager, employs McMillan as his materials purchasing agent. Although his two years with Buhl and DuCharme fully acquaint him with Detroit's industry, the Detroit and Milwaukee job significantly adds to both his knowledge and experience, which becomes very valuable.

McMillan performs his job so well that Ridley wants him for another job in Spain. McMillan declines, instead preferring to marry Mary Wetmore in 1860, the daughter of Charles Wetmore, a prominent Woodward Avenue merchant. They have six children.

Detroit, now connected by railroad to both Chicago and the east, is still dependant upon eastern cities for the manufacture of railroad cars and locomotives. Trying to remedy that situation, Dr. George Russel establishes in 1853 on Gratiot Avenue a railroad car works, and at Congress and Larned streets the Detroit Locomotive Works, the first such factories east of the Hudson River.

In 1863, the Congress of the United States passes the

Pacific Railroad Act committing the government to subsidize the construction of transcontinental railroads. That job, requiring million of tons of steel and tens of thousands of railroad cars, causes Newberry and McMillan—by now acquaintances through their membership in the Jefferson Avenue Presbyterian Church—to act quickly.

When Dr. Russel becomes ill, two of his employees, George Eaton and Edward Dean, lease his new Croghan Street shops. Then, because of expected sales increases, they buy an additional seven acres at Fourth Street and Larned, establishing there another car company, the Michigan Car Works. Because Eaton and Dean need additional financing, they join with the eager Newberry and McMillan. In addition to his own significant resources, Newberry is respected enough in Detroit's banking circles to get additional money.

Of the two, McMillan is the more outgoing, willing to take chances, able to meet railroad barons and secure contracts. Initially Newberry, the more experienced businessman, draws up better contracts for the new company. But, as their companies prosper through the 1870s and 1880s Newberry becomes more sanguine and conservative.

Shortly after the Civil War ends, they secure a contract from the new Union Pacific Railroad to build 700 freight cars. That railroad, taking advantage of the generous government land and cash construction subsidies, builds tracks westward from Omaha, Nebraska. They are hoping to hook-up somewhere out West with the new Central Pacific Railroad and build tracks eastward from California.

With the untimely death of George Eaton, and his widow not caring about continuing in the business and willing to sell her stock, Newberry and McMillan's combined 7,200 shares now greatly outnumber Dean's 3,600 shares. Consequently they rename the company and officially incorporate it in the state of Michigan as the Michigan Car Company.

Acting entrepreneurial, Newberry and McMillan send McMillan's brother, Hugh, to St. Louis, to establish the Missouri Car Company. As Detroit is becoming a center for railroading in the Great Lakes region, they fully expect St. Louis to do the same for the Mississippi Valley as well as become an entrepôt for goods going west and coming east. Soon that company does an annual \$1,500,000 worth of business (at this time a basic freight car sells for \$450). Moreover,

fully recognizing the importance of the Canadian connection, they incorporate the Ontario Car Company in London, Ontario, which makes cars with an eight-foot gauge—as compared to the four-foot-eight-and-a-half inch gauge for American cars—for all railroads operating in that country.

By 1870, their impact on Detroit is evident. Industrial employment increases from 1,363 jobs in 1860 to 10,612, and the value of finished product increases from \$2.1 million to \$21.8 million. In 1873, Newberry and McMillan alone clear a little more than one million dollars in profits.

Meaning to take control of the entire railroad car manufacturing process in Detroit, in 1865 Newberry and McMillan incorporate the Detroit Car Wheel Company, capitalized at \$250,000. At that time, poor wheels caused most railroad accidents. Determined to establish a reputation for making the best—although much more expensive—they insist upon using wrought iron which makes the best wheels. Initially Detroit Car Wheel produces just 20 wheels a day but within two years with 30 men working in the foundry, they begin producing three times that amount.

Not everything goes their way, however. Newberry and McMillan are forced out of the passenger car segment of the railroad car manufacturing business when George M. Pullman comes to Detroit in 1868. The king of the sleeping car and the ordinary passenger car, Pullman buys the abandoned Detroit Car Works of Dr.

Russel at Croghan and Dequindre. Pullman reorganizes it as the Detroit Car and Manufacturing Works Company (located just east of the modern-day Chrysler Freeway, in downtown Detroit). Several years after the Civil War ends, Detroit rapidly starts leading the nation in railroad car building. Pullman buys some of his needed components from Newberry and McMillan.

With this industrial expansion, Detroit manufacturers need more steam engines to power their factories and other essential items made from iron. Fulfilling those requirements, Newberry and McMillan establish in 1867 the Fulton Iron and Engine Works on Brush Street. There they build steam engines, industrial anvils and vises, architectural iron works, mill work and many parts for railroad cars and locomotives.

So much western grain and Michigan lumber begins funneling through Detroit that in 1868 Newberry and McMillan incorporate the Detroit Elevator Company and the Detroit

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Residence of John S. Newberry, 1363 East Jefferson Avenue. Built in 1875. Illustration from Silas Farmer's History of Detroit and Wayne County and Early Michigan.

River Lumber Company. Eventually the elevator company employs 30 men servicing grain silos both in Detroit and Grand Haven on Lake Michigan. The silos, 135 feet high and having capacities of over one million bushels, are located on the water front close by the Detroit and Milwaukee Railroad depot located at the foot of Brush Street (the present-day site of the Renaissance Center).

In addition to greatly stimulating the growth of new industries in Detroit, Newberry and McMillan also influence the creators of those new industries to build their year around residences on East Jefferson and summer homes in "The Pointe" as it was styled 120 years ago.

A few of those joining Newberry and McMillan building homes on East Jefferson are: George Hendrie, president of the Detroit Car and Marshall Car Companies and secretary of the Detroit City Railroad Company; William B. Wesson, president of Hargreaves Manufacturing Company and of the Wayne County Savings Bank; Francis Palms, president of the Michigan Stove Company, the Peoples Savings Bank, and the Palms Gold Mining Company; and William K. Muir, president of Eureka Iron Company, the Cloud Manufacturing Company, the Aikman Automatic Car Coupler Company, the Northwestern Rolling Stock Company, and of Detroit Car Loan Company.

Newberry and McMillan pay a thousand dollars an acre to buy Grosse Pointe's French strip farms. In 1875 they build their mirror-image, three-story "cottages" named "Lake Terrace," that turn the Pointe into an exclusive summer colony for Detroit's nouveau riche.

Some have preceded Newberry and McMillan, and are already enjoying Lake St. Clair's splendid scenery, cooling breezes, abundance of white fish, pickerel, trout, muskel-

lunge and sturgeon, sailing its choppy, blue-green waters, and relishing a playful summer's respite from Detroit's ever increasing industrial hustle and bustle. They are Theodore H. Hinchman, a respected Detroit merchant; D. Bethune Duffield, a lawyer; Edmund Askin Brush, owner of Detroit real estate; Dr. Morse Stewart, one of Detroit's most respected physicians; Dr. Isaac Smith, who came to Grosse Pointe from California's gold fields in the early 1850s; G. V. N. Lothrop, a railroad lawyer; and Dudley B. Woodbridge, son of a Michigan governor and manager of a farm and Detroit real estate.

Some of those following Newberry and McMillan building summer residences are: T. P. Hall, who built "Tonnan-cour" in 1880, a commodities broker and grain merchant; John B. Moran who built "Bellevue" in 1882, president of the Peninsula Stove Company, and Detroit Electric Light and Power; Hugh McMillan, who built on Cloverleigh in 1882, secretary and treasurer of the Telephone and Telegraph Construction Company and Michigan Bell Telephone, president of the Commercial National Bank and of the National Electric Traction Company; H. B. Ledyard who also built on Cloverleigh in 1882, president of the Michigan Central Railroad; W. K. Muir who built "Otskita" in 1882; W. A. McGraw who built the "Poplars" in 1884, a successful real estate developer; and Joseph Berry who built "Edgemere" in 1882, a co-owner of Berry Brothers Paint and Varnish, president of Detroit Linseed Oil Company, and of Combination Gas Machine Company.

Getting to the Pointe is a pleasurable pastime. If Newberry, McMillan and their families are in town—living in neighboring residences on East Jefferson Avenue—and wishing to go to the Pointe, they order their carriages to take them the several blocks to their adjacent private yacht houses located on Atwater Street, to board their steam yacht. Depending upon their pleasure, the trip can take several hours. The men



Residence of James H. McMillan, 1411 East Jefferson Avenue. Built 1873-80. Illustration from Silas Farmer's History of Detroit and Wayne County and Early Michigan.



“Lake Terrace.” The summer cottages of Newberry and McMillan, Lake Shore Road, Grosse Pointe. Built in 1875.

Photo courtesy of the Burton Historical Collection, Detroit Public Library.

dress in white-duck trousers and blue blazers; the women in light pastel frocks reaching to their ankles, carrying parasols shielding themselves from the hot sun. Gliding past Belle Isle they admire the island’s development into a beautiful park under the leadership of James McMillan, probably evaluate the progress of the new Detroit water works trying to meet the needs of the growing population, strain to see the racing at the Grosse Pointe Race Course, and then try estimating how many people are enjoying themselves at the new park on Windmill Pointe. All the while bantering with those on sailboats playfully challenging them to race.

Upon arriving at the Pointe they land at a dock—jointly built with Alfred E. Brush—extending well into the Lake. Perhaps already moored there are Brush’s yacht, the Lillie, and another, the Leila, mutually operated by many of the other summer colonists. Their summer carriages are called for and if they wish, before going to “Lake Terrace,” they might take a drive on the Lake Shore Road enjoying the beautiful homes and admiring the landscape architecture.

The top of the carriage is down and they fancy the different trees from Japan, South America and from all over the

United States both shading the drives to the summer homes and being artfully placed on the grounds to look natural. The musical sounds of all the birds singing in those trees entertain them. They watch the summer help—who are beginning to live year-around in the Pointe—manicure the lawns. When passing the old Vernier house with its double porch, still surrounded by orchards, they probably gossip about who might buy the place. They are charmed by the old curmudgeon Ferdinand Charles Rivard, still the largest French land owner in the Pointe, if he happens by challenging them to race—his love of horse racing is legend. Proceeding past the Hamilton Park built by James McMillan for racing and exercising horses, he especially looks to see who of his friends are using it.

Upon coming to the Protestant Church,—reorganized and enlarged by Newberry and McMillan for the expanding summer population—they wonder who Sunday’s guest preacher might be. Then on to the Claireview Stock farm, owned and operated by George S. Davis, the executive officer of the Parke, Davis Pharmaceutical Company. The farm has 28 buildings, a blacksmith shop, 60 standard bred horses, 30

brood mares belonging to others, a herd of Jersey cows, all well tended by 25 employees. And, before returning to "Lake Terrace," they fulfill one of their special social obligations by inspecting a summer convalescent home kept for Detroit children.

Once Newberry and McMillan establish their domination of the railroad rolling stock industry, thereby creating a firm financial foundation, they quickly move to dominate the ship building and steamboat transportation businesses. The Detroit Dry Dock Company located at the foot of Orleans at Atwater Street is purchased in 1872, capitalized at \$400,000 with James McMillan president. In 1879 they purchase the Clark Dry Dock Company located at the foot of Clark Street in Springwells not far from their West Detroit, Michigan Car Company plant. To supply engines for their boats they buy the Dry Dock Engine Works in 1886. Then a third ship building company is acquired, the Detroit Boat Works located on Atwater Street, where McMillan immediately orders a new steam yacht, the Idler, equipped with an electrical generator. Making their move in 1882 into the steam transit business, they buy into the Detroit and Cleveland Steam Navigation Company, making McMillan vice president. They also buy the Detroit Transit Company with McMillan as president; the Detroit Navigation Company is purchased, with Newberry vice president, and finally Star Lines Steamers is purchased, with McMillan president and Newberry vice president.

There is not a business to which they were not attracted. In 1873 they incorporate the Detroit Seed Company that competes with Dexter Mason Ferry's seed company. They specialize in garden seeds, flower seeds, field seeds, trees, plants and dried flowers. About a quarter mile from the city limits bordering Michigan Avenue they establish their seed farm and trial gardens. Although the Detroit Seed Company does well, making plenty of money, D. M. Ferry and Company absorbs it in 1880—obviously with McMillan's blessings as he becomes vice president of the new company, remaining so until his death in 1902. So profitable is the new company that at the time of McMillan's death each share of stock is worth over \$5,000.

No new invention escapes their financial eye. One year after Alexander Graham Bell demonstrates the practical-

ity of his telephone at the 1876 Philadelphia Centennial, The Telephone and Telegraph Construction Company is incorporated at \$500,000 with Hugh McMillan secretary. Not satisfied with merely erecting poles and stringing wire, Michigan Bell Telephone is incorporated in 1881 with Hugh McMillan as both secretary and treasurer. Believing it's time to take active control of the new telephone business, James McMillan becomes president of the Michigan Telephone Company with brother Hugh still secretary and treasurer.

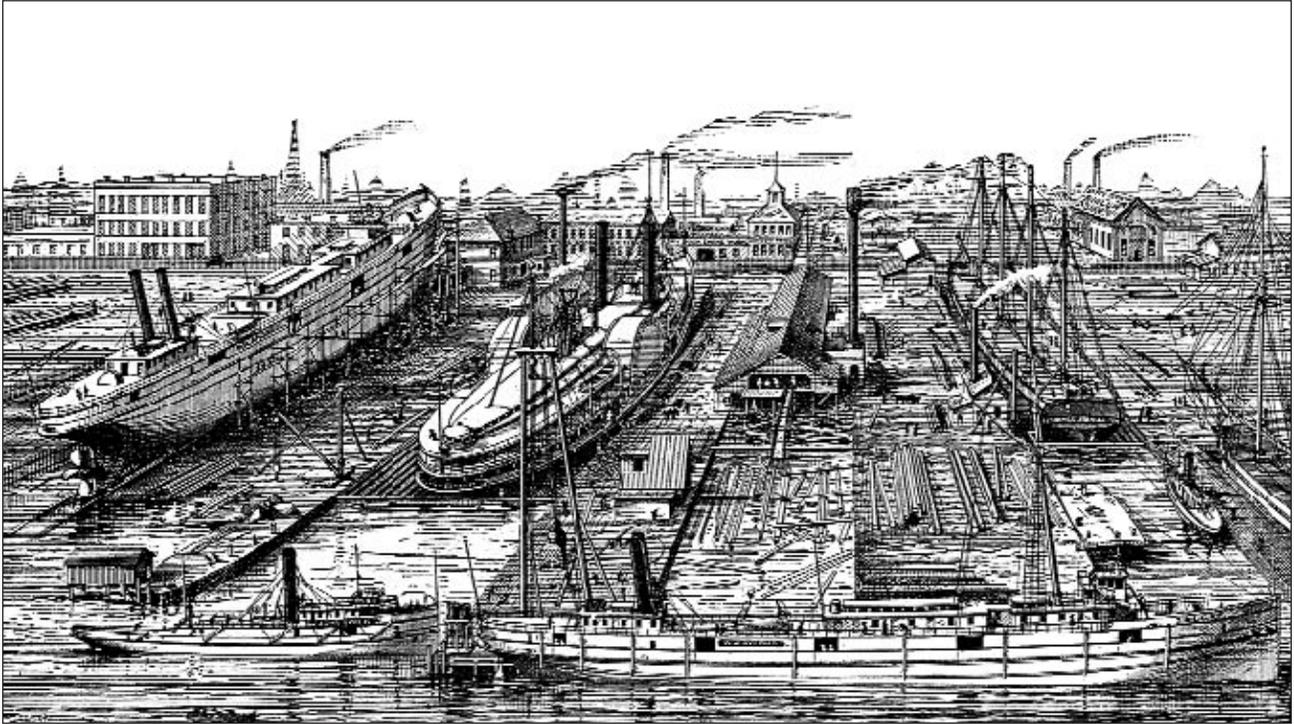
In 1882, when Thomas Edison demonstrates he can generate a continuous flow of electricity to power his new light bulb and other electrically powered inventions, McMillan incorporates the Edison Electric company. To supply power for the city's new street lights, McMillan incorporates the Electrical Accumulator and Lighting Company with his son, William C. McMillan, as secretary.

Occasionally Newberry and McMillan's ambitions get the best of them. Believing there is a need for additional office space due to Detroit's rapid growth, they complete two office building complexes in 1879: the Newberry and McMillan Building at the corner of Griswold and Larned streets in the heart of Detroit's "Wall Street," and in the second block north of Jefferson Avenue on Woodward a much bigger office block comprising four adjoining addresses. But they misjudge the need for office space, and new rentals come in very slowly. Hoping then to attract occupants, they lower their rents and actively

recruit tenants from other office buildings. One landlord losing his tenants to Newberry and McMillan is Christian Buhl. That was a serious mistake, for Buhl was not a man to fool with.

In addition to his hardware store and a wholesale fur business, Buhl owns or is a majority stock holder in: the Second National Bank, of which he is a vice president; the Peninsula Stove Company, of which he is the treasurer; the Detroit Copper and Brass Rolling Mills, of which he is president; and the Buhl Iron Works, of which he is also president. As revenge, Buhl finances Col. Frank Hecker and Charles Freer's Peninsular Car Company with his son, Theodore Buhl, as president to safeguard his father's interests. They buy Hiram Walker's buildings on Woodbridge near Joseph Campau streets for their factory. The investors are Buhl, Hecker, and Freer. Freer's \$6,000 note is endorsed by Russell Alger and Hiram Walker. Although the 1880s is a

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Docks and repair yard of the Detroit Dry Dock Company, foot of Orleans Street.
Illustration from Silas Farmer's *History of Detroit and Wayne County and Early Michigan*.

very prosperous decade with great demand for railroad cars, Hecker and Freer are outstanding managers selling record numbers of cars. Within just five years Hecker and Freer are able to buy out Buhl and Walker. Then for \$50,000 each they take on Russell Alger, James Frederick Joy and Allen Sheldon as their new partners. They move their factory to the Milwaukee Junction, and the new facility becomes so profitable that within just three more years Hecker and Freer can now buy out Alger, Joy and Sheldon for \$150,000 each, keeping a 33-1/3% dividend for themselves. Buhl gets his revenge as Hecker and Freer become more than just "mere" competitors for Newberry and McMillan.

By 1880 Newberry is suffering from Brights disease, an ailment of the kidneys. Undoubtedly preparing for his death, he begins keeping yearly trial balances of his net worth. In 1880 his investments total \$2.5 million and his wife's, \$281,840; in 1881, Newberry's worth is \$2.9 million with his wife's \$356,840; in 1885, \$3.8 million (no separate figures for his wife); in 1886, \$4.5 million (again no figures for his wife). With death approaching he also begins suffering from bronchial asthma. Refusing to confine himself to bed, he insists upon sitting in his chair so he can look out his bay window. On November 25, 1886 he signs his will making the comment, "That will make a nice present for the

boys."

While sitting in his chair, Newberry passes away on January 2, 1887. Servants rush to James McMillan's house several doors away, but he can not revive his beloved and trusted partner of many years.

His funeral is the occasion for many tributes, but the one offered by his old Romeo friend and university classmate is probably the best. Judge J. Logan Chipman eulogizes. "With Mr. Newberry, as with all great men, there was indomitable will, energy, the great iron power that characterized his whole life." His estate is worth approximately \$4.5 million, with investments in more than fifty different companies. To charitable organizations he leaves \$650,000.

Perhaps getting a little tired of making money, perhaps missing his long-time partner, McMillan turns to politics in the late 1880s, getting elected to the United States Senate in 1889.

Upon arriving at the nation's capital, he is dismayed at its lack of beauty, style and grace. To correct that defect he gets himself elected as chairman of the District of Columbia Committee, and calls for a review of Pierre L'Enfant's original plans. Using the expertise gained as chairman of the Detroit committee overseeing the development of Belle Isle, McMillan immediately gets increased Congressional appropriations and hires professionals to make plans. The

first change is the removal of railroad tracks and the railroad depot from the Mall, and rerouting trains into the city through a newly-dug tunnel into the Union Station. He has the White House enlarged, and groups new federal buildings into what is now called the Federal Triangle. Using European models, he supervises the widening of avenues, the expansion of the old and creation of new parks, and the building of Memorial Bridge to Arlington, Virginia.

Being exceptionally busy as a U.S. Senator and wanting to curtail his business activities, he employs the aphorism, "If you cannot beat them, join them." To Hecker and Freer, McMillan proposes a combination of their railroad car companies. They agree and five companies are consolidated in 1892 with a capital stock of \$8 million and \$2 million in bonds, under the name of The Michigan-Peninsular Car Company.

To assuage the fears of the new stock and bond holders, McMillan reassures them he will stay on for the next five years helping to guide the new company. But, the very next year a severe economic depression forces 5,000 companies into bankruptcy and drives over 600 railroads out of business, putting more than a million workers out of a job. The effect on the new Michigan-Peninsular Company is disastrous. The company waters its stock, hoping new orders can justify the practice. Instead, new orders never materialize and old orders are cancelled. The consequence is that the actual value of the stock and good will is reduced to \$2 million.

The preferred stock holders are upset. They hold \$5 million worth of 8% cumulative preferred stock, which they bought upon McMillan's strong recommendation. Because of the watered stock, fixed costs are too high, putting the new company at a competitive disadvantage. The interest on the bonds amounts to \$100,000 a year. In 1894 they lack the \$63,976 necessary to make the payments. Earnings in 1896 are only \$35,000, not enough to meet fixed costs.

To extricate the new company from its morass of financial difficulties, McMillan returns to Detroit from Washington, D.C. and begins organizing the American Car and Foundry Company. The Chairman of the Board is James McMillan's eldest son, William C. McMillan. The company is capitalized at \$30 million worth of 7% non-cumulative preferred stock and \$30 million of common stock. James McMillan holds a considerable amount of stock in the new company, hoping he can live out the remaining years of his life on substantial dividends from that stock.

Such is not to be the case, for just three years after the formation of the American Car and Foundry company, McMillan dies on August 10, 1902, just past his sixty-fourth birthday. He suffers a heart attack at his new summer home, Eagle Head at Manchester-By-The-Sea, Massachusetts. Henry B. Ledyard, president of the Michigan Central, sends his pri-

vate railroad car to transport McMillan and his family back to Detroit. As Russell A. Alger described him, "He had a will, and a purpose; he exercised the first and followed and conquered that which he sought."

Years later, when a new generation of industrialists began manufacturing automobiles in Detroit and desired both an economic climate and an elegant area in which to live, Newberry and McMillan had paved the way by creating foundries, shops, factories, a trained work force, plenty of capital and a graceful, very desirable, Grosse Pointe.

For over thirty years Thomas A. Arbaugh has been a member of the faculty at Macomb Community College. He is presently a professor teaching American History and the History of Technology. His teaching and study of the industrial history of Detroit led to the research and writing of this article. Mr. Arbaugh is a long-time resident of Grosse Pointe Park.

ILLUSTRATION CREDITS: Portraits of John S. Newberry (page 73) and James H. McMillan (page 74) from *Compendium of History and Biography of the City of Detroit*.