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INTERNATIONAL PACIFIC RAILROAD.

[Bill H. R. No. 847.]

FEBRUARY 2, 1869.—Ordered to be printed.

R E P O R T .

The Committee on Roads and Canals, to whom was referred House bill No. 847, entitled "A bill to aid in the construction of the international Pacific railroad from Cairo, Illinois, to the Rio Grande river, to authorize the consolidation of certain railroad companies, and to provide homesteads for the laborers on said roads," respectfully report:

That they have had said bill under consideration, and have agreed upon and herewith report a substitute for the same, and recommend the passage of the substitute.

Your committee deem it proper to give, for the consideration of the House, a brief statement of the reasons which have induced them to arrive at the conclusions to which they have come:

1. *The route.*—The proposed railroad line, commencing at the mouth of the Ohio river, opposite the city of Cairo, Illinois, passes in a south-westwardly direction 936 miles; 71 miles across the southeast corner of the State of Missouri; 300 miles diagonally across the State of Arkansas; and 565 miles across the State of Texas to the Rio Grande river; passing through Little Rock and Austin, the capital of the latter-named State. This route traverses one of the most beautiful and fertile regions of the country in the United States, which, however, is greatly wanting in natural means of transportation, and which will never be settled and developed until, by the construction of railroads, emigrants are invited in that direction.

2. This railroad when completed will be a great *trunk line* with which all the roads leading westward from the Mississippi river and Gulf of Mexico must connect. It will immediately develop the two great States of Arkansas and Texas, giving them easy and convenient access to the outside world. It would necessarily cause a great influx of population into both of those States, and trade and traffic now dull and sluggish would be greatly increased, much to the advantage of manufacturers and merchants of more northern States.

Indianola, Galveston, New Orleans, Vicksburg, and Memphis, by railroad lines already commenced, would soon be in connection with the great trunk line, and compete largely for and receive their due proportion of the traffic and travel passing over it.

Cairo, St. Louis, Chicago, Louisville, Cincinnati, Pittsburg, and the northern Atlantic cities would be within easy and rapid communication for the purposes of trade and travel with this new country and would vie with each other in efforts to secure its trade.

3. The rebellion left the States of Arkansas and Texas in a wretched financial condition, so that it is impossible by State, corporate, or indi-

vidual credit to raise money to secure the construction of this or any other important line of railroad in said States. The State of Arkansas, with an area of 52,198 square miles, has less than 50 miles of railroad. The State of Texas, with an area of 237,504 square miles, has less than 500 miles of railroad, none of which connect with railroads in other States. This vast domain, equal in extent to the Austrian empire, Switzerland, Denmark, and the Netherlands, and greater, by 3,000 square miles, than all of New England added to New York, New Jersey, Delaware, Ohio, Indiana, Illinois, and Michigan, is off the line of the great thoroughfare leading to the west, and so the immense tide of emigration rolling from the Atlantic coast fails to find its way to this land so richly endowed by nature with a salubrious climate, great fertility of soil, and inexhaustible wealth of minerals. And your committee entertain the belief that with a little timely aid on the part of the United States, these States will soon be able to assume that position of importance for which nature's lavish hand has fitted them.

4. The speedy and effectual reconstruction of the States of Arkansas and Texas is of vital importance to the whole country, and your committee believe that the early construction of this railroad line would cause the immediate development of that country; a great influx of population thither from more northern States, and a general prosperity to prevail among all classes of people, both white and black, and thus a healthy state of public opinion would be created and maintained; life and property would become more secure, and the laws of the country could be readily enforced. And your committee further express their belief, that such of the citizens of those States as may have participated in the rebellion, witnessing the grand result which would necessarily flow from such beneficent legislation, would soon forget the acerbity and bitterness of the past, and learn to love with patriotic devotion that government which, while it has a mailed hand to strike those who resist its lawful authority, deals justly and fairly by all, with an eye single to the prosperity of all.

5. The construction of this road must necessarily greatly augment our trade with the Mexican republic, and if by friendly offices the plan of the bill can be carried out so as to secure the construction of a railroad line to the Pacific coast, with a branch to the city of Mexico, we will thus penetrate the very heart of Mexico, grasp the entire trade of that republic by interior lines inaccessible to foreign nations, and, moreover, inspire the republic with a new life, and inevitably solve the political problem which has unhappily for 30 years set their wisest men at defiance.

6. The construction of this road would greatly cheapen the transportation of military and other supplies for the United States to our depots at San Antonio and other points in Texas, where more than \$1,000,000 per annum are expended for wagon transportation.

7. The United States has granted about 2,000,000 acres of land to aid in the construction of the road to the south line of Arkansas. By the laws of Texas, and an ordinance of the constitutional convention of that State now in session, about 7,000,000 acres of land have been granted in the State of Texas to aid in the construction of the road through that State. The financial methods of the bill are, first, the railroad companies may issue thirty years' bonds to the extent of \$30,000 per mile upon the road, as sections of ten miles of road are finished, the United States to guarantee the interest only of such bonds; the interest to be seven per cent. per annum, payable semi-annually at the treasury, or at the office of the assistant treasurer in New York, at the option of the Secretary of the Treasury, in lawful money. Such guarantee of inte-

rest when made by the Secretary of the Treasury, to constitute *ipso facto* a first mortgage on the road and rolling stock in favor of the United States to the extent of the interest. The United States to retain all money arising from the transportation of troops, munitions of war, military and Indian supplies, and the mails and the transmission of telegraphic messages, the whole to be applied semi-annually to the payment of interest on the bonds, and the companies to pay to the treasurer, ten days before any instalment of interest is due, a sum of money sufficient to meet such interest, and for that purpose to set apart one-third of the gross earnings of the road and semi-annually to pay all or a sufficient amount thereof into the treasury to pay the interest on the bonds; and on failure so to do, the President to have power to order the seizure of the railroad to secure the payment of the interest. Second, to secure the payment of the principal of such bonds the companies shall execute a second mortgage on the railroad and a first mortgage on the lands. The lands to be sold at \$2 50 per acre, and the proceeds to be paid into the treasury to be invested in such guaranteed bonds.

By the passage of this bill the United States would become liable for the interest on the bonded debt of the International Pacific railroad line to the extent of \$30,000 per mile. This interest, upon the completion of the road, would be not more than \$2,000,000 per annum. The earnings of the road on account of transporting mails, troops, and supplies, would be very considerable, and as this road would pass its entire length through a settled country capable of indefinite development, it is but fair to assume that the yearly earnings from the first would be \$8,000 per mile, and would soon reach \$10,000, or perhaps \$15,000 per mile, so that leaving the broadest possible margin for the running expenses and repairs of the road, there would be ample means from the beginning to meet the interest on the guaranteed bonds as it accrued.

Moreover, the reserved right of seizure on behalf of the United States for non-payment of interest would at all times have a salutary effect on all interested in the road to secure the prompt payment of the interest on the bonds.

The provision for the sale of the lands will protect settlers in the right to secure cheap homesteads, besides effecting a speedy reduction of the bonded debt of the railroad; and the construction of the road will open to market immense bodies of government lands along the line of the road, for which at this time there is no demand.

In view of all the facts, therefore, your committee has come to the conclusion that it will be for the best interest of the whole United States, and particularly for those States through which the proposed road is to run, that the bill reported by your committee should be passed. Your committee therefore renew their recommendation that said bill be passed.