

4-10-1874

Report on Land Grants to the St. Paul and Pacific Railroad Company

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Recommended Citation

S. Rep. No. 264, 43d Cong., 1st Sess. (1874)

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IN THE SENATE OF THE UNITED STATES.

APRIL 10, 1874.—Ordered to be printed.

Mr. WINDOM submitted the following

REPORT:

[To accompany bill S. 486.]

The Committee on Public Lands, to whom was referred the bill (S. 486) entitled "A bill to revive and continue certain grants of lands heretofore made to the Territory and State of Minnesota to aid in the construction of the several lines of the Saint Paul and Pacific Railroad Company," having had the same under consideration, respectfully submit the following report:

By an act approved March 3, 1857, Congress made a grant of lands to the Territory of Minnesota, to aid in the construction of certain lines of railroad, and among others a railroad from Stillwater via Saint Paul, Saint Anthony, and Minneapolis, to Breckenridge, on the Sioux Wood River, with a branch from Saint Anthony via Onoka, Saint Cloud, and Crow Wing, to Saint Vincent, near the mouth of Pembina River. This grant amounted to six sections per mile for both the main and branch lines of railroad.

By an act of Congress approved March 3, 1865, the above grant was increased to ten sections per mile.

By an act of Congress approved March 3, 1871, a change of the lines was authorized. The effect of this act was to extend the line of road from Crow Wing to Brainerd, a point on the Northern Pacific Railroad, and a second branch from Saint Cloud, via the Sauk Valley County, to Saint Vincent, on the international boundary, with the same proportionate grant of lands to aid in their construction as had before that time been granted by prior acts of Congress.

By the provisions of this act, the time for the completion of these branches was limited to the third day of March, 1873.

By an act of Congress approved March 3, 1873, the time for the completion of these lines, to wit, from Watab to Brainerd, and from Saint Cloud to Saint Vincent, was extended for a period of nine months, to wit, until the third day of December, 1873.

The company to whom was confided the construction of the above lines of railroad was organized under the laws of the Territory of Minnesota, and known as the Minnesota and Pacific Railroad Company, and subsequently as the Saint Paul and Pacific Railroad Company, and in 1864 the first division of the Saint Paul and Pacific Railroad Company was organized, and constructed the lines from Saint Paul to Watab, and from Saint Anthony to Breckenridge, a total distance of 280 miles.

Those portions from Saint Cloud to Saint Vincent, and from Watab to Brainerd, constitute the Saint Paul and Pacific Railroad. About the

1st of April, 1871, the First Division Company made a contract with the Saint Paul and Pacific Company, whereby the First Division Company agreed to construct and equip the lines from Watab to Brainerd and from Saint Cloud to Saint Vincent, also to take a lease of these lines for 99 years, and to make the bonds provided for by a mortgage on such lines, to dispose of such bonds by sale thereof, and with the proceeds to pay for such construction and equipment.

Fifteen millions of dollars, in first mortgage bonds, were issued, and sent to Lippman, Rosenthal & Co., the bankers of the railroad company in Amsterdam, Holland, for the purpose of sale. This mortgage provides that all the proceeds from the sale of these bonds shall be used in the construction and equipment of these branch lines of railroad. Under this arrangement contracts were made with De Woff & Co., contractors, in October, 1871, for the completion of said lines from Watab to Brainerd and from Saint Cloud to Saint Vincent, within the time fixed by Congress, to wit, the 3d day of March, 1873.

During the fall of 1871 the contractors made and delivered 1,100,000 cross-ties, and prepared all the square timber and bridge timber necessary for the construction of the entire lines, to wit, from Watab to Brainerd, a distance of 60 miles, and from Saint Cloud to Saint Vincent, a distance of 320 miles of main track, in all, 380 miles of main track which, with 20 miles of side tracks, made an aggregate of 400 miles of railroad.

During the winter of 1871, 1872, a very important bridge across the Mississippi River at Saint Cloud, some 800 feet in length, was fully completed, and a large force of men were employed in grading the road-bed through the big woods, and during the spring and summer of 1872 a small army of men was kept employed in grading, laying track, ballasting, &c., and remained so employed until the commencement of October in that year. All arrangements necessary to insure the completion of the entire work within the time fixed by act of Congress had been made by the contractors, and had the funds necessary to carry on the work been furnished as per agreement, the work would have been completed within the time specified.

The company had received the most positive assurances from their bankers in Holland that the funds necessary to complete the entire road would be furnished as fast as wanted for that purpose, and therefore urged the contractors to a most vigorous prosecution of the work. Until early in July, 1872, there were no indications of failure in this respect; but, on the contrary, everything pointed to an entire success of the enterprise. About this time, however, remittances from the company's bankers ceased to be made, while the most positive assurances were given that in a short time the necessary funds would be found. Acting upon these assurances, and in view of the shortness of time wherein to complete, the contractors proceeded with the work as vigorously as though the money had been furnished them, drawing entirely upon their own resources, and such as they could obtain from capitalists and other citizens of Minnesota, to meet their large expenditures from day to day.

The most encouraging assurances, however, continued to be made of the ability and determination of the bankers in Holland to furnish the means necessary to complete the lines and save the grant of lands, and the contractors continued the work with unabated energy until the 6th of October, 1872. They had then expended of their own means and such as they could obtain from other citizens of Minnesota, for work and labor done and material and supplies furnished, something over

nine hundred thousand dollars. This work was all done at great cost, in an uninhabited district of country, far from any base of supplies.

The company's bankers abroad claim that, on account of our foreign complications growing out of the Alabama claims, and because of the existence of the war between France and Germany, together with the complications in which these disasters involved foreign capitalists, it was impossible for them to dispose of the bonds of the railroad company so as to meet the current expenses of the construction of this work. The consequence was a suspension about the 6th of October, 1872. The financial agents of the company in Europe were, however, most hopeful of a better state of things, and of an increased appreciation of American securities, and that in a short time they would be enabled to remit all the funds necessary to complete the works so well and so largely advanced. Reliance upon these pledges induced the company to ask Congress for an extension of time wherein to complete these lines of nine (9) months only; that is to say, from the 3d day of March to the 3d day of December, 1873. Soon after this extension was granted the financial difficulties began to multiply, until they resulted in the great money crisis of last year, and of consequence it was impossible for the company to proceed with the work.

Since the suspension of work, however, the company has paid a portion of the indebtedness due to citizens of Minnesota, leaving a balance of about \$500,000 still due for labor done and material furnished.

At the time of suspension the condition of the work was as follows, to wit:

On the line from Watab to Brainerd, distance 60 miles, the grading and bridging is completed for 53 miles, uncompleted for 3 miles, and iron laid on 4 miles, cross-ties and timber all furnished on the ground. On the line from Saint Cloud to Saint Vincent, distance 320 miles, iron is laid on 139 miles, to wit: from Saint Cloud to Melrose, 35 miles, and from a point 12 miles south of Glyndon Junction, on the Northern Pacific Railroad, to a point 92 miles north of said junction, in all 104 miles, which, with the 35 miles mentioned, makes an aggregate, as stated, of 139 miles. Between Glyndon Junction and Saint Vincent the grading is entirely completed, and bridges ready for a distance of 50 miles, leaving 13 miles only of light grading to complete to the British line. Between Saint Cloud and Glyndon Junction the grading is completed for 75 miles, leaving but 42 miles uncompleted. In the aggregate there remains upon all the lines not to exceed 600,000 cubic yards of earth-work. Bridges for uncompleted portions are framed and delivered, and ties for the entire road are delivered. There have been actually expended upon the work \$3,500,000. To complete all the grading and mechanical structures \$575,000 will be required. To furnish iron rails, spikes, splices, &c., \$2,400,000 will be needed, and about \$1,000,000 more will equip the road, furnish depots, water-tanks, turn-tables, &c. In all, then, it will require \$3,975,000 to fully complete and equip the lines of road in a first-class manner. This amount, it is believed, can only be obtained by an extension of the time within which the roads may be completed. The country through which they pass, although possessing all the natural advantages necessary to make it a rich agricultural country, is yet comparatively new and unsettled. The people along these lines of road have contributed liberally of their limited means to this work. Large numbers of emigrants have been attracted to the country, and have taken up lands and settled upon them. Unless these roads are speedily completed, great distress will visit these hardy

frontiersmen, and give a set-back to the settlement of that rich country, not to be regained in many years.

The large expenditures already made will be lost in a great measure, unless additional time is given to complete the roads. Much of the material on hand is perishable, and can be resupplied only under increased difficulties.

The importance of these roads to the development of Minnesota cannot be overestimated. They traverse some of the most fertile, beautiful, and healthful districts in the Northwest. The Sauk Valley, and the great valley of the Red River of the North, both made accessible by these roads, are proverbial for their vast natural resources. In addition to the large number of emigrants who have been induced to settle in these valleys, by the location of these roads, whose disappointment will be great, and their loss will be large, it is certain that large bodies of emigrants will join the pioneers, should the roads be speedily completed, and that at no distant day the whole country through which these roads are located will become densely populated, and thus will the prosperity and wealth of Minnesota be enhanced. The fact of the road running in the valley of the Red River of the North will form a strong barrier against the incursion of hostile Indians, and allow the civilized Indians an opportunity of developing under the fostering hand of the Government. Transportation for the troops, supplies, and munitions of war will be supplied to the Government for all the military posts between Saint Paul and the British line, and will greatly reduce the cost of supplying the Indians. At the international boundary the road will connect with the railway to be built this year between Saint Vincent and Fort Garry, in Manitoba, and opening a vast market for the surplus of Minnesota. The legislature of the State of Minnesota has, with great unanimity, memorialized Congress to extend this grant of lands to her. In doing so, she has provided that her legislature may impose such conditions as to rates of transportation for freights and passengers as experience has shown to be of vital necessity. To this the railroad company has assented, thus relinquishing the right, which it would otherwise have had, to dictate such rates as it might deem best for its own interests. The company now ask an extension of time until January 1, 1876. The State of Minnesota has already passed an act providing for such extension in the event of Congress giving the additional time asked for.

The committee, therefore, recommend the passage of the accompanying bill, with the amendments indicated.