

12-8-1874

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Recommended Citation

H.R. Misc. Doc. No. 6, 43d Cong., 2nd Sess. (1874)

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TEXAS AND PACIFIC RAILWAY COMPANY.

[To accompany bill H. R. 3869.]

MEMORIAL

OF

THE TEXAS AND PACIFIC RAILWAY COMPANY AND THE ATLANTIC AND PACIFIC RAILROAD COMPANY.

DECEMBER 8, 1874.—Referred to the Committee on the Pacific Railroad.

To the Senate and House of Representatives in Congress assembled :

The memorial of the undersigned, representing respectively the Texas and Pacific Railway Company and the Atlantic and Pacific Railroad Company, shows :

That the construction of these highways, authorized and encouraged by the National Government across the national territory to the Pacific coast, as set forth in their respective charters, was arrested by the financial embarrassment now existing in our country, and the consequent partial paralysis of the industry of all the States, and their commerce, internal and external.

Involved in the calamity which now keeps idle, on the threshold of winter, hundreds of thousands of American laborers, and a large proportion of the mining and manufacturing establishments of the country, the national enterprises represented by the undersigned, and which depended for their success to a large degree on the maintenance of ordinary business relations, stand disabled in a money-market in which confidence has been seriously impaired, all values have declined, and where the difficulty in obtaining credit has rendered it, during the past year, impossible for a large part of the business of the country to proceed in its regular channels.

The railways which your memorialists represent are themselves the representatives of large amounts of capital now invested, in the full belief that the requisite additional capital could from time to time be secured, either from our own people or from Europe, to fully complete these roads. But the difficulties growing out of the late panic have rendered it impossible to secure the necessary means from our own people; and at the same time many American securities are so discredited abroad, that these enterprises must remain uncompleted, and large investments be sacrificed, without practical relief is granted by your honorable bodies on some judicious basis, in which the interests of the Government can not only be thoroughly protected but greatly promoted.

In behalf of these highways of continental commerce, of these invest-

ments made on the faith of the grants heretofore made by Congress, and of the labor, trade, and agriculture indissolubly connected with their roads in six States and Territories, your memorialists pray your honorable bodies to aid these undertakings. They beg leave respectfully to present some of the many reasons why aid should be extended, to provide and complete a southern system of roads to the Pacific. And in order to complete this system in the least number of miles required to cover the territory which should have access thereto, they propose that the Atlantic and Pacific Railroad Company should deflect its line southwestwardly from Vinita, its present terminus, and that the Texas and Pacific Railway Company should construct its line, so that a connection can be made with the road of the Atlantic and Pacific Railroad Company, at some convenient point on or east of the 104th meridian, to be agreed upon as best for the interest of the companies and the Government, thus saving the construction of about 1,500 miles of road, and restoring to the United States about thirty million acres of land heretofore granted to aid in such construction.

They believe that such a trunk-line of railway to the Pacific is a necessity:

First. From the political obligations of the Federal Government to maintain jurisdiction over all its territory, and to extend the process and protection of its courts to every part of it.

Second. From the unceasing increase in value of land, from the Atlantic westward to the limit of the profitable carriage of its products to market. That is the practical limit of our emigration, without the aid of railroads. It is one of the functions of the transcontinental lines of railway to bring the cheap land of the republic within the reach of the laboring poor, and it is at once a duty and the part of true statesmanship to enable farm-laborers from our own States, as well as from England, Ireland, Germany, France, Belgium, and other European countries, to get access to territories where homes can be secured at the lowest possible rates. This can best be done through the agency of these roads. They alone can develop and populate the public domain along their respective routes, and enable the enterprising laborer to reach it, and profitably market his crops.

Third. The third necessity for this line arises from the fact that it is the interest and duty of the Government to provide such means as will best settle the Indian question, and enable its vast Territories to be developed in the interests of civilization. The completion of this line will enable our southern Territories to be safely inhabited, and will release the Government from an expenditure amounting to millions of dollars yearly, now made in endeavoring to guard the residents of these Territories against constant peril to life and property.

It would enable the Government to establish bases of supply and attack, to move troops cheaply and rapidly, and to dispense with the services of perhaps three-fourths of the number now required in these Territories. The result of the construction of the Union and Central Pacific Road is that there are no Indian outrages in the neighborhood of its line, and that but few troops are required in the territory traversed by it. It proves to be a fortress as well as a highway; and the same is true of all roads built through territory occupied by Indians. It is a well-established fact that the civilization of the Indian is greatly advanced by his contact with the white; certainly he can never be civilized while he is kept isolated and apart from the influences of the age.

In this connection, the report of a committee of the Senate, made on the 19th of February, 1869, in favor of aiding with the public credit the

construction of another line of trunk-railway to the Pacific coast, states authoritatively why it is the policy, the duty, and the interest of the Government to grant the assistance asked, as follows :

The hostile and predatory Indian tribes can be permanently conquered by railroads. The locomotive is the sole solution of the Indian question, unless the Government changes its system of warfare, and fights the savages the winter through as well as in summer. The railroads settle the country as they progress. The water-stations and freight-stations built on the lines immediately become the germs of towns and the centers of military operations. Farms follow the roads, and a column-front of self-sustaining settlements moves slowly, but surely, to the Rocky Mountains. As fast as the roads go by military posts and roads, these become useless and are abandoned. The roads push the border farther west every day. As the thorough and final solution of the Indian question, by taking the buffalo-range out from under the savage, and putting a vast stock and grain farm in its place, the railroads to the Pacific surely are a military necessity. As avenues of sudden approach to Indians on the war-path, and of quick and cheap movement of supplies to troops, they are equally a military necessity.

Fourth. The fourth necessity for this line arises from the law of economy in the commerce of the world. The shortest way to Europe from Australia, Japan, China, and the greater part of Asiatic Russia is to be found in transcontinental lines across the continent of America. The road will undoubtedly develop a paying traffic from local resources where none now exists, as similar roads have done in every instance; and as it becomes established will derive large revenues from traffic transported across the continent between Europe and the countries of the East. A committee of the Senate, after fully considering the influence of railroads in increasing domestic and foreign commerce, urged on Congress the grant of aid to a southern Pacific route, for the weighty reasons that it would pay the nation—

By bringing into market hundreds of millions of acres of good land which are now dead property to the United States; by adding millions of population to the present number of producers and tax-payers of the country; by doubling, trebling, quadrupling, and indeed, indefinitely increasing the annual yield of the precious metals in the United States; by a vast increase of our custom revenues to be derived from importations from the countries of the East; * * * by the general stimulus of production, manufactures, and trade in all the States east of the Mississippi, to supply the wants of the settlers in the new regions to be traversed by the roads; by all that diversified good, in the pursuit of which England, France, Belgium, Holland, and Austria have spent such enormous sums of money, pledged without stint their public credit, and found their reward in doing so to the first-named nation, in the control of the trade and commerce of the world; and to the others, not only in astonishing increase of wealth, commerce, and revenue, but the sure means of paying their several national debts, out of sinking-funds for that purpose, made a part of their railway-system respectively.

Fifth. If the obligation to fulfill engagements and discharge duties constitutes a necessity in republican governments, then another strong reason why this transcontinental road is necessary, is, that a large population, now in the territories to be traversed by this line, has gone there in full faith and belief, engendered by the previous action of Congress, that the road would be constructed within a very few years. These people have strong claims to whatever reasonable aid Government can give to effect the completion of this line, especially if such aid can be given with entire security.

Sixth. It gives to the people of the South and Southwest the facilities already provided by the Government for one section; and enables them to reach and develop a territory of unbounded resources, whose climate and productions are suited to their habit of life. It would be a practical measure of reconstruction, in which all parties could unite, because it would benefit the South, and all persons having business connected with that section or dependent upon it. The transportation of these products would vitalize the entire system of southern railways, and the

earnings therefrom would greatly reduce the present cost of moving traffic, and thus benefit the entire country. And to secure the best results for these southern lines and the whole southern country, the links should be constructed between Shreveport and Monroe, and Shreveport and New Orleans, thus completing the rail connections by way of New Orleans and by way of Vicksburgh. The increased yield of cotton and tobacco, from the newly developed territory, would swell the volume of our exports, and thus aid materially in throwing the balance of trade in our favor, and in enabling us to retain our gold and silver for home circulation.

Seventh. But this line is above all a necessity from the fact that it furnishes an open highway, unobstructed by snows during the entire year, across the continent. Its natural advantages are such that it can be worked with great economy between the two oceans at all seasons. It crosses the great divide at a low elevation; the summits to be passed on it are over thirty per centum less, and the grades and curvature sixty per centum less, than on the existing Pacific roads.

Many of these points have heretofore been considered by leading committees in both the Senate and House, and by reference to their reports much valuable information will be found bearing upon the whole question.

Your memorialists further represent unto your honorable bodies that when the transcontinental roads, now proposed to be united into one trunk-line, were chartered and endowed with grants of land in aid of their construction, it was the intention of Congress to provide for their completion, and that the grants of land were deemed to be sufficient to that end. The contemporaneous debates on the proposed acts of legislation abundantly prove this.

The charters of the two companies express this fully, as set forth in the following language:

For the purpose of aiding in the construction of said railroads and telegraph-lines to the Pacific coast, and to secure the safe and speedy transportation of the mails, troops, munitions of war, and public stores over the routes of said lines of railway.

And again:

To promote the public interest and welfare by the construction of said railroads and telegraph-lines, and keeping the same in working order, and to secure to the Government at all times, but particularly in time of war, the use and benefits of the same for postal, military, and other purposes.

But settled experience now shows that the congressional land-grant is unavailable as a basis of credit for the prompt construction of long lines across our Territories with their present limited population, though as a security for the ultimate payment of the principal of the money advanced to build the lines, it is unquestionably sufficient. Of the lands given by the Government in aid of the construction of the lines represented by your memorialists, not one acre has been used by either in payment for labor, materials, or machinery. The sales of such lands cannot be forced to keep step with rapid expenditure against the rigid time-limitations of a charter, nor beyond the natural movement to new countries of domestic and foreign populations. These change their habitations, not capriciously, but in accordance with fixed laws. And this inability to force sales of land to provide money for the construction of the road, is increased by the necessity these companies are under of selling their lands on long credit, instead of for cash; because their customers are necessarily laborers of limited means, and not capitalists seeking investments.

Your memorialists respectfully beg leave to represent to your honorable bodies that the stoppage of these roads involves the loss to the

people of the United States of the advantages which they sought in their construction—involves the loss to the Government of the economies and facilities which induced Congress to authorize the original charters and grants, and prevents the Government from thoroughly and economically keeping its promises and fulfilling its duties to the people of the Territories.

These advantages and duties are not conjectural; they have been publicly declared again and again in the reports of the various committees of Congress; and these reports have shown, in a clear and decided form, the enormous saving to the Government in the transportation of military and Indian supplies to the interior of the country. It is conclusively established that the saving in transportation alone has averaged \$2,000 per mile per annum for every mile of Pacific road built. The present cost to the Government of maintaining the military establishment in the Territories reached by this line, including the transportation for the Military, Interior, and Indian Departments, exceeds, by many millions of dollars per annum, the amount for which the same service can be performed when this road is built, thus making a clear gain to the Government of more than the interest on its entire cost.

These same reports urge on Congress the importance of this line, as indefinitely augmenting the annual yield of the precious metals and other mineral resources of great value. It traverses great and well-explored mineral belts, the proper development of which will add many millions annually to the material wealth of the country; and its construction, in addition to developments in our own Territories, will secure to our people the trade in the rich mineral and other products of Chihuahua, Sonora, and the other States of Mexico. Unless some aid be given, under which this line can be completed in a reasonably short time, adverse interests may occupy this field and deprive our people of advantages which they can now in this way secure and perpetuate.

Your memorialists further show that the influence of railroads in developing the national wealth is marvellously rapid; that this has been proved by the experience of our own country, as well as of France, Great Britain, and Belgium; and that in France the effect of government aid to capital invested in railroads has been so marked in its results upon the commerce of the country that these roads have paid regularly all claims on account of such aid, and the government's guarantee has never been called for. All this can certainly be done by this Pacific road, if constructed under moderate aid from the Government. It will be remembered that England has expended \$480,000,000 in government guarantees upon her Indian railroads, located thousands of miles from home, with results most satisfactory to the nation. Russia, too, has gone beyond all other countries in advancing means and credit for the construction of railways, through which to protect and develop the territory under her control.

Your memorialists therefore pray that your honorable bodies will enact some law that will give practical aid to this undertaking.

They respectfully suggest that it may be done by the Government guaranteeing the interest on five per cent. gold bonds of the company, as follows: That for each section of ten or more miles of continuous road constructed and equipped by either company, the Secretary of the Treasury shall, for and in the name of the United States, guarantee the interest at the rate of five per centum per annum in gold—but not the principal—on bonds to be issued by such company, for road constructed and equipped in the open or plain country, say for one-half of the line authorized, at the rate of \$30,000 per mile; and for the remaining road

constructed in the rough or mountainous country, at the rate of \$40,000 per mile, being an average of \$35,000 per mile on the whole line each company is authorized to construct; an additional amount of \$5,000 per mile of such bonds to be issued by each company, and deposited with the Secretary of the Treasury until after the completion of the road each company is respectively authorized to build, and then expended in the purchase of such additional equipment or other permanent improvements as the officers of the companies shall certify under oath the increasing business of their roads requires.

As security for this guarantee of interest to the extent of 1,750 per mile, and which in no case can exceed \$2,000 per mile of road constructed and equipped, the Government to have—

First. A first lien or mortgage on the railroad, with its equipment, depots, shops, and other property appurtenant thereto, including its franchise and net earnings.

Second. The entire net proceeds of sales of lands heretofore granted by the United States to said companies, to be secured by mortgage.

Third. A restoration to the Government of about thirty million acres of land, heretofore granted and reserved to aid in the construction of the two lines to the Pacific, about 1,500 miles of which will be dispensed with under the plan proposed.

Fourth. \$5,000 per mile in bonds out of the \$40,000 authorized, or one-eighth of the entire issue, to be retained by the Government and sold by the Secretary of the Treasury, if at any time during construction the proceeds of sale of lands, the Government transportation of troops, munitions of war, supplies, &c., and the Government postal and telegraph service, and the entire net earnings of the road, are not sufficient to provide for the interest on bonds so guaranteed, as it shall mature from time to time.

And back of all this is the capital and acquired property of the two companies, in excess of their first-mortgage indebtedness, estimated at twenty millions of dollars, every dollar of which must be sacrificed before the Government can lose anything by this proposed loan of its credit, and also its revenue from the sale and development of lands along the line, that could not, but for the road, be sold at all. The increase of population, and in the value of taxable property, would be worth many millions annually to the General Government, as well as to the local State and Territorial governments, which would at once reap the benefit to be derived from the opening up of their mineral and agricultural lands to the vigorous and thrifty emigration from the older States and from foreign countries.

After completion, the roads should be required to pay, in addition to the interest, out of the postal, military, and other transportation, and the sales of lands, a sinking-fund, to be applied to the reduction of the debt on which interest is so guaranteed, until the entire amount of the bonds shall have been paid into the Treasury and the lien upon the road paid off and canceled.

Your memorialists respectfully suggest that the active demand for labor and material which must follow a grant of effective aid for the construction and equipment of these roads, would give employment to all classes, put new life into business channels, and relieve much of the distress now existing in all large manufacturing centers and elsewhere. To construct the roads as proposed within six years, will give active daily employment to many thousand men in the work of grading, laying masonry, mining and manufacturing iron for rails, fastenings, &c., building bridges, locomotives, and cars, cutting ties and timber, trans-

porting material and supplies, laying track, and in cultivating and furnishing the grain, provisions, and forage required for the men and animals employed on the work.

In view of the fact that nearly all railway construction has been stopped, in consequence of the recent financial troubles, and that many thousands of men, able and willing to work, are now idle in our manufacturing and other cities, it is respectfully submitted that no better way can be devised for helping these unemployed people to earn bread for themselves and their families, than by enabling these companies to give them employment on their lines of road, where, after the road is constructed, all who may desire to do so can continue to find plenty of work and cheap homes in the agricultural and mineral regions newly opened up by their labor; thus converting what is now a non-producing, suffering class of the people into an active, thrifty, and productive population.

The plan adopted by the Texas and Pacific Railway Company of securing the capital necessary to build its line, through a construction company, having been abandoned by reason of the financial troubles before referred to, and the construction company having offered to cancel and annul the contracts heretofore made between the two companies, and restore all stocks and securities, and property of every kind, received under these contracts, on repayment to it of the actual amount expended by it with seven per cent. interest thereon, all future work upon the line will, therefore, be done directly by the railway company.

It is to be hoped that the considerations herein suggested will induce your honorable bodies to grant the aid herein prayed for in such form as will best subserve all interests; and to that end, your memorialists request that such control and supervision may be exercised by the Government of the rates of passenger and freight business upon both their lines, as shall be applicable to other railways aided by the United States, and as shall, in the opinion of Congress, fully protect the Government and be reasonable and fair to all interests using the roads; and also such a limitation be placed upon the prices of their lands as shall secure them to settlers at rates just to all parties. With effective aid from the Government, in such form as Congress may deem best, the companies would agree to complete this great trunk-line within six years, or before the close of the year 1880.

This whole question is now respectfully submitted to Congress with the utmost frankness, in the confident belief that it will be considered and acted upon with a just appreciation of the new necessities of the country and the people, and with a due regard for these large public interests.

With this conviction, your memorialists do not propose, while earnestly urging prompt action, to besiege Congress by personal pressure and solicitation, but to rely on the actual merits of the case as presented.

Your memorialists beg your favorable consideration of the premises, and they will ever pray, &c.

THE TEXAS AND PACIFIC RAILWAY COMPANY,
By THOMAS A. SCOTT, *President*.
THE ATLANTIC AND PACIFIC RAILROAD COMPANY,
By A. PIERCE, JR., *President*.