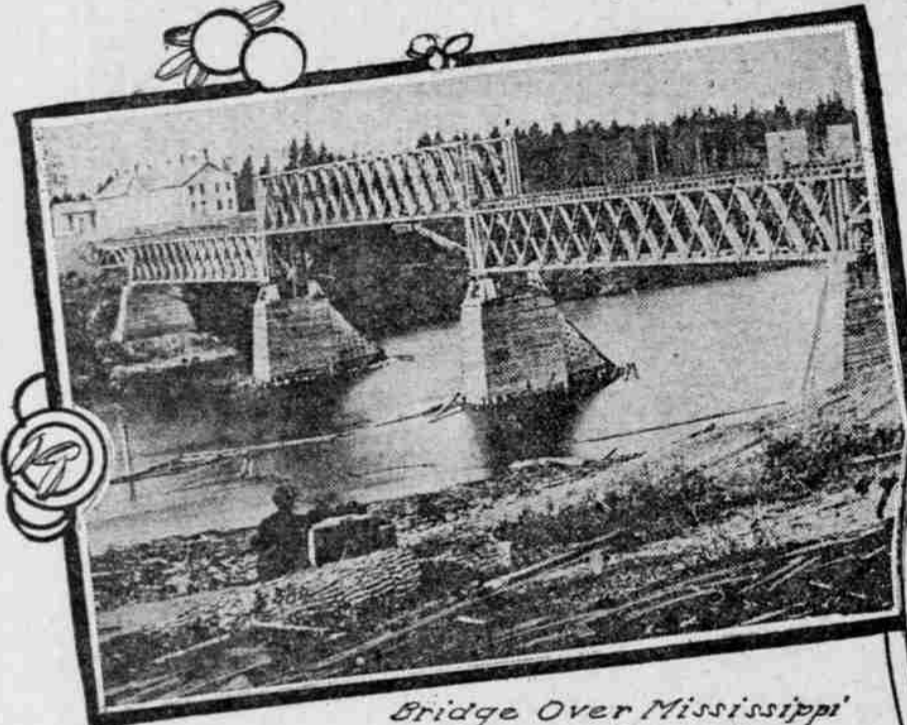


THOMAS JEFFERSON'S DREAM REALIZED IN NORTHERN PACIFIC RAILROAD

Interesting Events in History of Railroad That Was Granted Charter Fifty Years Ago.



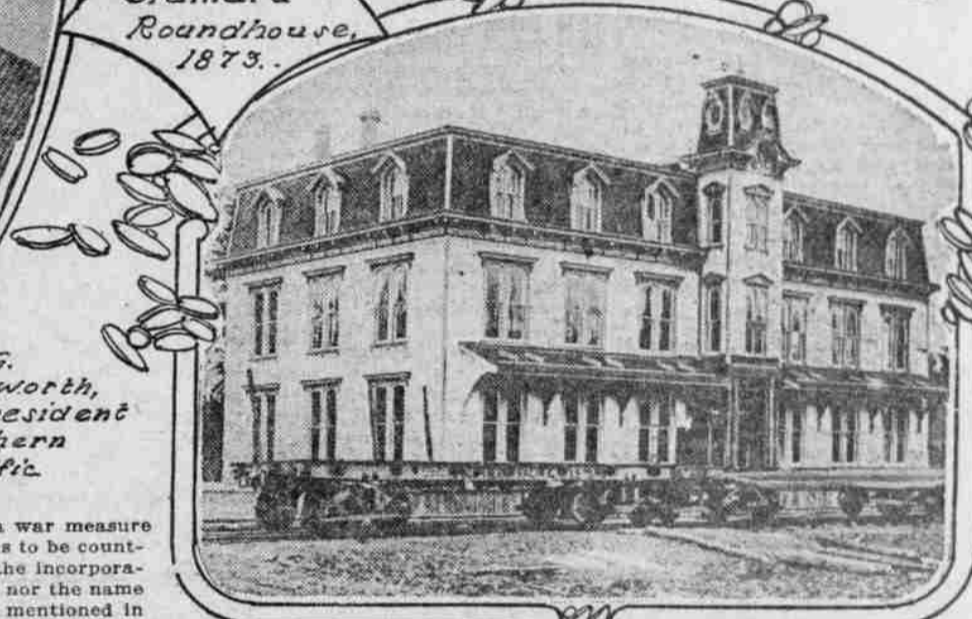
Bridge Over Mississippi River at Brainard,
River at Brainard,
(Fell With Freight Train)
June 1875



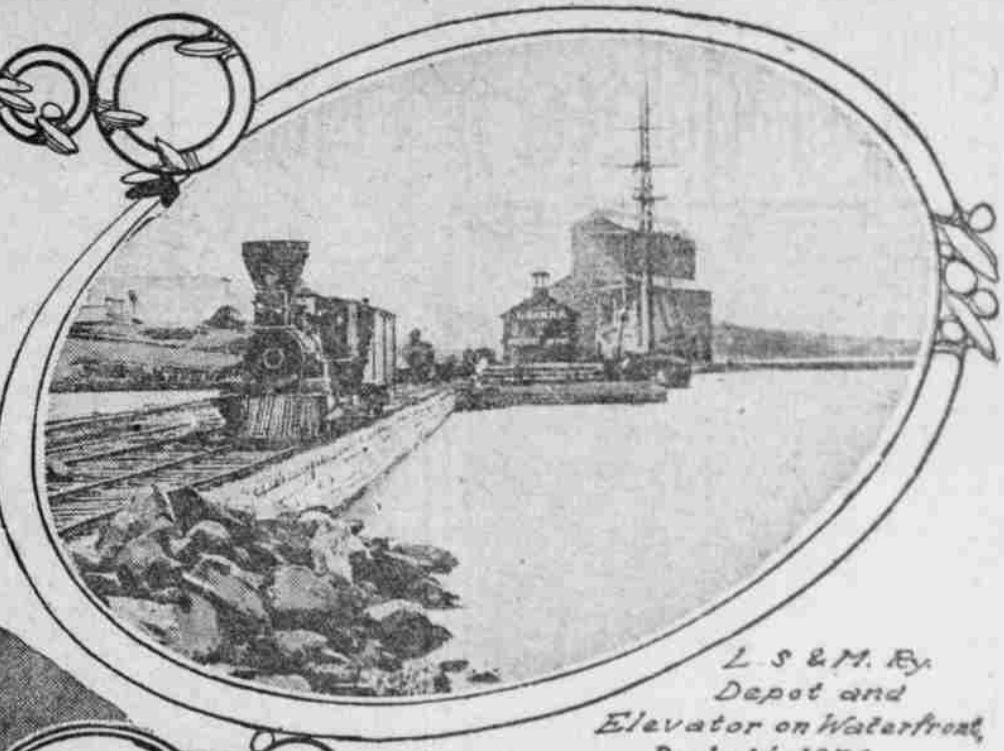
J. G. Woodworth,
2nd Vice President
Northern Pacific



J. M. Hanna,
President
N.P. Ry



N.P. Ry. Headquarters, Brainard 1873



L. S. & M. Ry.
Depot and
Elevator on Waterfront,
Duluth, 1874.

BY ADDISON BENNETT.

WHEN Thomas Jefferson proposed to the American Philosophical Society, in 1783, that a public subscription be raised for the purpose of engaging some competent person to explore the country lying between the Mississippi River and the Pacific Ocean, "by ascending the Missouri River, crossing the Stony Mountains and descending the nearest river to the Pacific," he practically laid out the route for the first projected transcontinental railroad—the Northern Pacific.

There came as a result of Jefferson's entreaties to the Philosophical Society, the organization of a party under Meriwether Lewis and Andre Michaux, the latter then stationed in the United States in the employ of the French government, France held great landed interests here at that time and it seemed fitting that the two governments should share the responsibilities for such an exploration. However, the expedition was scuttled on the way. Michaux was recalled by the French Minister, and nothing further was done in the matter at that time.

While in his letter to the Philosophical Society, Jefferson first publicly made the route he had in mind known, let it be remembered that a dozen years before, as far back as 1780, the great statesman had thought much about a route to our Western possessions. In an autograph letter to George Rogers Clark, dated at Annapolis, December 4, 1783, he had outlined a trip and had asked Clark to take charge of it. But nothing seems to have come from this overture. It is not possible even to find an answer from Clark.

Jefferson's Opportunity Comes.

Jefferson's opportunity came after he was elevated to the presidency in 1801, and while France still held her American territory. Meriwether Lewis was President Jefferson's private secretary. On January 18, 1803, a special message was transmitted by the President to Congress, asking for an appropriation of \$2500 for the expenses of an expedition. This being made, the President appointed Meriwether Lewis as chief and he selected as his companion-in-charge a younger brother of George Rogers Clark—Captain William Clark.

It is not pretended that either Jefferson, Lewis or Clark ever contemplated that the journey of the two later was the first step in the building of a transcontinental railway. Indeed, at that time, and for years after, railroads were unknown. Even the great Baltimore and Ohio Railway was operated by horse power until 1825. The first railway in the world operated by steam was from Stockton to Darlington, in England, 31 years later in 1825.

But one of the first great railways in this country, the Erie Canal, was one from the Great Lakes to the Pacific "by the northern route," meaning practically, the Lewis and Clark trail. It is more than likely, however, that when, in 1819, a celebrated civil engineer, Robert Mills, made the suggestion that the Atlantic and the Pacific be connected by a railway, that he had foreseen the coming of the steam-operated highways.

At that time the American people were tolerably familiar with this northern route. In addition to the Lewis and Clark trip it had been used for many years by the fur traders. The discovery of the Columbia River by Captain Gray, of Boston, called attention to this northern route. The land portion of the Astor party traveled by this route, later Wyeth and Bonneville did the same. Indeed up to nearly 1840 it was practically the only roadway north of Mexico known between the East and the Pacific.

Indiana's Trip Epoch-Making.

There was one of the aftermaths of the Lewis and Clark trip that had much to do with the thoughts of the first transcontinental railway. That was the journey of the four Flathead Indians who, in 1822, made a trip from their western homes to St. Louis to learn about the white man's God and the white man's bible. The story of this wonderful trip has never been fully explained or fully understood or all together authenticated in detail. Rev. Samuel Parker, of Ithaca, New York, read this story the year following. He enlisted the co-operation of

Dr. Marcus Whitman, and together they made the trip in 1836.

Mr. Parker spent two seasons here and then returned from Astoria by sea. After arriving home he wrote a book of travels, which had a large circulation in this country, as well as in Europe, an edition being published in London. In this work Mr. Parker was the first prophet, so far as known, of a railway from the Atlantic to the Pacific, as well as the first person to mention "the northern route."

In a review of this book in 1833 Willis Gaylord Clark, in the Knickerbocker Magazine, spoke of Mr. Parker's prediction. In this article there is a name given to the prophesied road for the first time, "The Atlantic & Pacific Railroad Company."

Perhaps it may be well to state here, although far out of the regular sequence of the story of the Northern Pacific, that it was not until the first charter was granted to the "Northern Pacific Railroad Company" by the Legislature of the Territory of Washington, on January 28, 1857, that the name of the northern road was thus expressed. (As a matter of local interest the names of some of the northern incorporators are here given: General Isaac I. Stevens, Colonel William Cook, Elwood Evans, A. A. Denny, Judge William Strong, W. S. Ladd, ex-Senator Ramsey, of Minnesota, and General James Shields, also of Minnesota. There were many others.)

Credit for Advocacy Varied.

Several historians give the credit for the first advocacy of a road by this northern route to Dr. Samuel Bancroft Parker, a practicing physician who resided at Granville, Mass.

Dr. Parker is by some spoken of as "the father of the Northern Pacific Railroad," and it is practically certain that he was the first man publicly to set forth a detailed plan for the construction of such a road. But Dr. Barlow admits, in the article mentioned, that he was not the first to advocate such a road. But Dr. Barlow's article is worthy of more than passing mention for the reason that he therein goes into details as to the manner in which such a work could be financed by the Government. He says the writer of the Emigrant articles assumes the length of the road would be about 8000 miles, but the doctor says is about right. But he thinks the estimated cost made by the writer of the Emigrant article, \$30,000,000, or \$10,000 per mile, is too low.

At that time the most stupendous work of the Government in the United States, but undertaken had recently been finished and paid for. That was the building of the Erie Canal, reaching from Buffalo to Albany, a distance of 337 miles, the cost being almost \$4,000,000. In addition to this a public debt amounting to \$137,000,000 had practically been wiped out since 1816.

Nothing much is known about the drift of public opinion towards the railroad by "the northern route" between 1835 and 1844. But it is far more than probable that many were thinking and even writing on the subject. However, there is practically nothing to be learned about the matter between the days of Barlow and Parker until Asa Whitney, the generally accepted "father of the Northern Pacific" took the matter up in 1844. At that time there were about 4000 miles of railways in operation in the United States, but a new era of building had just set in and the mileage was more than doubled during the five or six years Whitney was active.

Project Up to Senate in 1848.

Therefore the road by "the northern route" had been merely a matter of generalities; Mr. Whitney advocated something definite—a railroad from Lake Michigan to the Pacific by the way of the Upper Missouri and Columbia Rivers." In 1848 his project came before the Senate of the United States in definite form, when a bill was introduced authorizing him to construct such a road and giving him a land grant 60 miles wide for the entire length of the road, for which he was

to pay 10 cents an acre. But the bill died a-borning.

After the failure of Whitney's project in which he had practically impoverished himself, there entered into the fray a man who had far more to do with making the road a reality than any of its former proponents—Edward F. Johnson, an engineer in the employ of the New York & Lake Erie, then the greatest railway in the country. Mr. Johnson's arguments were so strong and so lucid and his knowledge of the subject so clear and evident that the attention of many members of both branches of Congress were attracted. It fell to Jefferson Davis, then Secretary of War, to carry out this provision and he put five parties in the field to investigate as many routes. It must be remembered that even at that early date sectional feelings were strong and the South was the dominant power.

It fell to Jefferson Davis, then Secretary of War, to carry out this provision and he put five parties in the field to investigate as many routes. It must be remembered that even at that early date sectional feelings were strong and the South was the dominant power. Unhappily the South and the Central Pacific, the Northern Pacific Railroad was to receive no financial assistance from the Government, but was to have a grant of land 20 miles wide through Minnesota and Oregon, and 40 miles through the intervening territory.

Stevens' Work Thorough.

Mr. Stevens had just been appointed Governor of Washington Territory. Bills were introduced in Congress from time to time for the building of roads over at least three of the routes surveyed, but nothing definite came of the matter for some years. Then came the dark days of the Civil War and the people of the North saw the advantage a road to California would be and the building of the Union and Central Pacific was begun; but of that nothing need be said in a story of the Northern Pacific.

Joshua Perham, a Maine Yankee, however, had taken up the cudgel for the northern route in the late 50s. He had the genius and intelligence to conceive large projects, and the pertinacity to hang to them like a bulldog; but he lacked those constructive qualities which go for actual results. He had been a man of wealth but had lost his fortune when he was a young man in his 30s. He became a bankrupt and then began anew as a wool commission merchant in Boston, and accumulated another considerable fortune, whereupon he discharged all of his debts, of which he was legally free. Soon he was again on his uppers. Then he fell in with a man who had what he called the "Seven-Mile Mirror," a sort of panorama of Niagara and the great lakes, and was very successful. In 1853 the Pacific Railroad dawned upon him and he threw up all other business and put all of his wonderful versatility and energy into his new hobby.

Northern Route Then Chosen.

In 1850, after various failures to get Congressional action and to obtain a charter in Massachusetts, Perham received a charter for "The People's Pacific Railway" in Maine in the Spring of 1850. He took himself and his charter to Washington and endeavored to get Congress to take action. At this time he had no very definite plans as to the exact route his road was to follow. He was not a man of details. So when the matter of a transcon-

tinental road came up as a war measure he was willing and anxious to be counted in and became one of the incorporators; but neither his name nor the name of any of his friends was mentioned in the charters granted the Union or Central Pacific, which was on the 20th of June, 1862.

Then Mr. Perham transferred himself and his friends bag and baggage to the northern route. With the assistance of Thad Stevens he saw his bill presented in the House in May, 1864, where it passed and went to the Senate. After passing back and forth several times for amendments it was finally passed by both branches and received the signature of Abraham Lincoln on the second day of July, 1864.

Perham and his friends were named as the incorporators, the capital stock was fixed at \$100,000,000, and when \$2,000,000 of the stock had been subscribed for and 10 per cent of this paid in the company was to proceed to organize regularly. Construction, under the charter, was to begin within two years, and the road was to be finished by July 4, 1876.

It should be stated here that there was one clause in the charter which caused the company later a vast amount of money and trouble and delayed the finishing of the road for several years. That was the provision that the lands were to be patented to the company in strips of twenty miles, as the road was completed for that distance, but only after the road had been inspected by government officials and a satisfactory report made to the Interior Department.

It came to pass that at times for weeks and months, and in one case for nearly two years, these inspections and reports were not made, and the only assets the road had to borrow money on for construction were these lands.

Perham First President.

A meeting of the commissioners was held in Boston on the first day of September, 1864, and Joshua Perham was elected the first president of the Northern Pacific Railroad. But alas! alas! there was not a dollar in the treasury! Perham and the other subscribers had subscribed sufficient to cover what expenses they had incurred and these bills were allowed. So there was not a cent to do anything with. Perham by his associates had supposed that the stock would be quickly subscribed for by the general public. But for nearly two years not a cent came in and nothing was done. In December, 1865, a meeting of the directors was held in Boston and Perham admitted that he was down and out, physically and financially, and a complete change of the personnel was effected. J. Gregory Smith, a prominent railroad man of the time and then president of the Central Vermont Railroad Company, was elected president. Then for the next two sessions of Congress many bills were introduced toward giving the road some financial assistance, but nothing came of it. These bills as a rule died in the committees. Then it was decided to interest as many of the railroad men in the country as possible, and this caused what was known as "the original in-

terests" agreement, 12 men agreeing to pay in \$8500 each to reimburse Perham and his associates for what they had expended during the previous two years. Mr. Smith was continued as president and the others became directors.

These parties later furnished about \$250,000 with which to make certain surveys, and E. F. Johnson, the chief engineer, was put into the field with several crews. Johnson continued his work as rapidly as he could get the funds to pay the bills, but that is about all that was done until 1869, except that a bill had been passed by Congress extending the time for beginning the road for two years, and the same extension for its completion.

Financial Giant Appears.

Now came into the councils of the Northern Pacific, Jay Cooke, one of the financial giants of those days. It was Cooke who was the right hand of Salmon P. Chase during the dark days of the Civil War. He had undertaken to sell the bonds of the Government and had made a marvellous success. His advertising was brilliant and widespread. Some of his literature, notably his pamphlet entitled "A National Debt a National Blessing," may well be termed classical. The house of Jay Cooke & Co., of Philadelphia, the house of Jay Cooke & Co., of New York, the house of Cooke & McCullough, of London, and the First National Bank of Washington, D. C., of which his brother, Henry D. Cooke, was president and Jay Cooke one of the largest owners—these financial houses were among the very strongest in this country. A contract was made with Jay Cooke to act as the financial agent of the Northern Pacific, which he did not close until he had had the routes and plans fully looked into. On the first day of January, 1870, Cooke, under the terms of the contract, advanced the Government \$25,000,000, and on February 15, 1870, ground was broken at Thompson Junction, Minn., and the Northern Pacific Railroad really came into existence, after over 25 years of agitation and more than six years of struggling since it was chartered.

In two years, during 1871, '72 and '73, Cooke sold more than \$30,000,000 of the Northern Pacific bonds. This money came from all parts of the United States. More than 11,000 people subscribed. But in the late Fall of 1873 there came a lull. President Smith, having been appointed receiver of the Central Vermont, resigned at a critical moment. A sort of reorganization took place and George W. Cass, president of the Pittsburgh, Ft. Wayne & Chicago, was elected as his successor. Cass appointed R. D. Rice vice-president and J. C. Ainsworth, of Portland, Oregon, as managing director for the Pacific Coast.

At this juncture the company found itself in financial straits, with a floating debt of over \$5,000,000. The bond sales had practically ceased.

Cooke's Banks Collapse.

Then followed the panic of 1873, the Cooke banks went down like houses of cards, the company was facing an interest charge of \$3,000,000 a year, the 875 miles of road in operation were barely paying expenses—hard times and those rough days of '73 were for

the Northern Pacific. The company was practically bankrupt.

Then, at the darkest hour, arose the savior of the company—Frederick Billings, who was one of the directors.

Under his plan the company was thrown into bankruptcy and President Cass was appointed receiver. He qualified in April, 1875, and C. B. Wright, of Philadelphia, was elected president. By the end of October, 1875, the road had been sold and was in possession of the new company; but for the following two years about all that was accomplished was to operate the finished portions of the road and take care of the floating debt.

The eastern section of the road soon began to pay good returns, during 1876 and 1877 the affairs of the company took an upward turn, the earnings of the eastern portions were sufficient to build a line from Tacoma into the coal mines and to continue on a large scale the building in Minnesota, Montana, the Dakotas and Washington. The influx of people along the road in the latter state was so rapid that Oregon, which had much the larger population, was outstripped in growth, the latter state gaining 22.20 per cent in the decade 1870-1880, while Washington gained 23.15 per cent.

President Wright had resigned in 1878 and Frederick Billings was elected to succeed him. Through the genius of Billings an arrangement was made in 1880 with the banking-houses of Wilson, Lanier & Co., Drexel, Morgan & Co., and August Belmont & Co. for the floating of a bond issue of \$40,000,000, which these houses underwrote—and the Northern Pacific was thought to be on firm financial ground.

Joker in Charter Menace.

And it would have been save for the little joker in the charter, which now bobbed up to vex the officials. Bonds could only be issued as the road was completed and inspected by the Government officials, and for nearly two years no inspectors were appointed. Hence work on both the main line and branches was greatly hampered. Plans were also frustrated for the building of several branch lines in Oregon, which would have interfered greatly with the plans of Henry Villard's railway operations, he being at the time president of the Oregon Railroad & Navigation Company.

It seems almost like the waste of time to write a paragraph or two about Villard—one cannot stop to do him justice. He had become president of the O. R. & N. through his influence with the German stockholders, he being a native of Speyer, a city on the Rhine. For these stockholders had rescued confidence in him, as did also the bankers of this country.

Villard determined to head off the encroachments of the Northern Pacific by getting control of it. To do this would require from \$20,000,000 to \$30,000,000, and Villard was far from a Croesus. However, the moneyed men of the country believed in him. This confidence enabled him to accomplish something never before heard of in the history of finance—the securing of this money from 50 of his friends without telling them just what he was going to do with it. This was called the "blind pool," and so eager were the

bankers to embark in the enterprise that more than double the amount asked for was subscribed, in fact nearly \$50,000,000 was the amount of the subscription.

Estimates Off \$12,000,000. Villard then went into the open market and secured a majority of the outstanding stock of the Northern Pacific and in September, 1881, Billings resigned and Villard became president of the Northern Pacific Railroad. Work now began to be pushed both on the main line and the branches with renewed energy. But it was soon found that there was a difference to the bad of \$12,000,000 between the estimates and actual cost.

But the main line from the East and the main line from the West were coming together, so Villard concluded to make the event of driving the last spike as spectacular as possible—and he surely did his reputation for spectacular stunts full justice. Five special trains—two from the Atlantic cities, one from Chicago, one from St. Paul and one from the Pacific Coast—brought to the bleak plains of Montana about 3000 guests. Among them were practically all of the leading bankers of those sections, as many Congressmen and Senators as could be corralled, several members of President Arthur's Cabinet, many German vons and English lords, Governors of over a dozen states, and all of the newspapersmen he could induce to take the junket.

But times were tightening, the money market was in bad condition, there was a heavy debt hanging over both of the Villard properties, and, to make matters far worse, Villard's health broke down. So, late in December, 1882, he resigned as president of the O. R. & N. and from the Northern Pacific Railway early the following January. Robert Harris, former vice-president of the Erie, succeeded him, and he was succeeded in a short time by T. F. Oakes, a former partner of Villard, who had been general manager.

Villard Takes Hold Again.

Business became now very bad, the earnings falling off in many instances over 50 per cent below the former year. In 1887, Villard, with health restored, returned to Oregon and assisted in re-financing both the Oregon road and the Northern Pacific, although he declined to become president of either. In how-ever, was made chairman of the boards of directors. As such he brought forth a plan unequalled, up to that time in the financial operations of the country. That was the placing of a blanket mortgage for \$160,000,000 on all the property of the company, this to be used in paying all obligations, taking up all bonds—making, in fact, a clean financial slate and leaving \$30,000,000 for constructing new lines and other betterments.

This was carried out successfully and nine branches were built, mostly in Washington. Then the panic of 1892 struck. The great fire in Spokane and Seattle paralyzed traffic from those centers, the decline in silver cut off large revenues in the mining sections; all conditions were bad. Villard saw the storm approaching and notified his German friends that he would no longer remain to look after the affairs of the company. Indeed, he took this action late in 1891, but the board did not act on his resignation until June, 1892.

Being unable to meet its interest charges on July 1, 1892, the road was thrown into the hands of receivers, T. F. Oakes, Henry C. Falne and Henry C. Rouse being named by the court. They remained in charge until September, 1895, when Edwin H. McHenry, Frank G. Bigelow and Andrew F. Burleigh succeeded them. They remained in charge until September, 1896, when the road was reorganized as the Northern Pacific Railway Company, a name which it is not likely will ever be changed.

With the advent of the new company Edward D. Adams was elected chairman of the board and Edwin W. Winter was made president. These officials served about a year and a half. Charles B. Mellen was elected president.

Stock Cornered in 1901.

No story of the Northern Pacific could properly be written without making mention of the cornering of the stock of the company in April and May, 1901. At that time the road was in excellent condition, the management of Mr. Mellen being safe, conservative and yet nothing in the way of far-reaching efforts for bettering the line and securing feeders and traffic alliances had been overlooked. Covetous eyes of conflicting interests were looking askance at the remarkable growth and prosperity of the Northern Pacific, and these parties desired to get control of it at once. Early in April, when the stock was selling at from \$2 to \$5, they began to buy and finally developed a corner, running the stock up to 700, in some instances it was said it sold for 1000 spot cash.

Wall Street went wild, a panic ensued and a great many failures resulted. Finally the matter was thrown into court, the delivery price of the stock was fixed at 125, and all settlements made on that basis. This deal brought about no change in the management of the road. Mr. Mellen continued as president until the Fall of 1902, when he resigned and Howard Elliott was elected to succeed him. For more than 10 years Mr. Elliott's conservative course had the helm brought

(Continued on Page 2.)