

ROMANTIC HISTORY OF THE NORTHERN PACIFIC RAILROAD.

The appointment of a new president for the Northern Pacific Railway company and the successful completion of the reorganization project furnishes a fitting occasion for a rehearsal of the checked history of this great corporation...

How the Great Transcontinental Line Was Built and Its Eventful Financial Career—Cause of Two Bankruptcies.

With a profusion of cuts and numerous maps, as was expected, Jefferson Davis, in summing up his report to congress from the information obtained, presented the most southerly route, dwelling especially on its freedom from obstruction by snow...

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E. LYTLE'S Diamond Parlors, 415 ROBERT STREET, One Door Above Our Old Location.

Our store is new, fresh, light, bright and neat, and our goods are the same, except, we will add, they are very cheap. We recently bought the stock of goods of W. B. Smith, in the Arcade, from the assignee; this, being a bankrupt stock, for less than one-half of first cost.

Silver and Gold Novelties, Solid Silver, Hollow and Flat Wear, Rings, Pins, Brooches, in fact all kinds of Jewelry, that we are selling for just one-half that Mr. Smith marked them to sell for.

E. LYTLE'S DIAMOND PARLORS, 415 ROBERT ST., OPPOSITE RYAN HOTEL.

be condemned for following the general fashion of the times. The new branches in North Dakota, Minnesota, Manitoba, Montana, Idaho and Washington were not a mere extension of the mileage of the Northern Pacific, increasing it from about 2,000 miles to over 4,000 miles.

WINTER'S RETIREMENT. The stock was purchased by Mr. Hill and his friends, and he was again associated in the co-operation of the Deutsche bank. President Winter resigned as soon as he was apprised of the conditions of affairs, not desiring to serve under Mr. Hill.

APPLICATION FOR RECEIVER. When it became evident that the Northern Pacific could no longer carry its fixed charges steps were taken to secure from the federal government a receiver to take charge of the property.

SPECIAL CARNIVAL TRAINS. For the accommodation of the people of Oakland, Highland, Red Rock, Newport and St. Paul Park, who wish to witness the Carnival displays during State Fair week, the Burlington will, on Tuesday, Wednesday, Thursday and Friday evenings, Sept. 7, 8, 9 and 10, run a special evening train.

NEW ENGLAND PLEASED. Farmers Delighted by the Rise in Their Products. WASHINGTON, Sept. 4.—Col. Brigham, assistant secretary of agriculture, has returned from a trip to New England. He reports that the people of the section generally express themselves as pleased with the change that has taken place in industrial conditions.

HAMM'S FREE DELIVERY TO THE LAKE TELEPHONE 935-210 AND PLACE YOUR ORDER AT ONCE BEERS.

ASA WHITNEY'S PROJECT.

It is probable that Asa Whitney, who is usually regarded as the originator of the idea of a railway to the Pacific coast, and who began ten years later an agitation in congress for legislation for the construction of the proposed line, had never heard of the writings of Dr. Barlow and Rev. Samuel Parker, because he had long been in China as a merchant and did not return to the United States until 1844.

In 1848 Mr. Whitney made another effort in Washington, and obtained select committees in both houses for the consideration of his bill. This bill did not provide for any corporate company. It authorized Asa Whitney, his heirs or assigns "to construct a railroad from any point on Lake Michigan to the Mississippi river he may designate, in a line as nearly straight as the face of the country will permit, and where the streams may be bridged, to some point on the Pacific coast, where a suitable harbor may be found."

Whitney was to pay the nominal price of 10 cents per acre for the ground as fast as sales were made. He was to receive a five-mile strip of land, sixty miles wide, from the grant for every section of ten miles of road he completed. Whitney was to be the sole owner of the road. The government was to establish rates on the road and regulate its operation and pay him a salary of \$4,000 for its management.

ROUTE FIRST PROPOSED.

The route indicated on the map which he submitted to congress was shown by a line drawn from St. Joseph, Mich., to Prairie du Chien, Wis., then straight across the country to Lewis and Clarke pass in the Rocky mountains, then down the Clear Water and Snake rivers to Walla Walla and the Columbia, finally crossing the Cascade mountains to Puget sound. This was, in the main, the route subsequently followed by the Northern Pacific engineers.

Nothing, however, could be done in congress for the extension of slavery, and they were determined no railway should be built to the Pacific north of the thirty-fifth parallel. A pamphlet by Mr. Johnson in favor of the northern route spurred Jefferson Davis, then secretary of war, to immediate action and caused him to secure the passage of a bill authorizing government surveys of all the proposed routes.

GOVERNMENT MILITARY SURVEYS.

The military parties sent out by the war department made reports on five distinct routes from the Mississippi valley to the Pacific coast, the first on the thirty-fifth parallel, the second on the thirty-fifth, the third on the thirty-eighth, the fourth on the forty-first and forty-second and the fifth between the forty-first and forty-second parallels. The report on these surveys filled thirteen quarto volumes, which were printed by order of con-

FAVORED USE OF PRIVATE CAPITAL.

Perham again accumulated money and possessed a considerable fortune when the vision of a railroad to the Pacific dawned upon him in 1839. He did not first go to congress for aid. His idea was that the people of the whole country would rush forward to subscribe small sums of stock which would aggregate enough to construct the road.

ences failed to disclose this idea from his mind. His first scheme was for a railroad from the Missouri river to the bay of San Francisco, and he held firmly to this route for nearly ten years, until congress, in chartering the Union Pacific in 1862, left him and his project and friends entirely out of the deal. Only then did he turn to the northern route. He rallied around him old friends in Boston and Maine and organized the People's Pacific Railroad company. The amount of stock subscribed and paid for was very small.

Perham failed to get a land grant from congress for this company, and, at the instance of Thaddeus Stevens, the dictatorial leader of the Republican party in the house, a new bill was prepared creating by national charter the Northern Pacific Railway company and naming as incorporators a long list of Perham's best friends in Maine and Massachusetts. This bill finally passed and was signed by President Lincoln on July 2, 1864. It gave no money subsidy, but it gave a land grant of unprecedented and enormous extent, embracing about 100,000,000 acres of the road in the states to be traversed by the line and for forty miles in the territories. One hundred and thirty-five persons were named as commissioners to organize the company. The list included the names of many governors, United States senators and congressmen from the states and territories of the United States, U. S. Grant, a few active railroad managers and a sprinkling of capitalists. The commissioners met in September, 1864, in the State house, Boston. Only thirty-three of this body were present. Mr. Perham was elected president of the company. He estimated the cost of the road at \$120,000,000, and was not far out of the way.

FIRST EFFORTS TO RAISE MONEY.

The charter required 20,000 shares of stock to be subscribed for before the complete organization of the company. Perham thought the most of the shares would be taken at once, but there was considerable difficulty experienced in getting the 20,000 taken, and this amount was only exceeded by the seventy-five shares of the first issue. The board of commissioners now went out of existence, and a board of directors was elected. The company started with \$2,750 in its treasury, received from a 10 per cent payment of its stock. This was all that was ever paid; the other remaining 90 per cent was called for six years later, but the stockholders declined to pay it, alleging that their services entitled them to the stock without further payments. The board then in control of the company thereupon contacted the whole amount of the original subscription. Perham had no further plan for raising money to commence the construction of the road, and the great enterprise went to sleep for a time, all efforts to interest New York capitalists in it having failed.

Col. William S. Boland appeared in 1867 on the American market. He set out with Gov. Fuller, of Utah, and these two men secured the co-operation of Hamilton A. Hall, a merchant largely interested in Canadian trade. Their plan was to use the Canada system of roads as far as then constructed westward, and to persuade the Canadian government to extend this system across the lakes to the Red River of the North, and then build the Northern Pacific railroad on to Puget sound. This, they argued, would make the road

tributed to Boston. This scheme met with favor in the city. Stock to the amount of \$1,000,000 was subscribed there, and the board of directors was reorganized. In place of Perham as president, John Gregory Smith was elected. He was then president of the Vermont Central road, and was well known in railroad circles throughout the country. All the other officers were changed. The new organization was strong in its personality and the capital it represented. The new directors, however, did not expect to put any money up for building the road. They only agreed to pay off the debts of the Perham organization. Their object was to get money from congress. Nobody at that time would take the bonds of a Pacific railroad company unless they were endorsed by the government, and there was no market for the Northern Pacific stock put out by the new directors in 1868, a poor man, having wasted his fortune in a fruitless effort to carry out his grand Pacific railroad idea.

JAY COOKE TAKES HOLD.

J. Jay Cooke Smith now came into active control of the Northern Pacific company. His first move was to make an effort to obtain from congress an indorsement of the bonds of the company. It was a bad time for such an attempt. Hostility to land grants had become a party cry throughout the country. Besides, the Northern Pacific had no local strength outside of New England and Minnesota. All that could be obtained from congress was an extension of time for building the road. An amendment was put upon the Kansas Pacific bill by Thaddeus Stevens, extending the time two years for the completion of the Northern Pacific. There was already strong opposition in congress, organized by the friends of the Union Pacific against giving aid to a rival line. The guarantee bill supported by Stevens was tabled by a vote of 76 to 54. The company was then thrown upon its own resources. Mr. Smith could not raise any money in New England, and New York capitalists were wholly indifferent to the scheme. Smith then conceived a plan of creating a railroad syndicate, embracing many of the leading railroads of the country. He engaged Thomas H. Canfield to interview railroad presidents and to endeavor to get their co-operation. The first en-



CHARLES S. MELLEN, PRESIDENT NORTHERN PACIFIC RAILWAY.

listed was William B. Ogden, president of the Chicago and Northwestern railroad, who aided in drawing up a financial plan, afterward known as The Original Interests agreement, which divided the enterprise into twelve shares, each to be valued at \$5,000, which was one-twelfth of the money already expended by Smith and his associates.

Falling to obtain any money or indorsement of their bonds from congress, President Smith and his friends now undertook to secure the services of the great banking house of Jay Cooke & Co. to sell the Northern Pacific company's bonds and to manage its finances. This house had successfully handled the immense war loans of the government, and was very favorably known on both sides of the Atlantic. Mr. Cooke agreed to raise \$5,000,000 within thirty days from Jan. 2, 1870. The building of the road was commenced at once, but as the banking firm already controlled the railroad, the right to select the route within the limit of ten miles on each side of its grant. The grant was thus practically enlarged to tracts of thirty miles in the states and of fifty miles in the territories on each side of its line.

Next spring Mr. Cooke met at a dinner party in Washington two young bankers connected with good houses in New York, who had just returned from their sojourn in the Northern Pacific plans that after visiting him at his country house they drew on their banks for a half million dollars and deposited the drafts with Mr. Cooke, agreeing that their banks would take \$5,000,000 of the loan. This plan was on the point of being completed when the French emperor started with his army for the Rhine and began his disastrous attack upon Germany. Then the whole transaction came to an end and Mr. Cooke was compelled to fall back on the American market. He set going his advertising and local agencies which he had used in placing the government loans, and was successful in making large sales of the Northern Pacific bonds.

CONSTRUCTION COMMENCED.

The actual work of building the road was begun in the summer of 1870. It started at a point 250 miles west of Portland, called Thompson's Junction. During the summer of 1870 and the whole of 1871 money poured into the treasury of the Northern Pacific for

its bonds under the sale of them by Jay Cooke & Co. In less than three years \$30,000,000 worth of the road was finished to the Red river of the North in 1871, and twenty-five miles were built north from the Columbia river to the Puget sound. The road was open for business from Duluth to the new town of Fargo, on the Red River. J. Gregory Smith continued to build north from the Columbia river, and in 1872 he had completed the road as far as all time under the dominant mind of Jay Cooke. It was, of course, Cooke who brought about the leasing of the entire line of the Lake Superior and Northern Pacific railroad, running from Duluth to St. Paul, and the purchasing of nearly all the steamboat lines on the Columbia, Snake, Willamette and Puget sound, which were then the Northern Pacific Railroad company's clear possession of all the transportation facilities then existing in Washington and Oregon.

Men thronged Mr. Villard's office and pleaded for participation in the scheme that had been allotted to others and became angry because he would not take their money without security for investment in a project, the nature of which had been fully concealed. The \$9,000,000 was promptly paid in, and with this money, Mr. Villard proceeded to buy the stock of the Northern Pacific, then at a very low price. Soon after he asked for \$12,000,000 more, so that in all more than \$20,000,000 in money was actually put into his hands. He organized the Oregon and Transcontinental company for the purpose of uniting and controlling the Northern Pacific and the Oregon Railway and Navigation company, and placed Mr. Villard in control of the Northern Pacific. Mr. Billings resigned the presidency and Mr. Villard was elected to that office. His administration was marked by an epoch of rapid construction and general expansion. He leased the Oregon and California railroad, organized a branch line at Portland, introduced great river and active work of building the main line. Late in the summer of 1883 the long lines of the Northern Pacific advancing from the coast inland to the two spurs met at the summit ridge of the Rocky mountains. The completion of the road was celebrated by an excursion from Europe, a remarkable event in the magnitude and magnificence in the history of railroad building. Mr. Villard invited a large number of prominent statesmen, journalists and financiers from Europe to participate in this event. He also invited many prominent senators and members of congress, the governors of all the states (traveling by rail), and a considerable number of leading statesmen, journalists, artists and railroad men. This great party of excursionists was hauled in four trains, made up of sleepers, dining cars and baggage cars. Three of these trains started from Minneapolis and one from Portland. The last spike was driven at Gold Creek, in Montana, in September, 1883, amid much oratory and cannon fire. The expenses of the visitors were all paid by the company from the time they left their homes until their return.

ATTACKED BY THE BEARS.

While Mr. Villard was conducting his army of friends across the plains to the Pacific coast the bears of all creeds were making a desperate attack upon the securities of the Northern Pacific. Notified of this movement by wire, the president of the company hastened to New York by special train and threw himself into the hands of the journalists, artists and railroad men. His tremendous efforts to sustain his stocks and to prevent their further depreciation. For this purpose he sacrificed his private fortune, but with no avail. For the decline in the price of the securities he was finally forced to withdraw from the contest.

An era of contraction and stringency set in which had its effect on railroad securities. Against this general stringency the friends of the Northern Pacific were powerless. Broken in health and spirits, Mr. Villard retired from the Northern Pacific presidency, and went to Europe for rest. The preferred stock of the company, which had reached par during the spring of 1883, declined to 40, and even the bonds, which were secured, were looked upon with distrust.

With Mr. Villard's retirement, his splendid plan for making all transportation lines on the Pacific coast and in the Northwest tributary to the transcontinental line of the Northern Pacific speedily fell to pieces. He had already shut off the Union Pacific from entering Oregon by building a line of Oregon Railway and Navigation company eastward over the Blue Mountains to the Snake river, where it intercepted the construction of the Oregon Short Line of the Union Pacific. He had captured the Southern Pacific out of Oregon by extending his Oregon and California line to the California boundary. He had captured, as we have seen, the Northern Pacific. And in Washington and Oregon were thus virtually under the control of this financial company known as the Oregon and Transcontinental.

BUILDING CASCADE BRANCH.

Mr. Villard succeeded in the presidency by Robert Harris, of New York, a railway man of long experience on the Burlington system in the West and on the Erie road in the East. Mr. Harris' administration, which lasted about three years, was chiefly remarkable for the construction of the Cascade branch of the Northern Pacific, which reduced by over 100 miles the distance to points on the Puget coast. A practical means of crossing the mountain range, and by the aid of a tunnel over a mile in length, the road was carried across the mountain on grades not exceeding a maximum of 2 per cent. The construction of this line was rendered imperative by the fact that the Northern Pacific, when the Oregon Railway and Navigation company had been merged into the Union Pacific, found itself bottled up at Wallula, with no access to the sea save over the road of a rival company. The Union Pacific demanded high prices for hauling Northern Pacific freight and passengers from Wallula to Portland. By the building of the Cascade branch the company carried its own goods on this line, and found itself in excellent condition to compete with all rivals for Pacific coast business.

HILL ASPIRES TO CONTROL.

James J. Hill, of St. Paul, president of the Great Northern Railway company, is a very remarkable energy and ambitious thorough and practical knowledge of railway operations. In 1885 he conceived the idea of uniting his own road to the Northern Pacific under one general management, and of thus obtaining complete control of the route situation in the Northwest. The united roads would have over 10,000 miles of track, and would be the great dominant transportation power in the entire country lying between Lake Superior and the Pacific coast. For this purpose Mr. Hill obtained the assistance of the Deutsche bank, of Berlin, the heaviest financial institution in the world. The plan proposed that the Great Northern should guarantee \$3,000,000 net earnings from the road undertaken by the Northern Pacific. He should be put in full possession of the great rival route which competed with the Northern Pacific at almost every point in the Northwest. This gigantic plan of consolidation was in a fair way of going forward to success when it was vigorously attacked in New York city papers in articles that pointed out its illegal and unwise character. The construction of the road was prohibited by the consolidation of parallel and competing lines of railway. At the same time the consolidation of the state of Minnesota, H. W. Cullid-

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AN ERA OF EXPANSION.

A second mortgage was now placed upon the road, and an extensive scheme of building branch feeder lines on the Oregon and California company then in bankruptcy. Mr. Villard said that a capital error had been made by the Northern Pacific management in beginning the road in the summer of 1870 at a point 250 miles west of Portland, and he determined to take advantage of it. He organized the Oregon Railway and Navigation company, obtained control of the steamboat and portage railroad interests which