

THE NORTHERN PACIFIC RAILROAD AND SOME OF ITS HISTORY

The Act of Congress passed July 2nd, 1864, granted to the Northern Pacific Railroad Company the lands on both sides of its main line from Lake Superior to Puget Sound, with a branch line via the Columbia River, to the extent of every alternate section (not mineral) not to exceed twenty sections to the mile on each side of its located line through the territories, and ten sections to the mile through any of the states that it might pass — with the right to take timber and other material for construction from any unoccupied Government lands. A very wise and astute clause was inserted in the Act, as a sort of compensation: That the company should not charge the Government higher rates for transportation and telegraph service than they charged individuals. The mineral referred to did not include iron and coal.

The first meeting of the original incorporators was held in the city of Boston.

It ought to be remembered here that for every mile of road constructed in a state they got 12,800 acres of land while in the territories they acquired 25,600 acres. In this connection it may be explained that the two Dakotas, Montana, Idaho, and Washington were not admitted to the Union until the road was completed and the lands earned. This also accounts for the original location of the main line, that many engineers now find fault with. Mileage in the territories was evidently the main object.

In 1870, about the time of the beginning of construction on the Pacific Coast at Kalama, Washington, the maps of the first preliminary survey were filed and the lands within the forty-mile limit on the odd numbered sections, surveyed and unsurveyed, were withdrawn. By the way, maps of location were filed via the Columbia River and Cascade Mountains. The Columbia River Branch Grant extended over into Western Oregon and covered part of the Oregon Central Grant secured by Ben Holliday and his associates. This was afterwards adjusted amicably by the United States Land Office.

The Puget Mill Company, Port Gamble Mill Company, — in fact all the mills and loggers on Puget Sound were then cutting the timber on the shore line of Puget Sound and within the company's grant and shipping it to San Francisco and South America. General John W. Sprague, then the general agent and direct representative of the com-

pany, attempted to protect the company by collecting stumpage on lands thus invaded and within the company's grant. General Hazard Stevens was the company's attorney.

He seized large rafts of logs and spent a great deal of company funds and finally checked these depredations. Hon. Silucius Garfield was delegate to Congress and stood in with the mills and was unfriendly to General Sprague and his administration of the company's affairs. A United States Grand Jury convened at Olympia and indicted General Sprague for collecting stumpage in advance; a "nolle prosequere" was entered by the United States Government and prosecution ceased as well as further depredations on the company's lands.

The withdrawal by the General Land Office of the odd numbered sections on the Columbia River Route and the Cascade Mountains covered nearly half the State (then Territory) of Washington and extended into Eastern and Western Oregon. The protection of this land grant devolved upon the company's agents and they came constantly in conflict with speculators who had selected good points for townsites in advance of construction, but these matters were finally fairly adjusted.

After the failure of Jay Cooke & Co. during the "panic of 1873" General Geo. W. Cass, then the President of the company, was appointed receiver for the road.

The company had then completed about 500 miles of its road in Minnesota and Dakota on its eastern end, and nearly 108 miles in Washington, from Kalama to Tacoma.

General Cass' receivership — the first — lasted six months, ended under this arrangement: The company's first mortgage bonds were receivable at par and cancelled and retired in exchange for lands — thus the great Dalrymple Farm, the Cheney Holdings, the Fargo lands in Minnesota and Dakota were obtained. Those of Charlemagne Tower in this state, comprising the best timber in the Sound and Columbia River districts, were acquired in the same way.

At the close of the Cass receivership in 1875, Mr. C. B. Wright of Philadelphia — the promoter of Tacoma — was elected President, and about this time a man named Robert E. Spraul, who was hung a few years later at Victoria, B. C., for killing Hommel on Kootenai Lake over the Ainsworth Grant to mineral claims, discovered the Puyallup coal mines. He was a bridge carpenter, a religious fanatic, and in addition a fair geologist. He was staked in his prospecting by H. S. Alger and Ed McCall, a locomotive engineer now a resident of Spokane. After this discovery, mostly on Northern Pacific Railroad lands, Mr. C. B. Wright sent an expert from Pennsylvania to

report on it. That expert stayed three days, went back and made a report that was published stating that he found the formation of lime and sandstone all right but that no coal existed there.

General George Stark, then vice-president of the company, arrived soon after this report and confirmed it. It remained for Captain P. B. Cornwall and C. B. Crochet of the Canadian Pacific Railroad, old Pacific Coast coal operators, to acquire and develop that great coal property. Their manager was the late Robert Wingate of Tacoma, who subsequently acquired fine properties of his own, a Scotchman and a coal *miner*.

In 1877 the financial world began to look for investment and brokers and bankers turned their attention to the Northern Pacific Railroad property. Charles B. Wright was then its president, and president and principal stockholder of the Tacoma Land Company, also a director of the Oregon Steam Navigation Company, and owner of about one-sixth of the stock of that company, and drawing the then large salary therefrom of \$1,000 a month.

Efforts were being made constantly to get Congress to forfeit the Northern Pacific Land Grant and it became a political issue in the north half of the Union.

About this time, the late Hon. Frederick Billings of Vermont was elected president of the company. He was one of the "Argonauts" of California — a good lawyer and very wealthy. He borrowed, soon after, \$40,000,000 (forty millions) — some loan in those days — and telegraphed all over the Northwest that "with this fund anybody could build a railroad." He immediately purchased for the Pacific end 300 miles of steel rails and track material, ten locomotives and ten passenger coaches, and forgings, castings and materials for 300 cars, with other railroad material and shop machinery in abundance. He loaded eight ships and sent them around Cape Horn to Tacoma.

Construction began at Ainsworth, at the mouth of the Snake River in Whitman County; this for two reasons: First, it gave the Oregon Steam Navigation Company the carrying of the track materials and supplies from Portland, swelling that company's receipts and earnings enormously and enabling the Northern Pacific Railroad directors, who were its large stockholders, to draw big dividends; second, it was then easy and cheap construction, and again it was earning 25,600 acres of the best land on earth. Much of this land the company sold at from \$1.75 to \$2.60 per acre. It is now valued at from \$12.50 to \$40.00 per acre. Such has been the development of this section in the last twenty years. (This was written about 1893).

It has been claimed that the construction was expensive, but when all the conditions are considered, it must be admitted that these gentlemen were not so shortsighted as many supposed. The prosperity of the Inland Empire today is evidence of their good judgment.

Of all the men interested in Eastern Washington and its development, the late Dr. D. S. Baker is entitled to the most credit. He constructed, operated and acted *alone*. He had a system of narrow gauge railroads that commanded the entire tonnage of Southeastern Washington and part of Oregon. Crude and original as it was, for the good doctor believed that he had invented it all, no system of transportation on the American continent was as profitable as his.

He sold it to the Villard Combine for \$1,000,000 and ever afterwards deplored that he had not *bought* their system instead of selling his own.

After the great Spike Drive in 1883, when the road was completed to the Coast, Mr. Henry Villard made the mistake of inviting all Europe and America to attend the ceremony, with all the so-called palace and dining cars that could be then had in America. At this ceremony, going to and from which they could see from the windows an uninhabited wilderness, not knowing that a railroad had to follow the lowest grades and streams in its course and that the promised land was not often in view from the car windows, his guests became alarmed; they could see nothing in the "Godforsaken wilderness" through which they traveled to support a railroad. Most of them abandoned Villard's special at Portland, Oregon, and immediately telegraphed their brokers to sell their stocks and bonds without delay, and so brought on the panic that ruined "Old Henry" Villard.

A receiver was again appointed, being the second receivership of the great railroad. The company's affairs were soon adjusted, and the property restored again to the stockholders. I think that T. F. Oakes and the late Henry C. Paine were the receivers during this period.

In 1893, during the great financial panic of that year the railroad again defaulted and another application for a receiver was made; the several United States Courts became at loggerheads and could not agree; so three sets of receivers were appointed this time: In Wisconsin, Minnesota, Montana and Washington, and the line was handled practically in four sections.

Its last reorganization seemed to be complete and permanent, when to the astonishment of the public, Jim Hill showed up with his "merger" and claimed to control it.

I know not who controls it now, but I believe it to be the greatest

transportation property in the world; having a traffic contributory to it in various communities unequaled, and undeveloped resources that no carrying corporation in the world today possesses.

Its kindred corporations, and they have been many, like a lot of poor relatives, have always been its ruin. Henry Villard was right when he referred to it as a "Benevolent Monopoly." Its first cousin was the Lake Superior & Puget Sound Company, which claimed all the available townsites from Duluth to Whatcom; it is now deceased. Its second cousin was the Northwest Construction Company, which made \$5,000 a mile in building the Minnesota Division and died in affluent old age. Its third cousin, the Tacoma Land Company, is now in bad health. Its fourth cousin, the Montana Improvement Company, that wanted all the railroad's timber in the inter-mountain district, is now on leave of absence — it left nothing but the stumps to show for its stay here. Its fifth cousin, the Oregon Improvement Company, got its best lands in the Palouse country, and now has designs on its coal properties; it is in vigorous health. Its brother-in-law, the Great Northern, is doing well.

Its stepfather was the Oregon Transcontinental Company — Oregon Transcontinental Survey — was organized and an army of savants was sent through the northern tier of states to report on its resources, including everything from a mosquito to Puget Sound salmon; so much data was collected at a great expense that it could never be digested or made of use.

HANFORD W. FAIRWEATHER.

COMMENT ON MR. FAIRWEATHER'S ARTICLE*

This is rather a cursory sketch of some incidents that occurred in the construction of the Northern Pacific Railroad. The protection of the timber on Puget Sound on the odd numbered sections that was withdrawn from sale for the ultimate benefit of the company was entrusted to the undersigned during 1870 to 1874 as mentioned in the sketch.

Mr. Fairweather remarks, correctly enough, that "He seized large rafts of logs and spent a great deal of company funds and finally checked these depredations."

Mr. Fairweather, however, omits to state the fact that the logs thus seized were sold at auction, or redeemed by the loggers, and the funds thus derived more than paid the entire cost of protection, being in round numbers \$10,000.

*The late General Hazard Stevens was one of the contributing editors of the *Washington Historical Quarterly*. Being mentioned in Mr. Fairweather's article, he was asked to comment on the manuscript.—Editor.