

THE MISSISSIPPI & MISSOURI RAILROAD

1856-1860

By Dwight L. Agnew

Iowa's first railroad, the Mississippi and Missouri, or the M & M as it was popularly known, was in effect an extension of the Rock Island road of Illinois. As first planned, the Iowa road was to extend in three directions from Davenport — west to Council Bluffs, southwest toward Missouri, and northwest toward Minnesota. The greatest effort went into the Davenport to Council Bluffs line. The first division, from Davenport to Iowa City, begun in 1853, was completed in dramatic fashion at midnight, December 31, 1855. Meanwhile a branch line had been constructed to Muscatine.¹

The completion of the M & M to Iowa City and Muscatine had seemed to forecast a prosperous future and a speedy extension westward. The political significance as well as the commercial importance of the proposed route was pointed out by one of the Chicago papers when the *Daily Democratic Press* of that city commented: "We propose to the philanthropists in the Eastern States a plan to secure Kansas to freedom and at the same time to make a very profitable investment. . . ." The railroad to Council Bluffs, the editor continued, could be completed for \$30,000 per mile, or for a total of not more than \$7,500,000. Immense traffic into the new territories would result; immigration from the North would pour into the disputed territory. This was the best way to insure the freedom of Kansas. Missourians who had stopped Sharp's rifles from coming up the Missouri might stop other goods, but the railroad would solve this problem of border ruffianism, at the same time that it was making a profit for investors. If receipts were like those of the Rock Island (\$1,327,028 for 1855), the M & M could pay 12 per cent dividends. In conclusion the editorial urged:

We advocate the building of this railroad earnestly as a peace measure. It would settle effectually all the fearful issues growing out of the Kansas Act. The very announcement that the stock was subscribed and that the road was to be finished by the fourth of

¹ See Dwight L. Agnew, "Iowa's First Railroad," *IOWA JOURNAL OF HISTORY*, 48: 1-26 (January, 1950).

July, 1858, would at once settle this question. Slave property would not be taken to Kansas. That can be accomplished within the next sixty days if the friends of the road and of freedom act with becoming energy.²

The M & M officials, many of whom were also active in the Chicago & Rock Island Railroad, were elated. Henry Farnam, president of the Rock Island and chief engineer of the M & M, sent several copies of the article to Thomas C. Durant (known to his friends as "Doctor" Durant), who, together with Farnam, held the contract for building the M & M, and asked him to have it published in the New York papers and to have "some good writer follow it up & keep the thing before the people."³

By the end of June, 1856, six months after the road had been completed to Iowa City, the M & M had acquired 12 locomotives, 6 passenger cars, 56 box cars, 10 platform cars, and some additional rolling stock in bad order.⁴ The freight house at Iowa City was complete and a passenger station was planned.

Meanwhile, Farnam was promoting and advertising the new railroad in an expansive manner. On July 3, 1856, an Iowa City paper noted that the legislature had adjourned "for a glorification in Chicago on the 4th, by invitation of Mr. Farnham [sic]." In the fall, when the State Fair was held at Muscatine, the M & M transported exhibition livestock free.⁵ The route of the two roads, the Rock Island and the M & M, was advertised as the great national road to Kansas and Nebraska. Completion of the "Mammoth R. R. Bridge" at Rock Island⁶ enabled passengers "to make the transit from Illinois to Iowa without encountering delays and dangers of ferrying the Mississippi River in Winter." It was pointed out that the M & M brought passengers twenty-seven miles closer to Fort Des Moines than any other route.

² Chicago *Daily Democratic Press*, April 1, 1856.

³ Farnam to T. C. Durant, April 1, 1856, *Leonard Collection*, 1-3-15-41. (The Leonard Collection, State University of Iowa Library, is contained in 4-drawer filing cases; 1-3-15-41 signifies first case, third drawer, folder fifteen, item forty-one.) For the activities of Farnam and Durant, see Agnew, "Iowa's First Railroad," *passim*.

⁴ Report of B. B. Brayton to the M & M Board of Trustees, June 30, 1856, *Leonard Collection*, 3-3-11-9.

⁵ Iowa City *Daily Reporter*, July 3, Sept. 29, 1856.

⁶ For the building of this bridge, see Dwight L. Agnew, "Jefferson Davis and the Rock Island Bridge," *IOWA JOURNAL OF HISTORY*, 47:3-14 (January, 1949).

This route offers superior advantages to passengers going to Central and Western Iowa, Kansas, and Nebraska, it being the shortest, cheapest, quickest and safest, more railroad, and less staging, than any other. Companies going to the Territories can purchase or hire teams at Iowa City at moderate prices; and those wishing to settle in Iowa will find the most valuable lands in the vicinity of this, the Great Overland Route to the West, better timbered and watered than any other part of the State, and offered at moderate prices and easy payments.⁷

In 1856 Iowa at last reached successfully into the federal land grab-bag. "An Act making a grant of lands to the state of Iowa" was approved by Congress on May 15, 1856. One of the routes benefited by the act was that "from the city of Davenport, via Iowa City and Fort Des Moines, to Council Bluffs." As in other land bills, the grant was made of every alternate section of land for six sections in width on each side of the designated routes. In case the lands granted were already pre-empted, or sold, indemnity lands might be selected within a limit of fifteen miles from the railroad. Federal lands remaining within the six-mile limit were to be sold at double the price of other government land. Railroads benefited were to afford free transportation for troops and government goods. All roads must be completed within ten years after the passage of the act.⁸ The Iowa act accepting the grant set up certain conditions to be met by each of the benefited roads. The route must be fixed and maps presented by April 1, 1857; seventy-five miles of the road must be completed by December 1, 1859; and thirty miles additional each year for a period of five years. If the whole line were not completed by December 1, 1865, the lands would revert to the state.⁹

The M & M was granted the land designated for the route from Davenport. This road had the advantage of a head start, since some seventy-five miles from Davenport to Iowa City had already been completed, in addition to the branch line to Muscatine. Farnam was satisfied with the law. "I have just returned from Iowa City," he wrote Doctor Durant. "The Bill passed both Houses, as it stood in the Senate when you left — no amendment worth regarding. . . . I think the Bill is all we could have asked for."¹⁰

⁷ Quoted from a reprint in the *Des Moines Register and Leader*, June 10, 1906.

⁸ 11 *U. S. Statutes at Large*, 9.

⁹ *Laws of Iowa, 1856*, Chap. 1. The act was approved July 14, 1856.

¹⁰ Farnam to T. C. Durant, July 15, 1856, *Leonard Collection*, 1-3-15-42.

In the midst of general rejoicing over the land grant, an Iowa City editor, with more foresight than expressed by most people at that time, warned of troubles to come. He expressed the opinion that the railroads should be required to pay a percentage of the proceeds of the sale of lands, at least enough to take care of whatever expenses had been incurred.

I understand also, that the rail road managers are devising further special privileges in relation to taxation, etc., but I cannot believe that they can be bold enough at this time to ask for everything that will make them independent of all control of the State. The people cannot too jealously guard their own rights — they cannot be too careful how they confer special privileges on the few at the expense and detriment of the great mass of the people.¹¹

As soon as the land bill was safely enacted, the M & M promoters began to campaign for more local aid. Bond issues in Scott and Johnson counties had already been voted. The Johnson County bond drive is an example of the railroad's methods. In 1853 the county had voted to issue its bonds to the amount of \$50,000, to be exchanged for M & M stock at par. The bonds, payable in twenty years, bore 7 per cent interest, payable semi-annually. To pay the interest on the bonds, an annual tax of three mills was levied, to be increased at the end of ten years to an amount not exceeding 1 per cent until principal and interest were all paid. The vote on the bond issue in Johnson County was 710 for, 87 against. The bonds were turned over to Ebenezer Cook, of the Davenport banking firm of Cook and Sargent, for negotiation in New York. Dividends from stock were supposed to help pay interest on the bonds. In the years that followed, very few dividends were paid, and the county defaulted on interest. The story of all the litigation growing out of bondholders' demands for payment has never been fully extracted from the records. In one instance Johnson County officials were conducted by a United States Marshal to Des Moines, to answer charges in a federal court.¹² In most instances, the county judge had the power to turn over the bonds to the railroad company as soon as he

¹¹ *Iowa City Daily Reporter*, July 9, 1856. For the problems of state regulation of the railroads, see Earl S. Beard, "The Background of State Railroad Regulation in Iowa," *IOWA JOURNAL OF HISTORY*, 51:1-36 (January, 1953).

¹² *History of Johnson County, Iowa . . .* (Chicago, 1883), 238; Clarence Ray Aurner, *Leading Events in Johnson County History* (2 vols., Cedar Rapids, 1912), 1:218-23, 458-62; Earl S. Beard, "Local Aid to Railroads in Iowa," *IOWA JOURNAL OF HISTORY*, 50:1-34 (January, 1952).

felt that the company was acting in good faith and had complied with stipulations.¹³

In June, 1856, Ebenezer Cook and Henry Farnam were in Des Moines where they called a meeting to set forth the conditions and prospects of the M & M and urge the citizens there to vote local aid to the road. They estimated that \$3,000,000 would be required to complete the road to Des Moines, that the contractors would furnish \$2,000,000, leaving \$1,000,000 to be furnished by people in the counties concerned. Cook and Farnam assigned \$100,000 to Polk County as its share. A Des Moines paper commented:

This we can do, and be the hundred fold gainers by it — let no man say nay. The company assures us that if we are prompt in securing this amount, and the other points along the line take the amount apportioned to them as they feel confident they will do, so as to assure them that the \$1,000,000 will be taken, the road may be completed in two years from this time.¹⁴

Several things are worth noting in connection with this meeting, typical of many others held for similar purposes. In all probability Cook and Farnam were acting in good faith. They really expected that the railroad would be completed within two years. They could not have foreseen the impending depression nor could they have forecast the Civil War. There were sound reasons for believing that the track would be laid to Des Moines by the end of 1858. In that case the M & M stock taken in exchange for bonds would have netted the county dividends to apply on bond interest. On the other hand, enthusiastic citizens of towns and counties voted bonds all out of proportion to their ability to pay. Furthermore they failed to insist on adequate guarantees on the part of the railroad. The railroad should have been held in some way liable for default in promised construction, just as counties and cities were held for defaulting on interest. What complicated the matter, of course, was the fact that bonds found their way into the hands of "innocent" third parties.

In the case of Pottawattamie County, for instance, the railroad, whether avoidably or not, was guilty of bad faith. The bond issue of \$300,000 was

¹³ Hobart C. Carr, "Early History of Iowa Railroads" (Unpublished thesis, State University of Iowa, 1938), 67.

¹⁴ Fort Des Moines Citizen, as quoted in the *Iowa City Daily Reporter*, June 28, 1856.

obtained on condition that grading would begin at Council Bluffs and work toward Des Moines. Grading was actually started, but no tracks were laid for twelve years. In this one case the railroad company was forced by an act of the legislature to relinquish the bonds.¹⁵

The faint tremors of depression in 1854, followed by flush times and overoptimism, broke out in a full-scale earthquake in 1857. The pattern of panic may be followed in the affairs of the M & M durnig 1856 and 1857. As early as December, 1855, there were clear signs of impending trouble. Doctor Durant wrote Farnam that he was having great difficulty in disposing of M & M securities. Ward and Company, New York brokers, rejected a contract for selling \$250,000 worth of M & M bonds, from the sale of which they would receive \$5,000 and a bonus of \$25,000 in the stock of the company. They later refused the offer of a still larger commission.¹⁶ "I am surprised," wrote Farnam, "that Ward does not take hold of the sale of M. & Mo. Stock & Bonds — I am sure it is one of the best things to make money out of in the country."¹⁷ In January, 1856, Joseph E. Sheffield, Durant's partner, wrote Farnam that there was a great stringency in the money market — that it was hard to get money in New York on better terms than 15 per cent. Durant wrote that it was impossible to inspire confidence in the M & M enterprise.¹⁸ Farnam failed to realize the nature of what was happening in the financial market. "It is strange," he wrote, "that we should find so much difficulty in selling Miss & Mo Bonds — I wish I had money I would take them all — There is nothing better in my opinion on the market." He continued sarcastically,

Mr Walcott has certainly done wonders in disposing of two Bonds — He could not have done it if it had not been for his rich friends in the City — It is a great outrage that we should be thus treated by our friends & the Comp'y — they seem to think that we can make any sacrifice — provided nothing comes out of their pockets — I hope you will be able to dispose of Bonds enough to purchase 20 miles of Iron [for the branch to Washington].¹⁹

¹⁵ J. R. Perkins, *Trails, Rails and War: The Life of General G. M. Dodge* (Indianapolis, 1929), 38-41; *Laws of Iowa, 1868*, Chap. 13.

¹⁶ Henry W. Farnam, *Memoir of Henry Farnam* (New Haven, 1889), 54-5.

¹⁷ Farnam to T. C. Durant, Dec. 24, 1855, *Leonard Collection*, 1-2-17-48.

¹⁸ Farnam, *Memoir of Henry Farnam*, 54-5.

¹⁹ Farnam to T. C. Durant, Jan. 11, 1856, *Leonard Collection*, 1-2-17-32. William Walcott, of New York, was one of the promoters of the M & M.

Throughout this and other discouraging circumstances Farnam retained an optimism he tried to impart to others. He wrote to Thomas Durant:

I know that you have an up hill business to raise money on Rail Road Securities, with all the disappointments you have met with — But you must not be discouraged & get impatient — There must be a change soon & when it commences it will be rapid — And with the very best thing in the country on hand, as we have I have no apprehensions as to the result in the end.²⁰

In spite of Farnam's optimism, the fortunes of the M & M went steadily downward. A first mortgage had been executed on July 1, 1855, conveying to trustees the first division of the road, that is from Davenport to Iowa City and the branch to Muscatine. This was to secure the payment of principal and interest on its bonds of \$1,000,000. A year later a second mortgage was executed to secure the payment of an additional bond issue of \$400,000. At the same time a first mortgage was effected on the Oskaloosa division, running from Muscatine to Oskaloosa, to the amount of \$425,000. In the spring of 1857 preparations were made for mortgaging the remainder of the line from Iowa City to Council Bluffs to insure the payment of land-grant bonds not to exceed \$7,000,000.²¹

The financial derangements of 1857 were accompanied by dissension within the company. The banking firm of Cook and Sargent in Davenport had gradually secured more and more control, a circumstance alarming to Farnam. To Doctor Durant he wrote that Ebenezer Cook should be replaced by someone who would handle the "running department" of the company.

All that will then be left for the Comp'y to look after, will be the construction of the Road which Gen'l Dix [John A. Dix, president of the M & M] can do without any trouble — This will simplify the thing, & we shall get rid of those local & improper influences which now threaten to swallow up the Comp'y & all its interests — Mr. Sheffield & I were satisfied that we could not build the Rock Island unless we kept the control at the east, & we never could have done it any other way —

The letter further indicates that arrangements were made to pay a trustee \$250,000 to handle the receivership. This money it was supposed would be

²⁰ Farnam to T. C. Durant, Feb. 9, 1856, *ibid.*, 1-3-15-29.

²¹ George H. Crosby, *History of the Chicago, Rock Island and Pacific Railroad Company* (Chicago, 1904), 9-11.

used for the benefit of the company, but Cook was named trustee and Farnam became suspicious.

I am satisfied from his unwillingness to commit himself that, the Comp'y will never be benefitted one dollar by the \$250,000 of Stock which he is to have for doing next to nothing — It would look much better on paper to appoint the two trustees & give them the whole am't of Stock appropriated, than to give such an enormous sum to one of our Board who can do us no good — But on the other hand [he] is placed in a position to make an immense fortune without running one dollar's risk —²²

The final blow was about to fall when, in July, 1857, Farnam reported that freight business was poor. Nothing was coming in from the west and about all that was going in the other direction was lumber. In his report to stockholders of the Chicago & Rock Island Railroad, dated in the summer of 1857, Farnam pointed out that the produce of western Illinois and Iowa was being consumed locally or was seeking a market toward the south where the demand was greater. Cars were coming back empty from the West.²³ Farnam thought he saw signs of hope, however. He felt sure, he wrote Durant, that in the fall business would improve. Work was progressing "with great rapidity" on the Farnam and Durant contract for the branch line between Muscatine and Washington. Farnam expected to complete the work in time to do "a good fall business." A construction train was running between Muscatine and the Iowa River. Elsewhere, Pottawattamie County had just subscribed \$300,000, and Jasper and Poweshiek counties were ready to vote on their bond issues. A Mr. Walker, evidently acting as an agent for English capital, had pronounced Farnam's project "one of the very best in the country" and felt sure that he could raise money as soon as the market "was a little easier in London."²⁴

The crash came in August. Durant wrote Farnam that in the opinion of the M & M officers, work must cease on the Muscatine to Washington division. To Farnam the news came "like a thunderbolt."

I had no idea that the Pres't and Treasurer would take the stand they have — It may be right in their judgement — but it is death to us — We cannot stop the work east of Washington without

²² Farnam to T. C. Durant, April 12, 1857, *Leonard Collection*, 1-2-17-32.

²³ Annual Report to Stockholders of the Chicago & Rock Island Railroad, July 1, 1857.

²⁴ Farnam to T. C. Durant, July 6, 1857, *Leonard Collection*, 1-2-17-23.

subjecting ourselves to more damage than it will cost to finish it — Besides we have been urging up every man — The contractors Bridge men & all so that our next estimate will be as large as the last & most of the contractors will be through, with the exception of the trimming — Still if the Comp'y cannot pay us any thing we had better stop & suffer the consequences But it will be a death blow to the character of the Comp'y. . . .

He would instruct John Henry, the superintendent, to make arrangements to slacken or stop the work if it became necessary. If work came to a halt they could not hope to secure the \$100,000 in bonds from Washington County.²⁵

In September, Farnam wrote to Doctor Durant's brother, Charles W., that arrangements were being made with the sub-contractors to lay off men and stop work. He expressed the hope that they could avoid "going to protest on the Bank notes." "I feel exceeding[ly] mortified and depressed — But we must not wilt under it — but put our shoulders to the wheel one & all, & if possible get out of it."²⁶ Arrangements for stopping work were not easily made. The sub-contractors were in debt to their men for back wages and could not discharge them without "making a regular rowe." Through personal friends in Chicago, Farnam raised some money to pay the contractors. The arrangement was made quietly so that it would not become generally known how close Farnam and Durant were to bankruptcy. Farnam wrote in September:

I have been rather blue, since I returned but I think I can see a bright spot ahead — And if you will only keep up good courage & put shoulder to the wheel, we shall come out all right — We must not lay down — Keep our credit good if possible — not go to protest until we are obliged to — Thirty days will show a different state of things — and if we can keep right with our creditors for another sixty days I feel quite sure we shall come out all right —

He also expressed the opinion that if they had a live board of directors the work could still be finished to Washington.²⁷

In the view of Farnam's son, Henry W. Farnam, it was speculation on

²⁵ Farnam to T. C. Durant, Aug. 19, 1857, *ibid.*, 1-2-17-19.

²⁶ Farnam to Charles W. Durant, Sept. 4, 1857, *ibid.*, 1-2-17-51.

²⁷ Farnam to T. C. Durant, Sept. 14, 17, 1857, *ibid.*, 1-2-17-17, 1-2-17-18.

the part of Thomas Durant which brought the firm to the brink of failure.²⁸ Whatever the reason, Farnam and Durant were able to satisfy their creditors and continue in business. In the fall of 1857 Farnam "did not expect any great relief" until the first of February, but he anticipated that good business would return with the spring and that the year 1858 would be "as prosperous as any former year."²⁹ Durant had evidently written that Sir Charles Fox might go to Chicago to look over business prospects. Farnam promised to "spare no pains in extending to him all the civilities" and to furnish him with any information he desired.

If it is necessary to pay him for looking over our matter I shall not hesitate to do so — We have a good project, & if we can only keep our dish right side up until Spring, I have great confidence that the project can be presented to English capitalists [sic] in such a light, as to ensure success.³⁰

With 1858 came changes in organization. Farnam had often expressed the need for reorganization, but he deferred his proposals until the annual meeting in June. "At that time," he wrote, "I propose to start off on an entirely new plan — I have too much interest in that Road to see it so miserably managed as it has been."³¹ By the new plan John F. Tracy, superintendent of the Chicago & Rock Island, was made superintendent of both the Illinois and Iowa roads.

Following the reorganization a revival of interest in extending the track westward was reflected in bond-issue activities. Farnam, in May, saw the Washington County judge who had in his charge \$150,000 in bonds issued by the county. The judge insisted that the company promise to complete the railroad to the town of Washington by September 1. Washington County citizens were anxious to have the road completed, but they wanted assurances that the proceeds from sale of the bonds would not be "flitted away in Wall Street." A second issue of \$100,000 was made on condition that the road be completed by September 1 and that the depot building be placed within one-half mile of the courthouse square. Farnam wrote to Durant: "I think they are disposed to do as they agree, & all they want is [to] be sure that they will not be deceived by us — I hope you have already

²⁸ Farnam, *Memoir of Henry Farnam*, 55.

²⁹ Farnam to T. C. Durant, Oct. 27, 1857, *Leonard Collection*, 1-12-17-16.

³⁰ Farnam to T. C. Durant, Nov. 21, 1857, *ibid.*, 1-2-17-13.

³¹ Farnam to T. C. Durant, Jan. 8, 1858, *ibid.*, 1-2-17-11.

arranged for the negotiation of these bonds — There is nothing better in the market." Iowa County was also ready to vote on a bond issue. Durant expressed to Farnam the thought that Scott County should also contribute more. Farnam replied: "I notice what you say with regard to Davenport assisting the M. & Mo. Road — There is no doubt [*sic*] they should do more & I shall do all I can to make them — But they are already so in debt under the administration of 'Hubby' Sargent, that I doubt whether they can be moved to do any thing." Late in May Farnam advised Doctor Durant to take the Polk County bonds on any reasonable terms. It might be necessary, he thought, to agree to commence grading as soon as the bonds were delivered to the company. That had been the arrangement in Iowa County.³²

It is clear from Farnam's letters that the contractors were really dependent on proceeds from the sale of these bonds to meet their current expenses. Late in July, Farnam wrote that the August estimate would be \$12,000. "You & Charley [probably Charles W. Durant]," he said, "must take care of the money negotiations, & keep me supplied." He thought there should be no trouble about selling Washington County bonds — "There is nothing better."³³

However much reason there was for delays in construction, Washington County people had reason to be skeptical of promises made by the M & M. Contracts for grading had been let as far back as May, 1854.³⁴ Work on the thirty-seven miles from Muscatine to Washington was stopped and resumed spasmodically for four years. In the summer of 1857, just before the crash came, Farnam hoped to have the track completed to Washington by November 1. Already the line was completed to the Iowa River just across from Columbus Junction where the Western Stage Company was preparing to connect with the railroad. Doctor Durant had purchased thirty-three hundred tons of iron to complete the track to Washington. This seems to be the first use of American iron on either the Rock Island or the M & M. "I have no doubt," wrote Farnam, "we shall find it better than English." At the end of the summer came the panic and the resulting work

³² Farnam to T. C. Durant, May 6, 27, June 20, 1858, *ibid.*, 1-2-17-10, 1-2-17-8, 1-2-17-5.

³³ Farnam to T. C. Durant, July 23, 1858, *ibid.*, 1-2-17-4.

³⁴ Isaac Lane Usher, "Letters of a Railroad Builder," *The Palimpsest*, 3:25 (January, 1922).

stoppage. A year later, July, 1858, the contractors again had a large force at work on the road west of Columbus Junction. Farnam found the farmers along the line so embarrassed financially and so fearful of giving credit, remembering their depression experiences, that they insisted on cash for hay and grain and for bridge timbers. "Besides," he wrote, "every foreman must be prepared to pay every man that wishes to quit or we should have a strike in twenty four hours that might hinder us a week." Farnam hoped to persuade the sub-contractors to take part of their pay in Washington County bonds discounted at 85 per cent.³⁵

At last the road to Washington was completed in time for the citizens to hold a celebration of the event on September 1, 1858. Meanwhile, on the main line from Iowa City west, construction remained at a complete standstill. Farmers and businessmen in the counties between Iowa City and Des Moines, who had waited so long for the railroad, were becoming impatient by the fall of 1858. Charges against the M & M were answered in a statement by President John A. Dix to the editor of a Marengo paper. Dix referred to an article on the M & M written some time previously. The statements, he said, were "entirely destitute of truth." The road was not a bankrupt concern — in spite of the "financial derangement" of the previous year, interests on bonds had been paid, and the road from Muscatine to Washington had been opened. He pointed out that the M & M had "over 400,000 acres of the best land in the United States, which it has not incumbered by any bond, stock or money lien." Because of the close connection in operation between the Rock Island and the M & M it had been rumored that the latter had been leased to the former. This, Dix denied.³⁶ The president of the M & M did not mention that practically no dividends had been paid on stock and that the road itself and its equipment were heavily mortgaged.

The Pike's Peak gold rush in the early months of 1859 brought the M & M a new source of revenue. Ill-founded stories of fabulous discoveries circulated in the East and Midwest during the fall of 1858, as a result of W. Green Russell's findings. When the tide of migration to the gold fields began to swell, railroads, stage lines, and packet companies competed

³⁵ Farnam to T. C. Durant, June 30, July 4, 1857, July 24, 1858, *Leonard Collection*, 1-2-17-25, 1-2-17-22, 1-2-17-3.

³⁶ Dix's letter was dated Nov. 16, 1858, and appeared in the *Marengo Iowa Weekly Visitor*, Jan. 13, 1859.

for the traffic. John F. Tracy, superintendent of the lines from Chicago to Iowa City, was not unmindful of his opportunities. The *Chicago Press and Tribune* noted in its issue of February 16, 1859:

The rail ways running west from this city and the stage lines connected with them have been actively engaged for several weeks in perfecting their plans to accommodate all who are determined to try their fortunes in this new field of enterprise and golden hopes. We have to notice this morning the important fact that the Chicago and Rock Island Railway have completed arrangements with the Western Stage Company, and are now selling through tickets from Chicago to Fort Kearney [sic] on the Platte River, 184 miles west of Council Bluffs, and only 346 miles this side of the gold fields.

The distance by rail and wagon road to Fort Kearny by this route — 666 miles — could be traveled in four or five days. Traveling time to Iowa City was only twelve hours. A through passenger ticket from Chicago to Fort Kearny was \$50.25 for first class, \$46.50 for second class. Superintendent Tracy suggested that parties living in Michigan, northern Indiana, Ohio, Illinois, and parts of Wisconsin might wish to take their teams, wagons, and supplies by rail from Chicago to Iowa City. He declared that these items were much more expensive farther west. Freight cars renting at \$50.00 were attached to passenger trains. "In this way three or four parties might club together and put their teams in one car, their wagons and baggage in another, and find this a very cheap and expeditious way, without change of cars, to make a long distance westward."³⁷

An Iowa City paper claimed that the route via the Rock Island and M & M railroads was best for people traveling from any of the northern and eastern states. Emigrants in large groups were given a reduction of \$2.00 per person, making the fare from Chicago to Iowa City only \$5.20. Iowa City was boosted as the "natural outlet to the western frontier" and the "best outfitting and starting point in the country." An issue of the *Iowa Weekly Republican* at Iowa City presents a picture of the feverish activity there at the beginning of spring:

The Pike's Peak Emigration, although materially checked by the bad roads the past fortnight, has been steadily increasing during the last few days. Two or three car loads of emigrants come over

³⁷ *Chicago Press and Tribune*, as quoted in the *Iowa City Iowa Weekly Republican*, Feb. 16, 1859.

the M. & M. Railroad to this City nearly every day. A number of companies are encamped near the Depot and in the suburbs of the City anxiously waiting for the roads to improve. Eleven Pike's Peak teams from De Kalb county, Ill., passed through the City Monday morning; and teams may be seen on our streets at all hours of the day labelled Pike's Peak. Iowa City is doing her share of the fitting out, as the North Platte route steadily grows in favor with the gold seekers.³⁸

West of Iowa City the gold seekers were forced to resort to stagecoach and wagon for the remainder of the journey.

In spite of the increase in business due to the gold rush, there were few indications that the railroad would ever be extended. The M & M continued to make a few gestures, however. Peter Dey had been sent on the survey west of Iowa City in May, 1858, although Farnam had had to borrow money at the bank to pay Dey's expenses. "They are all so poor," Farnam wrote, "that they cannot raise money enough to pay for a day's Board—" Dey had surveyed two routes through Poweshiek County, evidently with the idea that the towns of Montezuma and Grinnell would compete with one another to bring the railroad. Indeed, a Montezuma paper noted that people in the southern part of the county were subscribing generously, thinking by that means to insure a southern route.³⁹

Between the "end of track" at Iowa City in Johnson County and Marengo in Iowa, the next county to the west, enough of a force was at work in January, 1859, to give Marengo hope that the track would soon be extended. "Look out for the Iron Horse about the 4th of July next! Won't the 'yaller flowers' of the prairies wave their beautiful heads joyfully when the time comes? We guess so — we reckon so." In February the M & M had labor troubles at Brooklyn, a few miles west of Marengo, and there were rumors that all work had stopped. "The Iowa Statesman is circulating a story that the M. & M. R. R. have to quit work on the main line west of Iowa City," cried the Marengo Visitor. "This world is dreadfully given to lying, and especially is this the case with the editor of the Statesman."⁴⁰

³⁸ Iowa City *Iowa Weekly Republican*, Feb. 23, March 23, 1859.

³⁹ Farnam to T. C. Durant, May 6, 1858, *Leonard Collection*, 1-2-17-10; *Montezuma Republican*, quoted in *Iowa City Iowa Weekly Republican*, June 9, 1858.

⁴⁰ Marengo *Iowa Weekly Visitor*, quoted in *Iowa City Iowa Weekly Republican*, Jan. 5, 1859; also see *Marengo Iowa Weekly Visitor*, Feb. 3, 17, 1859.

In spite of early optimism, however, such a small amount of work was done during the summer of 1859 that rumblings of discontent came from all along the line. One expression of this dissatisfaction is contained in a letter to George B. Sargent of Boston, who was furnishing some of the funds for the M & M. The writer was Josiah B. Grinnell, who had founded the town bearing his name and who had considerable contact with M & M promoters. A review of his connection with the project will make the letter more understandable.

Grinnell, as a young man, had visited the West with the idea of selecting an area for a colony to be made up of some of his eastern friends. He had determined on Missouri as the proper site but on his way back east in the fall of 1853 he had met Farnam who advised him to settle in Iowa and suggested he consult one of the M & M surveyors as to a good location along the line of the railroad. The surveyor advised location at the summit between the Iowa and Skunk rivers. There Grenville Dodge had planted a flag to mark the divide. Late in February, 1854, Grinnell and his associates had purchased about 5,000 acres from the firm of Cook, Sargent and Downey in Iowa City.⁴¹ From the beginning of the settlement, Grinnell had loyally supported the railroad project. He had assisted the company officials in securing right of way through Iowa and Poweshiek counties. His letter to Sargent thus probably indicates the general temper of the people rather than his own. A few months later he would rush to the defense of the very railroad he seemed to threaten.

Grinnell started his letter by indicating the great business prospects of the road if pushed westward. He estimated that in the five counties west of Iowa City a half million bushels of wheat — fifty thousand dollars worth of freight — would be drawn to the railroad if it were extended thirty or forty miles. The price of wheat was so low that it would not bear a long wagon carriage. "If the road is pushed out from Iowa City this fall," Grinnell wrote, "we shall elect County Judges who will make a levy for the interest of our R R Bonds in Iowa & Poweshiek Counties, and such is the spirit of our People, their sense of honor and ability with a R. R. that there can be no question as to the value of our R R Bonds." Then came the sentences to which Mr. Sargent took umbrage: "No interest will be paid on

⁴¹ Charles E. Payne, *Josiah Bushnell Grinnell* (Iowa City, 1938), 27-32; Josiah Bushnell Grinnell, *Men and Events of Forty Years* (Boston, 1891), 87-94; Perkins, *Trails, Rails and War*, 25.

our Bonds in the two counties for the next two years without bitter and expensive litigation unless the work begins at Iowa City, Soon. And then discredit will be thrown on the land grant, and what friends we may have here in the Legislature will be weak and fearful."⁴² In his reply, Sargent was sharply critical.

Boston, Aug 10, 1859

J. B. Grinnell Esq

Dear Sir

Your most remarkable letter of the 4th inst is recd and read by me; why you should think it for the interest of your section to write a letter to me (when I am furnishing all the funds now expended in your County) threaten[ing] *[sic]* to swindle the innocent purchasers of your Bonds unless the Mississippi & Missouri R R Co. do certain things, I can't imagine. In your letter of 10th of June you say — "As to our County R R Bonds there can be no question in regard to them." and again "The interest on our Bonds will be promptly met, we are Eastern people" &c &c — Now you threaten *repudiation*. In less than 60 days after writing such statements — If I believed you could influence the majority of your County to such baseness I would not touch another of your securities with a 40 foot pole — I am using every exertion aided by Messrs Farnam & Durant, Mr E Cook and all other friends of the enterprise to put them through in right shape and to commence work West of Iowa City at once. . . .

If this is the code of morals at Grinnell (settled by Eastern people) God help their Iowa say I. — The proceeds of your Bonds have been expended in your county and you will have a good time with your threatened "bitter and expensive litigation" if you attempt a defence.

Yours Respy

G. B. Sargent⁴³

Grinnell's letter was not the only expression of dissatisfaction over the long delays in continuing the M & M westward from Iowa City. "We think it high time the road was done," wrote the *Marengo Visitor*, "the hope of seeing it built as far as Marengo, has been deterred *[sic]* until forbearance has ceased to be a virtue, and the gentlemanly managers thereof needn't be surprised if they hear a little grumbling from the people along the line." If, as was rumored, work was already started west of Iowa City, "the road

⁴² Grinnell to Sargent, Aug. 4, 1859, *Leonard Collection*, 1-1-42-3.

⁴³ Sargent to Grinnell, Aug. 10, 1859, *ibid.*, 1-1-42-2.

will surely be here with increased speed," said the Marengo editor, "and the unearthly screech of the locomotive, which is said to resemble the screams of the spirit of an attorney when Satan gets him in his grip, will awaken the astonished echoes among the bluffs around Marengo, to the astonishment of the natives, before the dawn of another year."⁴⁴

Sometime during the fall of 1859 Henry Farnam withdrew from active participation in Iowa construction work. The Farnam and Durant partnership was dissolved in an agreement signed November 10, 1859. Farnam's reasons for withdrawing are not clear. Henry W. Farnam suggested that his father was not altogether in sympathy with Thomas C. Durant's methods of finance.⁴⁵ For a few years Farnam retained his position as president of the Chicago & Rock Island and kept up his interest in the Iowa project and in plans for a Pacific railroad. Durant placed John E. Henry in charge of sub-contracts in Iowa.

In September, 1859, hopes again rose. Henry was busy receiving bids and assigning contracts for bridge work, grading, and timber cutting. Names of men who had completed contracts on the Chicago & Rock Island and on the M & M east of Iowa City now appeared on contracts for work west — Boyle, Reynolds, Saulspaugh, and Carmichael.⁴⁶

In November the *Boston Railway Times* gave the M & M a boost:

This road has recently completed a negotiation for its bonds of considerable amount, about \$1,350,000 at very satisfactory prices, and have sent forward three thousand tons of iron to be laid west of Iowa City. The road has now one hundred and seven miles in use, (including the Muscatine branch,) of which twenty miles has been completed since the panic. The Company has always promptly paid its interest without asking extension of favor of any kind — a rare occurrence.⁴⁷

In the early part of December, 1859, prospects brightened still further. Iron arrived in Davenport aboard cattle cars on the way to Iowa City.

⁴⁴ Marengo *Iowa Weekly Visitor*, Sept. 29, 1859.

⁴⁵ Charles W. Durant was also involved in the partnership. The signed agreement of dissolution is in the *Leonard Collection*, 4-1-41-11. See also Farnam, *Memoir of Henry Farnam*, 51-9.

⁴⁶ Henry to T. C. Durant, Sept. 26, 1859, *Leonard Collection*, 1-2-4-38; *Iowa City Iowa Weekly Republican*, Oct. 12, Nov. 2, 1859.

⁴⁷ *Boston Railway Times*, as quoted in the *Iowa City Iowa Weekly Republican*, Nov. 16, 1859.

Henry had purchased oak ties at thirty-five cents and contracted for one thousand sawed pine ties at thirty-two cents. It appeared that the sub-contractors might accept county bonds for part of their pay. Then a minor depression struck, closing bank doors. "My contractors are worse off than I am," wrote Henry, "as every man of them had an account with Downey [Cook, Sargent and Downey of Iowa City] and are in a bad fix for present wants, if I had some currency on hand now I could use it to good advantage among them, and do not see how they can get along without some help from us." From his headquarters at Davenport, Henry wrote the following day: "This town is bluer than any place I was ever in."⁴⁸

Some indication of progress was evident between December, 1859, and February, 1860, when the bridge over the Iowa River at Iowa City was completed at a cost of \$100,000. Into the bridge and the trestle-work approaches went 100,000 pounds of iron and over 2,000,000 board feet of lumber. When the ice started to break in late February, the bridge was almost lost, but the return of cold weather enabled the engineers to repair and strengthen the structure.⁴⁹

From reading Henry's letters to Durant during this period one gets the impression that Durant was trying to do as little work as possible while keeping up the appearance of progress. Certainly, little was accomplished during the first few months of 1860. There may have been difficulties in obtaining money through the sale of securities, or the board of directors may have had some other reason for holding up the work.

One of the provisions of the Iowa bill granting lands to the railroads required the completion of seventy-five miles of track on the main line by December 1, 1859. The condition on the part of the M & M had not been fulfilled. When the legislature was asked to extend the time, the M & M was promptly attacked. Thomas M. Isett of Muscatine, who had been ousted from the board of directors, published a pamphlet replete with charges against the M & M promoters, Farnam in particular, even though Farnam had withdrawn from the affairs of the road. In an open letter to the *Des Moines Register*, J. B. Grinnell rushed to the defense of the road. Isett had accused Farnam and others of being "sharks." Grinnell pointed

⁴⁸ Henry to T. C. Durant, Dec. 5, 9, 13, 19, 20, 1859, *Leonard Collection*, 1-2-4-44, 1-2-4-45, 1-2-4-48, 1-2-4-49, 1-2-4-50.

⁴⁹ *Marengo Iowa Weekly Visitor*, Feb. 29, 1860; Henry to T. C. Durant, Feb. 24, 1860, *Leonard Collection*, 1-2-4-30.

out that Isett had kept company with the "sharks" for six years without giving any sign of displeasure until he had been replaced by J. Scott Richman as director. Grinnell quoted Isett as saying that "none but a home directory should control the foreign Capital in Railroad," and went on to comment:

Has not that been asked in every Western State and the farcial [sic] notion played out that men should throw up the control of their monied enterprises? Would or could Iowa Capital, build a Railroad of any length? You have admitted that Mr. Farnam was rich when he began building a Railroad in Iowa, and must remember that at the last meeting of the Board in Davenport, he offered to let any party have his contract for building the road westward, and would give that party \$100,000 of his investment here. The failure of the crops and the financial troubles of the country have greatly depreciated the value of his investments in the State, and now you ask the "use of the pruning knife freely." . . .

Grinnell feared that if the railroad were not extended, the farmers of central Iowa would be forced to leave. It was their conviction, he said, "that one half of their lands with a Railroad, will be worth more to them than the whole without one." Grinnell pointed out that the management had kept down accidents and provided trains and cars where needed. Isett had insinuated, evidently, that fraud had been practiced because no report of the road had been issued. Dix, Grinnell said, had thought that since business had been so poor, a report would do no good. "You know," wrote Grinnell, "that Henry Farnam has built 120 miles of railroad in Iowa, and scattered large sums of money among its peoples, hundreds of thousands of which was his own, while it was said last season that you had not paid your own subscription."⁵⁰

In May, 1860, came the Republican convention in the "Wigwam" at Chicago. Although the main interest centered about the question of slavery extension, a plank of the Republican platform called for a Pacific railroad. The group of railroad promoters interested in the Platte Valley route campaigned vigorously for the nomination of Lincoln, who had indicated interest in the project. Lincoln, visiting Council Bluffs in April, 1859, to look over some property offered him by Norman Judd, had questioned Grenville M. Dodge about the best routes for a railroad west. Dodge later admitted:

⁵⁰ Grinnell to Isett, *Des Moines Register*, as quoted in the *Marengo Iowa Weekly Visitor*, March 7, 1860.

"He shelled my woods completely and got all the information I'd collected for Henry Farnam, my employer." Thinking that Lincoln would have a predilection for the Platte River route and knowing Iowa's concern in the matter, Farnam and his associates worked to secure support of the Iowa delegation for Lincoln's nomination. Governor Samuel J. Kirkwood and his wife were invited to stay at the Farnam home in Chicago and were sent passes on the railroad.⁵¹ At the close of the convention the delegates were invited on a complimentary trip to Iowa City, via the Rock Island and the M & M routes. Representatives of nineteen states came out to look over the growing young state. After dinner at the Clinton House in Iowa City, the excursionists extended their "heartfelt thanks to Mr. Farnham [sic] and the company over which he presides for their generous liberality, for their excellent accommodations and for the delightful pleasure furnished by a free railroad trip over the most magnificent country under Heaven."⁵²

Through the spring and summer of 1860 construction on the M & M progressed very slowly. After a lapse of several weeks, track laying was resumed in May with the arrival of eight carloads of iron. On August 1 a Marengo paper announced: "From J. B. Grinnell, who passed through town day before yesterday, on his way home from New York, we learn that the Board of Directors of the M. & M. R. R. have issued peremptory orders to the contractors to have the cars running to this point in thirty days." Whether Grinnell was correct or not, Marengo was disappointed. Cars did reach Homestead, just over the Johnson County line, by that time, and a cattle train was placed on a daily run to that temporary terminus. About October 1, 1860, the line was at last completed to Marengo, thirty miles west of Iowa City. No doubt the citizens had their "frolick" as Mr. Henry planned.⁵³ There was cause for rejoicing. Many of these people of Marengo had witnessed the arrival of the steam locomotive in Iowa City in 1856; for five years they had listened in vain for its whistle in their own town. Now at last Marengo became the western terminus of the M & M.

Through the fall of 1860 there were indications that the track would continue on speedily past Marengo. Toward the last of August wagons

⁵¹ Perkins, *Trails, Rails and War*, 45-56.

⁵² Iowa City *Iowa Weekly Republican*, May 23, 1860.

⁵³ Marengo *Iowa Valley Democrat*, May 23, Aug. 1, 1860; Iowa City *Iowa Weekly Republican*, Sept. 5, Oct. 3, 1860; Henry to T. C. Durant, Sept. 12, 1860, *Leonard Collection*, 1-2-4-18.

loaded with timber for the erection of work-shanties passed through the town.⁵⁴ Mr. Henry found a "first rate place for Station" about twelve miles west of Marengo on the Poweshiek County line. He urged Hiram Price and J. B. Grinnell to hurry up negotiations on right of way in Poweshiek County, informing them that unless right of way was furnished in twenty days all work would stop. "Don't get me in a scrape with this matter," he wrote Durant, "as I tell them it is your orders."⁵⁵ On November 5, 1860, Henry wrote:

Our Grading and Bridging is already completed to the west line of Iowa County, except the raising of some of the small Bridges, which are ready to be raised whenever we want them. And we have but very little to do to Complete the Grading to Brooklyn. I turned the Track between Iowa City and Marengo over to the Company on the 1st Nov, and have just commenced Track Laying west of Marengo. Please let me know how fast you would like it laid. . . .⁵⁶

Prospects for continued construction of the M & M seemed bright in the fall of 1860, with signs of work beyond Marengo. The election of Abraham Lincoln in November assured the railroad interests an administration favorable to their needs. Apparently the M & M had weathered the years of depression successfully. However, in 1861, as war became a threat and then a certainty, construction again slowed down to a walk. The labor supply was inadequate, as the men marched off to war, and the supply of iron was scarce. The result of these difficulties was that two years were expended in completing the track from Grinnell to Kellogg, a distance of only about twelve miles. In addition to the demands of the war on men and materials, this delay can be further explained by Thomas C. Durant's growing interest in the Union Pacific project and his consequent neglect of the M & M. In October, 1863, Durant became vice-president and general manager of the Union Pacific Company, and although he remained the principal contractor on the M & M, he directed the construction from a distance. It also appears that the M & M was poorly managed, especially after Henry Farnam was forced to leave the project in the hands of men interested less in the ultimate success of the enterprise than in immediate profits of specu-

⁵⁴ Marengo *Iowa Valley Democrat*, Aug. 29, 1860.

⁵⁵ Henry to T. C. Durant, Aug. 24, 1860, *Leonard Collection*, 1-2-4-20.

⁵⁶ Henry to T. C. Durant, Nov. 5, 1860, *ibid.*, 1-2-4-17.

lation. The president of the M & M, General John Adams Dix, lent dignity to the organization but contributed little in the way of managerial ability. Thus there was no high official resident in the West who could give time and attention to the project.

The Iowa road just barely managed to survive the years of civil war: from 1860 to 1866 end of track was pushed westward only forty miles. During those years the M & M was in such constant financial difficulties that the only way out of the tangle seemed to be complete reorganization. The final solution came in 1866 with the sale of the road to the Rock Island Railroad for \$2,100,000. This consolidation was made easier by the fact that the Chicago & Rock Island Railroad and the M & M were already operating under a cooperative working agreement designed to make, in effect, one line of the two roads. Under the new organization hope revived and construction continued. Des Moines was reached in 1867 and Council Bluffs in 1869. The Mississippi & Missouri had lost its identity but remained a part of a larger system.