

SOURCE MATERIAL OF IOWA HISTORY

MAHONY-SMITH LETTERS ON THE DUBUQUE & PACIFIC RAILROAD, 1857

[The usual story of the relations of the public to the railroad promoters in the 1850's is that the people were so eager for railroads that the promoters could get any help they asked for without question. The following exchange of letters between Dennis A. Mahony and Platt Smith, both of Dubuque, indicates that criticism of railroad activities was not unknown in this period. In fact, this is only one of many instances in Iowa newspapers of sharp and caustic attacks on the railroad promoters. Individuals and communities were putting their money into the companies; therefore, they did not hesitate to criticize things they did not like. But even local aid, and the federal land grants that came in 1856, were not enough to build railroads; the promoters had to go East and to Europe for sufficient capital to complete their roads. Criticism along the line of the road was looked on as an unwarranted interference with the railroads' business.

At Dubuque, two roads were being built by 1857 — the Dubuque & Pacific and the Dubuque Western. The Dubuque & Pacific Railroad had been incorporated by the Iowa General Assembly in 1853 under the sponsorship of Senator George Wallace Jones; Platt Smith, an attorney of Dubuque; Dubuque's mayor, General C. H. Booth; a steamboat captain, Jesse P. Farley; Lucius Langworthy, lead-mining magnate of Dubuque; Colonel Roswell B. Mason, chief engineer of the Illinois Central Railroad; and many others. In 1856 the Dubuque & Pacific had received its share of Iowa's railroad land grant, and by the fall of 1857 the road had been completed across the county to Dyersville. Meanwhile, in 1855 the Dubuque Western Railroad had been incorporated. Using the tracks of the Dubuque & Pacific as far as Farley Junction in Dubuque County, this road planned to build southwestward toward Anamosa.

Both roads had been generously supported by the people of Dubuque County through voting tax aid and special bond issues. Therefore, Dennis A. Mahony, a fiery Irishman of Dubuque, felt justified when he wrote a sharp paragraph of comparison of the two roads (to the detriment of the

Dubuque & Pacific) to the *Dubuque Express and Herald*, a paper he had formerly edited. Platt Smith, attorney for the Dubuque & Pacific, promptly and caustically replied, and the "war" was on. During the following decade Smith would become well known throughout Iowa for his many "letters to the editor," whenever he found criticism of railroads and railroad promoters appearing in newspapers. His was the voice of the railroader. Mahony, one of Iowa's leading Democrats (he would be jailed during the Civil War), was a worthy opponent, expressing the voice of the people.

This series of exchanges ran in the paper from October 31 to November 11; on November 7 the editor of the paper, J. B. Dorr, entered the fray on the side of Mahony. Of more interest to the historian than the actual details of the argument is the attitude expressed on each side: Smith spoke for corporate wealth and the rights of private capital; Mahony and Dorr for the public interest. As such, the letters illustrate a climate of opinion and a conflict of interests which developed with the industrial expansion of the country in the mid-nineteenth century. — EDITOR]

FACTS FOR REFLECTION

We notice, from the Report of the Chief Engineer of the Dubuque Western Railroad, that the cost of constructing the first Division of that Road, from Farley to Anamosa, including station house, station ground, depot, three first class locomotives, four passenger cars and their necessary equipments, is \$20,926 per mile. Contrast this with the price paid by the Dubuque and Pacific Company to Col. Mason, and it will be easy to understand from this and other similar causes why it is that the latter Company is so much in need of money as to call upon the stockholders for aid. If ever bad management damned an enterprise it will be done in the case of the Dubuque and Pacific Railroad. Is there no means by which the lands given to this Company by the State can be made of service to the people of Iowa as was intended? Will the State authorities look indifferently on and see this Company squander the means given it to build the road, upon favorite contractors, trustees, officers, agents, &c. We appeal to the members of the General Assembly elected from this county to interpose in behalf of the people.

Dubuque Daily Express and Herald, Oct. 30, 1857.

THE DUBUQUE AND PACIFIC RAILROAD

We published an article yesterday reflecting rather disparagingly on the

management of this road. We have no disposition to find fault with that road or its directors, or to make invidious comparisons between it and any other road. — We wish them all the highest prosperity, and if at any time a mistake or erroneous statement is made, we are always ready to correct it.

Mr. P. Smith called upon us yesterday and assured us that the real expense of building the Dubuque and Pacific road west of the grade descending toward the Mississippi, will not be greater than that of any other road; and that the track is now ready for the rails between Dyersville and Manchester, a distance of seventeen miles. This will complete the road in running order *forty-seven* miles from Dubuque. Also that the track is three fourths graded between Manchester and Cedar Falls; and that the Company are using every means in their power for the successful completion of the entire line.

There is no doubt but that an early report of the condition, management, finances, stock, &c., of the road, would be highly advantageous to its interests before the public. We understand that the Directors are now making out a full report of the same, and when it appears, as we learn it will towards the close of the present year, we will be happy to lay before our readers the statistics it will give; or any other information of public interest the Directors should see proper to furnish us.

Dubuque *Daily Express and Herald*, Oct. 31, 1857.

DUBUQUE AND PACIFIC RAILROAD AGAIN

Editor Express & Herald: I see by an article in your paper this morning that you are willing to correct mistakes in any statements that you may publish in relation to our road. As several mistakes occur in your corrected article, I will avail myself of your offer to set your readers right.

The grading from Dyersville to Manchester is not finished, but nearly so.

The grading from Manchester to Cedar Falls (51 miles) is about one third done.

The contract cost of the first 30 miles from Dubuque to Dyersville is \$1,100,000, which is \$36,666 per mile; this includes building, rolling stock, &c., except fencing and ballasting. No grades to be over 45 feet per mile.

From Dyersville to Cedar Falls, the contract price is \$23,500 per mile.

From Cedar Falls to Fort Dodge, the contract price is \$23,000 per mile; no grades in either to be over 45 feet per mile.

An article published in your paper yesterday morning (written as I have

the best of reasons to believe, by Mr. Mahony) calls attention to the great disparity of cost between the Dubuque Western and the Dubuque and Pacific Roads. He gives the estimate of the engineer of the Western at \$20,926 per mile, and says nothing about the cost of the Dubuque and Pacific; he leaves people to infer that there is a great and unfavorable disparity against the Dubuque and Pacific.

The report of the Dubuque Western, just published, shows that that road is located over a very fine country for constructing a road; that the grades are sixty-six feet to the mile, and that the total cost is, in the language of the report, "Eight hundred and sixty-two thousand two hundred and ten dollars."

"This work (says the report, page 7) is under contract to Lewis Broad for \$516,126 cash, and \$344,084 in the first mortgage bonds of the Company." Divide this total cost by 30, the length in miles of the road, and it gives a cost of \$28,673 per mile.

Mr. Mahony knew this, as he took his figures from the same report; he gives, as the cost of the road per mile, the estimate of the engineer instead of the contract price; he compares that thirty miles of light work, with 66 feet grades, with our thirty miles of heavy work and 45 feet grades.

But the engineer of the Dubuque Western in the same report estimates what is called a cut off route from the upper end of this city to Center Grove via West Dubuque, at \$53,714 per mile, with 90 feet grades. Compare this with the heavy end of our road at \$36,666 and 45 feet grades, it shows that ours is the cheapest and most level, whilst the cut off is the shortest, the steepest and most expensive.

Learned engineers differ as to which is the best route; I will not undertake to settle the point.

Compare the light part of our road with the light part of the Dubuque Western. The case stands thus: The Dubuque and Pacific from Dyersville to Cedar Falls, \$23,500 per mile, without rolling stock, but including buildings, machine shops and an extensive brick engine house at Cedar Falls, together with several very expensive bridges. The difference in the grades, and the more rolling surface through Delaware and Buchanan counties, are items of importance to be considered.

The difference between \$23,500 paid by the Dubuque and Pacific, and \$28,673 paid by the Dubuque Western, is probably accounted for by Mr. Broad's furnishing a small equipment for opening the road.

These roads are both necessary for the prosperity of Dubuque, and in my opinion, it would be a more commendable business to engage in aiding both, than making invidious comparisons, and trying to get up a jealousy between them.

Mr. Mahony calls upon the members elect to the Legislature to pitch into us. He charges mismanagement, &c. Of course he intends to get up a fuss in the Legislature, as he is one of the members elect. He can refer to those articles written by himself as the voice of the "dear people."

Printed petitions were sent in to the members of the Legislature last winter from Galena, charging fraud and mismanagement against this Company.

Mr. M. can refer to these and substantiate his charges. If that will not be enough to embarrass the Company sufficiently in these hard times, he will find a Galena delegation there to swear to the truth of the charge. He will also find members there from Burlington, Keokuk and other places in the South part of the State, already jealous of Dubuque, who will no doubt join in his crusade.

I will say, in conclusion, that the books, contracts, estimates and everything else connected with our office are open to the inspection of the citizens of Dubuque at all times.

The Company has done a large amount of work during the last year, and expect to have at least 40 miles of track down this fall and the remaining portion to Manchester early in the Spring.

When 40 miles of road is completed, the Company will be entitled to sell 230,000 acres of land, which, at \$7 per acre, will amount to \$1,612,800, and will pay for 40 miles of road at the rate of \$42,000 per mile.

The Company have not sold a foot of land, and cannot do so at the present time, except at a ruinous sacrifice.

Money was expected from England, but none has been received, and is not likely to be while these hard times continue.

Many people in this community have done much to sustain and help us along, for which, the officers of the road are truly grateful. We have not been able to place a Depot on every person's ground, nor to please all parties in every particular, if this were undertaken, our railroad could never be built.

I submit to a candid public whether it is honest or fair for our citizens to engage in publishing articles in the newspapers, and making statements

in the street calculated seriously to embarrass an enterprise like ours, that is struggling hard for an existence, unaided from abroad at such a time as this, when the strongest Railroads in the country are compelled to make assignments.

Have not our young Railroad enterprises, and all other kinds of enterprises, and our business men enough to do to keep their heads above water, without being made the subject of assault and misrepresentation by our own citizens.

Mr. Mahony refers to the fact that this Company wants money, that is true, and yet it is no crime. The officers of this Company have not only raised all they could on the credit of the Company, but have raised for the Company all they could get on their personal responsibility; they go without salaries and pay their own expenses, charging no interest for advances to the Company. If Mr. M. had put as much money into this road as some of us, he might want money, too.

These are times that try men's souls. In some respects it reminds one of war. Some come to the rescue openly and manfully. Others lurk in ambush like jackalls and hyenas, near the field of battle, that they may feast and fatten upon the bodies of the slain.

Dubuque, Oct. 31, 1857

PLATT SMITH

Dubuque *Express and Herald*, Nov. 1, 1857.

DUBUQUE AND PACIFIC RAILROAD

Mr. Editor — The article which I handed you a few days ago in which I contrasted some things connected with the Dubuque Western Railroad and the Dubuque and Pacific Railroad, has drawn out my friend Platt Smith, Esq., in behalf of the Dubuque and Pacific Road. Before going into the merits of the case, I shall dispose of an insinuation and slur contained in Mr. Smith's communication. The insinuation is contained in the following paragraph: "We have not been able to place a depot on every person's ground, nor to please all parties in every particular, &c." Now, the effect aimed at in this language was to convey the impression that I had desired the company to place a depot on *my* ground, and that, being disappointed, I became dissatisfied. This is the inference to be drawn from such language, especially in the connection in which it has been used. And no one could know better than my friend Mr. Smith, who has been connected intimately with the company from the start, that I never asked a favor from the Dubuque and Pacific Railroad company, yet why attempt to convey a

contrary impression. I shall not characterize this course as it seemingly deserves, for I can scarcely believe that it is intentional.

Worse than this, perhaps, is the language with which Mr. Smith closes his communication. I quote it that the reader may the better perceive how much effort he made to make my position, as an objector to the management of the Dubuque and Pacific Road, odious. He says:

"These are times that try men's souls. In some respects it reminds us of war. Some come to the rescue openly and manfully. Others lurk in ambush like jackalls and hyenas, near the field of battle, that they may feast and fatten upon the bodies of the slain."

All I need to say to this is, that when the nobler beasts who now prey upon the substance of the Dubuque and Pacific Railroad shall have satiated their appetites, the prospects of a meal for either hyenas or jackalls will be slim indeed.

Now, I do not hold either of these relations to the Dubuque and Pacific Railroad. I am simply a citizen of Dubuque, and as such, concerned to some extent in the prosperity and success of this enterprise. I have watched its course from the first organization of the company which undertook to construct it, with satisfaction; and I have observed from time to time that some things were done that I thought should not have been done, and other things were not done that, in my opinion, should have been had the interests of the road been made of paramount consideration.

Among the things that should not have been done were the following, among others:

1st. The removal of the depot grounds, donated to the company by a vote of the people of Dubuque, to a more distant point from the business part of the city. The error of this step has been so far acknowledged, and an attempt made to correct it as to have procured a piece of ground near or on the very spot which the company had previously relinquished.

2d. In letting the road on contract to the chief engineer, without affording other parties an opportunity to compete with him for the contract. I care not at what price he undertook to construct it. The directors, had they acted as they would have done for themselves in their ordinary business transactions, would have invited, nay, solicited, competition. But no; for some reason or other, known only to themselves, for they have not deigned to give any information to the stockholders at large, they have contracted the road without reference to there being another railroad con-

tractor in the United States than Col. Mason, a gentleman very competent no doubt to fulfill his engagements.

In this connection, I may as well notice a point made by Mr. Smith, in which he undertakes to show that the construction of the Dubuque and Pacific Road, so far as it has been contracted or constructed, compares favorably with the Dubuque Western, and this I do with out the least intention whatever of being considered in any way identified with the latter more than the former.

To be better understood, I shall quote two paragraphs from Mr. Smith's communication.

"The contract cost of the first thirty miles from Dubuque to Dyersville, is \$1,100,000, which is \$36,666 per mile; this includes building, rolling stock, &c., except fencing and ballasting. No grades to be over 45 feet per mile. . . .

"But the engineer of the Dubuque Western estimates, what is called a cut-off route from the upper end of this city to Center Grove via West Dubuque at \$53,714 per mile, with 90 feet grades. Compare this with the heavy end of our road at \$36,666 and 45 feet grades, it shows that ours is the cheapest and most level, whilst the cut off is the shortest, the steepest and most expensive."

In the first of these paragraphs, Mr. Smith gives the contract price of the Dubuque and Pacific Road to Dyersville, making no distinction between that portion of the Road near Dubuque, where the heavy cutting and grading occurs, and that portion of it which has cost comparatively little, some ten miles at least. Admit that the cut off route on the Dubuque Western Road does cost \$53,714 per mile, for four and ninety-three hundredths miles, the total cost will be about \$268,000. This cut off will reach a point on the Dubuque and Pacific Road, six and twenty-nine hundredths miles from town, which at the price per mile paid for the construction of the whole Division to Dyersville, would amount to over \$230,000. The advantage of this cut off is that it is the more direct and shortest route, its disadvantage is its heavy grade. The advantage of the other route is its comparatively easy grade; its disadvantage is the short, dangerous curves with which I might say, it abounds. Taking the Road at the point of junction with the Dubuque Western, at which point 6.29 miles from town, most of the heavy grading is accomplished. How will Mr. Smith account for the heavy cost of the rest of the road to Dyersville, for be it borne in mind, it

is not the six or seven miles near town alone that has cost \$36,666 per mile, but the whole Division. Had this portion of the Road been let at the same price per mile that either the Western Road or the Second Division of the Dubuque and Pacific Road is let at, the difference in favor of the company would be at least \$300,000 a snug sum of money in these hard times.

This will be enough to show why I have felt that the affairs of this company have been mismanaged by doing what they should not have done.

If this be not satisfactory, I have but to refer to the manner in which optional shares of stock have been disposed of to the animals who control the Stock Board in Wall street.

Among the things that should have been done by the company, to ensure the confidence of the public and the prosperity of the enterprise were

1st. To have made the Directors elective annually, by a vote of the stockholders. Instead of this, the Articles of Incorporation, adopted by a few individuals, provided that the first Board of Directors should hold their office for nearly three years, if I recollect aright, and that vacancies occurring in the mean time should be filled by a vote of the remaining Directors. This *policy* cuts off the stockholders from any control over the action of the directors, and very naturally lessens the confidence and awakens the jealousy, if not the suspicion of the community. Subsequently, as if to disregard entirely the stockholders, when it became necessary, according to the acts of Incorporation to elect a new Board, the notice of the election was given in as brief a time, and as secretly as circumstances would permit. In this respect I *may* not be correct, if so I shall stand corrected.

2d. In not making reports, or even a single report of their proceedings from the date of their organization till the present date — a period of — years. They have gone on from that time to the present, making contracts by the million dollars with a single individual or firm; changing donated depot grounds for others less valuable intrinsically, then and now; disposing of the stock of the company at nominal prices, thus crippling themselves in such a manner that notwithstanding their resources of some 1,300,000 acres of the best land in Iowa, they could not raise a dollar on the credit of the company in the money market. They may attribute this to the hard times that have come upon us, but they should have had their negotiations made before the times caught them in a pinch; and had they not put themselves into the hands of their favorite animals in Wall street, but gone with their stock and bonds to Europe, or sent someone of experience in financial af-

fairs to negotiate for them, they would have been saved the mortification of having their credit protested by the puny Dubuque Western Railroad company.

I have said enough, Mr. Editor, to show why I have made disparaging remarks upon the management of the Dubuque and Pacific Railroad company. I have not done so to embarrass them, but to call them to a more proper sense of the duty they owe to this city and county, than they seem to recognize to be required of them.

The fact is, that the interests of this city have been too much lost sight of in this and other enterprises which were got up ostensibly for the benefit of Dubuque. It was emphatically a Dubuque enterprise. How is it now? Owned, controlled and *directed* in New York. Hugged almost to death by the money Bears of that city, who have to give it but another squeeze and it falls a dead carcass at their feet. If I can do aught, Mr. Editor, either as a citizen of this city, or as a legislator of this State, to prevent the 1,300,000 acres of land donated by the State to aid in the construction of this Road from becoming the prey, either of the Bears of Wall street, or of the Jackalls and Hyenas to whom Mr. Smith alludes, I am not ashamed or afraid to acknowledge that I shall not be sparing of effort to accomplish so desirable an object.

D. A. MAHONY

Dubuque *Daily Express and Herald*, Nov. 3, 1857.

DUBUQUE AND PACIFIC RAILROAD

Mr. Editor:— Allow me to correct some errors of fact which Mr. Mahony has fallen into in his article this morning, which are calculated to mislead your readers in relation to our road.

First, he complains of a removal of the depot from our first ground, this is true. We had a small triangular piece of ground below and adjoining the Waples cut, containing about three acres, not long enough to stand a long train of cars.

As we usually have fifteen acres, which must not be less than fifteen hundred feet long at an ordinary way station, it seems useless to advise your readers that three acres in a bad shape would not do for Dubuque. We changed this even handed for ten acres, nine hundred feet long on the river front, by about the same length on Main street, this latter was adjoining other grounds which we have purchased, to be used in connection with our ground, so that we now have in all over 40 acres. We claim it as one

of the best trades that we have ever made to swap three acres near the Waples cut that was entirely inadequate, and in bad shape, for ten acres with nine hundred feet front on the main river, where we can change freight with steamboats without drayage. Of all the acts we have ever done, this is the least liable to censure.

Then, after providing ourselves with this ground for a freight depot, we have obtained from the Dubuque Harbor Company a donation of ground for a passenger depot, covering in part the identical ground which we first owned below the Waples cut. But this ground is in a different shape, it is twelve hundred feet long by one hundred and thirty wide, and is in the right shape; it contains more ground than we originally had, with this latter we obtained the right of way between this passenger and the freight depot ground, for a more nominal consideration from the Harbor Company, and of the city free.

We have now more than our original ground in the right shape, at the old place, and the ten acres front on the river, with a back front, if I may be allowed the expression, on Main street, by making two or three trades with very liberal parties, and this is bad management, according to the ideas of Mr. Mahony. I think otherwise.

Next, he finds fault because we let our contract to Col. Mason without giving others an opportunity to bid. Here again Mr. M.'s knowledge of facts is at fault. We advertised for bids for several months in the Railroad journal and several other influential railroad papers, that are usually taken and read by railroad men. Many contractors looked over our profiles, and had a good opportunity to make bids. Colonel Mason offered to take the road on better terms than any one else, that we considered responsible. We let the job to him, and I regret to say that he has lost money by it.

In relation to Mr. Mason's being Chief Engineer, I will only say that he did make a preliminary survey without charge to the Company; that he resigned; Mr. Provoost was appointed in his stead; he made a careful re-survey and estimate before the work was let; that Colonel Mason only bid at the request of the directors, for the reason that no other competent and responsible contractor came forward at reasonable rates after advertising, the letting had to be postponed for a few days in order to get in his bid, which was made at our solicitation.

We are satisfied now that it is the better policy to let jobs of this kind at fair rates to men who have character, who understand the business, than to

let to parties who know nothing of the business, even if they are the lowest bidders — the lowest not always being the best.

As to our electing directors without notice, it is simply not so; the Secretary gave four weeks notice in two newspapers of each annual election, in accordance with the articles, the stockholders very generally voted. Several of the directors with whom the most fault has been found by outside parties, received almost the unanimous vote of all the stockholders voting, and a large majority of all the stock was represented.

As to the charge that a majority of our stock is held in New York, that is another mistake; there is but a small amount held there. More is held in England than in New York, and the same may be said of Boston. A very large majority of the stock is held in Iowa. There is still a chance for those who wish to come in to take stock. As to giving stock options, every person who will buy a thousand dollar bond, has the privilege given him of becoming a stockholder to the amount of five shares, if the bond buyer elects to take the same as other stockholders, though they all hope the land will pay for all the stock in the end.

We have now over five millions of these rights to give out in this manner, to all who will buy bonds. We shall be glad to accommodate all that will come. We will also allow all who choose to subscribe absolutely for stock without buying bonds.

Mr. M. thinks that if we had laid in plenty of money before the hard times came on, that we should not now be in want of money. That is a good idea; but he is too late in getting it out. All other kinds of business might have been saved from much embarrassment if the precaution of laying in a good supply before hand had been adopted.

As to the charge that we have squandered any of the bonds or property of the company, it is groundless. On the other hand, we have obtained large donations of lands and lots at most of the principal stations on the line, in the name of the company, for the benefit of the stockholders.

In some of the principal towns we have more than five hundred lots, obtained in this way. The aggregate value of the lands thus obtained, in addition to the land grant, is more than half a million of dollars. What other board of railroad directors ever did the same thing.

I submit to your readers if Mr. M. had been a stockholder, and as such, had elected some of his model railroad men directors, whether they would not have taken these donations in their own names instead of the name of

the company. This community understand this matter well. We invite citizens and stockholders to come in and look over the books, and the maps of donated land which lay upon our counters. Others are being laid out, and many other maps will be ready for inspection in a few days. See in whose name these lands are held; learn for yourselves whether we have been squandering, [or] whether we have been adding largely to your property.

As to the charge that we have parted with optional stock in New York, I will say that we did sell some options for one dollar a share to parties who represented that they could negotiate many millions of dollars for us. When they failed, we applied to them to return the options, which they did. These are now held, subject to the disposal of the company. There is plenty of stock for all parties who wish to take. People who are disposed can exercise their option to subscribe freely, without paying a cent for it.

Dubuque, Nov. 3, 1857

PLATT SMITH

Dubuque Daily Express and Herald, Nov. 4, 1857.

DUBUQUE AND PACIFIC RAILROAD

Mr. Editor:—The issue between Mr. Smith and myself is narrowed down considerably from the wide range it took at the start. Mr. Smith was silent yesterday morning upon some points raised by me, admitted the truth of others, corrected me in one point, viz: that the Directors advertised the road for contract, but admitted that a preference was given to Col. Mason, owing to his superior knowledge of the business, and his greater responsibility. As Mr. Smith says so, I believe that the letting was advertised, but it is strange to me that when similar charges were made at the time of making the first contract, it was not replied then, as it is now, that the objection was not well founded.

But of what use was it to advertise while the Directors were of the following opinion, as enunciated by Mr. Smith:

“We are satisfied now that it is the better policy to let jobs of this kind at fair rates to men who have character, who understand the business, than to let to parties who know nothing of the business, even if they are the lowest bidders — the lowest not always being the best.”

Mr. Smith takes great credit to the Directors for their trade of lands for depot grounds in this city. I found no fault with their recent course in this respect. What I objected to was their giving three acres of valuable ground for ten acres of much less value; and for removing their depot grounds

farther from the business part of town than the point selected by a vote of the people. The Directors virtually acknowledge the error of their course in this respect, as I have said already, by locating their passenger depot near, or perhaps on, the very ground they had previously swapped away. If it was not wrong, or bad policy to make the trade in the first place, why have they come back to the old ground? I say they have done right to come back, but wrong to have done what they did in the first instance.

So of the optional stock given to the New York trustees, Mr. Smith admits the fact, but alleges that the company have got it back. Well, why get it back, if it was right to have given it away in the first place? Now, what I find fault with in this matter, besides the giving away of the optionals, is the fact that the issue of this optional stock, in the manner and on the terms on which it was done, has proved to have been an obstacle to the negotiation of the company's bonds. Had a different course been pursued, is it not likely, if not almost certain, that the bonds of the company could have been negotiated in Europe, by letting the purchasers have the advantage, or less advantage even, given to the New York Trustees.

I have not charged, as Mr. Smith almost alleges, that the directors have *squandered* the bonds or property of the company. My charge was that they *mismanaged*, not that they squandered; I made no personal issue with the Directors, or either of them, as such, or as private individuals; but as Mr. Smith has gone out of the issue made by me to show what the Directors have done for the road in procuring donations of lands for its benefit, and what they might have done for themselves had they been inclined, I will be pardoned for inquiring whether it is not in the knowledge of Mr. Smith that at least two persons who were Directors of the Company did not profit pecuniarily by purchasing interests in town sites on the first division of the road?

This, I believe, covers all the points left in the issue I have made, viz., that the affairs of the Dubuque and Pacific Railroad Company have been mismanaged, and that in consequence of such mismanagement, the city and county of Dubuque and the people thereof have been the sufferers.

I might go on and show from the records of the County Recorder's office that the Directors of the Dubuque and Pacific Railroad Company bound that company body and limbs to certain trustees; that they not only created them trustees for the sale of the company's bonds, and that they not only mortgaged to them the road and all the paraphernalia thereto belonging,

but all the lands donated to the company by the State; that they gave these trustees or mortgagees the sole and exclusive right to sell these lands, at such price and on such terms and conditions as to them may seem proper; that, in fact, the whole pecuniary administration of the company was transferred to these trustees or mortgagees, with full power to employ such aid and assistance as they may think necessary to aid them in the discharge of the trust, and that but little more than a mere nominal control was retained here in Dubuque of the company's affairs.

I content myself, however, with what I have said. It is for those interested to decide whether I have or not substantiated the charge, or whether Mr. Smith has or not shown the charge to have been without foundation in fact. I abide the verdict.

D. A. MAHONY

Dubuque *Daily Express and Herald*, Nov. 5, 1857.

DUBUQUE AND PACIFIC RAILROAD

Mr. Editor:—Mr. Mahony asks whether two of our Directors did not buy interests in towns on the first division of our road. I will say that when the first division of our road was laid out, from Dubuque to Dyersville, that the Company had never even thought of procuring lands as donations except for the right of way and depot grounds. That after our road had been laid out some eighteen months Mr. Jesup did buy an interest in Dyersville. Mr. Bissell happened to own a 40 acre tract at Julien, which I believe he owned before the road was surveyed. I suppose that this is what Mr. M. is driving at. It was the present board of Directors that Mr. M. called upon the Legislature to pitch into, and not the ex-directors. I will suggest that as he has been playing the critic and fault-finder for some time, on a very small capital that he had better own up that he does not know much about our company, and especially that he don't know anything against it. That he had better post himself up a little and say something in our favor, but not to begin until he finds out something that is worth writing about. This he can easily do if he [will] first try and cure himself of the habit of faultfinding.

Mr. M. has been speculating on lands along the line of our road, and I presume from the liberal manner in which he criticizes the financiering of others, that he has made a snug pile. I suggest now, as he has never done anything for us, that he shall fork over a part of what he has been the

gainer as the fruits of our labor. — Walk up, Dennis, and be a little more liberal with your money and a little more sparing with your advice.

PLATT SMITH

Dubuque *Daily Express and Herald*, Nov. 6, 1857.

DUBUQUE AND PACIFIC RAILROAD BONDS

Mr. Editor: — I notice in the reported sales of stocks given in the *New York Herald*, of the 31st ult., that a number of Dubuque and Pacific Railroad bonds went off, with interest added, at 17. I presume it is pertinent to enquire whether these Bonds were sold by direction of the "New York Trustees," or on private account?

While upon the subject, I will make a suggestion which I hope will be taken as it is meant; it is that the Directors of the Dubuque and Pacific Railroad Company get back the control of these Bonds and lands, and that the instrument by which they have placed themselves at the mercy of a few New York Brokers be abrogated, even if it should be done at a sacrifice.

DUBUQUE

Dubuque *Daily Express and Herald*, Nov. 6, 1857.

DUBUQUE AND PACIFIC RAILROAD

During the late absence of the editor of the *Express & Herald* from the city, a controversy sprang up through the columns of our daily, relative to the affairs of the Dubuque and Pacific Railroad Company, between Platt Smith, Esq., Attorney for the road, and D. A. Mahony, Esq., another well known citizen of Dubuque. That controversy has attracted no little attention, as it stirs the public sentiment upon a subject that every individual in [the] community feels is intimately connected with the future welfare and prosperity of the city, as well as the entire country through which that road runs. And in the success and rapid construction of that road, no man feels a deeper interest, or would do more to promote its interests than D. A. Mahony, and nothing is further from the truth than to charge, as Mr. Smith insinuates, that he is any enemy to the project. As Mr. Mahony justly says in a communication in to-day's paper, he was the *early active and persevering friend of the project*. To the *Dubuque Herald*, then under his charge as senior editor, the company is more indebted for the success of their application to the city and county for loans of city and county bonds, which have enabled them to push their enterprise to its present position than to any other public journal. Mr. Smith knows this fact as well as we

do, and he knows, too, the distinction between being an enemy of an enterprise, and opposing real or supposed mismanagement.

This distinction, we well know, is too often lost sight of, as it has been by many persons in this instance, and when a man who has been a warm and devoted friend of a projected road or other enterprise differs in opinion with those who have its control, he is at once set down as an enemy of the project. We recollect well the occasion when the friendship of Mr. Mahony and the Dubuque *Herald* for the Dubuque and Pacific Railroad was called in question. It was when the *Herald* dared to differ with the prominent stockholders, and question the propriety of electing directors for a term of years, and giving to those directors power to fill vacancies in their own body, thus depriving the stockholders for a time, of the power of controlling their own property. If we mistake not, Mr. Smith, for whom we have a sincere friendship, agreed with the *Herald* in that matter and had he, as Attorney for the company possessed the power to vote on the question, would have favored an opposite policy.

At other times, for a similar reason, Mr. Mahony has been charged with enmity to the road, when, so far from that being the fact, he only discharged his duty to the public, by candidly differing with what he considered improper or unwise management of an enterprise in which that public is largely interested.

So much for our friend, to secure him that justice from public sentiment which Mr. Smith and other parties seem disposed to deny him. A few words as to the *Express & Herald* under its present management, and in reply to the assertions frequently made that it is opposed to the Dubuque and Pacific Railroad.

We assert that no man can give the instance or the occasion, or the evidence when *such* opposition was manifested. To question the soundness or wisdom of the measures adopted by the Board of Directors, or to accuse them of selfishness even, is not to oppose the road, or to urge them to a different line of policy, or to the use of different means to secure its construction, is not to oppose the road or its speedy building. If the Directors were believed to be acting unwisely in the management of the trusts reposed in their hands, it shows no wish to oppose the road to tell them of it.

When the grant of land made by Congress to the State of Iowa, was to be disposed of to companies for the construction of the roads, the *Express and Herald* desired to put a condition upon the grant extending from Du-

buque to the Missouri for the purpose of more effectually securing the local interests of the city. That condition was that the road should leave Dubuque at a point not south of Southern Avenue. With this condition, the *Express and Herald* was entirely willing the Dubuque and Pacific Railroad Company should receive the grant of land.

There can be no doubt but that several conditions ought to have been annexed to the grant of land but which were at the time of the extra session of 1856, overlooked.

The differing of opinion and this freedom of speech, is what the Directors of the company choose to deem enmity. So much for this subject.

In the present controversy, in which Mr. Mahony and another gentleman has taken part with Mr. Smith, the latter gentleman has allowed his temper to become ruffled to a degree we could not expect from his usual placidity and dignity of manners.

He is inveterate and severe upon those who dare to *question the doings* of the Board of Directors of the company, or even to *call upon them for explanation*, or still worse, to venture to republish reported sales of their bonds, and enquire upon whose account those sales are made.

Now we care not how much he or any one else may use such terms as "fools," dupes, "jackalls," &c., we return intended incivility by asking if *suspensions and misapprehensions, fears and doubts exist in a community, relative to the mismanagement of the road, if the BOARD OF DIRECTORS HAVE NOT GIVEN ABUNDANT OCCASION for those suspensions and misapprehensions, fears and doubts?*

Have they treated that public, the people for whom they are Trustees, for whom they have been given the management of a great enterprise, with a sufficient consideration?

On the contrary, have they not treated them with an unjustifiable contempt, with a silence and reserve that might well breed suspicion — that might well cause misapprehensions, fears and doubts?

For over four years, they have conducted the business of the company, in which the tax payers of Dubuque city and county are large stockholders, without furnishing those stockholders with a single report of their doings in a printed form, or indeed any other.

They have acquired and disposed of property, located and changed the location of their road, negotiated bonds and mortgaged their lands, changed their principal place of doing business, from Dubuque to New York City —

they have issued *secret circulars to private stockholders, withholding them from the people*, who in their corporate capacity own a much larger amount of stock than any individual, they have applied for the use of city bonds, voted by the people to another railroad company. All this has been done, and no report or information of the condition of affairs given to the public.

Lastly, in that secret circular the *stockholders are informed* that only by taking as many bonds of the company as they then held shares of stock and paying for them in the manner proposed, could the company be saved from embarrassment, and its eminently valuable privileges be preserved to the present proprietors of the road.

Now, we ask Mr. Smith whether the Directors themselves, by this neglect, or refusal to publish a report of the condition of the affairs of the company, have not given just occasion for *distrust, suspicion, fears, doubts*, and if misapprehension exists in the community relative to their affairs, have they any fault to find? Does not the blame justly attach to themselves. And have those who wilfully deceive and dupe the public, by withholding information from the people that they have a right to possess, any excuse for crying out against "*fools, dupes, jackalls, and hyenas*?

Again we ask Mr. Smith another question, and for the answer to that as well as those already propounded, we will pause for him to reply.

What does the remarkable sentence in the secret circular, to which we have alluded, signify? It reads as follows: "IN NO OTHER WAY CAN THE COMPANY BE SAVED FROM EMBARRASSMENT AND THE EMINENTLY VALUABLE PRIVILEGES WITH WHICH IT IS ENDOWED BE PRESERVED TO ITS PRESENT PROPRIETORS."

Dubuque *Daily Express and Herald*, Nov. 7, 1857.

DUBUQUE AND PACIFIC RAILROAD

Mr. Editor: — The conclusion which Mr. Smith has come to, in his discussion with me, on the mismanagement of the Dubuque and Pacific railroad, may be very satisfactory to himself and to the Board of Directors. It is not their fault that I, nor any one else, do not know anything about their doings. They have done as much as they could do to keep things in the dark. Whatever is known of their doings, they could not prevent. If they desired light to be thrown on their actions, they would have spread the facts before the public in the form of a report.

I do not consent to changing the issue I have made from the mismanage-

ment of the Dubuque and Pacific railroad to my personal affairs. With these Mr. Smith has no concern. With the affairs of the Dubuque and Pacific railroad company I have, though not a stockholder at present. It might be inferred from Mr. Smith's last communication that I never did anything for the Dubuque and Pacific railroad. Mr. Smith, at least, knows better than to insinuate anything of the kind. When the road was making its first struggle for existence, and when public opinion in Dubuque was divided upon the propriety of giving the road municipal and corporate aid, and when the press of the city took opposite sides on the question, the *Dubuque Herald*, then partly under my control, went so far in its advocacy of having the city and county take stock, or lend their credit, to aid in the construction of the road, as to have brought on me the displeasure and in some instances, the enmity of personal and political friends of mine for the course I thought it best for the interest of the road to pursue. So it was in every contest in which the interest of the road became a question before the public, I invariably advocated its interests, as is well known to the community, including Mr. S. More than this, as soon as I felt that I could afford to give it pecuniary aid, I took \$5,000 of its stock, and induced friends of mine to take as much more. But when I found how its affairs were mismanaged, especially in the instance of placing the control of its affairs in certain non-resident Trustees, I sold out my pecuniary interest in the concern. I put this statement of facts, which could be made stronger by a recital of circumstances, against the insinuation that I never did anything for the road.

I have ever been the friend of the road, perhaps too ardently and zealously so. If I were not, I would not have troubled myself about it, but have left it to whatever fate might be the consequences of having placed the control of its pecuniary affairs in the hands of a few non-resident Trustees. There are those who can perceive no distinction between the road itself and the administration of its affairs; who measure a person's friendship or enmity towards this road by what he may think or say of how its affairs are, or have been managed. It is useless to reason with such persons as these. According to their notions, the stockholders of a company would prove their hostility to the project in which they might be interested, if they showed any hostility or opposition to the officers who managed its affairs, no matter how grossly they might have abused their trust. My relation to the Dubuque and Pacific railroad is one of friendship, not of hostility.

What I complain of is, that better use, for its benefit has not been made of the means so liberally bestowed upon it by the city and county of Dubuque and State of Iowa. Again, I say, let those interested decide whether this complaint is, or not, well founded.

D. A. MAHONY

Dubuque *Daily Express and Herald*, Nov. 7, 1857.

DUBUQUE AND PACIFIC RAILROAD BONDS

Mr. Editor: — I will say in answer to a communication in Friday's issue, signed "Dubuque," that the trustees of this Company in New York have none of our bonds in their possession and consequently the sale that he refers to as quoted in the *New York Herald* was certainly not by them. I will further add that I do not know whether the sale was real or pretended, some one who held that amount of bonds may have been hard up and consequently compelled to make the sacrifice. The more probable version of the case is this: That it is what is called a Wall Street operation; that is, there was no sale at all, but only a quotation.

For instance, three Bears, five Jackalls and two Hyenas hold a meeting — these animals you know are always the fattest in times of war or pestilence — they form a combination to make what they call an operation, in a certain kind of stock or bonds in which they have not at present interest of a dollar. In the first place, they put out a great number of contracts for the delivery of a large amount of bonds in sixty days, probably at 75 or 80 cents on the dollar. These contracts being made it is of course to their interest to get bonds to fill the contracts as low as possible. To effect this they commence howling and buying and selling to each other at very low figures — of course the sales are mere "Peter Funk" operations — all that it costs them is the commission to the Auctioneer. This sale will be quoted in the city papers. Most of the reporters of sales do not know whether the sale is real or not; but Jackall No. 1, who is the Editor of the *New York Liar* is in the secret, and shares in the speculation. He commences charging fraud and mismanagement upon the Board of Directors of the Company that issued the bonds. He will parade the figures of the "Peter Funk" sales before the people every day. He will call upon honest people, poor people, people in the country, the mechanics, the widows and orphans who have any of that kind of bonds to rush to the stock Board to take what they can get or they will lose all. The *Liar* will put on an aspect of unusual holiness

sometimes; other papers will be duped and publish these statements who have no part in the speculation.

Poor people, widows and orphans, mechanics and others, who, by hard knocks, have laid up a bond a piece, are sadly frightened. They rush to the city, leave their bonds with a broker, who is one of the gang. They will put them through the Peter Funk shop and secure the title, and they will fill the sixty contracts at 75 cents and make a fine speculation and grow fat upon the misery of their dupes. These are the kind of chaps that love the dear people. They like them the same as the Cannibals of Cape Horn love the Missionaries — they like the fattest the best.

But there must always be a fool in a play. The biggest fools that figure in these plays are those who help howl and get no share in the plunder. Those who are duped into repeating and re-publishing the articles of the *New York Liar* without pay.

We have disposed of no bonds for less than 75 cents on the dollar, and the trustees have none of our bonds in their hands to dispose of. I suspect the quotation of being a Peter Funk operation.

You know, Mr. Editor, that the above is a correct sketch of a Wall Street operation. I have no doubt but your correspondent, "Dubuque," honestly supposed that something was wrong, and that he intended to set matters right. But the poorest business that you can lend your columns to, is to help to cry down our enterprises here, by repeating Peter Funk quotations or other incendiary articles without pay. If the animals will pay and you love the root of all evil better than the prosperity of our enterprises, then go ahead. But I believe the motives of yourself and correspondent were good, but that the effect is to give aid and comfort to the animals without pay. If you will watch the *New York Liar* you will see the article signed Dubuque, quoted, to show that our road is about done up, that the bonds are worth nothing. Every stab you will give us will make the animals chuckle and laugh in their sleeves.

PLATT SMITH

Dubuque *Daily Express and Herald*, Nov. 8, 1857.

COURTESY AND DISCOURTESY

Platt Smith, Esq., and such Directors of the Dubuque and Pacific Rail Road Company as he represents, are informed that so long as we continue to control the columns of the *Express & Herald* so long will they be untrammelled and open to discussion of all and any subjects touching the

interests of the people of Dubuque City, County, and of the State, and no efforts to *browbeat, gag, abuse or villify* the editor, or any person who resorts to our columns, will be successful in forcing that silence which will suit his policy, but does not accord with our ideas of the duty and freedom of the press.

In allowing Mr. Mahony the use of our columns for the purpose of discussing the management of the affairs of the Dubuque and Pacific Rail Road, we have extended to him a courtesy and a right to which he and every other respectable citizen is entitled. The same privilege has been accorded to Mr. Smith.

But while Mr. Mahony has used this privilege in a proper manner, *our courtesy* to Mr. Smith has been met with *discourtesy* on his part.

Not contented to discuss the question between Mr. Mahony and himself, he attempts to abuse the editor and the paper, intimates that improper influences have operated to make both hostile to the D. & P. R. R., and then wipes out the imputation by saying that "*he believes the motives of*" the editor and correspondent "*both good.*" We shall not be disturbed by this *false and ungentlemanly* imputation, but leave the public to judge who is *most likely to act from improper motives or misrepresent facts*, the editor of the *Express & Herald*, who has no interest in the matter separate from the great mass of the people, or Mr. Smith, who is the paid Attorney of the Company.

Another thing Mr. Smith must allow us to say, that the arrogant tone of his communications, as well as the uncalled for displays of temper in them, are confessions of weakness on his part sufficient to refute all his assertions against the paper.

And they tell as powerfully against his assertion that there has been no mismanagement of the affairs of his railroad company; for the natural conclusion is, that such exhibitions of anger can only proceed from nervousness induced by a knowledge of facts unfavorable to the Directors.

Mr. Smith seems to think that when a railroad company have once secured the loan of city and county bonds, that their whole duty to the public is discharged, and that it is *impudent* for a citizen to inquire into what they are doing and the manner in which they are doing it, and he assumes that every such inquiry is a stab at the company.

He is at perfect liberty to enjoy this opinion as much as he pleases; but if the Directors had chosen to treat the public with that consideration

which their obligations to that public require, it is highly probable, if the condition of the affairs of the company are as he asserts, that no inquiries, such as he objects to, would have been made. But they have treated the people who have generously voted them the bonds of the city and county, with arrogance and discourtesy, and they cannot expect such a course to breed confidence or respect.

Dubuque *Daily Express and Herald*, Nov. 10, 1857.

AN AMUSING LETTER FROM THE ATTORNEY OF THE D. & P. R. R. CO.

We publish the following letter for the purpose of showing our readers *all* the arguments in behalf of the policy of the Directors of the D. & P. R. R. Co., and lest they may charge us with having suppressed an important document. The Directors and Mr. Smith must pardon us for treating them very pleasantly and not getting angry at any of the hard names and harder insinuations his communications abound in. He must pardon us, too, for doubting his sincerity when he says he presumes the censure of the *Express & Herald* is as beneficial as its praise, for had this been his deliberate opinion he would not have allowed a discussion of the management of the affairs of the Company to so completely upset his equanimity, nor would he have displayed such temper and weakness. We must also call attention to the fact of the acknowledgment which Mr. Smith makes that the intimation of "embarrassment" and loss of "valuable privileges" in the secret circular was only a sort of scare-crow to frighten the stockholders into raising more money. Now won't Mr. Smith tell us if this is not an operation of the "bull and bear" order, whose modes of raising the wind he so graphically and pathetically described in Sunday's *Express & Herald*.

The answer to our question, "what did the secret circular mean?" is fully answered by this acknowledgment.

Mr. Smith winds up his funny letter by saying that he is afraid *the* devil will have too much friendship for the road and claim to be the original getter up of the project. We do not unite in his *fears* on this point, for while the road was supposed to be built for Christians, it has ever been a popular belief that between Attorneys, Railroad Directors and his Satanic majesty most cordial relations always exist:

Mr. Editor:—I notice in your issue of the 7th inst., that both yourself and Mr. Mahony profess to be particular friends of the Dubuque and Pacific Railroad. I suppose that this is really the fact, though a stranger

might be a little puzzled to understand it; but candidly, I presume your censure is quite as beneficial as your praise, and by this mode of reasoning, you are proved an ardent friend of the road.

In relation to the secret circular to the private stockholders, about which you feel so deep a concern, I will say that when we ascertained that we could get no money for the present from England, we did issue a circular to the private stockholders, asking them to raise money to carry on the enterprise. In the circular there was an intimation that embarrassment would ensue, and that the valuable property of the company could not be preserved to the present proprietors unless means could be raised to prosecute the work. You ask me, in particular, what this means. Well sir, as you are a friend of the road, I suppose it is right that you should know, and I will tell you.

Sec. 8 of the act making the grant of lands to our company, provides that we shall hold all land on condition that at least 75 miles of the road shall be built by the first day of December, 1860, and 30 miles each year thereafter. Hence it was plain that if means could not be obtained we must lose our valuable grant. We needed iron to lay our track to Manchester, and money to pay for the grading. But you say this circular was not to the people, the city and the county. That is true. We knew that neither the city, nor county, nor people in general would furnish the desired amount. If we had made such an appeal to the city and county, our friends would have conjured up a ghost, with a raw head and bloody bones, that would have been more than a phantom.

We issued the circular to the private stockholders without regard to their locality, though we did not expect much present relief at Dubuque. The firm of C. B. Raymond & Co., iron dealers in New York, responded to the call, and furnished us iron to lay the track from Dyersville to Manchester, at \$46.50 per ton, and took their pay in bonds at 75 cents on the dollar. They loaned the contractors fifty thousand dollars in money, and performed several other little acts of that kind of friendship for the enterprise, that is known as material aid. C. B. Raymond is one of those horrible trustees, of whom Mr. Mahony and yourself have such a holy horror; he is a young man, but an old fashioned gentleman. The firm holds one hundred and fifty thousand dollars of our stock, full paid, for which they paid the money. Mr. Sterns, the partner, is a director in this road, and is in every respect worthy to be the partner of Mr. Raymond. I might go on

and show you how other gentlemen who are stockholders imitated the example of these gentlemen, and how little they are worthy of the wholesale abuse that is lavished upon them; but it is not necessary, suffice it to say that we hope not to forfeit our valuable grant. If either the city or county or any stockholder or citizen feels slighted because we did not call upon them for money, let them come up now, there is plenty of stock and plenty of bonds. We have advertised these facts to the world in another circular, that has been strewn broadcast over the country, containing a statement of our affairs, prospects, &c. during the last summer. The same information is contained in a pamphlet gotten up jointly by the company and the trustees. This pamphlet contains a full statement and history of the company, its lands, prospects, &c.; thousands of copies were distributed here last spring.

This controversy is assuming a very formidable character. You enumerate yourself, Mr. Mahony, and another well known gentleman on one side, and myself on the other. All claim to be friends of myself and the road. Well, who next? Is there any more of the same sort about the shop? I do not know of any unless your devil joins the army. If he does, of course he will be perfectly friendly to the road; and I am afraid he will claim to be the original getter up of the whole scheme; things begin to look that way. If you will quit, you may go and get a new hat on my account.

PLATT SMITH

Dubuque *Daily Express and Herald*, Nov. 11, 1857.