

GOVERNOR RALPH P. LOWE AND STATE AID TO RAILROADS: IOWA POLITICS IN 1859

By *Leonard F. Ralston**

As the state elections approached in 1859, Iowa Republicans controlled the state legislature, the governorship, and the delegation to Congress. Although the party so dominated the state, the leaders of Iowa Republicanism were not complacent. The party was in its infancy, and if party leaders hoped to place Iowa among the list of Republican states in 1860, they would somehow have to strengthen the party. In the elections of 1857, Republican Governor Ralph P. Lowe had carried the state by only a 2,000 vote majority, and the Democratic party had shown signs of revival as familiar Republican issues lost their luster.

Party leaders anticipated a strong Democratic counterattack in 1859, as Buchanan and Douglas partisans united in support of former Senator Augustus Caesar Dodge for governor. Dodge would be a difficult candidate to defeat.

Governor Lowe would have been pleased to serve another term as governor and normally could have expected renomination and re-election, in conformance with the state's two-term tradition. But as the day of the Republican State Convention approached, a movement to dump Governor Lowe gained force. A leader among pre-convention favorites to replace Lowe was an Iowa City merchant and miller, Samuel J. Kirkwood. Kirkwood was one of the founders of the Republican party in Iowa, and he had the backing of Senator James W. Grimes, Lowe's predecessor as governor and the party's most consistent vote-getter. Other Republican leaders were sympathetic to Kirkwood's candidacy, and the only real obstacle to his nomination was the well-known desire of Lowe to run again. To avoid a convention fight and to preserve party harmony, Republican State Chairman John A. Kasson persuaded Lowe to step aside. At the convention, a friend of Lowe's rose at the very beginning of the proceedings to make a statement for the governor.

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Understanding that great diversity of sentiment exists in your body, as it relates to the subject of your next candidate for the office of Governor, and believing myself that there is danger of compromising the harmony of the party . . . I beg to withdraw my name as a candidate for renomination for the Chief Executive of the State.

With a sigh of relief, the convention nominated Kirkwood by acclamation. The same convention then nominated Lowe for a post on the State Supreme Court, the compensation suggested by Kasson as a reward for Lowe's concession to party welfare.¹

Why did the party want to drop Lowe, and why did he agree to being dropped? The chief explanation — indeed the only explanation — given by those who have studied the election is the weakness of Lowe. Quoting varied sources, they explained that Lowe was a good man, too good to be strong. "The lowering clouds in the political sky made the Republicans feel that they must have at the helm a man . . . more capable of inspiring the loyalty and devotion of all classes of citizens." Prominent Republicans felt that Lowe was soft and weak, without energy and deficient as a leader.²

In all the criticism of Lowe as a candidate, no one gave any examples of his weaknesses. However, an examination of Lowe's record uncovered his participation in a campaign to provide state aid for the railroads of the state. As a result of his railroad activities, Lowe became a liability to the Republican cause.

The attitude of Iowans toward state aid to internal improvements was shaped by the experiences of fellow Midwesterners whose unfortunate ventures into state support of canal building had left many wiser souls. As a result, the state of Iowa prohibited the use of state credit for the building of internal improvements from the beginning of its existence as a state. Incorporated in the Constitution of 1846, the restriction continued in the Constitution of 1857 in equally effective terms: "The credit of the State shall not, in any manner, be given or loaned to, or in aid of, any individual, association or corporation; and the State shall never assume, or become re-

¹ Dan Elbert Clark, *Samuel Jordan Kirkwood* (Iowa City, 1917), 126; Edward Younger, "The Rise of John A. Kasson in Iowa Politics, 1857-1859," *IOWA JOURNAL OF HISTORY*, 50:307 (October, 1952).

² Clark, *Kirkwood*, 125; Younger, "Rise of John A. Kasson in Iowa Politics," 305-306; Morton M. Rosenberg, "The Election of 1859 in Iowa," *IOWA JOURNAL OF HISTORY*, 57:11 (January, 1959).

sponsible for, the debts or liabilities of any individual, association or corporation, unless incurred in time of war for the benefit of the State." The aggregate state debt for "casual deficits, or failures in revenue, or to meet expenses not otherwise provided for" was limited to \$250,000, but an additional proviso allowed the state to contract a greater deficit for a specific purpose, if approved by a majority of the voters. This clause was devised to cover the large expenditures expected in constructing a new capitol building.³

The attitude of the Republican party was circumspect. Party pronouncements on railroads were consistently friendly, but not too friendly, for party leaders felt that popular enthusiasm for railroads was too uncertain and shifting a foundation on which to build a program. Should the zeal with which Iowans pursued railroads shift to criticism, the effect on the party would be disastrous.⁴

In spite of these proscriptions, Governor Lowe supported a strong move for state aid in the spring of 1858, just six months after the proclamation of the new constitution. The depressed conditions following the panic of 1857 triggered the attempt. All of the railroads of the state were slowed by the financial exigencies of the times, but the Dubuque & Pacific Railroad was particularly hard hit, and Platt Smith of that company was the chief architect of the aid scheme which unfolded during 1858 and 1859.

Smith opened his campaign in April, 1858, when he wrote to several persons testing opinion on state aid for railroads. First he wrote to Senator Grimes, an early supporter of the Burlington & Missouri River Railroad. Smith asked him what he thought of the propriety of the state aiding the four land-grant railroads with a million or a million and a quarter dollars for each road. The loans would be secured by the land-grant lands and the railroad companies would pay the interest on the state's bonds. Smith supported the measure not only as an aid to railroads, but also as an "Emigration movement." While no answer from Grimes is known, his negative attitude became evident at a later date.⁵

Three days later Smith wrote to Iowa Central Air Line Railroad sup-

³ *Constitution of Iowa*, Art. 7, Sec's. 1, 2, 5.

⁴ David S. Sparks, "Iowa Republicans and the Railroads, 1856-1860," *IOWA JOURNAL OF HISTORY*, 53:286 (July, 1955).

⁵ Platt Smith to James W. Grimes, Apr. 6, 1858 (Illinois Central Archives, Newberry Library, Chicago, hereafter referred to as IC), 8D5.1.

porters John E. Goodenow of Maquoketa and Norman W. Isbell and Aylett R. Cotton of Clinton in an attempt to gain the support of that section of the state. Smith airily dismissed the \$250,000 debt limit and said the extraordinary debt proviso opened the way for state aid to railroads. He thought state aid was the only hope the railroads had. "No company or individual in the Western Country has any credit at the present time on which money can be raised in the East. Everything in that respect is flat." Repeating a theme he had used in the letter to Grimes, he said he was positive state aid could be carried by a popular vote in the country along the line of the Dubuque & Pacific. As an additional persuasion to the Clinton men, he claimed that the bonds could serve as a basis for banking institutions.⁶

Also in April, Smith wrote to the president of the Burlington & Missouri, William F. Coolbaugh, to gain his support. This time Smith stressed the legal aspects of the question and assured Coolbaugh that state aid was constitutional. He insisted that the prohibition against state debt was intended to curb the legislature, not the people themselves.⁷

Having sampled opinion and gained some encouragement, Smith turned to his major target, Governor Lowe. If judged by his correspondence and his messages to the legislature, Lowe was as ardent an advocate of railroads as ever occupied the executive chair of Iowa. In his first communication to the governor, Smith tried to dispose of constitutional objections, using the same defense as before. "The people are always jealous of their rights, they limit the powers of government, [but] they are not jealous of themselves."

Smith's main reason for writing the governor was the request he then made. He wanted Lowe to call a special session of the legislature to consider state aid and to order a proposal submitted to the voters in October. Smith asked the governor's sentiments on the subject solicitously, for he admitted "it would be a useless expense to call the legislature to submit a bill which your excellency would be compelled to defeat by veto."⁸

Then Smith immediately set about persuading the governor to act. To John Thompson of Fayette County, on the line of the proposed McGregor

⁶ Smith to Goodenow, Isbell, and Cotton, Apr. 9, 1858, *ibid.*, 8D5.1.

⁷ Smith to Coolbaugh, Apr. 21, 1858, *ibid.*, 8D5.1.

⁸ Smith to Lowe, June 7, 1858, *ibid.*, 8D5.1.

Railroad, and to Henry Farnam of the Mississippi & Missouri Railroad he sent petitions asking Lowe to convene the legislature to consider state aid. Smith asked the other railroad men to circulate the petitions along the lines of their roads. Haste was important, said Smith, since the General Assembly had to be called before July 1 in order to bring the project before the voters by October.⁹

In a 2,000-word epistle dated June 22, Governor Lowe both blasted and bolstered Smith's hopes for aid from the state. Lowe regretfully explained that it would be virtually impossible to bring the measure before the people at the general election in October, 1858. In order to submit the proposal in constitutional form, the legislature had to be convened, and the law had to be passed, published, and distributed all over the state, all within twenty days. Since the question could not be given to the people until 1859, Lowe did not feel there was any need to call a special session until he had "some reasonable grounds to believe that such a law, if proposed by the Legislature, would be sanctioned by the people." Politician Lowe was looking forward to coming elections and did not propose to call the legislature to consider something that might be defeated and pull him down with it.

But to demonstrate his own hope for the project, Lowe went ahead to outline a scheme for state aid which he was sure would be constitutional. Issuing bonds, bearing 4 or 6 per cent interest, for the necessary funds, the state would purchase "say ten millions worth" of railroad iron (track, chairs, and spikes), to be sold to the railroads "of state importance, or of general public interest." The railroads would pay the state with railroad bonds bearing at least one per cent greater interest than the state bonds to pay the costs of the state issue. Only after the companies had prepared the roadbed by grading, ballasting, and tying the right of way could they become eligible to exchange railroad bonds for the iron.

Lowe listed several advantages in defense of his idea. First, the state would gain the greatest return for its investment. He feared that money loaned for general construction purposes would be expended with little effect (perhaps squandered) on grading, building bridges, paying salaries and fat profits, without much actual track resulting from the spending of a great deal of money.

Second, the greatest possible mileage would be gained in this way, since it would foster competition among the railroads for state aid.

⁹ Smith to Thompson and to Farnam, June 10, 1858, *ibid.*, 8D5.1.

Third, greater economy would result, especially since the program would be under state supervision at all times.

Fourth, railroad bonds would be sold at such a discount that it would take \$13,000,000 in railroad securities to achieve the same results which \$10,000,000 in state bonds could secure.

Fifth, since any deserving road could share, it would eliminate petty jealousies among the roads about who should benefit from the state aid and enlist support from the people of all sections, not just the people along the land-grant routes.

The governor concluded his list by saying that this plan would also insure the building of the roads as the country required them, not ahead of local demands. If a region did not possess enough resources to construct the roadbed, then a railroad probably should not be built at all.

Returning to politics, Lowe proposed a method of implementing his plan. All the railroads of the state should agree on this scheme or a similar one, then secure the approval of "leading men and journals of both political parties, and through them have the whole subject brought before the people of the State." Then, if public opinion approved, a special session could be called with a chance of legislative consent, but not before. The ground had to be carefully prepared, the seeds planted, and the crop given some time to grow before the railroads could reap any harvest of state aid.

Lowe disapproved of Smith's plan for giving monetary aid to the land-grant railroads because he did not think "that the conflicting interest[s] of the state can be harmonized on that basis." He gave Smith a chance to modify his ideas, by asking the railroader to be more specific.¹⁰

Lowe's plan was not what Smith really wanted, but at this point in the negotiations, the Dubuque man was all agreement. "We all highly approve of the suggestions it contains, and think them very practical. With our present views we have no improvements or alterations to suggest." He thought that between that time and the meeting of the next legislature, the friends of the railroads should meet in convention and agree on some mode of action.¹¹

On August 17 Lowe again wrote Smith and suggested that the convention be held "at some central point . . . soon after the election." Appar-

¹⁰ Lowe to Smith, June 22, 1858 (copy), *ibid.*, 8D5.1.

¹¹ Smith to Lowe, July 10, 1858, Governors' Correspondence (Iowa State Dept. of History and Archives, Des Moines, hereafter cited as G II), File 721.

ently Lowe felt it unwise to make any move before elections, and Smith agreed. Smith had shown Lowe's letter around and reported a good deal of support building. Most of the directors of the Iowa Central Air Line were in favor, he said, although some had doubts about the constitutionality of the plan. He also noted that several leading citizens had expressed approval of the idea.

Duncombe of Fort Dodge, Editor of the Fort Dodge Sentinel, a strong democrat and possessed of considerable influence in that region of country, will advocate that policy strongly. Jones, Wilson, Bonson, Stewart, Samuels, Booth and nearly all the leading democrats here [Dubuque] will go for it strongly. As to republicans, there will be no difficulty with them. In fact, as far as I can learn, there will be very little opposition to a measure of that kind in this part of the state.¹²

In a letter of September 3 Smith's tone began to change. He weakly agreed that the plan to purchase and deliver iron to the roads was a good one, "a very prudent one, a very safe one so far as the direct security of the State is concerned—it also has the merit of discouraging improper roads." He adopted Lowe's proposal for an approach to public opinion, and added in a conspiratorial manner: "We should meet soon after the October elections and lay down a plan of operation."

And then came the "but." While he had heard no fault with Lowe's idea, he had some doubts on reflection. Smith's main concern was a fear that the scheme would bring no money into the state. Under Lowe's plan, all expenditures would be outside the state, whereas the direct aid that Smith wanted would be expended within the state and would aid in dispelling the depressed conditions in Iowa. "The expenditure of that sum [\$10,000,000] would cause money to flow in all the channels of commerce which are now dried up, and will remain so until they receive a new impetus from some source which is adequate to put the wheels of commerce in motion again." He also expected opposition to develop among bankers and prospective bankers, brokers, merchants, and manufacturers, all of

¹² Smith to Lowe, Aug. 30, 1858, *ibid.*, File 626. Smith probably referred to John F. Duncombe, Fort Dodge Democrat, and George W. Jones, either David S. or Thomas W. Wilson, Richard Bonson, William S. Stewart, Ben M. Samuels, and Caleb H. Booth, all Dubuque Democrats who represented that district in Congress or the state legislature.

whom would desire to acquire these bonds. Where Smith expected them to find the money to buy the bonds he did not say.

After expressing these misgivings, Smith hastened to assure the governor that he was not discarding Lowe's idea or changing his own belief in it, but just "suggest[ing] the reflections which have passed through my mind on the subject, that you may consider the matter." However, it was clear that what Smith really wanted was the use of the state's credit. He wanted the state to provide funds for construction, secured by first mortgage railroad bonds, with no strings attached. He needed money to support the whole complex of railroad construction more than a supply of iron, as important as that may have been. He was willing to accept Lowe's plan, if that was all the aid he could find, but clearly he wanted more.¹³

The convention of "the friends of the railroad" which Smith and Lowe had discussed was called for December, 1858, in Iowa City. Since this was on the route of the Mississippi & Missouri, its leaders took notice of the movement. Grenville M. Dodge of Council Bluffs and the M. & M. reported the growth of interest in state aid in western Iowa, but was not sure himself which way to jump. He declined to take any active part in the matter, but said friends of the M. & M. were inside the movement and "our interests in the matter will be guarded."¹⁴

At the time of the meeting in Iowa City, Peter A. Dey of Iowa City and the M. & M. reported that it was primarily for the benefit of the Dubuque & Pacific and the Keokuk, Fort Des Moines & Minnesota Railroad (a road following the Des Moines River from Keokuk to Des Moines), "adding only enough of something else to carry the Bill and the popular vote." The M. & M. was already the target of many critics because of its slow progress and was "at present committed against State aid and shall be unless we can gain something by it." A basis for this objection showed in a later letter of Farnam's, when he wrote "that several Roads will be brought up for aid that are not wanted & the aid in that case will do us more hurt than good. At any rate I think it best to let others move in the matter first." For the M. & M. it was a question of economics, not constitutionality or the progress of the state's prosperity.¹⁵

¹³ Smith to Lowe, Sept. 3, 1858, *ibid.*, File 721.

¹⁴ Dodge to Price, Nov. 2, 1858, Grenville M. Dodge Papers (State Dept. of History and Archives, Des Moines, hereafter cited as GMD), Vol. 335.

¹⁵ Dey to Dodge, Dec. 6, 1858; Farnam to Dodge, Jan. 2, 1860, *ibid.*, Vol. 150.

In early December, the Iowa City meeting voted "in favor of a judicious system of State aid to such Railroads as are of State importance to an amount not exceeding eight millions of dollars," and asked the governor to call a special session of the legislature to consider the proposition. Samuel J. Kirkwood attended this convention and wrote the minority report which objected strongly to state aid on constitutional grounds. A Burlington newspaper claimed that the convention had been "rigged," with members sent by the D. & P. at \$25 a head, and this, if true, was an even firmer ground for objection by the politically astute Kirkwood.¹⁶

This was far from the expression of unanimity desired by Lowe. As a result of this and other evidences of opposition, his ardor for state aid began to fade. James Harlan, Senator from Iowa and a power in the state's Republican organization, had written Lowe in November advising caution. He had raised several questions which Lowe, as an ambitious politician, had to give serious consideration. Harlan asked: would it not "almost certainly defeat the Republican ticket next summer" if Lowe called an extra session and it authorized the issue of bonds for state aid?

Independent of the cry of extravagance, which Demagogues would be certain to raise, would it not give our opponents the voters along the lines of these roads, sufficient to swamp our small majority in the State at large, and, also, enable them to so distribute them as to carry the Senate and the House? And if so, would all the good growing out of the *more rapid* completion of these public works, compensate for the loss of the control of the State Government, and our position in the ranks of *Republican States* in 1860, when our vote, as a state, may elect a President of the United States? These are considerations that doubtless have been, or will be maturely considered by you before your influence will have been cast for or against the proposition.

Harlan entered no threats against Lowe, but simply pointed out that the Republican party in Iowa opposed the granting of state aid to railroads, for fear that it would damage the party in the coming elections by re-doubling to the credit of the opposition. Harlan had a particular interest in the issue, for the legislature elected in the fall of 1859 would either give or deny Harlan the second term in the Senate that he wanted.¹⁷

¹⁶ Sparks, "Iowa Republicans and the Railroads," 273; Burlington *Weekly Hawkeye*, Dec. 14, 1858.

¹⁷ Harlan to Lowe, Nov. 11, 1858, G II, File 637.

Possibly Lowe expressed some doubts to Smith about pushing the matter too vigorously, for shortly thereafter Smith's partner answered a Lowe letter received when Smith was ill and said that Smith felt it would be unwise to postpone the December meeting. Smith feared postponement would dampen the ardor of state aid advocates.¹⁸

Another Lowe letter apparently suggested that the newspapers were either too faint-hearted or too actively opposed to state aid for the project to succeed, for Smith assured Lowe that most of the papers in the Dubuque area heartily favored the plan or could be easily converted to more open support. Lowe evidently expressed some doubt about Smith's ideas for state aid, for Smith answered: "Speaking of my plan you seem to think that I have some definite scheme that I would like to have carried out." He assured the governor that any plan he had mentioned was intended only as a suggestion, not as a definite stand. Smith wanted state aid in some form, any form that would bear results. At a point when the governor appeared to be contracting a severe case of "cold feet," Smith reassured Lowe of the wisdom of the governor's plan.¹⁹

A decisive and apparently final puncture of the state aid balloon inflated by Smith and Lowe came in early 1859. John Bertram, a Boston businessman, reported that Iowa bonds with no taint of unconstitutionality would have difficulty finding a market and that bonds of questionable legality would not sell at all. Gratuitously, Bertram gave his opinion that Lowe's plan would be abused, for speculators would take advantage of the plan to erect roads which would not even pay operating expenses.²⁰

This was the last reference to state aid in any of the governor's correspondence. Nor was anything further done, at this time or later. No extra session was called, and Lowe made no mention of the question in any of his subsequent messages or proclamations.

Reasons for Lowe's retreat are not hard to see. The beginning lay in Harlan's communication in November. This was a semi-official notification of the objections of party leaders and led to Lowe's steady withdrawal from an exposed position. The strong minority protest led by Kirkwood at the Iowa City meeting in December further weakened Lowe's desire.

¹⁸ McKinley to Lowe, Nov. 17, 1858, IC, 8D5.1.

¹⁹ Smith to Lowe, Nov. 24, 1858, G II, File 721.

²⁰ Bertram to Lowe, Mar. 15, 1859, *ibid.*, File 721.

However, his reconsideration came too late, and his political progress was stopped.

The election of 1859 was much too important to the Republicans for them to continue with Lowe. Republican leaders wanted a strong candidate with no frailties to weaken him in a race against a vigorous Democratic counterattack. Because of his devotion to state aid, some came to regard Lowe as a Jonah. Grimes wrote to contender Kirkwood: "no man with a thimble full of brains[,] if he desired the success of our party," would have the Republicans endorse any program for state aid to railroads. Grimes assured Kirkwood that the official stand of the party would be neither for nor against state aid. He said Lowe would have to be dropped in the interests of party welfare. "The democrats are all for Lowe, of course. They hope his nomination & then they will publish some of his foolish letters in favor of state aid written by him last Autumn. . . . Outside of Lee, Polk & Dubuque counties I do not know anybody in favor of his nomination in our party."²¹

Clearly the Republicans preferred to keep away from the politically dangerous issue of state aid to railroads. Public opinion was already turning against railroads in some areas of the state, and the Republicans shied away from being identified too closely with the railroads. Unfortunately for Lowe, most of the support for his state aid plan came from Dubuque, a Democratic stronghold. Harlan saw this and feared that a successful plan for state support of railroads would aid the Democrats. Grimes, on the other hand, foresaw Democratic capitalization on Lowe's indiscreet support of state aid. Lowe was damned in either event. If the state aid plan had carried, the Democrats would have received the credit. After it had failed, Grimes thought the attempt would weaken the Republicans if they supported Lowe.

The pressure placed on the Republicans by the vigorous Democratic resurgence in 1859 forced party leaders to put a strong candidate in the field for governor. That Lowe did not fit the picture of a strong leader was in part the result of his support for state aid to the railroads of Iowa. State aid was never popular in Iowa, and the Republicans could not support such a scheme because they feared the possible consequences politically. Nor

²¹ Grimes to Kirkwood, May 29, 1859, in "Letters of James W. Grimes," *Annals of Iowa* (3 ser.), 22:499-500 (October, 1940).

could they afford to retain a candidate who had committed himself on this dangerous issue. This episode of 1858-1859 was the only burgeoning of state aid sentiment to attain any importance and it proved the danger of using state credit, if not to the finances of the state, at least to the politician who supported it. With the coming of the Civil War, more serious matters concerned the lawmakers. After the war, the opening of other sources of credit made state aid less important. While some railroads still found private sources of capital inadequate, it was made clear by this incident that if the railroads were to receive public aid, it would have to come from local governments and not the state.