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ADDRESS BY

DR. WILLIAM A. BELL

AT A DINNER GIVEN TO THE
EMPLOYEES OF THE DENVER
& RIO GRANDE RAILROAD AT
THE UNION STATION, DENVER,
COLORADO, JANUARY 28, 1920

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THE rapid development of the United States is largely due to the few men of exceptional ability who have opened up the country by various systems of railroads. They may justly be called empire builders, such for instance as Henry Villard who founded the North Pacific Railway System; James J. Hill, who opened up the whole North West; Mr. Harriman in the South with the Southern Pacific did wonderful work in developing that region. With these General Wm. J. Palmer ranks as the developer of southern Colorado by means of the construction of the Denver and Rio Grande Railroad and of much of Mexico by founding the Mexican National Railway, the early history of which I have the pleasure of describing. It is a topic of extreme interest and it will be my fault if it does not appeal to you.

My earliest association with General Palmer dates from the Kansas Pacific Survey of 1867, an account of which is given in a book of travels called "New Tracks in North America," which I published in England in 1869. It may be found in the Denver Public Library and the Colorado State Museum.

On that survey we shared the same tent for many months and over the camp fire we discussed his plans. The Kansas Pacific Railway, a St. Louis company with John D. Perry as its head, had then reached Salina, Kansas, and, from his knowledge of the country, General Palmer endeavored to persuade his co-directors to change the route they had then determined on, to reach Denver by the Smoky Hill route,—the way the road now follows,—and instead of doing this to follow up the Arkansas to Pueblo, and thence north to Denver, thus occupying the valley of the Arkansas as well as the mountain base from Pueblo to Denver.

General Palmer's project was this, that, if he could not persuade his directors to follow up the Arkansas, he would build a road of his own from Denver southward indefinitely along the mountain base, of such a character as to reach the mines in the mountains through the cañons abutting on the plains as rapidly as they were discovered, and so tap the sources of business ahead of all other competitors.

His directors did not follow his advice, and in consequence, when in September, 1870, the Kansas Pacific reached Denver and the Denver Pacific had made connections at Cheyenne with the Union Pacific to the north about the same time, the General incorporated his railroad in October of that year. As the then existing laws of the territory of Colorado were not altogether satisfactory, application was made to Congress for a charter direct from the United States Government, which he obtained the following year. This charter proved to be very important. It gave no land grant, as land grants had then ceased to be popular, but it conveyed to the company a right-of-way 200 feet wide, and twenty acres of the public domain for depot purposes, limited to one tract in ten miles of road. He further developed his scheme for the extension of the road, not only southward to El Paso, but thence to the City of Mexico, following approximately the line now occupied by the Mexican Central.

The work he mapped out in 1870 was prodigious. The country south of Denver was practically undeveloped, with little traffic on which to base the construction of a railroad. Realizing this, not only had the railroad to be constructed, but traffic had to be created by the laying out of towns, the opening of coal fields and iron mines, the starting of industries,— all of which he organized with the greatest energy.

The question of gauge was the first thing to be determined. The day after his wedding, on November 8th, 1870, he started for England. I met him in London and there we consulted the great engineer Fowler and General Richard Strachey, R.E., who had introduced narrow gauge railroads into India with the metre gauge. We visited the Fastiniog Railway, a two-foot gauge road in Wales, and we finally adopted a three-foot gauge for the new enterprise.

Rails were at once ordered from Wales, 30 pounds to the yard. Grading was started, and by August, 1871, the railroad was completed to the new town of Colorado Springs, which had in the meantime been located and laid out on broad lines, but which had but one finished house on the townsite when the railroad reached it.

Early the following year the track was finished to Pueblo and the Cañon City coal fields. Hand in hand with the railroad came the opening up and development of the country through which it was to pass.

To fully realize General Palmer's position at this time, it is well to state that he had associated with him no large capitalists, and had, therefore, the serious problem of finance entirely on his shoulders. My father, a distinguished London physician, had many wealthy clients amongst his patients. General Palmer had a number of Philadelphia friends and associates. From these two sources came the first money to build the road. These private individuals were offered subscriptions to pools, which were formed in the following way. Land companies were formed, to which the townsites along the road were conveyed, such as Colorado Springs and Manitou, and the stock of these companies was given to the subscribers with the railroad securities. In the same way the coal and iron fields which were discovered further south, and the Nolan grant of some 40,000 acres, covering the land immediately south of the Arkansas River up to the borders of the old Mexican town of Pueblo, were conveyed to a company called the Central Colorado Improvement Company, incorporated January, 1872, which company, when its coal fields became developed, was converted in December, 1879, into the Colorado Coal and Iron Company.

Finance

Pools

*Land Compa
Formed*

In 1881 the Durango Land and Coal Company was incorporated. Meanwhile the town of Durango, now the capital of South-western Colorado, was located and started by Governor A. C. Hunt, and smelting works were erected there a year before the arrival of the railway. The townsite and valuable coal properties in the neighborhood, as well as at Crested Butte, were conveyed to this company. I became its president and have had charge of its affairs down to the present time.

Returning to the beginning of things, in the early seventies, I have a little of interest to relate about the Mexican end of General Palmer's great conception and how his railways in Mexico were started.

Early in '72 I went to San Francisco to arrange with General Rosecrans for the acquisition for General Palmer of valuable railroad concessions, which he had obtained from Juarez, the then President of the Mexican Republic. And, having accomplished my mission, on my return journey to Colorado I was snowed up on the Central Pacific in February, '72, for no less than twenty-one days, the Central Pacific Railroad, as it was then called, having been only recently completed and not in a position to battle successfully with the winter snows.

*Mexico
Extension*

Meanwhile, General Palmer went to Mexico, where General Rosecrans had gone to meet him, and laid the foundations for his railroad system in Mexico, and was back in the United States and at Richmond, Virginia, by July 4th, 1872, where I met him. His trip through Mexico had been a very arduous one. He was accompanied not only by his young wife, but also by Miss Rose Kingsley, the elder daughter of Charles Kingsley, the well-known author. I, in the meantime, had married my present wife in England, and she also formed one of the party on the 4th of July at Richmond.

*Great Prosperity
1870-73*

The years 1870 to 1873 were years of great prosperity in Colorado. The four counties through which the Denver and Rio Grande had been built,—Arapahoe, Douglas, El Paso and Pueblo,—had an assessed value of \$6,689,000 in 1870, and of \$18,600,000 in 1873. Mining was active and the receipts of the new railway were entirely satisfactory. Immediately following this hopeful outlook came the panic of that year, which did not seriously affect Colorado until '74 and '75, but when it reached the Rockies it naturally caused a serious check to the Rio Grande enterprise, so that it was not until '76 that the railroad was pushed to the coal fields of El Moro and over La Veta Pass to Alamosa as terminus for the time being.

The importance to the whole undertaking of the coal and iron developments was realized from the first, and in '74 I went to London and succeeded in negotiating bonds of the Coal Company sufficient to push vigorously the coal and iron production and to start the erection of the steel works at Pueblo.

*Colorado Coal
and Iron
Company*

In 1879 the Colorado Coal & Iron Company was formed. The first directors were William J. Palmer, Charles B. Lamborn, William A. Bell, Lyman K. Bass and Hanson A. Risley. In 1880, the South Pueblo Iron Works having been erected, 284 tons of merchant bar iron were produced. In 1881, 6396 tons of pig iron were turned out, and on April 12th of the following year the first 30-foot rail was rolled. Mrs. Bell and I were present, and the appearance of the first rail was hailed with great enthusiasm by all present. In that year 16,265 tons of rails for the railroad were rolled.

In 1884 General Palmer retired from the management of the Colorado Coal & Iron Company and Henry E. Sprague became president. The year of 1884 was one of great depression. There was a great miners' strike, from October, 1884, to February,

1885, and also a railroad strike. The Leadville smelter was largely shut down. Low prices and business depression prevailed. Coal production was the exception, 562,660 tons having been produced by the company. The Colorado Coal and Iron Company continued to grow until, in 1892, it consolidated with the Colorado Fuel Company, controlled by Mr. J. C. Osgood and others, and thus was formed the Colorado Fuel and Iron Company, which has grown to such vast dimensions. J. C. Osgood was its first president.

But to return to the railway. By the close of '78 there had been constructed 373 miles of the road. Meanwhile the Santa Fe, our rival company, had pushed up the Arkansas to Pueblo and down to Trinidad, thus depriving us of getting any of the Santa Fe trade, and, what with the general depression and the difficulties of obtaining capital at this time, the company was in a difficult plight.

Under these conditions, we decided to lease our completed lines of road to the Santa Fe Company, retaining our franchises and extension rights, and thus ends the first episode of the railway. The Santa Fe Company took possession on December 13th, 1878.

I shall now give a brief account of the influence which the great mining camp of Leadville had on the railroad situation. In the summer of 1877 I well remember that General Palmer, McMurtrie, our chief engineer, and I rode on horseback into Oro, the name given to the small village now known as Leadville. We found Mr. August Meyer, the smelter magnate, superintending the digging of the foundation of the first smelter, and I bought a clump of dates at the grocery store of the little village, which was presided over by H. A. W. Tabor, who was to become noted soon after as the great mining millionaire.

General Palmer realized the importance of the mining discoveries and immediately on his return proceeded with his plans to recommence railroad construction under his United States charter. He began active operations in the Raton Pass, where his surveying parties found the Santa Fe Company already established. He then began operations from Cañon City through the Royal Gorge, and, on April 19, 1878, his men came into conflict with those of the Santa Fe, and thus commenced the active fight between the two companies for right of way through the cañon, which lasted for two years.

*Lease to
Santa Fe Ry.*

Leadville

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The contest involved wider issues. During the time that the Santa Fe operated the Denver & Rio Grande, it operated it entirely in the interest of its long eastern haul and to the detriment of all Colorado interests, so that public opinion was strongly roused on behalf of the old company, and the whole controversy caused the greatest excitement throughout the state and in the east.

*How the
Cañon Fight
Began*

The Santa Fe road practically barred freight coming from the east over the roads centering at Denver, intended for Pueblo and southward, by charging as much on freight from Denver to Pueblo as from Kansas City to Pueblo over the Santa Fe. In fact, ever since December of 1878, when it began to operate the Rio Grande system under lease, it operated it in the most arbitrary manner. Furthermore, it allowed the physical condition of the road to run down. These breaches of contract, as it was claimed, were brought before Judge Bowen, the judge of the State District Court, at Del Norte, which had jurisdiction over the territory operated, and application was made by General Palmer for a receiver in the interests of the bondholders. The appeal was granted, and Hanson A. Risley was appointed receiver, on the grounds that the Santa Fe was not operating the road fairly and in the interests of the bondholders, and that they were not in many respects acting up to the terms of the lease. The Santa Fe claimed that the state court had no jurisdiction and refused to turn over the road and appealed to Judge Hallett of the United States District Court, who, on May 8th, 1878, decided that the prior right to build through the cañon rested with the San Juan Railway Company, a local corporation representing for present purposes the Santa Fe Company. In anticipation of such action, General Palmer had marshaled his followers and took possession of the road by force and turned it over to Risley, the receiver on behalf of the bondholders, on June 11th, 1879. On the Santa Fe appeal, Judge Hallett decided that the state court had no jurisdiction, and on July 16th the railroad was restored to the Santa Fe, and was then operated by the Santa Fe until August 14th, when the United States court appointed its own receiver, Mr. L. C. Ellsworth, who took charge until April 5th, 1880, when it was restored to its original owners under the United States Supreme Court decision of March 27th of that year.

What immediately followed the Supreme Court decision I

will give in the notes kindly furnished me by Mr. R. F. Weitbrec, who was then general manager of construction and was one of the most active employees of the company during all this troublous time:

"News of the Supreme Court decision in the Royal Gorge case reached Colorado Springs during the afternoon of the day it was handed down. A couple of days later General Palmer started for New York, where he asked for five million dollars to extend the road. In three days ten millions were subscribed, of which he accepted seven. How different from the former days, when it took a year or more of the hardest work to raise a million.

"As soon as the Rio Grande's success became assured, the Santa Fe manifested a willingness to settle. After more or less dickering they proposed to call it quits, if the Rio Grande would pay for the actual cost of construction west of Cañon City and their expenses in the fight. To this the General agreed, and in a few days the bargain was closed on that basis and peace reigned. The market was booming; General Palmer had the prestige of success in the great fight, and during the ensuing three years he raised for Colorado, Utah and Mexican enterprises fifty million dollars.

"The present generation has little conception of the work done by General Palmer. It is apt to think of later men as the builders of the Rio Grande. The road is his monument. Those who followed have builded on the foundation he laid. His work was in a virgin country in which he believed as few men are given to believe. He thought and acted in a big way. He was an adroit diplomat when negotiation was wise and he was an admirable fighter when the battle was on. As a builder he was easily the leading citizen of Colorado, and Colorado Springs can testify to his public spirit."

The terms of settlement between the Rio Grande and the Santa Fe are as follows:

The Atchison, Topeka & Santa Fe Company agreed for ten years not to build through any portion of Colorado west of the north and south line of the Denver and Rio Grande Railway (except a coal road to their coal mines near Cañon City), or in that portion of New Mexico north of the 36th parallel (approximately), and west of the summit of the Spanish range; while the Denver and Rio Grande Company agreed for the same

*Terms of
Agreement*

period not to build in Colorado east of the same north and south line, or to Trinidad, or in that part of New Mexico east of the Spanish range or south of the 36th parallel, except in the western part of New Mexico.

* * * * *

But to resume my narrative of the road. From December 13th, 1878, to June 10th, 1879, the road was operated by the Santa Fe; from June 11th to July 15th, 1879, it was operated by a receiver nominated by the Denver & Rio Grande; from July 16th to August 14th, 1879, it was again operated by a receiver nominated by the Santa Fe; from August 15th, 1879, to April 4th, 1880, it was in the hands of a receiver appointed by the court, and not until April 5th, 1880, did the company resume permanent possession.

*Further
Construction*

The years 1880 and 1881 were years of great activity in construction. The road was built from Cañon City to Leadville, 117 miles, by July 20th, 1880; to the Robinson mine, near Kokomo, 16 miles, by December 27th; across the Tennessee Pass to Red Cliff, 9.6 miles, by November 22nd; the branch to Manitou, 9 miles, was finished August 1st, and the New Mexico Division was extended from Antonito to Espanola, 91 miles, by December 31st, besides stone and coal spurs, 11 miles; in all 347 miles. In 1881 the road into the Wet Mountain Valley was built, 33 miles, and the San Juan Division was extended westward 116 miles. At the close of '78 there were 373 miles of constructed road; by the end of '82 there were 1281 miles; by December, '83, 1317 miles.

*General Grant's
Visit--1880*

Apart from railroad extensions 1880 is especially memorable on account of General Grant's visit to Colorado, made that summer. I had the pleasure of taking him by the first train over the little road to Manitou and of showing him at Briarhurst, my home, the well-known painting by Thomas Moran of the Mount of the Holy Cross, which I had just purchased as a memento of our Royal Gorge victory. The next day we took General and Mrs. Grant over the road to Leadville, just completed. We were six hours late (a bridge having given way at Pueblo), and did not arrive until dark. Leadville was alive with bonfires, an escort of fifty mounted men bearing flaming torches was provided, and dynamite was exploded to such an extent that Mrs. Grant refused to sit behind the four restive horses which were

to draw her and the General in state through the town, so that Mrs. Bell had to exchange places with her. I saw two shanties on fire, but the fire brigade was in the procession and no notice was taken of them.

Meanwhile General Palmer was vigorously extending the Rio Grande Western. In '82 he constructed 154 miles; in '83, 175 miles; by April 1st, '83, it was completed to Salt Lake City, and by May 18th to Ogden. The Western was being built at this time as the extension westward of the Rio Grande, and in '82 it was leased to that road under the Palmer management, only to be returned to its original owners under President Lovejoy two years later.

The prosperity of the years '80 and '81 was not destined to last. It was followed by dull times, aggravated by strikes and the continued depression of silver. Money had been spent so rapidly on extensions that earnings did not fully meet the expectations of the New York capitalists. They complained of the management, which the General had good reason to resent. He told them plainly that they must find a new president, as they were not satisfied with his management, and nothing would induce him to reconsider that decision, although the dissatisfaction was not deeply placed.

Some able men were proposed to succeed him, but they were so highly prized in the positions they occupied that negotiations to secure them failed, and Mr. Lovejoy was finally chosen in a hurry, having proved himself a good manager in the express business, but never having had charge of a great railway system.

Towards the close of '82 several new eastern men joined the board, L. H. Meyer, A. J. Cassett, Wm. L. Scott and Peter Geddis, replacing myself, who had been the vice president of the company for nine years, Lyman K. Bass, Hanson A. Risley and J. W. Gilluly. General Palmer resigned the following year, to be succeeded by Frederick Lovejoy.

Poor management and hard times soon brought the company to temporary insolvency, and Wm. S. Jackson became receiver from July 24th, 1885, to December of that year, when he became president for '86 and '87, after which Mr. David H. Moffat assumed the management of the company and retained the presidency until 1891-1892, when Edward T. Jeffery was appointed and has practically controlled the destinies of the company to the present time. Both the Denver and Rio Grande and

*Western
Extension*

*Resignation of
General Palmer*

*Resignation of
Dr. Bell
and others*

*Presidency of
Fredk. Lovejoy
1883-1885*

*Wm. S. Jackson
1885-1887*

*David H. Moffat
1887-1892*

*and
Edward T. Jeffery*

the Rio Grande Western were absorbed into the Gould system in 1901.

I cannot close this address without a few words about some of the many interesting and able personalities inseparable from the life of the road and the development of this western country.

Early Personnel of the D. & R. G. and R. G. W.

Governor A. C. Hunt, United States marshal in 1864 and afterwards Governor of Colorado Territory, was a typical frontiersman of great force of character. He was full of humor and a great man of action. He had charge of the land department of the road.

Colonel William H. Greenwood was head of the 35th parallel surveys in 1867 as chief engineer. He then came as engineer of the Rio Grande for a short time, and then took charge of the Mexican National surveys in Mexico, where he was murdered some two years later.

William F. Colton, secretary to the General during the Kansas Pacific survey, remained in his employ and subsequently passed on to the Rio Grande Western, and especially was attached to the coal department of the road, or rather the Utah Fuel Company, with headquarters at Salt Lake City.

Lyman K. Bass, a former partner in Chicago of President Cleveland and a most able lawyer, became our general counsel at an early date, and Hanson A. Risley did our legal work from the first.

W. W. Borst, William Wagner and Charles B. Lamborn were with us in the early days. John A. McMurtrie was our chief engineer during all the active construction of the road, and R. F. Weitbrec was manager of construction. William S. Jackson was treasurer; J. W. Gilluly, cashier; Andrew Hughes was freight and passenger agent; G. W. Kramer, superintendent of express; George Ristine, assistant to the manager, and last I name our general manager, D. C. Dodge.

I think I may say without question that D. C. Dodge, after a life devoted to the difficult business of railroad management,

stood out preeminently as the greatest and best railroad manager that Colorado has produced.

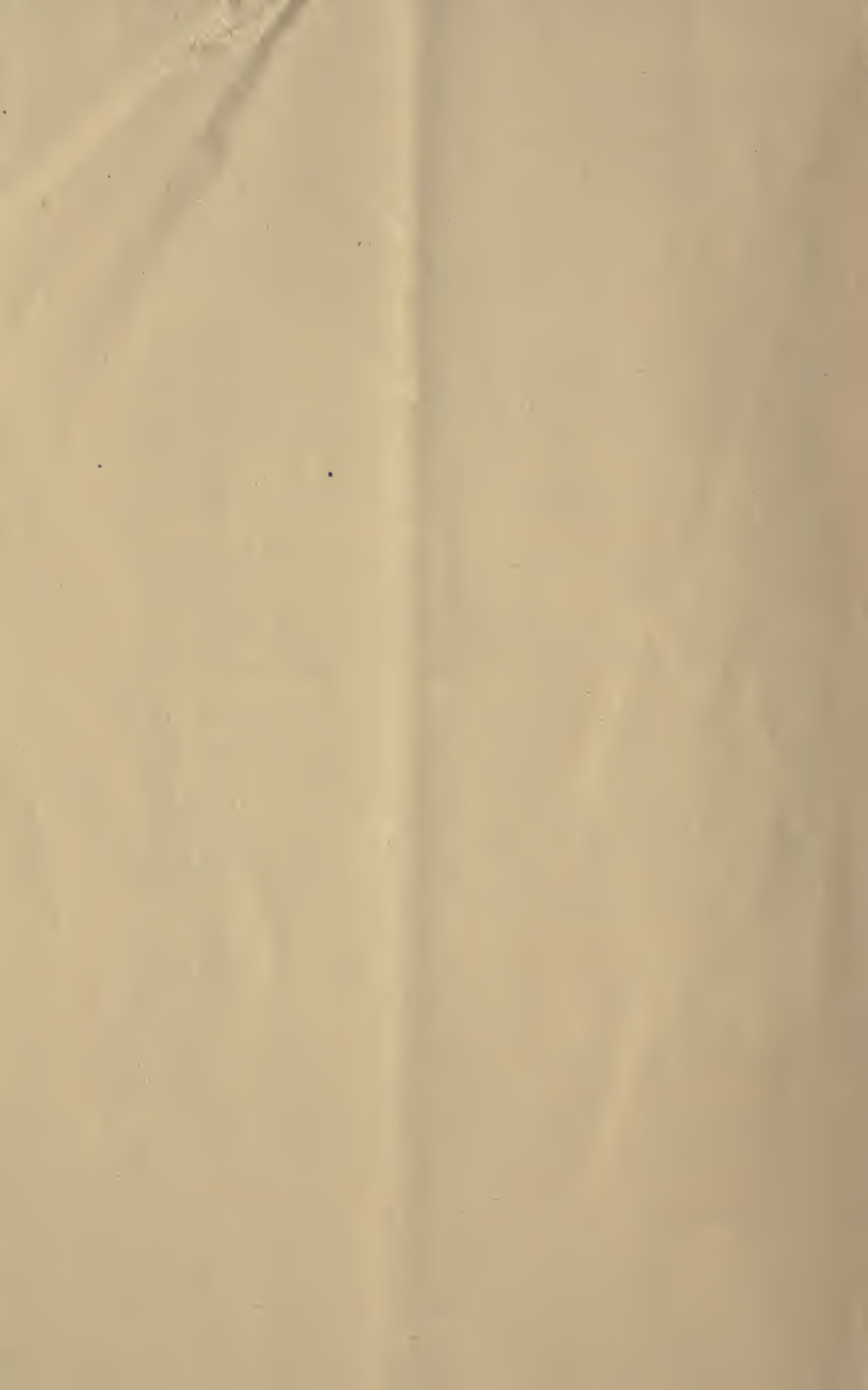
In June, 1865, he came to Denver as the western agent of the Chicago & Northwestern Railroad Company.

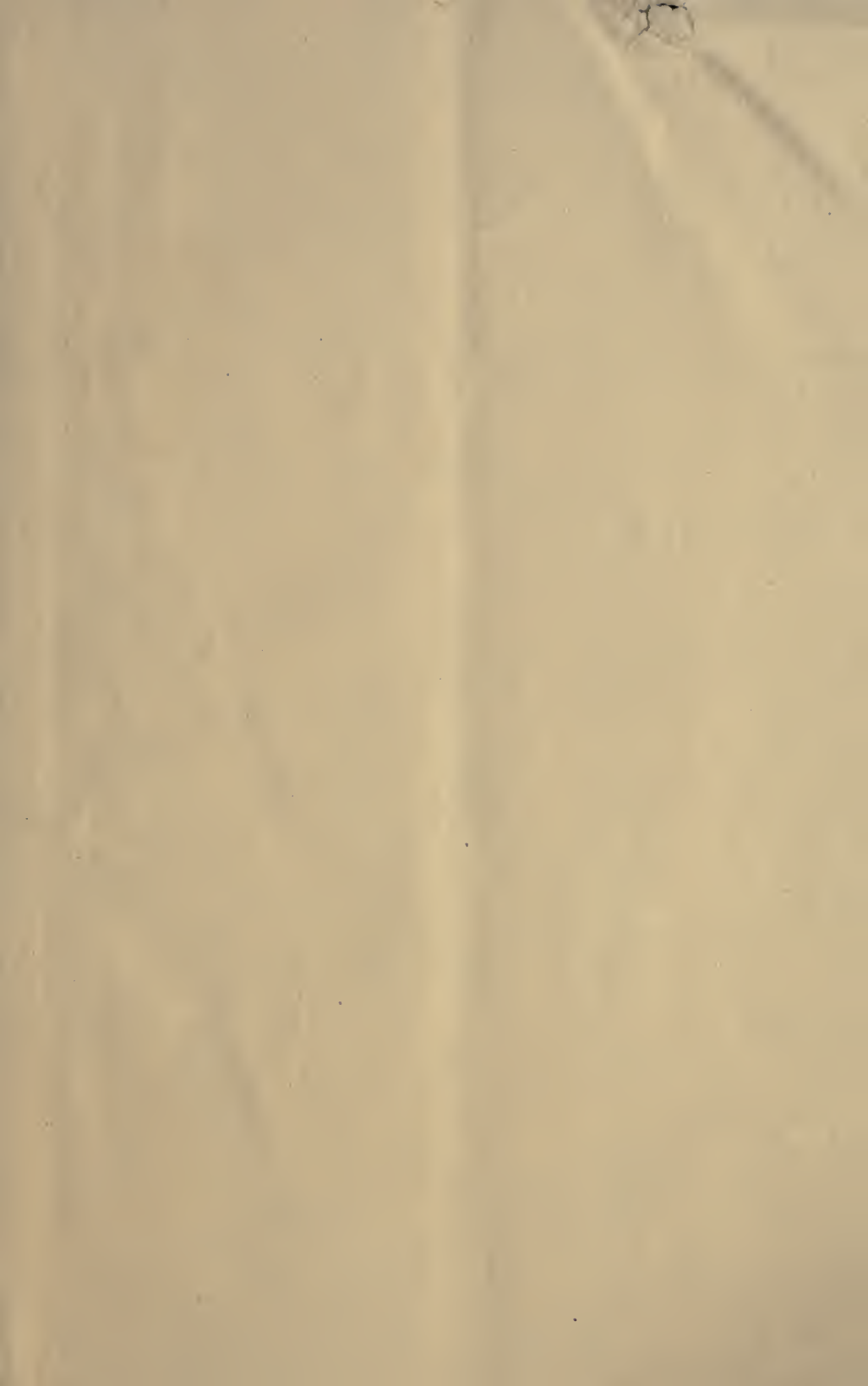
In 1871, when the D. & R. G. opened business to Colorado Springs, he became the first general freight and ticket agent of the road. From 1885 to 1888 he spent most of his time in Mexico as second vice-president and general manager of the Mexican National Railroad, under General Palmer as president.

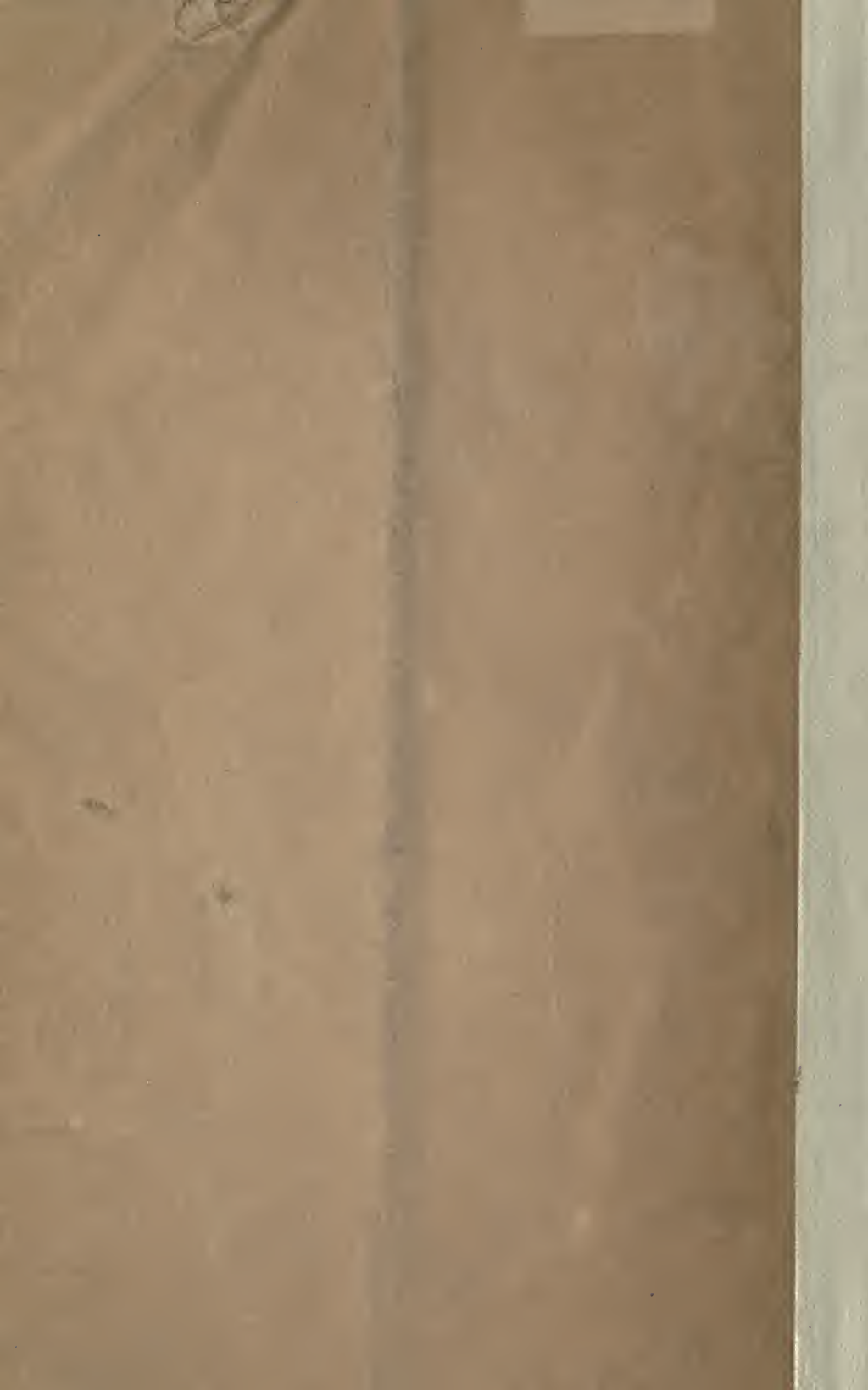
In 1888 he resigned his position in Mexico and resumed the management of the Rio Grande Western system, and commenced the improving and standard gauging of the track between Grand Junction and Ogden, which broad-gauging was completed in June, 1890. In June, 1901, the R. G. W. was transferred to the D. & R. G., followed by the absorption of both roads into the Gould system and control. Whilst general manager of the D. & R. G. Railroad he brought that system up to a high state of efficiency.

As vice-president and general manager of the Rio Grande Western he promoted the growth and development of the great coal industry in Utah, and was actively engaged in tapping the important copper and gold mines tributary to Salt Lake City and in enlarging the shops there when the Palmer management terminated.

Very interesting newspaper articles written about D. C. Dodge on his retirement are to be found in the *Rocky Mountain News* of June 25th, 1901, and the *Post* of June 29th, 1901, and of the *Denver Republican* of May 24th, 1911, and the record of an interview with him on March 10th, 1918, held at the request of Judge John H. Denison, is also of great interest. All of these may be found in the Denver Public Library under the classification numbers C P B D 66 and B P 385.







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