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A

HISTORICAL REVIEW

OF THE

NEW YORK AND ERIE RAILROAD.

BY ELEAZAR LORD.



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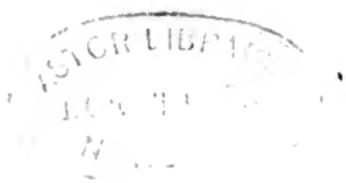
THE following *Review* was drawn up in the usual *anonymous* manner of *articles* for insertion in a periodical publication. That destination of it is prevented by its too great length, and it is published in a separate form, without alteration in the point referred to. For the most part the facts and dates, as cited, are referable to existing documents.

NEW YORK.

HISTORICAL REVIEW

OF THE

NEW YORK AND ERIE RAILROAD.



THE

NEW YORK AND ERIE RAILROAD.



THE construction of an "Appian Way," or great public thoroughfare, from the city of New York to Lake Erie, through the valleys of the Delaware, Susquehanna, and Alleghany rivers, was originally proposed to the public, and to the National Authorities, by General James Clinton, in conjunction with General Sullivan, after the close of the expedition which they commanded in 1779, against the Iroquois Indians, in the region which includes the counties of Broome, Tioga, Chemung, Steuben and Alleghany. Their military object made it necessary for them to traverse and reconnoiter the valleys of the rivers which intersect or border those counties; the feasibility of which, for a national avenue to the West, then felt to be necessary for military purposes, and foreseen to be necessary for civil and social objects, seems to have suggested and induced them to propose, what they termed, an *Appian Way*, to be constructed under the direction of the General Government. They accordingly, by correspondence with individuals, and by means of the public prints, called the

attention of the country to the subject; and soon after the adoption of the Constitution and organization of the National Government, applied to Congress for an appropriation of money, or a grant of public lands, towards the execution of the work proposed. Their appeal to Congress was seconded by letters to the heads of the several departments, copies of some of which, with the answers, were, about twenty years since, communicated to the present writer. This effort proved, however, ineffectual, owing to the view of the Constitution then predominant, by which it was held not to authorize appropriations of that nature; and the project, therefore, like that of a canal from the Potomoc to the Ohio river, recommended by General Washington, was kept in abeyance for many years. General Clinton's predilections and zeal in favor of this route, as adapted and desired to be a great thoroughfare from the city of New York to the Lakes and regions of the West, were, however, imbibed and warmly cherished by his son, the late Governor De Witt Clinton; who, when the first act authorizing the construction of the Erie Canal was brought forward in the Legislature in 1817, was predisposed and ready to allay the apprehensions of the Delegates from the counties bordering Pennsylvania, of a diversion of the travel and emigration, then directed Westward chiefly into and through these counties, and of the commerce in lumber on their rivers, to the more Northerly route of the canal—by joining with the leaders of his political party, in a pledge to the effect that in case of a coöperation of the

Southern tier of counties with the Northern, in sustaining the Legislative measures and bearing the pecuniary burdens necessary to the prosecution and completion of the canal, an avenue of as nearly equivalent utility as the topography of the country would permit, should be opened through the Southern tier of counties, from the Hudson to Lake Erie, at the expense, or with the aid of the State. This pledge was neither forgotten nor sought to be evaded by either party, while the construction of the canal was in progress; and on the eve of the completion of that work, Governor Clinton called the attention of the Legislature to the subject, at the session of 1824, and recommended a survey for a State road, over the route in question, as the most eligible medium of travel and traffic then deemed practicable on that route. A survey was accordingly ordered, and executed; a report of which, with maps and estimates, was rendered at the close of March, 1825; but the results reported, especially in respect to the location and profile of the line, disappointed the just expectations and hopes of the population immediately interested. Whether the surveyors, under the influence of the canal counties, and of those politicians who, the canal being provided for, opposed any further enlargement of the public debt—were admonished to make such a survey for the State road, as would at once extinguish all hope of its being constructed, or exhibit such obstacles, and lay a foundation for such conflicting plans and rival interests, as to insure an early abandonment of it, or whether their action was due to other causes.

it is, as matter of history, sufficiently remarkable, that they contrived to avoid all the valleys on the route, including that of the Delaware river, and traversed the adjacent broken, uncultivated, and impracticable highlands. Commencing at a point near the Cattaraugus Creek, about thirty miles East from Lake Erie, they extended their line to Bath, and thence to Ithaca, and thence, inclining Southerly, through the interior of Delaware, Sullivan, and Orange, to the Hudson at Nyack, in the county of Rockland; at the same time projecting branch lines to several points of termination, North of the Highlands. On extended portions of the line, the grades, according to the profile, were such, that were a road constructed, no use of it would be practicable, even for teams with empty wagons.

The report of this survey, preposterous and absurd as it was, furnished a sufficient pretext to a majority of the ensuing Legislature, who were hostile to the object, or insensible to its importance, to abstain from further action in its favor. The citizens of the Southern counties, however, encouraged by Governor Clinton, and conscious of what was due to their section of the State, concerted and adopted measures to counteract the unfavorable implications and injurious influence of the Report, and to obtain the aid from the Legislature to which they were entitled. In addition to proceedings of a less public character, a Convention of the South-Western counties was held in Oxford, and of the South-Eastern and River counties in Newburg, to which reference will be made hereafter.

As intimately connected with this narrative, and the part taken in the subject of it by Mr Eleazar Lord, then of the City of New York, it is proper to mention that, in July, 1825, he having then recently taken a part of the first Ohio Canal Loan, was invited by the authorities of that State to accompany Governor Clinton on a tour into Ohio, to attend the celebration of the commencement of the canal from the Ohio River to Lake Erie ; a work deemed to be of the greatest importance prospectively, to the business of the Erie Canal, and the commerce of the city of New York. On that journey Governor Clinton frequently expressed the interest he felt, and had long cherished, in the subject of an avenue through the Southern tier of counties,—his satisfaction that a survey had been made for the most eligible thoroughfare which he supposed to be practicable, and his anxiety for the success of the work he had recommended,—and he urged Mr Lord to interest himself in the object, and coöperate with its friends in promoting it.

In consequence of the discouragement occasioned by the unfavorable report of the survey, the Convention of the South-Eastern and River Counties, above mentioned, was called to meet at Newburg for the purpose of agreeing upon some plan by which the partisans of different routes and terminations might be reconciled. A delegation from the city of New York being desired, Mr. Lord, by public notice, invited and convened a meeting of citizens, at which the Mayor presided, and Messrs. William Paulding, Peirce C. Van Wyck, Garret Storms, Peter Sharp, Samuel St. John,

Henry J. Wyckoff, and himself, were appointed delegates, all of whom attended the Convention, October 19th and 20th, 1826. That Convention, in view of the survey and all the antecedent proceedings, agreed to recommend certain measures, published a report of their views, and an address to the Legislature, and appointed committees of correspondence in all the counties specially intended in the object. A pamphlet, addressed to Governor Clinton, setting forth the importance, and urging the construction of the Road, was published in 1827. No further Legislative action, however, was attained that year; and the hope of further action on the part of that body was suddenly repressed by the death of Governor Clinton, during the session of 1828. The subject, however, by no means ceased to occupy the attention of individuals in the several counties, between whom and Mr. Lord a protracted correspondence ensued. The project of a State Road was soon abandoned, not only as being embarrassed by many and formidable difficulties, but as being inadequate to the ends sought to be accomplished; and the question, as to what should be proposed as a substitute, was attentively considered and earnestly discussed. The practicability of the route for a continuous canal was inquired into and discussed in 1826 and 1827. In a series of articles, signed *Hercules*,—entitled, “An exposition of the practicability of constructing a great Central Canal from Lake Erie to the Hudson, through the Southern tier of counties;” originally published in the *Western Star*, at Westfield, Chatauque county, New York, and

afterwards issued in a closely-printed pamphlet of near forty pages,—the writer exhibited a mass of evidence, founded, in part, on actual surveys, to show that the entire route, from the Lake through the valleys of the Alleghany, Chemung, and Susquehanna rivers, to the neighborhood of Deposit, and thence along the East side of the Delaware to the Lackawaxen, and then by the Hudson and Delaware Canal to the Hudson River, was feasible, and, with few exceptions, remarkably adapted to the construction of a canal. There is, in an appendix to this pamphlet, a letter from Judge Wright to “Hercules,” dated, Deposit, Delaware county, October 21, 1826, at which time he was executing for the Delaware and Hudson Canal Company a survey of the Delaware, from the junction of the Lackawaxen to Deposit; in which he states that he had, with a view to the question of a continuous canal Westward to the Lake, examined the valleys of the Susquehanna and Tioga Rivers, and extended his inquiries as far west as Hornellsville. From the Lake, Eastward, surveys had been made by order of the Canal Commissioners, to Jamestown, and by authorized engineers from the latter place to the Alleghany, and a reconnaissance up that river to Olean. Judge Wright, without expressing any opinion touching the summit between the Tioga and Genesee valleys, which he had not then examined, observes, with respect to that between the Delaware and Susquehanna, that for a distance of twelve miles, it presents great obstacles to the construction of a canal, but if found impracticable, “then a railway will be substituted.”

These notices indicate but partially the degree of attention which was at that period bestowed upon the subject of a great public avenue on the route in question, and which the success of the Erie Canal, the proposition of public thoroughfares in every part of the country, and the progress of information and events, powerfully tended to augment. The subject of railways was rapidly gaining favor, and inspiring confidence, both in this and foreign countries. The railway from Albany to Schenectady was chartered in 1826, and that from Baltimore to the Ohio River, in 1827. Others, in different directions, were chartered or projected in that and each succeeding year. It was, therefore, without reluctance, or any decline of zeal or confidence, that the friends of the State Road abandoned that project in 1828. Their views were turned to the subject of a railway as a substitute. But though the theories and experiments then extant were familiar enough to those who studied them to sustain their hopes and encourage their perseverance, and though they had attained information enough to satisfy them as to the practicability of the route for such a work, they were of opinion that an immediate proposition of an undertaking of such magnitude, would neither be sustained by the Legislature nor by the public, and would excite prejudice rather than confidence and favor.

In 1829, a pamphlet was published by Mr. William C. Redfield, of New York, purporting to sketch the geographical route of a railway through the Southern tier of counties of this State to Lake Erie, and thence to the junction of Rock River with the Mississippi.

This tract added nothing to the topographical information concerning the route from the Hudson to the Lake, which had been attained by the friends of the State Road; and instead of being adapted to aid their views respecting a railway, was rather of a contrary tendency, as being at that time scarcely less visionary and premature than if his sketch had extended the line to the Pacific or to the Arctic Ocean. This route, as traced on his map, commenced at Nyack, and followed the State Road survey generally, to a point near the Lake, and thence near its South-Western border, and that of Michigan, to the point assumed for the Western Terminus. The pamphlet, however, contained some gleanings from the current publications of the day, which, no doubt, suggested some ideas to those to whom the subject was entirely new.

Practical men and the public were, in the meantime, daily becoming more and more familiar with the subject of railways; and in 1831, the late Colonel De Witt Clinton, of the United States Engineer corps, inheriting the sentiments of his father and grandfather, concerning an avenue through the southern tier of counties, solicited and obtained authority from the department to make a reconnaissance of the route from the Hudson, West; which he duly executed, traversing the valleys which had previously been surveyed or explored by Judge Wright and others, and taking barometrical observations of the transverse ridges and principal acclivities to be surmounted by a railway. His report was rendered to the department in February 1832.

In the autumn of 1831, after conferring with some of the friends of the object in the interior counties, Mr. Lord published a notice of application to the Legislature at its approaching session, for an act incorporating the New York and Erie Railroad Company, to construct a railroad from the city of New York, through the Southern tier of counties to Lake Erie. At that time, familiar as the institution of railroads had become, the proposal of such a work on this extended line was generally considered presumptuous and hopeless. The plan of compassing an undertaking of such magnitude by one corporation, and under a single charter, met at first with little favor, even from those most friendly to immediate action. In the middle counties on the route, where there was every disposition to promote the object, many, after the publication of the notice, were in favor of attempting less, and obtaining a charter covering only the distance from New York to Owego; and a notice of application for such a charter was published at Binghamton. The citizens of the counties farther West were alarmed at this partial movement, and fearing some ulterior design of diverting the route from Owego northward to the Erie Canal, held a meeting at Jamestown, at which they took measures to secure the attendance of delegates from those counties and from New York, at a Convention to be held at Owego near the close of November. It being too late to procure the attendance of delegates from the city, Mr. Lord addressed a letter to the Convention, urging that the united and harmonious coöperation of all the counties on the route

would be necessary to the obtaining of any charter, or of any subsequent aid from the Legislature towards the construction of the proposed work; that those counties united had claims that could not be urged with effect by a separate portion of them; that the importance and value of the work, and the hope of subscriptions to it in the city, would depend materially on its covering the entire route to the Lake under one charter; and that, in view of these and the like considerations, entire harmony of counsels and measures, instead of jealousies and divisions, at this juncture, was of the utmost importance. That letter was read to the Convention, and followed by a decision to unite in support of the application for one charter, embracing the whole line, according to the notice originally published. For that object, petitions from the interior counties were in due time forwarded to the Legislature, and one petition from the city of New York, to which about one thousand names had been obtained. With that petition Mr. Lord transmitted a draft of a charter prepared by the Honorable John Duer, with such provisions as were deemed appropriate, and left the matter in charge of its natural friends—the delegates and senators from the Southern tier of counties. The charter, as finally passed in April, 1832, differed from the draft in several important particulars. In the draft, it was proposed that a capital of ten millions should be authorized; that when a half million was subscribed, the company should be organized; and that a small number of commissioners should be named to receive the first subscriptions. As passed, a sub-

scription of *ten millions* was required before the company could be organized, and no less than eighty persons, resident in different and widely-separated districts of the State, were named as commissioners, the attendance of the whole, or a majority of whom, was required to receive the subscriptions. The section prohibiting a connection of the road with any railroad leading into the States of Pennsylvania or New Jersey, and some other provisions, were added to the original draft.

The provisions requiring a preliminary subscription of ten millions, and the concurrent action of eighty commissioners, were undoubtedly dictated by an inimical majority in the Legislature, and were expected effectually to stifle the project. The particular friends of the object, who were aware of the course of events in relation to the State road, and of the nature and source of the opposition already indicated, and likely to be persisted in, to the more important and less welcome scheme of a railway, were not of a character to be easily discouraged. A notice of a meeting of the commissioners was immediately issued, pursuant to which, a portion of them met in the city of New York, shortly after the passage of the charter, by whom Mr. Lord was appointed chairman, with the understanding that, until an amendment of the charter could be obtained, authorizing a small number of the commissioners to act as a quorum, and reducing the amount of capital to be subscribed prior to an organization of the company, he should adopt such measures for the furtherance of the undertaking as

he should deem expedient. He, accordingly, considering that an instrumental survey of the route was of the first importance, and might, perhaps, be indispensable to the attainment of any considerable subscription to the capital stock, wrote to several members of Congress on the subject, and forwarded a petition praying for an appropriation adequate to the expense of a survey, on the ground that the proposed railroad, as an avenue to the public lands, would be of great national importance; and at the same time requested his correspondents, in case the desired assistance could not be rendered in that way, to adopt such other mode of obtaining it as should appear most eligible. They received the application with favor, and gave it their immediate attention. The session was too far advanced—it being about the middle of May—to justify the hope of the passage of a special act; and, as an alternative, about forty senators and representatives from New York, Pennsylvania, Ohio, Michigan, and other Western States, united, at the instance of those most directly interested, in an application to the President (General Jackson), through the Secretary at War (General Cass), for an order directing the survey to be executed by engineers of the United States corps, and that the expense of it be defrayed out of the fund for such objects, which was subject to the discretion of the President. The request was readily granted, and the order issued; designating Colonel De Witt Clinton as chief of the party, and assigning to him the necessary assistants and instruments. Colonel

Clinton, pursuant to his instructions, proceeded to New York in the month of June, and was in readiness to commence the survey, when he received a dispatch countermanding the order, and requiring all the expenses of the survey to be defrayed by the company, or by citizens on the route, as a condition of his services as Engineer, while employed on it, being paid for by the government. This was impracticable, for the quasi-company was withheld by the requisitions of the charter above mentioned, from acting as a corporation, and had no funds. Some of the members of Congress who had interested themselves in respect to the original grant, and were not less surprised than disappointed at the sudden recall of what had, with every appearance of satisfaction, been conceded, waited on the President, to ascertain the reasons of the countermand, and in hope that they might be enabled to obviate them. The President, with his wonted frankness, said that he had revoked the order at the instance of a very leading politician of New York, then high in office, who was not in Washington when it was issued, but arrived shortly after, and, as a reason for revoking it, assured him, that while there was but one great thoroughfare through that State, the politics of New York could be so managed as to continue the then satisfactory state of things; but, if another, and rival thoroughfare should be opened, having an equal or greater amount of patronage and influence, exempt from legislative control, it would be impossible to manage the politics, which he considered to be of much greater importance to the

whole country than a railway could be to a State already, by means of its canal, possessing ample accommodations for its interior commerce. This argument appeared to the President to be well-founded, and unanswerable, and he therefore felt it to be his duty to revoke the order. This statement, which intrinsically is sufficiently probable, and which furnishes the only reason ever assigned for the sudden and otherwise unaccountable revocation of the original order, was at the time communicated by those present at the interview, to the source from which it is now derived.

That a survey might not be totally precluded by this manœuvre, and that the subject might be kept before the public till a further application could be made to the Legislature of the State, some of the citizens of the counties of Rockland, Orange, and Sullivan, volunteered to defray the required expense of a partial survey. A survey through those counties was accordingly executed, under the direction of Colonel Clinton, of which he rendered a Report to the Topographical Bureau at Washington, a copy of which, with the maps and profiles, was transmitted to the office of the company in 1833.

While this matter was in progress, the committee on behalf of the commissioners, petitioned the Legislature of 1833 so to amend the charter as to authorize a limited number of the commissioners to act as a quorum; and to allow an organization of the Company

when half a million had been subscribed to the capital stock. An amendatory act was passed on the 19th of April, but it required a preliminary subscription of *a million*. This onerous condition, like that of the original act on the same subject, probably was expected to be a bar to further progress. The commissioners, however, met in July, opened their books, and received subscriptions for one million of the stock, and on the 9th of August, 1833, the company was organized by an election of directors and officers, Mr. Lord being appointed president. It was, at his suggestion, agreed that none of the monies collected on this subscription should be expended till further events justified confidence of success to the undertaking; and as one means of giving rise to such confidence, a committee was appointed, of which the president was chairman, to solicit from large proprietors donations of lands in the Southern tier of counties; to apply to the Legislature for pecuniary aid; and to adopt other measures in furtherance of the object of the corporation. The committee, in the discharge of these duties, published a circular inviting proffers of gratuitous cessions of the roadway, opened a correspondence with the agents of the Holland Land Company, and those of the Pulteney and other estates in the counties on and near the proposed route, soliciting donations of land, on condition of the railway being constructed within seven years; and in December sent to Holland, to the proprietors of the lands of the Holland Company, an extended memorial, setting forth the plan, proposed route, general provisions of

the charter, and the present condition and prospects of the undertaking, and its relations to their interests as proprietors and as creditors of numerous settlers, for lands purchased from them; and soliciting their aid by a subscription to the stock, and by a free donation of land. In their reply to this communication, the Holland Company declined subscribing to the stock, and also declined making such a *present* grant of land as was desired for the encouragement and security of other subscribers; but, signified that, when the railway was constructed, they would make such grant. Subsequently, they offered to sell their lands at a reduced price, with the understanding that, for the encouragement of subscribers to the stock, the purchasers should pledge a portion of them to the railroad company. This offer resulted in a purchase by a few individuals, residents, with one or two exceptions, of the city of New York, of about 500,000 acres of the lands in question, in the counties of Alleghany and Cattaraugus; who, on gaining possession of their purchase in 1835, secured a donation of 50,000 acres to the Railroad Company, on condition that their road should be completed within seven years, and at the same time as individuals subscribed largely to the capital stock, several of them to the extent of 1000 shares each.

In like manner, and with the like condition, the proprietors of about 2,000 acres of land, at Dunkirk, secured as a donation one equal fourth part of the whole, as laid out in blocks and lots, and appraised. In both these instances, the condition not having been

complied with by the Company, the pledges were renewed for a further term of years. These, with other less important grants, and with cessions of roadway, stations, and depôts, conditioned that the final location should require them, and generally with covenants binding the grantors to erect and maintain the necessary fences, would, as estimated by the Directors in their Report in 1836, on the assumption of the work being finished within the period then fixed, be of the value of more than two millions of dollars to the stockholders.

In the summer of 1833, meetings of citizens were held in several of the counties on the route; and in November, a convention of delegates from thirteen counties met in the city of New York, for the furtherance of the objects of the Company. At the session of 1834, petitions were presented to the Legislature from the Company, from the convention above mentioned, and from the interior counties, for aid, by a subscription to the stock, or by a loan, and for an appropriation for a survey. A general election of State Officers and Representatives in Congress, &c., was to take place in November of that year, and it was proper to do something for the voters in the Southern tier of counties. Happily, the petitions were so far successful, that an appropriation of fifteen thousand dollars was made for a survey of the entire route of the railroad. The appointment of an engineer was vested in the Governor; but the sum granted was

deemed so inadequate, that several to whom he offered the service declined it. The President of the Company, aware that Judge Wright had the entire confidence of the public, owing to his original and successful survey and superintendence of the Eastern half of the Erie Canal, and of other public works, and that he had already surveyed some portions, and was familiar with the greater part of the destined route of the railway, urged, and at length induced him to accept the appointment, with the understanding that, so far as the Company or the public were then concerned, the points of chief importance were to obtain an instrumental survey of the entire route, exhibiting its characteristics, and all its chief difficulties, and to have it accomplished within the current year, whether the best line for final location were in every instance ascertained or not. With these views, Judge Wright undertook, and accomplished, the survey within the year 1834, and perfected his maps, profiles, and estimates, and made his report to the Legislature, in January, 1835.

Considering the period in the history of railroad institutions, at which this service was performed, the unexampled extent of the line, the brief space of time allotted to it, the extreme difficulty of selecting an eligible location of certain portions of it, the disputed question as to ruling gradients, and various other questions, then comparatively little understood, this survey was justly regarded, not only by the parties immediately interested, but by the principal engineers in this and the neighboring States, as a masterly per-

formance, evincing the intelligence, energy, and skill; the practical judgment, comprehension, and decision; the powers of combination, analysis, and induction; and, in a word, the varied talents and endowments of an accomplished leader of his profession. It is due to the memory of Judge Wright—ever respected as he was for his personal character, his affable deportment, his gentle and guileless disposition, his integrity, consistency, and wisdom, and honored and esteemed as he was by the State authorities and the public, for his great services on the Erie Canal, though towards the close of his career carped at with reference to this survey, by men of widely different qualities and deserts—to observe that the plan of the work which he recommended, and on which his estimates were based, was conformable to the then current theory of constructing railways, and similar to that adopted, and for years adhered to, on several extended lines at the South and elsewhere. That plan contemplated a light superstructure and flat bars of iron for rails, weighing, perhaps, one-third as much per yard as the heavy rails subsequently shown by experience to be preferable. Pursuant, likewise, to the settled purpose of those who then had charge of the Company's object, and to his own sound judgment and accustomed forecast, he directed his survey not only with a view to economy in the construction of the intended work, and therefore followed the natural valleys—more than four-fifths of his line being near the margins of the principal rivers and their confluents—but with a special and constant view to the structure being adapted and appro-

priated to the *local* business, interests and convenience of the people on its line, in place of its being designed at a sacrifice, or in derogation of those local interests, to a strife for the travel and traffic of regions exterior to the area of about twelve millions of acres of land, which were to depend upon its facilities. It was argued, and a clear conviction was felt, that a railway through such a country, near five hundred miles in length, and without competition, would furnish local business equal to its capacity; that if the local traffic was the first and main object, and if the interests and convenience of the people were properly consulted in conducting it, the population of the counties would rapidly increase, and the lands, previously wild and unsaleable, would be subdued and rendered prolific by cultivation; and, moreover, that *through* traffic, would, at no distant day, be rendered, by competition, comparatively undesirable. The theory of the shortest possible line, the levellest possible grades, and the greatest possible speed, was, therefore, uncalled for and inappropriate in the case; and it was held to be both more economical for the present, and wiser for the future, to follow the valleys, and to go round the hills, rather than cut through them for the sake of shortening distances. The force of these considerations was enhanced and rendered paramount, by the impossibility of obtaining, at that period, either by subscriptions or by any use of credit, funds sufficient to construct an expensive railway of such extent, or such an one, had the results of later experiments then been known, as might be desirable after the counties had become

populous, and their products and traffic rendered ten-fold more abundant. The road, it was then considered, was to be built to subserve the interests of the people of this State, to bring into cultivation, develop the resources, and enhance the value of a large, sequestered, and, for the most part, unsettled portion of the State. For this special, local object, the aid of the State towards its construction was justly expected and relied on, from the very inception of the work. The present security and permanent interests, likewise, as well as the vested rights of the stockholders, were scrupulously regarded, not only by adhering to the provisions of the charter in respect to the route prescribed, but by avoiding in the alignment and plan of the work, all fanciful, unnecessary and costly schemes, that the total expenditure might be so moderate, as to render certain a satisfactory return annually, and a surplus to be applied to the improvement of the first, and the construction of a second tract, with such modifications as the progress of railway experience might suggest. With these views, and in accordance with the theory of that day, which was adopted even on short roads, and where ample capital was at command, as on the Albany and Schenectady Railroad, abrupt curves and even inclined planes were not considered ineligible. It merits, also, to be observed, that,—under a full conviction that the construction and management of the main trunk of railway prescribed in the charter, would, if executed with the greatest possible economy and integrity, involve the use of as much capital and the exercise of as much

power and patronage, as any corporation could wisely desire, or safely possess,—those who originated the undertaking wholly rejected, from the earliest period, and as long as their counsels prevailed, all propositions to aid in the construction, and all entanglements, with the getting up and management of intersecting and branch railways.

A survey made under the potent influence of the views and circumstances thus referred to, and which, had those views in all respects been carried out, would have required little revision in order to a full realization of them, deserved the high credit and confidence bestowed upon it, equally by those immediately interested, and by Jonathan Knight, Chief Engineer of the Baltimore and Ohio Railroad, and Moncure Robinson, of Pennsylvania, on their professional examination and confirmation, in 1835, of the most doubtful portion of the line surveyed—that of the Western slope of the Shauangunk Ridge—and by others of like competency and candor. How far the stockholders and creditors of the Company, the inhabitants of the Southern tier of counties, or any portion of the public, have reason to congratulate themselves on the results of an extreme departure, since 1845, from these practical, economical and conservative views, in nearly every particular, it is not now necessary to inquire. But it may be presumed to be probable, that none of the parties referred to, will have any difficulty in supposing it to be quite possible, that in proportion to the original and intrinsic merits of an undertaking of this nature, may be its capacity

of being perverted, plundered, and rendered, in many respects, a curse instead of a blessing, by the folly, extravagance and recklessness of rash and incompetent, or unscrupulous and corrupt men; and that such a work, falling under the control of such men, after its real difficulties are surmounted, after opposition to it is baffled, and after its merits are made known and a tide of popular favor gained, may be so managed as to cost an amount of capital four or five times greater than was necessary, and to enrich the unworthy agents of its headlong progress, cripple it by loans and debts, render the stock worthless, work all manner of injustice to individuals, and become an instrument and occasion of every species of immorality, and every arbitrary and relentless abuse of corporate power. Up to the time in question, however, the trade of speculative Railway management had not been invented. The peculiar species of men since developed as contractors, pliable professional coadjutors, and practical schemers, had not made their appearance, or began to exercise their extraordinary talents in projecting branch lines, extensions, and lease-hold affiliations; speculating in contracts, notes, stock and bonds; over-issues of stock, &c., &c.; selecting Directors to suit their purposes, and leading them into schemes of private gain, at the expense and in violation of the trust confided to them.

In December, 1834, when Judge Wright's survey was nearly complete, the company forwarded a petition to the Congress of the United States, for a grant of two millions of acres of the public lands, in aid of

their undertaking, on condition of their agreeing to transport the public mail on their railway for a term of years, free of charge. Prior to any action upon this petition, the Post-Master General, who had been consulted, published his Annual Report, in which he urged the importance of early arrangements by that department with railroad companies. This led to an understanding that measures should be taken to bring the subject before Congress, with a view to his being authorized to enter into a contract with this Company. But no definitive action followed.

The favorable results of Judge Wright's survey became somewhat generally known in January, 1835, and it was felt that the time had arrived for the adoption of measures to provide the capital necessary to the commencement, and, with the expected aid of the State, to the accomplishment of the undertaking. With this view the president of the Company, who, for about ten years, had devoted no small share of his time, first to the original project of a State road, and then to the substitute now under consideration, and no inconsiderable amount of pecuniary expense, proposed to the leading bankers and merchants of the city, to resign his office and relinquish the whole affair to them free of all charge, on condition that they should subscribe the necessary capital, and appoint such of the subscribers as they thought proper to carry the object into effect. This proposal was acceded to, and the necessary arrangements and changes were

made on the 4th of February, 1835. The office of president was assigned to Mr. James G. King (which office he continued to hold till the 25th September, 1839), and that of treasurer to Mr. Lord.

The Company immediately after, and simultaneously with the presentation of Judge Wright's Report, petitioned the Legislature for a State loan in aid of the work. Numerous petitions for the same object were likewise forwarded from the Southern counties. A bill was introduced, and debated, and finally lost, by a small majority voting adversely to it, ostensibly on the ground that the company had as yet expended nothing, and that it would be more proper to grant the intended aid after the work had been commenced. On this result being known, the board, on the 15th April, opened books for a subscription of two millions, in addition to the million taken in 1833; three millions of stock subscriptions, and a loan of like amount from the State, being, according to the original plans and estimates, sufficient to defray the cost of constructing and furnishing a single track of the road. The result was, including the first subscription, an aggregate of \$2,382,100.

Immediately after this movement, by means of some sinister influence, the charter, which originally required the construction of the road to be commenced in the city of New York or its vicinity, and extended into Rockland and westward, was suddenly, and without public notice, amended so as to allow the commencement to be made on any point on the interior of the route which the directors should select; and it

soon appeared that this change was in accordance with the views of the president and some others of the new directors, and that they were decided in favor of commencing the work, and expending the monies first collected on a portion of the line extending South from Deposit, about forty miles along the Delaware River. A more unwise or more unfortunate experiment could not have been dictated by the worst enemies of the road; and as this was alike the first decisive step towards the execution of the undertaking that involved the expenditure of money, and the first false and disastrous step taken by the directors, it merits particular notice, especially on account of its important and lasting consequences.

Hitherto, the expectation of the stockholders, and the intention of those who conducted the affairs of the Company, had been that, in conformity with the provisions of the charter and the dictates of common sense and prudence, the construction of the road should be commenced at its Eastern end. From what source the suggestion and precipitate passage of the act amending the charter proceeded, has never been made public. How far it may have been connected with a foregone conclusion on the part of the president and those directors who concurred with him to commence the work on the Delaware section, and subsequently to divert the line to Newburg by a railroad already chartered from that place to the Delaware River, can only be inferred from what followed. The reasons assigned by the president for deciding to commence on the Delaware section, were, that no

revision of the State survey could require a deviation from the line proposed by Judge Wright on that section; that it was a difficult and expensive section, and therefore, its construction would show the courage and confidence of the directors; that it might be rendered productive by using the Hudson and Delaware Canal as an outlet, or by using the railroad then proposed and surveyed from the Delaware to Newburg; and, finally, that a commencement in the middle of the line would be in accordance with the example of those who began the construction of the Erie Canal at the center.

His predecessor in office, and others, opposed this plan as wholly repugnant to every dictate of prudence and economy—visionary as an experiment, and all but certain to fail if attempted—urging that the entire division, which included the section on the Delaware, and was considered as extending from the Hudson and Delaware Canal to the Chemung Canal, would cost nearly the whole amount of capital then subscribed; that most of the subscribed capital must therefore be paid in before any portion of the road could be put in use; that, with the prospect of the first expenditure lying so long dormant, and doubt of its being productive when finished, till a large additional portion of road was constructed, the stockholders would refuse to pay installments; that, if they commenced the work, especially on an interior section, before the contemplated amount of capital—three millions—was subscribed, the stock would remain unsaleable, and further subscriptions might be unat-

tainable; that the Hudson and Delaware Canal was of very limited capacity, and was frozen during a considerable portion of the year; that the proposed route, by way of Newburg, even if regarded only as temporary, was liable to the same objection during the winter months; and, that the obvious and natural method, in accordance with the original charter, and in view of which the stock had been subscribed, was to commence at or near the city, where the work would soonest be productive, and could be extended a greater or less distance as the amount of funds at command should render practicable, and where the outlay, in the event of a change of times, or of delay from any cause, would be deemed to possess a real value. It was urged that a plan and estimate of a portion of the road extending to Goshen, about seventy miles from the city, or to the Delaware and Hudson Canal, near one hundred miles, should be prepared; that the stockholders should be informed that such portion would be first constructed and put in use, within as short a period as possible, and that installments, amounting to the estimated cost thereof, would be called in 1835 and 1836; that such definite plan of expenditure would justify confidence of early and satisfactory results, and give character and value to the stock; and that, postponing all expenditure on other parts of the line for re-surveys or otherwise, the undertaking would in this way be better sustained than by any plan of more remote and diffuse expenditure.

It soon appeared that arguing against this scheme was not to be of any avail, and that views so diverse

promised anything but harmony in the councils of the Board. The patrons of the scheme had made up their minds; and as the easiest way to prevent further opposition to it, the resignation of those who chiefly opposed it was discovered to be necessary to the interests of the Company, on the ground that their being proprietors of lands in Chatauque, Cattaraugus, and Alleghany counties, out of which the largest donations had been made, might, if continued in the direction, prejudice the intended application to the next Legislature for a loan. Mr. Lord, therefore, on the 4th August, 1835, resigned his connections with the Board, and continued out of it about three years. Two other directors, Mr. Gould Hoyt and Mr. Elihu Townsend, being in the same predicament, were subjected to the same alternative, and resigned at the same time.

Shortly after this affair, the directors advertised for letting the selected section of forty miles on the Delaware, extending from Calicoon Creek to Deposit; and on the 5th of November, received proposals for the work, which they accepted.

In the month of October, 1835, the Board decided the location of the pier, and a short section of the road on the shore at Piermont, a contract for grading some portion of which was entered into a few months later. In December, a disastrous conflagration occurred in the first ward of the city, by which most of the warehouses and their contents, South of Wall

Street, were destroyed, and a number of the subscribers to the stock of this Company, were rendered unable to provide for further installments on their stock. The amount already collected was not sufficient to cover the contracts on the Delaware section, and, when exhausted, a suspension of the work was unavoidable. An extraordinary commercial revulsion followed at the close of 1836, and the ill effects of the expenditures made on the interior section, as compared with the probable effect, had a like sum been expended in the immediate neighborhood of the city, was abundantly evident. The proceeding implied, at least, a lack of judgment and of prudence. Many deemed it wholly visionary and Quixotic, and lost all confidence. And many were, and still are, of the opinion that had the work been commenced within the limits of the city, as intended by its earliest friends and contemplated in the original charter, it would never have been suspended or greatly embarrassed. At the date of the above contracts, five dollars per share only had been paid on the subscription, amounting to \$119,105. Of that sum, about \$27,351 had been expended for engineering, land damages, &c. A second installment was called payable in November, 1835, of which \$104,655, only, was collected; leaving an aggregate of \$196,409; while the Delaware contracts amounted to \$313,572. Notwithstanding the aspects of affairs after the conflagration of December, the Board resolved on re-surveying the entire route of the road, and early in 1836, organized a party of engineers, under Captain Talcot, for the Western

portion of the line, and another under Mr E. F. Johnson, for the Eastern. This proceeding was, in view of the facts ascertained by Judge Wright's survey, the obvious propriety of delaying further and final surveys till ready to locate and construct successive divisions, and, in view of the state and prospects of the Company's finances, as unfortunate as it was premature and unnecessary. It cost some \$60,000; and being suddenly arrested towards the close of 1836, while the surveys were incomplete, resulted in nothing of any value. On the Eastern part of the line, the leading object of the surveys appeared to be to depart, as widely as possible, from the line originally proposed and ultimately adopted; particularly by a diversion towards Newburg, in Orange County, encouraged by local and private interests in favor of terminating the road at that place, and a near approximation in Rockland to the New Jersey line, favorable to a diversion of the route into that State. That the object of the diverging survey in Orange County was to terminate the road at Newburg, appears from the report of the adjunct engineer, in January, 1837; in which, after a variety of calculations to show that it would cost less money to connect the road with the Hudson at Newburg, sixty miles from New York, than to follow Judge Wright's survey (as directed by the Legislature and prescribed in the charter, and in the loan bill), through the county of Rockland to a point about twenty miles from the city, he says, "I am clearly of opinion, that the interest of the Company will be promoted by a connection with the Hudson River at Newburg."

Neither of these changes, however, were sustained by the Board of Directors, or countenanced by Judge Wright, who still held the office of chief engineer, but took no active part in the surveys, and who made a written report in opposition to the deviating survey in Orange County, which was deemed conclusive, and the Board adhered to the line originally proposed by him. At the Western extremity of the route, likewise, under the influence of local interests, both East and West of Dunkirk Harbor, diverging surveys were made, tending to occasion distrust, and destroy confidence, as in the case of the attempts within the last few years, alternately, to change the termination to Buffalo on the one hand, and to Erie in Pennsylvania on the other.

At the Session of 1836, the Legislature passed an act granting a loan of three millions of dollars to the company, upon certain conditions. The conditions, however, like those of the original charter relating to the first subscription, rendered the grant wholly unavailable, by prescribing issues only in large sums, and requiring each of them to be preceded by an expenditure of double, or more than double their amount. This, in respect to the first-prescribed outlay being, under existing circumstances, impracticable, the active operations of the Company were suspended about the close of 1836. In December, an installment of two dollars and a half per share, of which due

notice had been given, was promptly paid on only about 11,000 shares.

The concern was virtually broken down. The operations of two years of abundant currency and great buoyancy of public and private enterprises, with a subscription of about two and one-third millions, a State loan of three millions, and an expenditure, up to January, 1837, of \$246,105, resulted in suspension. The confidence of the stockholders, of the inhabitants of the Southern tier of counties, and of the public at large, was gone. The condition and prospects of the Company were utterly discouraging and deeply mortifying; the fanciful and improvident plans which had been pursued, and the overweening and boastful confidence which had been expressed in the Reports of September, 1835, and October, 1836, now forced themselves in their true light, upon the attention of all. As a specimen of the puerile, superficial, and visionary notions of the managing directors, the following is copied from their Report of September, 1835: After discussing the question whether it would be wiser first to construct the road from the Hudson and Delaware Canal to Owego, or from the Hudson River to that place, and profoundly observing, that in the one case the line could afterwards be extended Eastwardly from the canal, or, in the other case, Westwardly from Owego, the Report says: "The completion of the work from the Hudson River to Owego, desirable as it may be deemed, sinks, however, into comparative insignificance when compared with the importance of extending the line still further Westwardly to the

Alleghany River. After an attentive examination of the capabilities of that most valuable water-course, made by a committee of the Board during the present season, and the remarkable facilities it presents for cheap, rapid, direct, safe, and early communication between the city of New York and the great valleys of the Ohio and Mississippi, the directors have become firmly persuaded that it is an object, if possible, *of more consequence to the mercantile community that the railroad should reach the Alleghany River, than Lake Erie itself.* They have ascertained that the *descending* navigation of that stream is available throughout the months of *March* and *April*, and frequently during the whole of *May*," &c.

In the light of these exhilarating visions, and of the letting already advertised of the forty miles of the section extending Westwardly from the Hudson and Delaware Canal, selected, the same Report says, to be first constructed,—for the reason, that, with one exception, it was deemed the most expensive, “In order to encounter at once what are supposed to be the difficulties of the work, and also to test, by actual experiment, the question of its feasibility,” the mercantile community had the cheering anticipation of a brisk trade with the great valleys of the Ohio and Mississippi in one direction during two, and sometimes during the whole of three months of the year. Provided, however, that the navigation of the Hudson should chance to be open as far up as Kingston, and that of the Hudson and Delaware Canal, its whole length, by the last of February; and provided that

the Alleghany should chance to rise as early as the first of March, and continue swollen till the end of May. How the products of those great valleys were to be conveyed up the Alleghany to the railroad, in return for the three months' tonnage of merchandise down that river, the Report wholly omits to state; perhaps for want of room, or because the mercantile community, if no method of getting returns by that route was discoverable beforehand, might safely assume, that if they supplied those valleys with merchandise by the Alleghany river, they might leave the mode of making remittances to the sagacity of their customers. To doubt of their enjoying that vast trade by the Alleghany would imply a want of confidence in the positive assurance given in the Report, "That the merchants of New York will thereby obtain direct and early access to consumers, nearly three times as numerous as the whole population around the upper Lakes; and that these immense advantages may be obtained without any alteration or improvement in the natural condition of the stream, and merely by extending a railroad to its banks from the Hudson."

The hallucinations manifest in that Report are, however, less significant than those in the Report of October 4, 1836, when a syncope or paralysis of the whole affair was near at hand. In that Report, the costly re-surveys of the whole line, and of the coast of Lake Erie, to find a better harbor than that of Dunkirk, are defended as sound policy, and the letting on the Delaware section, as testing the correctness of the estimates; and the financial condition of the

Company is declared to have been greatly improved by the passage of the Loan Bill, which, conformably to the plan of operations which had been determined on, required the completion of a single track from the Hudson and Delaware Canal to the Chenango Canal, 146 miles, and estimated to cost upwards of \$1,600,000, prior to the first issue of State stock, and limited that issue to \$600,000; and next, required an extension West to the Alleghany, 181 miles, and estimated to cost upwards of \$1,300,000, prior to a further issue of \$700,000; and then an extension to the Lake, 79 miles, to cost over \$640,000, before the further issue of \$300,000; then, fourthly, the completion of 77 miles, from the Hudson River to the Hudson and Delaware Canal, estimated at something over \$1,000,000, to gain another issue of \$400,000; and finally, a million more on the completion of a double track from the Hudson to the Lake. The Report, after referring to donations of land, both West and East of the Genesee, expresses the belief that it will not be necessary ever to issue more than three millions of stock; and, "in conclusion, the directors declare to the stockholders and the public, that their confidence, as well in the feasibility as in the productiveness and utility of this important avenue of trade and travel, not only remains undiminished, but has been vastly increased during the present year; that the difficulties of the enterprise have been constantly diminishing, while, at the same time, its pecuniary resources have been steadily increasing," &c.

Within about a month after the date of this Report, so widely different did the proceedings, condition, and prospects of the Company appear to others than the directors, a number of the leading stockholders refused to make further payments, or to coöperate further in any attempts to prosecute the work, unless a change was made in the plan of operations, and the Delaware section abandoned till the road from the Hudson, West, was constructed to it. After repeated consultations and inquiries, it became evident to the Board, as well as to others, that without such change of plan no new subscriptions to the stock could be obtained, nor any degree of confidence be restored. At length, early in January, 1837, the principal stockholders who were parties to the donations of lands West of the Genesee River, offered to alter the terms of their grants, so as to empower the Company to sell the lands pledged to them, and out of the proceeds to pay interest, at the rate of six per cent. per annum, on future installments on the stock, provided that new subscriptions should be obtained increasing the amount of available stock to three millions of dollars; that a public meeting should be called in the city, for the purpose of obtaining such new subscriptions; and that, as soon as the amount had been procured, the Board should put under contract the Eastern portion of the road, from the Hudson River to the Hudson and Delaware Canal, and the Western portion, from the Lake to the Alleghany River.

The Board accepted this proposition, with the further conditions, that the six per cent. interest to be

paid on the installments out of the proceeds of the lands, should be continued up to the 1st January, 1841, (an offer to purchase the lands having been made, with condition to pay \$100,000 a year for four years;) that the surplus of such proceeds then collected, should be divided to the then actual stockholders, and that certificates should be issued, entitling them, pro rata, to all the future proceeds. A public meeting was accordingly convened, on the 20th January, 1837, when a new subscription was commenced, and a large committee of the most prominent citizens was appointed to carry it into full effect. The amount required was \$1,200,000. The whole amount obtained was but about \$500,000; and this being on condition of the required sum being subscribed, the effort resulted in total failure. The commercial revulsion, already in progress, rapidly increased in February and March, and continued its disastrous and wide-spread effects through the remainder of the year.

In March the Company finally closed and settled their contracts on the Delaware section, having expended thereon about \$200,000; and petitioned the Legislature to modify the Loan Bill, so as to authorize an issue of the State stock in smaller sums. The disastrous state of the times was deemed a sufficient reason for refusing their request. The Committee of the Senate in their Report on it, May 13th, say that "they are compelled to express the conviction, that the same causes which now embarrass the progress of the work, and, in fact, agitate the whole commercial world, have so generally deranged the financial affairs

of the country, as to render it inexpedient for the State to afford the immediate aid requested by the memorialists.”

This result completed the discouragement of the managers. The collections on the stock proved insufficient to liquidate the claims for work done on the Delaware section, in addition to the cost of re-surveys and other expenses. Suits were commenced against some of the stockholders, which, in the progress of commercial panic and disaster, occasioned no little irritation. The previous payments had been so expended as to afford no one any satisfaction. Instead of advancing the undertaking, or inspiring confidence in it, they had a contrary effect. The object was felt to be not merely desperate, but in disgrace. Those who a few months before, at the date of the report, fancied it to be in a prosperous condition, now despaired of its ever being consummated by the agency of the Company. Having tried, and done their best, and failed, it was natural to infer, that the undertaking was too large for a company, and impracticable to any other skill or power than that of the State. And yet it was supposed that its merits and importance were such, and so obvious, that it would not be given up, and that it could be forced upon the State, if the Legislature were not ready at once to assume it. The views and feelings of the Legislature, as indicated in certain provisions of every act hitherto passed, seemed to have been forgotten, as well as the out-door opposition, described in the report of December, 1835, which, with the successful progress of the Northern

(Central) line of railways, was constantly on the increase. "No sooner"—that document reads—"was the Report of Judge Wright presented to the Legislature, showing the feasibility of completing, at a moderate expense, the desired channel of intercourse through the Southern section of the State, than a combination of local interests, singularly violent in character, was arrayed to defeat the enterprise. The most active and determined exertions were made, openly by some, and covertly by others, to prejudice the public mind, and discourage, if possible, the friends and promoters of the undertaking. The object was denounced as chimerical, impracticable, and useless. Anonymous writers were employed, &c., &c. The Southern counties were asserted to be mountainous, sterile and worthless—affording no products requiring a road to market—or if they did, that they ought to resort to the valley of the Mohawk, as their natural outlet. The whole enterprise was stigmatized as an attempt to deceive the Southern counties, defraud the public, and ruin the individuals who might embark in it."—p. 13. This opposition was not less rife in 1836 and 1837, than in 1835; and the notion that the road could be forced upon the State was supported, even in the view of those who entertained it, only by the consideration that it was the only notion which promised any relief to the mortifying aspect of the past, or the gloomy vision of the future. If the Legislature, in spite of the local interests and rival projects of the North, and the subservient views of the managing politicians, demagogues and speculat-

ors, should happen to assume the work, a deliverance, all but miraculous, would be effected.

These views were opposed, as utterly visionary and hopeless, by those who had opposed the commencement of work on the Delaware section, but with as little effect in the one case as in the other. An abandonment of the undertaking, unless its should be assumed by the State, was understood to be concluded on by the managers; and in the month of November, it was resolved by the Board,—That a memorial be presented to the Legislature at the approaching Session of 1838, tendering the road to the State, with the franchises of the corporation, unless the State would immediately subscribe for two millions of the stock, and conditionally for a third million. The degree of weakness and desperation which led to this conclusion, had been specially indicated at the annual election in October; when, by a vote of the Board, intended to prevent a change in the direction and consequent adoption of a different policy, the votes of those stockholders who, from the loss of their property by the disasters of the times, or from any other cause, had not fully paid the latest installments, were illegally rejected.

The application to the Legislature of 1838 was not wholly fruitless. As on former occasions, the political demagogues could not afford totally to extinguish the hopes and alienate the votes of the Southern tier of counties. It was to their purpose neither to relieve

the Company from the work, nor to suffer them to abandon it; but to keep it on hand for years as a foot-ball of party intrigue and management. The result was an amendment of the loan bill, passed April 16, authorizing an issue of \$100,000 of State stock against every sum of like amount previously collected by the Company and expended on the road; upon condition, however, that the Company should put under contract ten miles of the road extending from Piermont, West, and ten miles from Dunkirk, East, before receiving the first installment of State stock,—thus administering a just rebuke of the former useless expenditures, and a salutary caution for the future.

Immediately after the passage of this act, Mr. Lord was re-elected a director of the Company. The amendment was accepted; and in the course of the season, the designated portions of the road were put under contract. The collections on the stock of the Company, up to that date, amounted to \$346,237, which warranted issues of three successive installments of \$100,000, each of State stock. Unfortunately, the rate of interest, originally fixed at four and a half per cent., was not altered by this amendment, and a loss of about 18 per cent. was incurred on the sale of the first installment—further collections on the Company's stock were not then practicable—the contracts on the two ten-mile sections amounted to about \$400,000; so that, allowing for current expenses, engineering, superintendence, and the probable discount on the three installments, there was likely to be a considerable deficiency of means. The contracted work was com-

menced, and prosecuted; but confidence was not restored. In some of the interior counties, and especially at Binghamton, a belief prevailed that the undertaking would never be accomplished by the Company, and that there was no ground of hope concerning it, except that of obtaining a repeal of the charter, and by political action, as in the case of the Chenango Canal, forcing it upon the State. Petitions were accordingly circulated in those counties, and forwarded to the Legislature of 1839, asking for a repeal of the charter, and an assumption of the road as a State work. Those of the directors who had been most anxious for such a transfer at the preceding session, favored those petitions; but even they were apprehensive that a voluntary surrender, or offer to surrender the charter, without a prior commitment on the part of the Legislature to adopt the work, would be quite too hazardous. The Board finally adopted a petition, soliciting, on certain conditions, issues of the State loan in larger proportions to the collections from the stockholders than were authorized by the law of the preceding session. This mode of relief was strenuously opposed by petitions and delegations from the counties above referred to, in the hope of carrying out their own plan; and the result was a total failure of any grant of aid at that session.

It being evident, that unless something further should be done to restore confidence before the three available installments of State stock were exhausted, Mr.

Lord proposed, without calling on, or implicating the stockholders in the city, to obtain new subscriptions in the counties of Rockland and Orange, sufficient, with a corresponding amount of State stock, to construct the road from the West end of the ten miles in Rockland then under contract, to Goshen, a distance of thirty-six miles; and to make contracts with such conditions, that in case the new subscribers failed to make regular payments every alternate month, equal to the amounts previously prescribed, and authorized to be spent in work after they had been collected, the construction should be suspended, and the contractors have no claim for damages: Provided that the Board would agree to issue special certificates of stock for such new subscriptions and payments, entitling the holders, after that portion of the road should be completed and put in use, to interest on such stock out of the earnings annually, at a rate not exceeding six per cent., until the whole line should be completed to the Lake. This arrangement was agreed to, and he was appointed commissioner of the Eastern division, to carry it into effect. The required amount of subscriptions was speedily obtained. In July, contracts were made, with provisions restricting the operations from month to month to the amount of funds previously at command; and the progress of the work till its completion, under these contracts, was unembarrassed and every way satisfactory.

Shortly after his appointment, the commissioner having looked somewhat into the subject, proposed to the Board of Directors to adopt a width of six feet as

the gauge of their rail track. The universal practice in this country, up to that time, prescribed a gauge of four feet eight and a half inches, and the Board very naturally demurred, and were averse to sanction a departure, in that particular, from the prevalent custom. The commissioner, however, persisted, and after considerable discussion, the late Peter G. Stuyvesant, then a member of the Board, suggested that as the commissioner appeared to be very sanguine upon the subject, and as he himself had no confidence whatever in the plan which had been adopted for extending the road to Goshen, and doubted whether the members of the Board, generally, had any, he thought they had better comply with what was proposed, and throw no obstacle in the way, for if things turned out as he expected, it would make no difference, and no harm would be done. This satisfied the Board, and the gauge of six feet was adopted.

In the meantime, the contracts on the ten-mile sections not being guarded by any such restraints upon the expenditure, as those above referred to, it became apparent that the payments to fall due by the 1st December, 1839, would exhaust the proceeds of the three installments of State stock, to which the Company were entitled. Further collections on the old stock, to the amount of about \$50,000, were necessary before another installment, to protect those contracts, could be claimed. An appeal to the stockholders would, it was presumed, be altogether fruitless. In this posture of affairs, Mr King resigned his office and connection with the Board, on the 25th September,

1839. At the annual election, October 3d, Mr Lord was appointed president. The sum required to entitle the Company to the fourth installment of the State loan, was collected shortly after, and all danger of immediate embarrassment was precluded. The feeling of dissatisfaction and distrust on the part of the inhabitants of the central counties, had, however, been in no degree mitigated. They had, toward the close of the summer, signified their determination to renew their efforts to obtain a repeal of the charter, and had taken measures to obtain signatures to petitions, and prepare, in other respects, for an onset which they believed would be effectual. Their infatuation was, probably, instigated by politicians secretly hostile to any further progress of the road; and it was evidently of the first importance to arrest their proceedings, allay their fears, and regain their confidence; and equally evident, that this could be accomplished only by the adoption of measures for the immediate construction of the road, on their portion of the line, namely, from Binghamton to Hornellsville, 117 miles along the valleys of the Susquehanna and Tioga Rivers. A proposition was, therefore, submitted to the Board, shortly after the election, in October, to adopt, with reference to the counties traversed by these rivers, the method of issuing special stock, as in the case of Rockland and Orange, provided that the inhabitants of each county would subscribe a sum, which, with an equal amount of State stock, would suffice to prepare the roadway for the rails, through their bounds respectively; and, in order that the re-

quisite amount of subscriptions might not exceed the ability of the inhabitants, that the work should, as far as possible, be constructed with piles; by which means, owing to the practicability of extending the line, almost uniformly, along the alluvial flats bordering the rivers, and the abundance and cheapness of timber, the cost would be scarcely more than one-third of the estimated cost of a graded road on either of the lines which had been surveyed. This plan was sanctioned, and was communicated to the citizens of the counties in question, with a pledge, that in case they approved it, and promptly made the prescribed amount of subscriptions, contracts for the work should be entered into without delay. The plan was at once acceded to, the subscriptions were obtained, and the contracts for the whole distance were closed in the ensuing month of February. The inhabitants were satisfied. Their confidence was regained, and instead of prosecuting the object of their hostile petitions, they turned their zeal in favor of the object for which the Company applied to the succeeding Legislature.

The use of piles, in this instance, has been abundantly misrepresented and condemned, by men profoundly ignorant of the circumstances, and by captious, evil-minded, designing and dishonest men, who had the means of knowing that their censures were unfounded. The question which the Board of Directors was called on to decide, was not a theoretical or abstract question; not whether, other things being

equal, a piled road should be preferred to a graded one; but whether the specific line of road then under consideration, should be constructed with piles, by the concurrence, coöperation and means of the people directly interested, or not be constructed at all. It was past all doubt, that means adequate to a graded road, could in no way be provided. And it was scarcely less manifest, from the then existing condition of political parties and local interests, that, unless the construction of that portion of the road, without further delay, was rendered certain, a repeal of the charter, a repeal of the loan bill, or other adverse legislation would soon be effected.

It was in this posture of affairs that the use of piles was recommended and adopted. The construction on this plan was feasible, at a cost to the local population which they were able to protect. It created a demand for their labor and their timber. It was capable of being prosecuted rapidly, and of being completed in half the time requisite for a graded road; and no evidence has yet been furnished, that it would not have been the wisest, as well as the most economical plan, had the pecuniary means of the Company been ever so abundant. The ground was peculiarly favorable to this mode of construction—the piles were mostly of white oak, ten or twelve inches in diameter, driven below the reach of frost, and five feet apart; to be capped by cross-ties twelve inches in width, and longitudinal sills a foot square, on which the rails were to rest. Generally, the top of the piles was but a few inches above the surface of the ground.

Where, owing to depressions of the natural surface below the general level, or to a liability to be occasionally overflowed by freshets, a greater portion of the piles was exposed, it was intended to fill the vacant spaces with earth, by the use of gravel trains on the finished structure. It was believed that such a work would endure at least ten and perhaps fifteen or twenty years; that the rails would maintain their original adjustment, without settling, so as to occasion an oscillating motion of the cars, or requiring the annual expense incurred on graded roads, for readjusting the cross ties and other repairs. It had, moreover, the advantage of requiring little or no expense for drainage; was little liable to be obstructed by snow, and was impracticable to pedestrians and cattle. In view of these considerations, and of all the circumstances of the case, it was far from being deemed an unwise or unpromising method of construction. It was, accordingly, prosecuted nearly to completion. The superstructure was provided and brought to the line, and a very moderate sum, in addition to the cost of the rails, would have put the entire line into productive operation, when it was arrested by new and disastrous events.

There being no expectation of further collections on the original stock of the Company without coercive measures of a nature to occasion distress as well as odium; and an extension of the method of local subscriptions and special stock to the Delaware division

of the road from Middletown to Binghamton, and to the Western division, from Hornellsville to the Lake, not promising to be successful without a more rapid issue of the State loan, it was decided, immediately after the arrangement above mentioned with the middle counties, to apply to the Legislature of 1840, then soon to assemble, for an amendment of the Loan Bill, authorizing issues of \$100,000 each, against every sum of \$50,000 collected by the Company and expended on the road, and to make the act retrospective in relation to the previous collections. This proposition, though its success was essential to such a progress of the work, especially on the space between the Eastern and Susquehanna divisions, as to render productive the outlay in the counties further West, would have been hopeless but for an extraordinary circumstance in the state of political parties. Prior to the election in November, 1839, a considerable faction of one of the political parties took a stand against all further loans and appropriations of the public money or credit for the enlargement of the canal, or for other public or corporate works. Such was the extent and zeal of that faction, that candidates for election to the Assembly, in different parts of the State, pledged themselves to the electors, and published their pledges in the newspapers, that, if elected, they would vote against all such appropriations; and of this particular description of political patriots, more than twenty in number were actually elected. No sooner was this known, than it was obviously probable that, with the votes of those so pledged, the members from the

Southern tier of counties and others directly interested in the Erie Railroad, could defeat any proposition which required an affirmative vote of two-thirds of all the members elected, and, consequently, that if a bill for the desired amendment were reported in advance of other bills, whether for canal appropriations, enactment, or alteration of charters, or any others requiring at any stage of their progress a two-third vote, the passage of the amendment in question might be effectually insisted on, as a condition precedent to the passage of any such other bills. To this circumstance alone the passage of the amendatory act was due. It was reported in advance of others. In due time its friends, and the partisans of other and rival objects, were informed that its passage would be necessary, both through the House of Assembly and the Senate, before any bill whatever, subject to the two-third vote, could pass or be allowed any advantage in the order of business. The demagogues were disappointed. In the hope of out-managing the friends of the road in the lower House, they procured the passage, in the Senate, of a bill granting a double issue of the State loan for the prospective collections of one year only, subjecting the Company, after entering into contracts, to their pleasure, annually thereafter, for the means, so far as the loan was concerned, of fulfilling them, and excluding any retrospective operation of the act. This was promptly refused, and they were informed that the course indicated in respect to the lower House must be pursued, and that the bill must be passed as reported, and without amendment, by the

Senate. They next had an attempt made in the Assembly to take an insignificant railroad bill from its lower place on the docket, and act upon it in advance of the bill to amend the Loan Act. This manœuvre, as it required a two-third vote, was wholly unsuccessful, and being convinced that any other attempt would meet a similar fate, the Assembly passed the bill; and, after a strenuous effort on the part of some members of the Senate to effect some modification of its provisions, it passed that body, also, without alteration. By this act, the rate of interest on the loan was changed from four and a half to five and a half per cent.

With the advantage of this act, the construction of the road, on the Eastern and Susquehanna divisions, was diligently prosecuted, and before the close of the year, the graduation of ten miles, at the Western termination, was finished; that of forty-seven miles in the counties of Rockland and Orange, together with the superstructure, nearly completed; and thirty miles of the road on the Susquehanna division, were prepared for the superstructure. Rails, locomotives, cars, &c., for the Eastern division, were purchased. By the aid of local subscriptions, contracts were concluded for grading the roadway, from the portion previously graded, West of Goshen, over the Shawangunk ridge, and along the *East side* of the Delaware River to the section partly graded in 1836, and for completing that section to Deposit, and for constructing 124 miles Westward from Hornellsville to the ten miles previously contracted for to the Lake. The new subscriptions,

made contemporaneously with those contracts, and those on the Susquehanna (which covered all but about forty miles of the entire line of the road, then 446 miles in length), amounted to more than a million of dollars, besides a subscription of seventy-five thousand dollars by the parties from whom the rails for the Eastern division were purchased. (See the Second Report of the Company, February, 1841.)

Thus, within about twelve months, the condition and prospects of the undertaking had undergone a transition from weakness, discredit, and, excepting the Eastern section, hopelessness and disgrace, to strength, credit, confidence, and progress; and that, too, without any pecuniary aid, or any tokens even, of sympathy or approbation from the city of New York. It offered no object of speculation to the great men of the city the brokers,—the small men of one idea,—the tradesmen had not discovered that the work, if completed, would be likely to have an effect to increase their profits; the political demagogues cared nothing for the city, or the Southern counties, or the State, or the United States, but only for party votes, as a means of gaining office and plunder, and for guidance in their partisan zeal depended upon Northern and Central, which was, of course, hostile, dictation. An unfavorable influence, afterwards more signally exerted, was brought to bear against the sale, and virtually against the safety, of the State stock issued to the Company. The press, for the most part, promoted or

followed the wishes of the political demagogues and traders, upon whose patronage it depended for support, while a herd of unscrupulous knaves were hired to fabricate calumnies and falsehoods.

As the only method of obviating the effect of such opposition which could be adopted without degradation, the president, in a letter to the Speaker of the Assembly, at the opening of the session of 1841, solicited the appointment of a committee of the Legislature to examine the affairs of the Company, especially with reference to the economy of its expenditures, against which the chief clamor of misrepresentation was directed. A committee was accordingly appointed, and subsequently, at the instance of parties opposed to the undertaking, another committee, "with power to send for persons and papers, to examine and report upon all the transactions of the Company, its officers and agents; the manner in which the powers granted in the charter had been exercised; the integrity and freedom from sinister and selfish interests with which the locations of roadway had been made; the manner in detail and in every respect, in which both the corporate funds and the proceeds of the State loan had been accounted for; the contracts of every description which had been made, the prices which had been paid, the number, character, and compensation of the officers and agents who had been employed, and the impartiality, integrity, prudence and good faith of all the transactions of the directors and their agents. Those committees did their duty. The first rendered their report before the close of that session, in which

they say, (Assembly Doc. No. 284, 1841,) "The prices paid and agreed to be paid for land, for iron, and other materials furnished, and for work done and to be done, are low, and on an average lower than the prices paid on other public works in this and the neighboring States; and there is not one witness, or one established fact, going to prove the contrary. This was regarded by the committee as a material point, and to it more attention was directed than to any other. On instituting a comparison between the prices paid by this Company, and the prices paid by the State for similar work and materials, the witnesses make considerable difference in favor of this Company. Great liberality has prevailed throughout all that community towards this Company in making contracts, in making donations, and in freely granting a large portion of the roadbed," &c. Again: "The result of this investigation not only exonerates the Company, its officers and agents, from every thing like a charge of fraud or mismanagement, or attempts to evade the law; but it proves, on the contrary, that they are justly entitled to the confidence which the Legislature has heretofore reposed in them. Instead of being liable to censure, the Company is entitled to approbation." And again: "The committee is constrained to say that this Company deserve the encouragement and liberal support of the Legislature." The political and local enemies of the road, however, were not satisfied with that report. Their purposes and hopes were not fulfilled. They accordingly procured the appointment, at the close of the session, of the other, as a hostile

committee, with instructions to sit during the recess, and to report to the next Legislature. That committee occupied near six months in their investigation. They examined, in the office in this city, all the minutes of the Board, all the books of accounts, the vouchers, the contracts, the correspondence and documents of every description; and examined witnesses here and at every town and village on the route to Dunkirk.

Their Report (Assembly Doc. No. 50, 1842), with the testimony, &c., forms an octavo volume of near 700 pages. The result was as conclusive a vindication of the Company and its officers as that of the preceding committee, and, in some important particulars, far more ample and comprehensive. They found nothing to censure, except an instance or two of delinquency in subordinate agents, and an item of compensation for services, which, from misapprehension of the case, they disapproved. The acts and doings of the officers and directors, in respect to locations, prices, &c., &c., they approved and commended; and, in conclusion, they recommend, maugre their previous opinions, that the Legislature should encourage the prosecution of the work by the Company, under its then existing organization. (See Assembly Doc. and Pamphlet, addressed to the people and the Legislature in 1851.)

The triumphant vindication afforded by the Reports of these two committees (of the first of which, a majority were of the then dominant political party in the Legislature, and were regarded as being friendly to the road; while of the second, a majority were of

the opposite party, and avowedly unfriendly), was, however, practically of little or no value to the Company, or use to its objects. No public work involving the expenditure of millions, and affecting the interests of half a continent, was ever, after being persevered in during eight or ten years, through successive periods of calamity, and against the increasing opposition of rival interests, and political management, subjected to so relentless or so searching an ordeal. The investigation was extended to every transaction and every document and record of the Company. The officers, engineers, and agents, the contractors, land-owners, and all persons throughout the line of the road, who were supposed to have any relations with the Company, or its transactions, or to know any thing of them, whether friendly or disaffected, and of whatever political denomination, were examined as witnesses on all the matters referred to the committee. They found the accounts correctly kept, every item of expenditure legitimate and proper, and every penny accounted for with appropriate vouchers. To the questions whether any political partiality had been exercised by the Company in their appointments, whether private interests had influenced any locations, and to the final question to each, "Do you know of any other matter or thing material to this investigation?" every witness answered in the negative. The managers of the undertaking, who were the objects of this inquisition, had honestly and faithfully done their duty; in regard to which, those who knew them never entertained a doubt. The stolid mul-

titude, to whom such a fact afforded no matter of envy or of scandal, felt no interest in it. The political and interested adversaries had motives and objects of a nature not to be obviated by an exhibition of the true state of facts. Had their misrepresentations derived the least color of support from the investigations, their hopes of speedily accomplishing their designs would no doubt have been encouraged. As it was, the obvious and only fitting course for them, was to persevere as though nothing had happened—reiterating the old insinuations, and inventing new ones. So long as political demagogues and the partisans of rival interests deemed it possible to defeat, or to embarrass or delay the undertaking, no respite of their labors was to be expected. And until a strong and general conviction of the necessity of the work to the wants and business of the city was forced upon the minds of all, neither the ignorance of the citizens as to its merits, nor their indifference to its fate, could be removed by any human means.

In the spring of 1841, in the hope that no further obstacles would arise to embarrass the progress of the work, and intending shortly to retire from it, the president proposed a compromise, by which the relations of the original stockholders to the Company might be adjusted, namely, that by paying the further sum of five dollars per share on their stock, they should be entitled to relinquish to the Company the original scrip, and receive full certificates of stock

for the amount of all the payments made by them respectively, and a release from all liability under any outstanding contracts. On a considerable portion of the shares, fifteen dollars per share had been paid prior to the close of 1837. On other shares ten dollars, and on some but five dollars, had been paid. "It was evident," says the Report of the Second Legislative Committee, "that a large portion of the holders were not able to pay, especially if held liable to future calls; while those who could pay refused to do so, unless the collection was general. In view of the fact that the larger portion of the subscriptions was made from considerations of public interest, and not from the desire and expectation of private emolument, it was deemed by the Board unjust and inexpedient to resort to coercive measures for the collection of an installment, and cruel to those who, being unfortunate, were unable to pay to perfect their stock. In every point of view, therefore, some arrangement or compromise appeared desirable, as well for the interests of the Company as the welfare of the stockholders. Upon consultation with many of the stockholders, it was concluded that the plan proposed, and, under the advice of the counsel of the Board, adopted, would enable the Company to realize a larger amount than could in any other mode be collected; which conclusion is deemed to have been fully justified by the results. This arrangement was fully consummated before the end of May, with the concurrence therein of the contractors, to whom balances were due and accruing; a clause being, by mutual agreement, added to

their contracts, exempting the said stockholders from further liability under their contracts.

The only pending or anticipated difficulty or cause of embarrassment in the affairs of the Company having been removed by this arrangement, and the condition and prospects of the undertaking having been fully exhibited in the Report of 3d of February, 1841, Mr. Lord resigned his office as president on the twenty-eighth of May. The following review of the state of the Company's affairs on his accession to that office, and of the operations and events of the intervening period, is copied from his letter of resignation, addressed to the Board of Directors:

“Having, for a length of time, desired to be released from the duties heretofore assigned to me, the legislative investigation of the conduct and affairs of the Company having been closed by a Report (that of the first Committee of 1841) approving and commending without censure; and a portion of the Eastern division of the road being about to be opened, I avail myself of this occasion to tender to the Board my resignation of the office of president.

“On taking leave of so responsible a station in an institution, the interests, objects, and relations of which are of such magnitude and importance, it seems to me to be due to the Board, to the occasion, and to myself, to make some allusion to the past.

“Of the proceedings and events of the period between my resignation of the same office in February, 1835, and my re-appointment on the 4th of October, 1839, it is not my intention to speak particularly;

but it behooves me to observe, that to the views entertained by the present Board of Directors, and to the measures adopted and carried into effect by them since the date last above mentioned, are to be ascribed the progress and success of the Company, the preservation of its invaluable franchise, the fulfillment of its corporate and public obligations, and the security of the immense interests, corporate, local and public, which depend on the accomplishment of its object, in the construction of a Railway from this city to Lake Erie, through the Southern line of counties.

“Measures to some extent, and in some respects similar, had, indeed, partially prevailed in the Board for some months previous to the date above mentioned; pursuant to which contracts had been made, depending, in part, on local collections in the counties of Rockland and Orange. Nevertheless, at the date referred to, the condition and prospects of the Company were extremely depressed and disheartening. Its liabilities, under the contracts made in 1838, on ten miles at each end of the road, would, it was known, exceed its means by about one hundred thousand dollars. The funds on hand were sufficient only for a brief period; and a further issue of State stock could not be obtained without the collection of a considerable sum on the stock of the Company. The stockholders, generally, in this city, had lost their confidence in the undertaking; their stock was not only unproductive, but utterly unsaleable at any price, and they were unwilling, and many of them unable, to make further payments on it. There was among them

a prevailing sentiment and feeling that the work could not be carried on, nor the undertaking be in any way sustained by the Company, and that further efforts would prove unavailing and disastrous.

“In the counties traversed by the road, no such apathy or indifference prevailed as in the city; but the inhabitants had ceased to regard the Company with any feelings of favor, confidence or hope. Their zeal for the construction of the road had increased, but they despaired of its ever being effected by this Corporation, and they were, therefore, unwilling to extend to it any further support or countenance.

“Various efforts had been made to procure the assumption and execution of the work wholly by the State, none of which, however, had afforded the slightest ground of encouragement to hope that the object would be accomplished in that way; though a vague presumption of ultimate success was still cherished by many, both in the city and country, who openly expressed it as their opinion, that nothing effectual would ever be accomplished by the Company. The merits of the undertaking were more fully known and acknowledged than at an earlier period; but several years had elapsed since it was commenced; very little had been effected; the Company had been embarrassed and its operations suspended; the stock was deemed of no value; new subscriptions could not be obtained, nor was it deemed possible, without compulsion, to procure further payments on the existing stock; in short, the concern was regarded and treated by some as a visionary scheme, evincing only igno-

rance, folly and presumption, and by others as a virtual, and, in prospect, a total and discreditable failure, deficient and nearly prostrate as to resources, without influence in the Legislature in the then state of feeling in the counties, and possessing neither the confidence of the public nor that of the stockholders.

“The first object of the Board after the date above mentioned, was to regain the confidence of the people of the Southern tier of counties; confidence which, having once been extended to the Company and lost, was not again to be acquired, without being sought and deserved; but which, happily, was conciliated and re-established by communication with them, and by the adoption of seasonable and practicable measures, with their concurrence and aid for the prosecution of the work. They were informed of the views entertained by the Board, and of the measures they proposed to pursue, and their concurrence and coöperation were invited. By degrees the disaffection and distrust which had prevailed, were removed, insomuch, that though in the early part of the next session of the Legislature, numerous petitions from the Southern counties were presented, expressing their opposition to the Company, and praying that no further aid to it might be granted, that the charter might be repealed, &c., at a later period, after a contract had been made for the construction of the Susquehanna division, and information of the plans and proceedings of the Board had been diffused, a large number of petitions of a wholly opposite character, were presented, the claims and merits of the under-

taking gained renewed attention, and a law of incalculable value to the Company, and to the people interested in it; a law authorizing the issue of \$100,000 of State stock, to every sum of \$50,000 collected by the Company, was passed by a strong vote in both Houses. By a steady and vigorous prosecution of the proposed measures, the good will and support of the counties has been regained and essentially increased. So high a degree of satisfaction with the plans and proceedings of the Company, has been realized, and such confidence has been established in the success of the undertaking and in the value of the stock, that new subscriptions have been obtained, amounting to more than a million of dollars; and within the same period the collections on the stock of the Company amount to about half a million, and the expenditures on the road to about two millions of dollars.

“During the period in question, notwithstanding the unfavorable state of the times, the plans and measures of the Company have been in all respects successful, in relation to the progress of the work, the growing esteem and confidence in which it is held, the just regards of the Legislature, and the coöperation of the people; and in relation to the purchase of iron rails; to the navigation of the river by steamboat throughout the winter; the arrangement effected with the original stockholders; the acquisition of new subscriptions; the negotiation of extensive and advantageous contracts; and some important arrangements for rendering secure large donations of land to the Company.

“Within the period mentioned, inquiries into the affairs and management of the Company have, on two occasions, been ordered by the Legislature, the results of which appear to have been alike satisfactory to that body and creditable to the Company. In the latter instance, an investigation, now just closed by a committee of the Assembly (the first of 1841), empowered to send for persons and papers, was continued during more than three months, of which the published report exonerates the Company from all censure, vindicates and commends its proceedings, and claims for it the confidence and support of the Legislature.

“The Report of the Board to the stockholders, recently published, shows that the principal questions which, in a work of such extent, demanded much attention and involved great responsibility in relation to the route and location of the road, the plans of construction, and the entire system of operation, have been settled; nearly the whole line has been put under contract, and the condition, character, and prospects of the undertaking have been extensively made known.”

Up to this date eleven installments of the State loan, of \$100,000 each, had been issued to the Company and sold; three under Mr. King's administration, on the sales of which, owing to the low rate of interest which they bore, and the state of commercial affairs, there was a loss of about \$55,000, or something over eighteen per cent.; and eight issues, while Mr. Lord

was president, bearing five and a-half per cent. interest, on which the average loss was about five per cent.

Mr. James Bowen was appointed president at the close of May, 1841, and continued in that office till the annual election in October, 1842. During the first six months of that period, the affairs of the Company continued to be prosperous. The Eastern division, after a considerable delay for the arrival of iron, was opened to the public from Piermont to Goshen, in the month of September. The work under the contracts on the Susquehanna and Western divisions was rapidly advanced. That on the Delaware division was delayed by an injunction obtained by the Hudson and Delaware Canal Company. Under the concurrent influence, however, of the political faction who were opposed to State Loans and to all public works, and of a depressed state of commercial affairs, the sale of the State stock became increasingly difficult, and the price receded from ninety-two per cent., in June, to eighty-two, in December. To avoid so heavy a discount, and prevent a further decline by throwing it on the market, a large amount of it was hypothecated as security for temporary loans. At length, in the course of the winter, the price fell below the rates at which hypothecations had been made, and sales became necessary. The result was a sacrifice of so large a sum (about \$300,000) as suddenly to render the Company unable to pay the quarterly interest due on the 1st of April, 1842. Their credit being thus destroyed, and their operations arrested, and there being a variety of claims which were liable to be

prosecuted, the Company immediately placed its affairs in the hands of assignees, by whom its interests were protected, and the Eastern division was kept in successful operation. An effort was made in the Legislature, at the session of 1842, to obtain a release of the State loan and authority to the Company to issue bonds; but neither that nor any accommodation in respect to the accruing interest, was agreeable to the politicians at that time. The liabilities of the Company, to the extent of about \$600,000, for work and materials West of Goshen, and chiefly on the Susquehanna and Western divisions, were unprovided for; and all operations were suspended, and continued so till 1845. Owing to the disappointment of the Central and Western counties, and the old leaven of outside political influence, a change of directors was desired, by which a large majority of the Board should be taken, not from the city as before, but from the interior counties. This was accordingly effected at the annual election in the autumn. The former directors, with one or two exceptions, declined a re-election. A new direction was chosen, and Mr. William Maxwell, of Chemung county, was appointed president. Under this organization nothing of importance was accomplished. A renewed application was made to the Legislature of 1843, and in April a bill was passed, purporting to provide that the State lien on the road should be released, on certain conditions, so that bonds of the Company for three millions might be issued as a first lien. By some of the provisions of the act, however, it was rendered

ineffectual as a means of relief, and no efforts toward a resumption of the work were made that year.

At the annual election, in October, 1843, an entire list of new directors was chosen, mostly of the city of New York; and Mr. Horatio Allen was appointed president. Not having been previously conversant with the subject, Mr. Allen, who was professionally an engineer, with his associates in the Board, investigated all the affairs of the Company, minutely inspected the work which had been done, examined the contracts, which at the date of the assignment covered all the unfinished portions of the line; and in his Report, dated February 2, 1844, rendered a particular estimate of the cost of completing all that was unfinished of the road, "including land, workmanship of every description, and all the materials except iron rails, spikes and castings," making the aggregate of this part of the estimate \$3,437,047. Of that sum, within a fraction of one-third part was required to complete the grading, bridging, superstructure, &c.; on the 250 miles included in the Susquehanna and Western divisions, from Binghamton to the Lake; equal, on an average, to about \$4,600 per mile. The other two-thirds were, by this revised estimate, made as in the other case, in view of the contracts which were in force at the date of the assignment, and had but recently been canceled, and required for the 148 miles between Binghamton and Middletown. (to which latter point, fifty-three miles from the Hudson, the road was in operation), an

amount, including the heavy work on the Shawangunk Ridge, to \$15,453 per mile, on an average. To the above aggregate was added, for the necessary quantity of iron rails, 36,153 tons, at \$65 50 per ton, including transportation, \$2,638,021; and for spikes and castings, \$194,931 50. Making, altogether, \$6,000,000 for completing the entire road, ready for the use of locomotives. The total amount previously expended by the Company was, as stated in Mr. Allen's Report, \$4,734,872. But from this aggregate, it is proper to deduct, as not paid for construction of the roadway, about \$230,000 expended for cars, engines, workshops, &c., incident to the use of the Eastern division: nearly a like sum for interest paid on the State stock; at least \$100,000 for surveys rendered useless by their incompleteness when arrested; legal and other expenses incident to repeated suspensions and delays; and loss by dilapidation of unfinished mason-work, bridges, superstructure, &c., to be repaid out of the six millions still wanted. These items may justly be considered equal in amount to the excess of the total expenditure over \$4,000,000. So that, with the \$6,000,000 required by Mr. Allen, had the work then been prosecuted and completed, the true cost of the construction, on the line and plan prescribed in the contracts previously made, with that of the right of way, fences, surveys, locations, superintendence, salaries, and miscellanies, would have been \$10,000,000; equal to \$22,175 per mile, on an average, the line, as contracted for, being 451 miles in extent. And this was undoubtedly an ample allowance for a single track on

the whole line. Including the right of way, and fencing on 325 miles, which had been acquired and settled prior to the assignment, and including the surveys and location of the whole line, more than one-half part of all that was requisite to the completion of a single track, had been accomplished with the \$4,000,000 above specified; and had the work then gone on uninterruptedly to completion, a further expenditure of that amount would have finished it. As evidence of this, it appears from the Report of the second investigating committee of 1841, that the cost of grading, superstructure, and iron rails, &c., on the Eastern division, up to the 1st of August, 1841, when it was partly in use, and ready to be opened forty-six miles, to Goshen, and more than half the cost of the next seven miles, making together a total equal to fifty miles—deducting from the aggregate \$85,500 for the Pier in the Hudson—was but \$22,400 per mile; and adding, for the right of way, a sum equal to the average cost per mile of 325 miles of the roadway, the cost was but \$23,280 per mile. That division, owing to natural obstacles, transverse ridges and valleys, requiring deep cuts and heavy embankments, extensive rock cuttings, and numerous culverts and bridges, was more difficult than any other section of equal length on the whole line, and necessarily required a far greater amount of labor than any other continuous fifty miles; probably twice as much per mile as a hundred miles from Binghamton, West, or a hundred miles from Dunkirk, East; \$22,175 per mile for the whole line,

including all expenses, was therefore liberal and abundant.

Further evidence of this may be derived from the statement in Mr. Allen's Report of February, 1844, of what had been accomplished by the expenditure of \$4,000,000, as above referred to; the items of cars, engines, shops, interest, about one-third of the cost of surveys, &c., &c., going to make up the excess of expenditure over \$4,000,000, not being included, viz.:

1. 64 miles of railway complete: 53 at the East end: 7 at the West end, with double track, and 4 miles at Corning.
2. 177 miles ready for the superstructure, for which the timber was provided and brought to the line, and on which the bridges were about half finished.
3. 40 miles [on the Delaware section] partially [about three-fourths] graded. [Other unfinished grading on the several divisions not specified.]
4. Materials for superstructure [for about 250 miles], cross-ties, &c.
5. 325 miles of right of way, and on 220 miles compromises for building and permanently maintaining the fences.

Now, let the 64 miles of finished road, including 7 miles of double track, be estimated at \$22,175 per mile, making . . . \$1,419,200

And the 177 miles graded, with the superstructure at hand, at the same, less the cost of the necessary iron, at \$65 50 per ton, including transportation, and a proportional allowance for spikes and castings, together equal to \$6,675 per mile, leaving for grading, superstructure, and contingencies, \$15,500 per mile 2,743,500

And these two items alone would amount to, \$4,162,700

Add, for bridges and bridge timber, superstructure, &c., for 73 miles, the difference between 177 and 250, on the Susquehanna and Western divisions, as estimated in the above-mentioned Report, equal to \$2,743 25 per mile . . . 200,257

For surveys, locations, and superintendence, two-thirds of the aggregate 220,857

For salaries, printing, and miscellaneous expenses, as stated in the Report 230,266

For grading three-fourths of 40 miles on the Delaware, and other unfinished work, both East and West of Binghamton, not less, probably, than	612,000
For right of way and fencing on 84 miles out of 325 (the balance being included in the 64 and 177 miles above mentioned)	73,920
	<hr/>
And the total is	\$5,500,000

without reckoning in the items above mentioned as equivalent to the actual excess of expenditure over \$4,000,000. By which it appears, that more than half of all that was required to complete a single track, was accomplished with \$4,000,000, supposing the whole to cost \$10,000,000. And that at the rate of \$22,175 per mile for the whole, \$4,500,000, instead of \$6,000,000, ought to have finished it. At the time of the assignment, accordingly, it was well understood and believed, that considerably more than half of the requisite work and materials for a single track had been furnished, and that \$4,000,000, or a sum not much exceeding that, would finish the whole line. Had the work gone on then, and the assignment been avoided, the amount of cost would have stood as follows:

Amount actually expended, up to 4th February, 1844 . . .	\$4,734,872
From which deduct, as not appertaining to construction, for cars engines, shops, &c., on the Eastern division, say	234,872
	<hr/>
Leaving	\$4,500,000
Add, as necessary to complete the work, say . . .	4,250,000
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	\$8,750,000
And for rolling stock, and all other requisites . . .	1,250,000
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Total,	\$10,000,000

Had the reasonable expectations of the Company been realized, at the Session of the Legislature in 1842, by a release of the State lien, as was virtually done the ensuing year, and effectually two years later, by authorizing the Company to issue bonds for \$3,000,000 as a first and only lien on the road, there would have been no suspension of the work, and on its completion the capital would have amounted to \$7,000,000, viz. \$4,000,000 of stock and \$3,000,000 of bonds. And in that case, too, the stock previously issued, instead of being rendered worthless by the assignment and subsequent events, would have been desirable at a premium; and the earnings of the road would have yielded a surplus adequate to the construction of a double track, and such improvements in grades or otherwise as were found expedient, without an increase of the vested capital.

Those who contrast these statements with the amount actually expended since the assignment, understood to be about thirty-five millions five hundred thousand dollars, and making, with the previous outlay, about forty millions, equal to about eighty-nine thousand dollars per mile for four hundred and fifty miles, or four times as much as was held to be sufficient for the whole work in 1844, and about six times the amount of new capital then wanted, will no doubt be charitably inclined to imagine, that this sextuple amount of expenditure must have produced a much better railroad than would have been produced with the six millions wanted and deemed sufficient in 1844. But such an inference is by no means justified by the mere

fact of such an excess of expenditure; nor can the question be decided, or any satisfactory conclusion be arrived at, without inquiring how the money has been expended, how far visionary theories respecting grades, speed, and through traffic, and speculating schemes respecting terminations, leased and branch roads, lake navigation, and other illegitimate matters foreign to the charter, inconsistent with the interests of the stockholders, and detrimental to the local business of the route, have absorbed successive millions, raised by sales of bonds at heavy discounts. Without pausing here for such an inquiry, it is obvious to remark, that if by a better railroad, from the Hudson to Lake Erie, through the Southern line of counties, than might have been completed by an aggregate expenditure of not exceeding ten millions, is meant a better road for the stockholders and for the interests of the counties traversed, then, for the special and legitimate objects of the charter, the present is not better than the road which would have been completed by a new expenditure of six, instead of near thirty-six millions. It, manifestly, is not better, and it is not possible that it ever should be better, either for the stockholders or for the inhabitants on the route. The ten-million road would have been as adequate to all their objects as the existing road, and being devoted to the local traffic, would have served them better; while its earnings would have yielded uniform and ample dividends, and means of improving and enlarging its capacity of business. For these paramount objects, the road, as originally chartered, was long enough; and for the

control and accomplishment of all the local business, the line as located prior to the assignment, and the grades as then fixed, were perfectly available. With reference to all that business, a larger outlay for lowering grades, or changing locations, would, by rendering a larger income necessary, have been financially unwise, and practically useless. So in respect to any greater original outlay on the track itself. The ten-million road as far as finished, was adequate and good enough for the business to be transacted, till its earnings provided for its renovation or improvement. The Eastern division, in respect to its condition when put in use in 1841, the repairs since required, and its present state, may be advantageously compared with any portion of the costly line since completed, especially as it has been subject to more heavy traffic than any other section. And had the rest of the line been as well and as economically constructed, and completed, as it might have been, by the close of 1843, it may well be doubted whether with respect to the business for which it was intended, it was not as good as the existing track, while with respect to its earnings and dividends it would have been incalculably better. It would not have been so well adapted to a competition for the traffic of the lakes, the Western States and Canada, nor for that of the Central route; but it would have had more local business than the existing road has yet been or is likely soon to be able to accomplish. It could have had no magnificent viaducts or other splendid structures to immortalize the builders; but it would have had all the solid and

essential requisites demanded by its practical objects, and consistent with economy. The magnitude of the debts and financial operations of the concern could not have been such as constantly to agitate and confound the brokers and creditors interested in both hemispheres; but it would have had an abundant income, and might have served the public, without inflicting great evils upon any individuals or communities.

To return to the events of 1844. The Board of Directors, after having satisfied themselves that the work previously done on the road was worth what it had cost, and that a further outlay of six millions would complete it, exhibited the grounds of their convictions in their Report of February, 1844, together with an elaborate exposition of its prospects of business and income when finished, and of its importance to the city of New York. But their efforts to provide the six millions were not successful. Having decided that the act of 1843, conditionally releasing the Company from the State loan, and authorizing them to issue bonds to the amount of three millions on a mortgage of the road as security, could not be made available without first making further expenditures to render the security good, and providing means of paying interest on the bonds; and, being of opinion that the adoption of any measures for the resumption of the work would be unwise or hopeless, unless the whole sum necessary to complete it was previously secured, they came to the conclusion that subscriptions

to the amount of six millions must be obtained before anything further could be done. Believing that subscriptions for so large a sum could not be obtained from individuals, they proposed a plan of subscription for three millions by the corporation of the city, which, if favored by that body, was to be submitted to a vote of the people at the next charter election. By this plan the sanction of the common council to an application to the Legislature then in session, to authorize the subscription in case of its being called for by the popular vote, was indispensable. That sanction, however, was refused, and the plan was thereby defeated. Under these circumstances, they made an effort to obtain subscriptions from individuals to the amount of six millions, but met with but partial success. They were urged to restrict this effort to three millions, which it was believed might be obtained, and to rely on procuring such modification of the law of 1843 as to render the bonds immediately secure; but they did not feel called on to take the responsibility of such a course. Having, without success, tried every expedient which appeared to them to be consistent and free from hazard, they published their proceedings in a Report, October 17, 1844, preparatory to their withdrawal from the concern at the close of their term of office.

To the credit of that Board it should be observed, that they did much to relieve the affairs of the Company from the embarrassments consequent on the assignment, and to prepare the way for a resumption of the work, in the event of their obtaining the requisite means. They adjusted the existing indebtedness,

about six hundred thousand dollars, by an issue of bonds to the creditors, payable at the end of five years; and were thus enabled to cancel the assignment. The outstanding contracts, which covered all the unfinished portions of the road, were, at their request, unconditionally surrendered, and all claims for damages were relinquished. This circumstance strongly confirms the Reports of the legislative committees of 1841, as to the very low prices at which the work was let; and is in extreme contrast with the terms sanctioned by the Legislature for the settlement of about the same amount of contracts for the enlargement of the canal—which were suspended about the same time—on which \$1,200,000 were allowed to the contractors as damages. In the case of this Company, though, at the date of the surrender, the contractors believed that the work would be resumed, and that they might soon be called on to carry out their contracts, they believed, also, that they could neither make any thing by them, nor substantiate any claim for damages; and, therefore, were glad to be at liberty to cancel them.

On the other hand it may be observed of that Board, that, as stated in their final report, “they came into office possessing a very limited knowledge of the merits of the project of connecting the City of New York with Lake Erie by a railroad.” The past history of the project, the details of what had been done, the existing condition of its affairs, and the reasons and objects of the inveterate hostility to it, of political parties and rival interests, were unknown to them.

They had, as they state in "the conditions" on which they consented to be elected directors—published in their first report—"been informed that the affairs of the Company are in an embarrassed state, and unless a very great change takes place, its existence will, in all probability, terminate with the present year." That a Board so little acquainted with the concern they were to manage, and so much under the influence of the views and impressions which they indicate, as to think it necessary to publish the conditions on which they consented to serve, and to announce that "if they found it impracticable to continue the work, they would make known their views, and retire from the direction," and, on the contrary, that, should they find the embarrassments not insurmountable, and call upon the public for the requisite aid, they would continue if their call was responded to, and "if not, the responsibility of a failure must not rest with them,"—that a Board laboring under such impressions and such deficient information, and having, as individuals, no interest in the stock, or other motives to sustain the undertaking, than were common to their fellow citizens generally,—should be timid and over cautious in their proceedings, cannot reasonably be wondered at, however much it may be regretted. Had they, after relieving the concern of existing embarrassments, and acquiring the information and confidence exhibited in their Reports, sought only a subscription of three millions, and relied on a subsequent issue of bonds, they would, there can scarcely be a doubt, have been successful. Declining this, the result was,

what was most desired by the political and other enemies of the road, namely, a state of things which, in their view, would precipitate and justify a forced sale of the work and abrogation of the charter, under the State lien, which was then threatened.

At the close of their official term, October, 1844, there were outstanding, 15,845 shares of stock, on which \$1,498,593, had been paid ; 4,290 shares on which partial payments had been made, and further payments refused, had recently been forfeited. The payments on all the stock of the Company prior to that date, including the forfeited shares, had been as follows, viz. :

By subscribers in the City of New York,	\$356,932
do. on the Eastern Division of the road,	477,076
do. on the Delaware do.	52,000
do. on the Susquehanna do.	228,151
do. on the Western do.	383,225
do. elsewhere in this and other States,	20,050
	<hr/>
Total,	1,517,434

The debt amounted, within a trifle, to \$600,000. The net earnings of the Eastern division, fifty-three miles, for the current year, had exceeded \$58,000, and, for reasons stated, were estimated at \$75,000, for the ensuing year.

On the publication in October, 1844, of the Report of the Board, then about to retire, it was generally understood that the road would soon be sold by the

public authorities, under the State lien. That issue was indicated, and understood to be desired, by the party then in power, who were vehemently opposed to State loans in aid of corporations and public works. The stock-holders, in the hope that a result by which the stock and bonds would be cut off, the charter forfeited and the unfinished work abandoned, might be avoided, resolved on another effort, and invited Mr. Lord again to return to the direction, and take charge of the undertaking. At the annual election, October 23d, he was accordingly appointed president. The Board immediately issued an address, exhibiting their views of the existing difficulties, and of the nature and sources of the hostility on one hand, and apathy on the other, which was to be met; and specifying the measures which they proposed to adopt. The plan which they announced inspired confidence, and, for a time, appeared likely to be successful. The Law of April, 1843, provided, that the loan of three millions should be released to the Company, in the event of their completing a single track of the road within seven years after the date of its passage; and that in case the work should be resumed within two years from that date, the road should not be sold by the State within five years thereafter. Of the period of two years, about six months remained unexpired. The Board, therefore, in connection with an application to the citizens for subscriptions to the amount of three millions,—believing that amount could be obtained, and that after a resumption of the work, a modification of the law would be granted, removing

the State lien, and rendering available an issue of three millions of bonds by the Company—decided to enter into contracts for grading the roadway from Middletown to Port Jarvis, about twenty miles, and to resume the work on that section so as to secure the benefits of the existing law, and preclude a sale of the road. This they accordingly did, after raising a subscription sufficient to protect the contracts, and resumed the work in February, 1845. The Legislature being then in Session, the Company notified them of this proceeding, and applied for the necessary modification of the existing law, in the meantime delaying further efforts to obtain subscriptions.

No sooner had these events transpired than some new aspects of former opposition appeared, and difficulties of a nature to distract, embarrass, and delay or defeat the operations of the Company. On the one hand, the partisans of rival interests, and their political coadjutors, disappointed at this renewed and hopeful attempt to resuscitate and complete the work, and apprehending, that if not immediately arrested, its early and complete success might be inevitable; having before exhausted all the resources of misrepresentation and detraction in regard to the character of the road, and of the contracts and expenditures on it, and believing that it would be impossible to mislead and circumvent a majority of the new, and for the most part inexperienced, Board of Directors, unless the president could be displaced, and the office filled in accordance with their wishes, turned the whole force of their op-

position against him ; and by such means as they well knew how to employ, propagated, first by the whispers of fitting agents, and afterward publicly, both at Albany and New York, that, (whether justly or unjustly made no difference,) such a prejudice existed against him in relation to the road no favorable action of the Legislature, nor any subscription to the stock in the city, could be obtained, while he continued at the head of the Company. Under the guise of pretended friendship for the undertaking, they easily imposed upon thousands of its honest friends, who listened to their assertions, and had neither leisure to inquire, nor ready means of better information.

On the other hand, these efforts were eagerly seconded by a host of disappointed, corrupt, unscrupulous, and greedy men, who believed that there was no longer any danger of the road being sold or abandoned ; that a full conviction of the importance and necessity of it was rapidly gaining on the public mind ; and that, if managed with the scrupulous integrity and economy of former times, they would have no chance, but if managed as they wished, and by their assistance, it would afford indefinite scope to their cupidity. Among these, besides the interested partisans of a scheme for diverting the road through New Jersey to the site of a projected city at Harsimus, and those desirous of a branch to Newburg, there were a host of prescient contractors, projectors, speculators, camp followers, and rogues of all sorts.

By the flattering assiduities and cunning of these busy factions, the vacant minds of a majority of the

new Board were effectually seduced. They were persuaded to repair to Albany, where, exempt from interference, the process of misleading them might be carried on by the practiced enemies of the road, under the cloak of pretended friendship, and with the aid of needy and reckless hangers-on, who aimed at present pay and future plunder. Being completely hood-winked as to the designs of their new advisers, and in no respect qualified to judge of any of the questions submitted to them, they were soon, like men groping in darkness, completely at the mercy of their guides. It was the object of the political and Northern enemies of the road, to prevent any further Legislation in its favor, and either to have it sold at once, or to cause prolonged delays and difficulties, tending to a lingering death, by involving expenditures too enormous to be sustained. Having gained a sufficient control over these bewildered directors, and convinced them that, without their friendly aid, no bill could be carried through the Legislature; that without an amendment of the law of 1843, a subscription could not be obtained, and the road would inevitably be sold; and that they could not lend their assistance unless the former plans and management, which had for so many years proved unsuccessful, and, therefore, bad, were repudiated, and other views and plans adopted; they proceeded to instruct them that the opposition of the Delaware and Hudson Canal Company to the construction of the road along the East side of the Delaware River, would not be withdrawn, and must be yielded to; and that, owing to the high

grades in the interior of Sullivan county, East of the Delaware Valley, the road, if constructed, would not pay its expenses, unless the Legislature could be induced to authorize a diversion of the line into Pennsylvania, from Port Jervis, so as to secure the benefit of the moderate grades of that valley, some twenty or thirty miles along the West shore of the Delaware. Such an authorization was insisted on as an essential preliminary to any hope of success to the road. If granted, it could then be determined whether, in case of permission being obtained from the Legislature of Pennsylvania, a practicable line could be located, as proposed, along the West shore of the Delaware. But an act, authorizing such diversion, could not be passed without their assistance, and they could not lend their aid to this, or to any other measure favorable to the hopes of the Company, unless the directors would previously commit themselves to carry out the contemplated changes of plans and views, in the event of the passage of the requisite laws. The majority of waiting directors, therefore, taking upon themselves the sole responsibility, signed and published in the Albany papers, a card announcing that, in case the Legislature should not, during their present session, pass a law authorizing the proposed diversion into Pennsylvania, they would throw up the road as unworthy of further effort. This step, of course, placed them, and the fate of the road, so far as an abandonment of it depended upon them, completely in the power of its enemies. For as no bill which they opposed could pass, it was obvious

that unless all the concessions and changes which they chose to dictate, were submitted to, they could prevent the passage of the law in question, and hold those directors to their pledge. Their triumph now was sufficiently certain; and to satisfy all the hostile factions, whose political and managing coöperation might be important on subsequent occasions, they agreed, among other things, to construct a branch of the road from the main trunk, in Orange county, to Newburg, above the Highlands, sixty miles from the city of New York; to a contract with the Delaware and Hudson Canal Company, relinquishing their right of location along the East bank of the Delaware, above Port Jervis, (where contracts had been made prior to the assignment in 1842;) and to consent to the appointment, by the Legislature, of a commission of engineers to make surveys, and determine as to the route and location of the road between the Shawangunk Ridge and Binghamton.

In their contract with the Delaware and Hudson Canal Company, which, without any notice to the officers or meeting of the Board in the city, they as directors concluded at Albany, the consideration expressed for the relinquishment of the right of way was, that the Canal Company should not oppose the passage of their bill in the Legislature, which circumstance, to those acquainted with the statutes relating to agreements founded on such a consideration, may in some degree indicate the sort of hallucination which prompted their action. That agreement, in opposition to the remonstrances of the president, and

the minority of directors, was afterwards sanctioned by the majority of the Board, who had acceded to it at Albany. The intention of those who required them to agree to the appointment of commissioners to determine the route and location from the Shawangunk Ridge to Binghamton, was, beyond all doubt, to cause delay, perplexity and expense—to gain time, to cripple the Company by divesting it of the powers granted in the charter—and to confirm and perpetuate their own power as political and interested enemies of the road. And for these purposes their plan was successful. Commissioners were appointed, which secured a delay of at least one year. Before they were ready to report, though the surveys through the interior of Sullivan County showed that the ruling grades on that route were lower than those on portions of the line both East and West of that division, the Legislature of 1846, on an application from the Company for leave to locate their road in Pennsylvania, gave further instructions to the commission, and appointed an additional number of commissioners. The elaborate Report of the commission was rendered about the middle of January, 1847. A stay of the work for about two years was thus occasioned, except on about seven or eight miles next West of Middletown. In the meantime, application was made to the Legislature of Pennsylvania for permission to construct the road along the Delaware in that State, which was opposed by some of the same parties who opposed the progress of the Company in this State, and resulted in the final passage of a bill containing several very

objectionable provisions, besides imposing an annual tax of \$10,000, as a condition of the privilege granted.

The understandings and commitments between the directors at Albany, and their new advisers, having been arranged before the close of March, 1845, the bills deemed necessary to their success were next in order. That applied for by the Board early in the session, for a release of the State loan, was made to include the Newburg branch and the appointment of the commissioners to make new surveys, &c., and also an ingredient peculiarly worthy of the parties who proposed, and of those who consented to it; the object of which would seem to have been to punish the stockholders for having undertaken, and thus far persevered in their attempts, to construct this railroad. By the terms of the bill, as finally passed in May, every stockholder was required to relinquish and cancel one-half part of his shares, on pain of being held liable for such portion of the State loan as the amount of his stock bore to the whole amount of the loan, and of the interest thereon. This hostile act against the warmest friends and supporters of the undertaking, so arbitrary and offensive as a mode of repudiation, and so calculated to destroy all confidence in chartered rights, reduced the outstanding stock to about \$750,000, and deprived this moiety of the shares of the claim to interest, pledged in the terms on which the subscriptions for most of it were received, out of the earning of portions of the road as successively finished.

One thing further included in the understandings

above mentioned was still to be attended to, viz., a removal of the president. Up to about the 20th of March, nothing had been heard upon that subject from any quarter. All the measures which had been proposed to the Board had been harmoniously sustained. And it is only necessary to consider the nature and sources of the opposition to the road itself, to be satisfied that it was because the measures proposed and adopted were such as inspired confidence and promised early success, that every class of opponents, as above referred to, was roused to exertion and induced to employ the false pretenses, corrupt agencies, and nefarious means heretofore indicated. They desired to effect a resignation or removal of the president before the passage of the bill for releasing the State lien. The agents employed to manufacture public opinion, both at Albany and New York, and to bring it to bear on the already enthralled majority of directors, carried their efforts to the culminating point about the last of March, when direct and reiterated appeals were made to him to yield to the clamor, artificial, false, and atrocious as it was admitted to be; and to yield, for the sake of the road, on the ground, that otherwise no bill would pass during that session of the Legislature. To augment the force of this onset, they procured, on the 28th March, a reference of the Lien Bill in the Assembly to a committee of eight—one from each Senate district—whose report, it was alleged, would decide its fate, and would be unfavorable, unless the change which they demanded was made. Understanding, from an experience of many years, the nature and

objects of the opposition, and there being no certainty whatever of the passage of the bill releasing the State lien, or any bill compatible with the interests and progress of the Company, in case of his prior resignation, he refused; believing he should best protect the interests of the stockholders by not yielding them, under such circumstances, to the absolute control of their enemies. At the same time, he gave it to be understood, that if, in the event of the State lien being released, a thorough effort to obtain subscriptions to the stock should be made, and persisted in during three months, and should evidently fail for the reason that he was at the head of the Company, he would retire from the post. This understanding took place on the 3d of April. The enemies of the road had now only to manage their various mercenary coöperators, and to modify injuriously the pending bill, by adding provisions for the Newburg Branch, a forfeiture of half of the old stock, &c., so as in the end to hinder or defeat a new subscription to the stock, secure a change in the organization of the Board, and make way for ulterior schemes.

The foregoing notices of proceedings and events at Albany are necessary to a right understanding of the subsequent course of affairs. That those proceedings were due to the political and interested enemies of the road, and to credulous and deluded men who imagined themselves, and mistook their deceivers for its friends, there can be no doubt. That they should, in addition

to a forfeiture of half the stock, and a deprivation of the liberty of locating their road, and adhering, if they chose, to the location already made along the East side of the Delaware, impose upon this crippled, abused, and in respect to pecuniary means, all but powerless Company, the construction of a Branch to Newburg, sufficiently indicates the objects and motives of those who dictated what was done. The people of Newburg had, during the ten preceding years, possessed a charter for an intersecting railroad, and had surveyed a route, but had not deemed it an object to construct the road. It was, doubtless, as obvious then as it is now, that the local business would do little towards paying expenses; and that even a semblance of business could not be kept up on it, unless forced, at a sacrifice of earnings to the Company, from their regular trunk line to the city. Even the directors themselves, at a later period, seem to have obtained an inkling of the nature of the hostility which had preceded. In their address of February, 1847, after the commissioners had made their Report, they say, that "At the time the present Board of Directors assumed the control of this work they did not anticipate the extent and bitterness of the opposition against allowing this Company to locate their work on the best route that could be obtained for that purpose."

After the passage of the bill releasing the State lien upon certain conditions, which was about the middle of May, the promised effort to obtain a subscription of three millions was to be made; but a very partial effort only resulted. The forfeiture of the old stock,

and the other offensive matters incorporated in that bill, disgusted many of the earliest and most constant friends of the road. The paramount object at first, with the directors who had been at Albany, was to accomplish what their pretended Northern friends desired and expected of them, a change of president. Fitting agents were employed by somebody to call on the merchants and shopkeepers generally, to caution them not to subscribe, and warn them that a subscription would not succeed till the required change had been effected. The designs and schemes of various factions of politicians, speculators, and aspirants became manifest; between some of whom and a coterie of senators then in the city as members of the Court of Errors, frequent interviews were had.

The scheme then newly devised of diverting the road into New Jersey, and perverting it to the object of building a city, and establishing the terminus at Harsimus, was the pole star of some. A nefarious project of a contract for iron rails, which the president refused to allow to be submitted to the Board, or entertained for a moment in any way, stimulated others. And, finally, it became manifest that none of the factions, or their dupes, could be satisfied without a change of president. At length the treasurer, on the 1st of July, though having the necessary funds in hand, withheld the payment of the interest then due on the outstanding five-year bonds, or certificates of the company, in which he was countenanced by the dissident directors; and for which he published as a justification, that he did not think that the object of

the Company could be successfully carried on unless the president resigned; and that his object in withholding the interest was to bring the affairs of the Company to a crisis, and compel his resignation. In the meantime a number of his personal friends, who were conversant with the details of his former connection with the undertaking, offered, on condition of his remaining at his post, to take measures to raise the required capital in subscriptions of one hundred thousand dollars each, and actually so obtained near one-third of the amount. But embarrassed and complicated as the whole affair had become, by the late events and legislative enactments, he chose to retire, and declined their offer; and, after receiving from the directors in the majority a writing, in which, after expressing their belief that the prejudices which were alleged to exist against him, and were employed to hinder a subscription, were unfounded, they pledged themselves to the stockholders and the public, that, on his retirement, they would assume the entire responsibility of obtaining the necessary subscription of three millions, and of completing the railroad, he resigned his office and connection with the Board on the 8th of July. Those directors in the minority, who had served with him at former periods, also resigned shortly after.

The effect of these changes on the public mind was more gratifying to the enemies of the road, than to the friends of those who now had it in charge. Their first appointment of a president was declined. For several weeks little progress was made in subscriptions. At

length, about the 1st of September, Mr. Benjamin Loder, who had taken a leading part in the proceedings of the current year, and had the confidence of his associates, was appointed president; and, within the ensuing three months, by the untiring efforts of the Board, subscriptions to the amount of three millions were obtained.

Of the doings of the Board from December, 1845, to 1854, during which the president and the principal acting directors continued the same, at least till Mr. Homer Ramsdell succeeded Mr. Loder in 1853, it is not necessary to exhibit particular details. After the delay of about two years, for the determination of the route between the Shawangunk Ridge and Binghamton, the work of construction was proceeded with, and the whole line was opened to the public in May, 1851. In one respect, as concerns the public, the object of the charter has been accomplished—the thoroughfare exists. The citizens of New York have become sensible of its importance to their subsistence and their trade, as they became convinced, after the Erie Canal was finished, of the importance of that great work. But this work has cost an immensely greater outlay of funds than was anticipated; not owing to physical difficulties on the route, but to unnecessary changes of plans and locations, improvident expenditures, false, speculative and visionary theories as to gradients, speed, through traffic, lake business, terminations, branch lines, leased roads, and the like. The result is

matter of concern to the stockholders, and to some portions of the public. The amount of indebtedness is such as to impose an annual tax on the business of the Southern tier of counties of several millions more than it ought to be subjected to. This tends to induce injurious competition from rival routes, and to require a prolonged struggle to free the operations of the Company from embarrassment, and to sustain and control its affairs satisfactorily. It, therefore, cannot be deemed unseasonable to offer to those concerned some remarks upon the matters referred to, the occurrence of which must be ascribed to want of knowledge of the subjects to be dealt with, on the part of those upon whom the chief responsibility devolved; and the incompetency or other disqualifications of those whom they trusted and blindly followed; and, externally, to the continued machinations of the enemies of the road—politicians, speculators, and rivals—and a host of sharpers, aiming chiefly at the proffered harvest of jobs, contracts, discounts, and commissions. Some remarks, also, will, it is presumed, be acceptable, touching certain remedial measures which may be found expedient before the concern finds its level, and enjoys the confidence which is desirable.

Before proceeding to a somewhat formal notice of the matters in question, it should be observed, that those who assumed the responsibility of conducting the affairs of the Company, were quite innocent of any knowledge of its history prior to 1845. Nor had they the least desire of any such knowledge. The impressions which had been fixed in their minds by the ene-

mies of the road, made them afraid to look back. It was now (after the road from Albany to Boston had been opened) felt to be indispensable to the success of their business. It had, for many years prior to their co-operation, failed to be completed, and, therefore, must have been badly managed. They had from necessity come to the rescue, not to follow what they considered bad and unsuccessful management, but to apply to the concern their own business talents. Having been successful in their private business as traders, they could conceive of no reason why they should not succeed in carrying this railroad to completion. The great fire of 1835 might have had some effect for a time to retard the work, but that was long past and forgotten. The revulsions of 1837, and '42, should have been avoided. And, as to the Northern and other enemies of the work, they could be conciliated or disregarded. Such were the views and feelings with which their "energy," "indomitable courage," "boldness," "untiring perseverance," &c., were to accomplish what they undertook. They entered upon their task as they would upon that of recovering from the mistakes and losses of a bad year's business, by renewed energy of exertion on another and opposite plan of operations. The whole affair seemed to them to be quite simple and easy, upon the assumption that all that had previously been done had been unskillfully and wrongly done, and had, therefore, been unsuccessful; and ought to be discountenanced and rejected, and an opposite course, as far as possible, in all respects adopted.

Hence, it cannot reasonably be wondered at, that

the first material blunder into which they fell, in the exercise of their discretion, was exhibited in their appointment of a chief engineer. In this important matter they were naturally governed altogether by the views which they had imbibed of the past, and of the opposite plans to be pursued in future. As, from their want of information and experience in this new line of business, they were necessarily, as to practical details, to be dependent on the knowledge and judgment of the engineer, it was essential that he should bring with him, or unhesitatingly adopt and zealously carry out, their views. It would not do to take the late H. C. Seymour, then superintendent of the Eastern division of the road, though without a rival in respect to natural abilities, practical knowledge and experience, sound judgment, capacity of business, tact, skill, and all the qualifications demanded by the economical, financial and practical details of such a work in its various relations, exigencies and interests; for he had for some ten years been actively employed under the former system of management, and had done far more than any other individual of his profession, towards the accomplishment of what had been done, and was, therefore, as obnoxious to the enemies of the road, and the factitious prejudices which had been engendered, as any of those with whom he had been associated; and as his views had undergone no change, and nothing had occurred tending in any degree to change them, he was as palpably ineligible, in their judgment, as a conversion to the new plans and theories would, in the judgment of others, have proved

him to be unworthy of the station. He would have liked nothing better, than, with unshackled discretion as to the disturbed and unsettled locations, to have undertaken, under a heavy penalty, to complete, with six millions of dollars, a single track of the road, as adequate to its legitimate objects as the present structure, and free from all embarrassing entanglements and connections. His perfect comprehension of the affair, and his adequacy to all its demands and contingencies, will not be doubted by those who knew him, before he withdrew from the service of this Company on the eve of his election to the office of State Engineer, or by those who are aware of the abilities which he displayed in the discharge of the duties of that office; and subsequently, in contracting for, and successfully prosecuting, till the close of his life, the Maysville and Lexington, the Ohio and Mississippi, the New York and Boston, and other railroads, involving together, an outlay of some thirty millions of dollars. In these undertakings, he selected as partners in the contracts, some of his own school of engineers, of like comprehension of the works they undertook, the interests to be consulted, and the practical results to be secured; like administrative capacity, knowledge of men, and notions of economy.

But to return to the directors. Their candidate, a man of inoffensive and accommodating manners, had ingratiated himself with them at Albany. He sympathized with their views, and assisted their counsels in regard to the concessions, agreements, &c., connected with the subject of the law for releasing the

State lien, supposing, it is charitable to presume, that the course then taken was expedient and necessary. That he may have been ambitious of the post to which he succeeded, is very likely, and that he may have thought the attainment of it little probable, without a change in the administration of the Company's affairs, is doubtless possible. And it is quite consistent and reasonable to suppose, that his naturally facile and accommodating disposition, influenced whatever changes took place in his views, as to the plans and measures prospectively to be pursued. However this may be, his appointment was irretrievably unfortunate.

Instead of saying any thing personally unkind of so good-natured and obliging a man, by directly taxing him with a want of those intellectual qualifications which are demanded by the great responsibilities of his profession, and by reason of such deficiency leading his employers into a useless expenditure of millions, the defects which naturally led to such a course may, without offence, be indicated in another way. The illustrations, however remote from being caricatures, may be allowed, if the reader chooses, to have in some respects the aspect of exaggerations. But still, if not literally applicable, in every particular, to the present case, they may fit some others. Many a Board of Directors has been led astray into inextricable difficulties, and hopeless embarrassments, by following incompetent engineers. The stockholders of many a Railroad Company have been ousted of their property, and ruined by this means, in conjunction, not unfrequently, with a base subserviency to the

speculating and sinister proclivities of the directors themselves. The whole question of railway property, management, policy, morals, and legislation, has thus been brought into doubt, disrepute, and danger.

There are on the outskirts of every profession some practitioners of insinuating and plausible exterior, who, lacking other intellectual gifts, and having, by means of a facile memory, picked up some theory of their destined subject, and some formulas of practice, fancy themselves qualified to perform the duties of their vocation. Being constitutionally deficient of understanding, discrimination, judgment—the faculty of analyzing, comparing, reasoning—the power of discerning and comprehending the relations of different facts or propositions to one another; of perceiving the force of evidence and argument—forming opinions of their own, and determining whether any fact or proposition is or is not proved by the evidence adduced, or whether one result or another will ensue from a given state of things or course of measures—they fearlessly go forward, trusting to their theory and their formulas, and justifying themselves by what they have read in some book, or quoting men who, for the same reasons, hold the same opinions. Suppose such an adventurer to select, as his sphere of usefulness, the medical profession, without knowing any thing of the nature of different diseases, their causes, symptoms, or other peculiarities, or of the medicines appropriate to each; and without any capacity to compare, discriminate, and reason from the facts in one case to those in another. He, of course, must act mechanically, pre-

scribing for all alike, or selecting at random from his stock of precedents. It is not in the nature of things that experience should make such a man any wiser, or less venturesome. He does his best, justifies himself, and leaves his victims to suffer the consequences.

Or suppose a chevalier of this class should aspire to be a professor and composer of music, and having learned to raise and fall the eight notes in due succession, should take the chair of Handel, not dreaming but that his memory of those sounds into which the essence of music is condensed, would avail him for all the exigencies of combination likely to devolve on a composer. Should his mistake become ever so manifest to others, it would not be likely to be discovered by himself, nor by those who, holding similar notions on the subject, had conferred on him the coveted appointment.

In cases like these, feebleness, inconsistency, self-confutation, humiliating predicaments, mortifying blunders, miscalculations, disappointments, defeats, may be of daily occurrence; but self-confidence, persistent egotism, and courageous vanity, will never lose their ascendancy. And should a man of similar intellectual cast, propose to himself the business of engineering, after committing to memory such of the theorems and mathematics of the science as are taught in the schools, he has to secure a place, and keep it, only to enlist the sympathies of men who know nothing of those matters, or of the practical use to be made of them, and to play the sycophant, humor and accommodate himself to their private and personal predilec-

tions, prejudices, ignorance, and pride, and zealously promote their particular schemes.

These observations sufficiently suggest the nature of the defects from which the results, in such cases, naturally proceed. And in the present case, the mischiefs which followed the appointment are conceived to have resulted from defects of that nature, existing in a degree sufficient to account for the consequences; not so much, indeed, from lack of a certain sort of knowledge, as from want of the faculties by which knowledge, instead of being a bewildering and dangerous possession, may be safely and beneficially applied in practice; from instability of purpose, want of judgment, comprehension, tact, skill, practical talent. That some men are constitutionally devoid of the natural capacity—the intellectual endowments, as well as the practical aptitude necessary to the complex and comprehensive business of engineering, as others are of the qualities necessary to success in the arts of poetry, eloquence, music, painting, sculpture—every one knows. And when a pretender to any of these arts signally fails, every one is conscious why he fails, and unhesitatingly and justly ascribes his failure to his want of the necessary qualifications. The same conclusion is equally just in the other case. The only difference is, that when a man proves himself to be no poet, orator, musician, or painter, no harm is done; nobody is fleeced, injured, or disgraced. But when an engineer, employed to prepare plans and estimates, and propose measures for the expenditure of millions of other people's money, if he blunders and errs at

such a rate as to cause an expenditure of only double the amount necessarily and reasonably required in the case, the consequences are proportionably injurious, and often ruinous. But if he errs in the ratio of six to thirty-six, or even of ten or twelve to thirty-six, the consequences are likely to be such as reasonably to excite the curiosity of those immediately interested, and even that of the public at large, to know how and why it could have happened.

In the case of this railroad, the results have been such, as to render it desirable that the difference between an expenditure of \$6,000,000 to complete it, and \$36,000,000, should be accounted for by an exposure of the true reasons of it. The work had been ten or twelve years under way. The route had been surveyed and resurveyed often enough to preclude the supposition that there were any physical difficulties which had not been abundantly exposed and fully comprehended. Major Brown, the new chief engineer, had been more or less conversant with all that had been done. He had, prior to the assignment, been employed as resident engineer on the Western division, where surveys, locations, and construction had been carried on under his supervision. He assisted in making, and signed his name to the revised estimates for completing the work, which were published by Mr. Allen, as president, in the Report of February, 1844, and by which, consistently with previous estimates and contracts, the amount required to complete a single track, estimating the iron rails at the price stated, was \$6,000,000. Nothing had subsequently

occurred to impair the confidence universally reposed in the conclusions expressed in that Report as to the cost. Those conclusions, moreover, let it be noted, were more than corroborated by the Report and estimates of the commissioners appointed by the Legislature, so far as concerns the grading of the entire line not previously worked, namely, from the summit of the Shawangunk Ridge to Binghamton, on the line extended into Pennsylvania from Port Jervis, which they recommend, and where the road is constructed; and also the line by the great Bend of the Susquehanna. For the commission, consisting of seven of the most distinguished, and selected as the most impartial, engineers of the State, estimated the cost of grading the whole of that line (excepting the forty miles between Deposit and Callicoon Creek, contracted for in 1835, and to complete which, according to the terms of the contracts, required a further expenditure of about \$100,000), at a sum less by \$306,717 than was allowed in Mr. Allen's Report, above cited, for the whole distance, and on the same line, except that, instead of diverging into Pennsylvania from Port Jervis, he followed the line previously located on the East side of the Delaware, from Port Jervis to Deposit. So that, taking his estimate for completing the unfinished work West of Binghamton, and the estimate of the commissioners, made under oath, after careful surveys and abundant investigation, for the space between the Shawangunk summit and Binghamton, there is no escape from the conclusion, that \$6,000,000 was an ample sum, in competent hands, for completing a

single track of the road over the entire route. And the chief engineer and his co-laborers in the Board, are justly chargeable with having misapplied, or unnecessarily expended the enormous difference between \$6,000,000 and the aggregate of the stock, bonds, floating debt, and outstanding liabilities of the Company, minus the outlay for one hundred and eighty miles of double track, supposed, from statements heretofore published by the Company, not to have exceeded \$10,000 per mile, say \$1,800,000; the amount invested in cars and engines, represented in the Report of the late Examining Committee at \$3,600,000; and for workshops, fixtures, and contingencies, say \$600,000, making an aggregate of \$6,000,000; which, deducted from \$36,000,000, assumed to be the aggregate of the stock and debts, leaves \$30,000,000, from which deduct the amount ascertained to be sufficient in 1844, and previously, viz., \$6,000,000, and the excess, purporting to have been expended for completing a single track of the road, is the round sum of \$24,000,000. Add to this—not so much as directly concerning the public as for the private contemplation of the acting managers in this magnificent affair—a sum moderately estimated at \$6,000,000, for injuries, damages, and losses to individuals, neighborhoods, and villages; by the annihilation of half of the old stock, by a change of location of nearly half of the entire route, graded and ungraded; by years of tantalizing experiment and vexatious uncertainty as to the terminations originally fixed and repeatedly prescribed by law; and by a multitude of

less important exercises of discretionary and lawless power.

It is then obvious, that an unnecessary, and, so far as utility and productiveness are concerned, worse than useless expenditure of some \$24,000,000, and the occasioning of injuries and losses to an amount probably exceeding \$6,000,000, have occurred. The effects of this are, for the most part, permanent and irretrievable. So far as an excess of capital, raised upon bonds and mortgages, has been expended, the interest on it, annually, and the principal, whenever that shall be repaid, must be drawn from the pockets of those who use and support the road. It is, therefore, not without reason that some exposition should be made as to how and why such results have been produced. The statements repeatedly put forth on the eve of a crisis, or of a proposition for a new loan—by way of excuse for unexpectedly wanting more millions to do what was to have been accomplished by the last supply—that certain other roads have cost as much, or even more, present no relevant explanation, and can afford no satisfaction to any one who considers them. They are mere clap-trap; effective only as far as they serve to mystify and deceive. The cost of railroads per mile is no more uniform than that of cloth per yard, or that of ships or houses each. The fact that certain roads have cost \$90,000 or \$100,000 per mile is no certain evidence either that those particular roads ought to have cost so much, or that a like cost is necessary or reasonable on any other line; any more than the fact that a large proportion, probably more

than half in linear extent, of the railroads in the country have cost, apart from appendages and rolling stock, not exceeding an average of \$15,000 or \$16,000 per mile, is evidence that in no instance can a work of that nature necessarily cost a larger sum.

Were the route of the Erie Railroad now unoccupied by the existing structure, and in the same condition as in 1835, and were proposals issued for constructing exactly such a work as the present, on the same location, parties are known—who, if mentioned by name, would be recognized by the public as every way competent—who would consider themselves abundantly fortunate, could they get the job at a round sum exceeding \$12,000,000, and within \$15,000,000, for a single track; and, that competition might reduce the figures to \$10,000,000, is neither incredible nor improbable. The fact, then, of its excessive cost, is in no degree relieved by a vague reference to the fact that certain other roads have cost as much. Nor is any alleviation of the difficulty to be derived from the fact, that great sacrifices have been made on the sale of bonds, and enormous sums consumed in discounts, shaves, brokerages, and commissions, on temporary loans and floating debts. The bonds (except the first \$3,000,000) ought never to have been issued. The temporary loans and floating debts ought never to have existed. The \$3,000,000 of stock subscribed in 1845, with the first \$3,000,000 of bonds, provided all that was necessary; all that ought to have been expended; all that the managers could expend consistently with the assurances upon which they obtained

the subscriptions; all that prudent men in their senses, acting as trustees for others, would have ventured or been willing to expend; all that the condition and prospects of the undertaking, in the view of the reluctant stockholders and the public, then justified. The difficulty lay back of the sacrifices on bonds and floating debts, and back of the bonds and debts themselves, in the defect of qualifications and competency in the responsible managers, indicated above; the extent and controlling power of which can only be conceived of by those who attentively consider the results. The late examining committee, having apparently caught some glimpses of their way of managing, complimented them for having, in their constantly embarrassed, spasmodic and gasping state, refrained, with some exceptions, "from contributing to the construction of tributaries!" As well might they have commended them for having refrained from borrowing two or three additional millions, to be employed in a search for Kidd's lost money; or in buying up all the old steamboats near the Atlantic coast, which their friends and well-wishers would, to oblige them, part with on reasonable terms, and all the water-craft on Lake Erie; or in setting up the culture of corn in Oregon, on a scale sufficient to provide a large through business for their road.

But it may be imagined by some, that the reasons published by the directors from time to time, why, as each new crisis came, another and larger loan was

wanted, to prevent a total loss of previous investments, may afford some satisfactory excuse for the enlarged expenditures. How far that may be so, will best appear from a reference to one or two of their publications. Of these, the first apologetic address to the stockholders, was dated May 19, 1848, in which, after stating, "that at the time the subscriptions were obtained, it was supposed, from the Report of a preceding Board of Directors—[the detailed estimates in which were also made and signed by their own chief engineer, let it be remembered]—and also from the data in possession of the new Board, that the \$3,000,000 subscriptions, together with the proceeds of a like amount of bonds, would be sufficient to complete the road to Lake Erie," and after citing a new estimate from their chief engineer, "made with great care, with a liberal allowance for contingencies, and believed to be perfectly reliable," to show, "that taking the bonds at par, together with the amount due on stock subscriptions, there would be, after completing the road to Binghamton, a surplus of about \$1,000,000;" they, with great simplicity, observe, that "The inquiry will, doubtless, be made, as it often has been, of the officers of the Company, why so large an amount of the assets of the Company will have been expended by the time the road is completed to Binghamton [\$4,500,000 too much having been expended, as will be shown hereafter]; and in what manner it has been expended? To which it may be answered:

"1st. A considerable amount has been expended in settlement of the old debts of the Company."

Now, how much they had paid on this account at that time, does not appear ; but, in their Report of March, 1849, they state as the aggregate, up to that date, the sum of \$108,620, the whole of which appears by that Report to have been paid in stock.

2d. They refer to the repairs which they thought necessary to that part of the road, fifty-three miles, which was in operation, but do not say whether the expense exceeded the earnings of that division, or give any particulars whatever.

3d. They say that "a *large amount*" was required to supply the deficiency of motive-power, cars and machinery ; but give no particulars. The business was increasing and ought to have paid for the necessary furniture. The gross earnings for that year are represented as exceeding \$300,000.

5th. They allude to an unfavorable change in the prices of provisions and labor. That may have had some weight in reference to new contracts, but how it should have the effect ascribed to it, on previous and subsisting contracts, does not appear.

But, under the 4th and only other item, they alledge, what is much more significant and to the purpose, to account for the enormous excess of expenditure beyond the preceding estimates, viz. : that "the character of the road has been very greatly *improved*, by altering the grades, and changing the line in many places, at a *considerable* cost to the Company, the necessity and importance of which were too great to allow of any hesitancy on the part of the Board in deciding to do so at *almost any sacrifice* ; and which will make

it, when completed, worth millions of dollars more to the *stockholders* and the public, than if continued on the old line, and at the old grade [meaning, of course, so far as the difficult and expensive part was concerned, the line and grade selected and estimated for by the State commission]. In fact, the value of these improvements can hardly be over-estimated, when the future working of the road is taken into account. And, it may be added, with the utmost confidence, that in the improvements in the line and grade, which have been secured only by the most determined and persevering efforts of the Board, are worth more to the *stockholders* and the public than the State loan of \$3,000,000." Against what or whom those determined, persevering efforts were directed, by which those improvements were secured, is nowhere said; and how much the stockholders are the better off for their having been put forth, it must be left to them to say. But, that the improvements ought to have turned out to be of more value than \$3,000,000 is plain enough; for, in the sequel, they appear to have cost a good deal more than that. In their Report of March, 1849, it is shown that, exclusive of what is set down as expended up to that date on the fifty-three miles in operation, and the line west of Binghamton, they had, including balances unpaid for grading, expended between the latter place and the summit of the Shawangunk Ridge, about \$8,400,000, or about \$2,400,000 more than the amount which was to have completed the road to Lake Erie.

Here, by way of illustrating the defects above referred to, as the true source of the excess of outlay, it

may be worth the while to examine one of the special instances of *improvement*, alias *change*, which the Board considered it so important to secure by the most determined and persevering efforts, and at almost any sacrifice, and by which they anticipated such signal benefit to the stockholders. And, for this purpose, the very first section of the line to which they directed their practical attention may be taken, without disparagement to the claims of any other section to which their reformatory processes were subsequently applied, viz.: that portion of the line which extends from the summit down the western slope of the Shawangunk Ridge, a distance of about eleven miles. On that section, prior to the assignment, a line had been surveyed and adopted, which required a grade no where exceeding fifty feet to the mile. It was ascertained to be far preferable in respect to curves, and immensely cheaper of construction than any line on which a lower grade was possible. It was considered that both East and West of that locality, grades of sixty feet to the mile must be allowed, and would be forever unavoidable, and, therefore, that every farthing laid out upon this section to reduce the gradient below fifty, would be uselessly thrown away; since every loaded train which should ascend this slope on its way to the Hudson, must afterwards encounter grades one-fifth steeper. Of course, the same motive-power which sufficed to haul a loaded train over these steeper grades, would more than suffice to haul it up this slope of fifty feet. And the only possible advantage which could be secured to the stockholders or the public, by lowering

the grade to forty-five feet per mile, even if the cost of construction was the same in both cases, and the curves the same, would be a saving of time in the transit to the extent of a quarter of a minute, or half a minute, or, perhaps, with a very full load, of a minute per mile. Accordingly, notwithstanding the formulas in the books which show how many more tons an engine may draw on a level than on a grade of fifty feet, and how many more on a grade of forty-five than on one of fifty—contracts were concluded, prior to the resumption of the work in February, 1845, as before mentioned, for grading this section on the fifty-foot line. The cost under those contracts would not, as now recollected, have exceeded an average of \$10,000 per mile, or an aggregate of about \$100,000.

Now, mark the improvement "secured" by this first reformatory experiment of the Board. Their chief engineer saw clearly the expediency and necessity of reducing the grade on this section to forty-five feet; probably, without so much as dreaming of any one of the particulars above mentioned, but trusting to his books and their abstract school-boy theorems, touching the ratios between given powers and resistances—which told nothing of the higher grades both East and West—nothing of the difference of cost between one line and another—nothing as to the pecuniary ability of the Company—nothing of what had been demonstrated on the Eastern division of this road, on the Liverpool and Manchester, and on other railroads, namely; that these mathematical theorems concerning economy of traction, and motive-power, to be gained by reducing grades

below the cheapest *practicable* line, were, in practice, utterly deceptive and fallacious, and ruinous instead of being beneficial to stockholders; inasmuch as they proceeded upon the assumption, that the trains to be hauled were all to be loaded up to the maximum power of the engine. Whereas, in practice, owing to the bulkiness and levity of the commodities transported, or to the deficient quantity in readiness for the imperative demands of the time-table, not more than half of the trains on most roads have full loads, while, perhaps, one-third of them have less than half the weight in tons which their capacity would admit. Hence the disappointment, injury, or ruin of the stockholders of all the very expensive roads which have been constructed on this empirical book theory, whether with or without the extra aid of branches. If the Reading road is entitled to be considered an exception, it is because it can uniformly command full loads, at least in one direction. For it must be obvious to the reader, that even on a road which had no steeper grade elsewhere than that to which a previously *practicable* line on a particular section was proposed to be reduced, nothing could be gained by the reduction, for the excess of power employed in hauling half-loaded trains over the reduced grade, would be equivalent—and far more than equivalent—to the excess of time required to traverse the superior grade. So that, on supposition that all the tonnage on a given road was moved in the direction of the ascending grades, and that a large proportion of the loads comprised less than half their complement of

tons, and not exceeding half of them their full complement, nothing in point of economy, either of time or money, could be secured by reducing the grade, whether the reduction required an enormous or a trifling outlay of capital. But suppose the tonnage on a given road was moved in equal proportions to and fro, over successive elevations of sixty, fifty, or inferior gradients, then, in respect to economy of time and motive-power, as much would be gained by gravitation in descending the slopes, as would be lost, whether of steam or time, by the slower ascending movement. If the railway interest has not discovered this, it will, probably, be discovered along with the true sources of misnamed improvements, excessive expenditures, mortgage incumbrances, floating debts, and depressed and unproductive stocks, when the delirium of competition for through traffic and telegraphic speed has passed off. It will, probably, be found out—not that a level road, costing the same, and having the same description and amount of traffic, is not to be preferred on some accounts to an undulating road, on the same line, with successive gradients of forty, fifty, or sixty feet to the mile;—but, that a road with such gradients, with about equal proportions of ascending and descending slopes in opposite directions, may, in accomplishing the same number of trips and amount of traffic, be worked at as little expense of steam, &c., as the level road; and, therefore, where the slopes of the natural surface do not exceed sixty feet to the mile, nothing practically is to be gained to the stockholders by reducing them, nor any thing to the public, pro-

vided an excessive and dangerous rate of speed on the descending slopes, to make up for the slower ascending movement, so as to produce a very high average, can be dispensed with.

The Major, being now in a position, and having a case in hand, which allowed of an independent and untrammelled exercise of his genius, and knowing from the book that an engine would, with mathematical certainty, haul more tons at a time on a level, than on a grade of fifty feet to the mile, and more, even, on a grade of forty-five than on one of fifty, communicated his views to the directors, who, anxious for nothing so much as to distinguish themselves in this new line of effort, and, by their business talents, to eclipse all that had gone before them, readily sanctioned the proposed change, as an improvement of such importance, as to justify almost any sacrifice, and any amount of determined and persevering effort, and sure to be of very great value to the stockholders. A new survey was accordingly made, changing the grade from fifty to forty-five feet per mile, on which new contracts were entered into. The former contractors, seeing how things were going, demanded extra prices for the new work, or large damages for relinquishing their contracts, which were, of course, submitted to. The result was, as currently reported at the time, an extra expenditure, on that section, of about \$100,000 per mile, or, in the aggregate, somewhat more than a million of dollars. This aggregate probably included a heavy extra expense for night-work, toward the last, to justify a published announcement

previously issued by the directors, that the work should be completed by a certain day, and thereby to show to the world that they knew what they were about, and could accomplish punctually, to a minute, what they undertook. When done, it turned out that the curves on this improved grade were so much worse than those on the rejected line, as to require more steam and more time to haul a loaded train up the forty-five feet grade, than would have been required on that of fifty feet. Besides which, the distance was increased one mile, and the necessary cost of a second track was also much increased.

Now, that this *improvement*, which may fearlessly be pronounced to have been as reasonable and as valuable to the stockholders and the public, as any of the other changes adopted by the Board, between the Shawangunk Ridge and the Alleghany River, is primarily and wholly to be ascribed to the unfortunate appointment of the chief engineer, and the prejudices, credulity, and vanity of those acting and responsible coöperators who blindly followed him, is beyond a doubt. None of his or their predecessors had ever made, or approximated to such a blunder. The entire dependence of the directors on their chief is shown at every step, and is sufficiently manifest from their Report of March, 1849, in which, after speaking at large of the value and importance of the changes they had made in the line and grade of the road West of Binghampton, as well as on the Delaware division, they say: "It is considered but an act of justice to advert to the efficient aid and information the Board have received

from their chief engineer, Major Brown, in *pointing out and urging upon their attention the importance and value of these improvements.*"

The foregoing elucidation of the merits of this first attempt at improvement, will, it is hoped, be taken as sufficient, without an exhibition of the details of any of the less justifiable and comparatively more absurd and wasteful trials further West. One aspect of this primary experiment, however, remains to be considered. Assuming the excess of cost, in this instance, to have been \$1,000,000, and to have been provided for by a sale of bonds at eighty cents to the dollar, making a total of \$1,200,000: then the extra interest on the cost of this section of the road (which furnishes no business whatever), is \$84,000 annually; and requires gross earnings from other parts of the line to the amount of \$170,000 or \$180,000 per annum more than would have been required had the original grade and location been adhered to. The excess of interest thus perpetually entailed on the Company amounts to \$1,000,000 every twelve years. Half a million has already been paid; while the excess of tax on the people is about \$1,000,000 every six years.

The directors soon had, in addition to their private operations, abundant employment in the way of financing; and as it grew more and more impossible for them to give attention to what was going on along the line of the road, or to know much more about it than was to be inferred from the receipt of drafts and estimates, the triumphant career of change from what had been done before to something as widely different

as possible, naturally went on without impediment. While the chief prepared new plans and contracts, and the contractors augmented the flowing tide of pecuniary demands and liabilities, they attended to the commissariat. Occasionally, indeed, a spray of opposition was thrown out from those from whom, after having conceded all they asked, they expected better things. As they advanced their work along the stony and desert places of their destined route, West of the Delaware, the spirit that protected the neighboring canal, and the elements of fire and sulphurous flame which floated on it, did all that a subtle adversary could do to annoy and hinder them. Instead of trusting to the survey and estimate made under oath by the seven commissioners, they saw at a glance that it was capable of vast improvements, and they made important changes; and where they did not happen to hit right at first, they changed again and again. The Major seems to have had a beau-ideal railroad in his mind—as those pretenders to the arts of medicine, poetry, music, painting, and sculpture, above mentioned, doubtless had of the objects of their ambition—which entirely engrossed his faculties, and rendered him insensible to all subordinate considerations. Such questions as, What will these improvements cost? Are the Company in a condition? Have they the means, or can they raise the means, wherewith to pay for them? were excluded by the abstract imaginary beau-ideal of a perfect railroad, and what was necessary to be done to realize the vision of that ideal. Had his genius been tried by an attempt to commence an entire new

work, he would have broken down at the very outset. But fortunately for him—so far as his salary was concerned—his task was simply that of improving what others had done, and with his notions little more was necessary than to apply the rule of contraries. Just as one of the supposed would-be poets, wholly devoid of imagination, taste and feeling, would be certain to break down in an attempt at original composition; but employ him to execute a travesty, set him upon revising and improving Milton, and he would accomplish something answerable to his beau-ideal and worthy of his employers.

In their triumphant progress, after recrossing the Delaware into this State, the directors were led to see the necessity and importance, or at least the propriety, of abandoning the forty miles between Callicoon Creek and Deposit, which, by an effort of wisdom and forecast nearly equal to their own, had been graded in 1836. But that was an insignificant sacrifice, probably not exceeding a million and a half or two millions for a section nearly four times as long as that on the Shawangunk Ridge. And it might seem to savor of unkindness or captiousness, to reproach them for the respect which, by taking a new location, they showed to the memory of the money which had so long lain buried in that remote, sequestered, and picturesque locality. They did their best to avoid a desecration of the remains, and had they added an improvement of Gray's *Elegy*, their immortality would have been rendered certain.

At length they reached Binghamton. But the

\$1,000,000, which, by their Report and estimate of the preceding year, was to remain on hand to complete the road to Lake Erie, was gone, along with more than three other millions. To account for this troublesome difference, and show how they were to carry out the important and necessary improvements which they intended to make further West, they published another Report. They had got their hands in. Their system had come to be well understood and to be popular, with the stock and bond speculators, contractors, schemers, sycophants, and hangers-on of all sorts. They were praised, toasted, flattered and deceived, by all who had tasted, or were in pursuit of the loaves and fishes, or aimed at wholesale plunder. It had become apparent that the public, caring only for the promised results of the road in supplying the daily market and increasing the profits of trade, would blindly and indiscriminately applaud any men and any measures, that encouraged their hope of such results. An excess, from stage to stage, of a few millions extra cost, laid out only to improve the road, would, it was evident, not only be tolerated and excused, but would be approved and commended. In a word, on arriving at Binghamton, having achieved so stupendous an undertaking as the construction of more than an hundred miles of railroad, with vast improvements; having accomplished, with eight to nine millions, what their predecessors could not have done with less than one-third of that sum, had they been furnished with that much, and what they failed to do because no part of it was furnished; having, by determined and persever-

ing efforts, figuratively said to have been Herculean, surmounted all the mammoth obstacles which had lain in their way, and having demonstrated their ability and punctuality by opening their new road on the very day which they had previously predicted; things were ripe for new and more splendid operations. "The star of empire Westward took its way;" contractors understanding the whole case, and anxious to do for them what they knew not how to do, were waiting, while visions of fame and plunder rose to the view of many, like meteors, in the distance.

It being possible that some reader of this article may doubt as to the vast expenditures of the Company having been so largely extravagant and wasteful as is represented, or as to the true reasons why they were so, since the principal managers had, when they assumed the control of the work, and for years afterward, the confidence so largely of the stockholders, as to their integrity, laboriousness, and zeal, there is no alternative but to ascribe the results to the defects which have been alluded to, and give some evidence in simple cases like the foregoing, or to impute the results to gross corruption. The latter ought, undoubtedly, to be avoided, if any other sufficient cause can be assigned. The facts exist. The money, in vast excess, has been expended. Twenty odd millions are yet to be inquired after. Their own Reports afford no adequate or satisfactory explanation. Candor, therefore, towards them, requires such illustrations of the

most favorable causes, or reasons, of what has happened, as every one can easily understand, and from which each can make his own inferences. "Tall oaks from little acorns grow." Simple things are easily comprehended, and the inferences which they suggest are likely to be just. The parties in question ought, then, instead of feeling dissatisfied, to feel under some obligation to whoever labors to support the alternative most favorable to them. The consequences of what they have done are quite too serious, too far-reaching, too permanent, too irretrievable, too ruinous, to be passed over in silence. They are entitled to the best excuse that can be offered, and if that is not well-founded, they are entitled to the severest reprobation. In the progress of this affair too many upright and deserving men have been sacrificed, treated unjustly, made the objects of prejudice, suspicion and contempt; too many rogues have been successful in their career; too many hopes of the confiding have been withered; too many families and individuals have been impoverished; too many hearts have been broken, to admit of the possibility of immediate and careless oblivion; and nothing but a spirit of demoniac pride and recklessness can induce any man, claiming to be honest, to prefer to be esteemed to be corrupt, rather than to be deemed weak, incompetent, vain, prejudiced, self-willed, insensible to the claims of right, the credulous tool of heartless flatterers. Nor can any uncorrupt man, who has been the instrument of great injury to his fellow-men, have the face to complain that his acts should be plainly spoken of, and, as nearly

as possible, set in their just light. The heartless world of pride and fashion, when they see a man grow rich, while occasioning poverty and contempt to his fellow-men, may still take him by the hand; but, if his conscience be not seared, it will afford him little solace. Till he has repaired the evils and miseries he has caused, the fruits of his own success will fail to satisfy him. The ruining of individuals under pretense of benefiting the public—"doing evil that good may come"—will end in just and hopeless self-condemnation.

It does not follow because a man, whether honestly, or by chicanery or fraud, has been successful in accumulating property by an earnest, untiring, and prolonged pursuit of his own peculiar line of trade, that he is therefore qualified to manage successfully a wholly different kind of business. The very nature and absorbing claims of his pursuit may, on the contrary, be the means of wholly disqualifying him for another and diverse object. Suppose a youth of some natural capacity to be, at an early age, placed behind the counter of a retail shop, and, after a novitiate of several years of exclusive attention to the details of its affairs, assumes the management, and for twenty or thirty years devotes all his energies and all his thoughts, day and night, to the struggle of competition with his neighbors in the same line of trade; will he not become disqualified for any wholly different kind of business, in proportion as he becomes fitted to succeed in that? Will not his absorbing object restrict the exercise of his faculties to one narrow and devious

path, and exclude from his knowledge and his thoughts, as truly as from his experience, what belongs and is essential to other pursuits? He may become an expert trader in his own line, a sharp purchaser at auction, a keen salesman. His instincts, sagacity, talent, may be abundantly developed, and exercised, and severely trained in the direction of success. He may acquire an air of obliging affability, and a nervous and breathless style of promptitude and dispatch, energy, smartness, off-hand decision, confidence, vanity, arrogance, even. As he grows prosperous, he may become a leader in his circle, quote the opinions of others, advance his own opinions as to the prospects of trade, and, perhaps, as to the foreign news, and various topics of the newspapers. When, at length, he gets some leisure, and goes on 'change, and passes hundreds who started on the same line before him, but had failed, and meets others who are in the middle of the race, he will naturally feel elated, and insensibly assume more or less of dignity. He will see, and be told, and be conscious, that he is a smart man—he has succeeded—he is competent to any thing. If there is any project afoot within the control of his admirers, however foreign to his and their comprehension, they think him the man to manage it—he has shown his capacity in his own affairs, and been successful. If told that his success in a particular line is proof positive of his incapacity for the affair proposed—that success in that affair requires a different education, the exercise of different faculties, knowledge, talents, resources, which he does not possess, and which, with his drilled

habits, his second nature, his instincts, and proclivities, he never can acquire; that, however smart and clever, or however exemplary and commendable in his own line, he lacks the most essential qualifications for another; that he has not learned to reason, to investigate and comprehend new problems, to encounter new exigences, to deal with men in new relations, to judge, decide, direct, and act upon new, complex, antagonist, and diversified questions; they cannot conceive that it should be so, their faith remains unshaken, and they persist. If, upon trial, he blunders only in conformity to their whims as well as his; if he proves to be no weaker, more ignorant, or more gullible than they themselves are; if he is cheated, imposed on, made a laughing-stock, only from defects common to him and them, they will stick to him to the last, commiserate his toils, sympathize in his humiliations, applaud him as a hero, and embalm him as a business martyr.

Now, not to insist, in the present case, upon any literal or offensive application of these remarks, they yet illustrate the kind of defects which have occasioned the waste of millions on more than one public work. They suggest the best excuse that can be offered for those who blindly sanction wasteful expenditures of other people's money, under a vague notion that they thereby serve the public; and that the best thing for the public will ultimately turn out best for the stockholders. And, to show that such defects have as much influence in the smallest as well as in the largest matters, allusion may be made to the purchase

by the directors of a dry spring, a basin artificially filled with water, at Middletown.

During the interval of leisure before they were at liberty to commence their improvement on the Shawangunk Ridge, their attention was called to an important improvement in respect to the arrangements for supplying water to their engines at Middletown, near Goshen. The story, as currently told, comprised the following particulars: When the road was opened to that place, some years before, a convenient and ample supply of water was furnished by means of a pump at the side of the track. About that time some unfortunate speculations in land took place. One of the purchasers of an elevated piece of land near by gave a mortgage on his purchase for an amount greater than could afterward be obtained for the premises. Being threatened with a foreclosure, he conceived the idea of forming an artificial pond on the side hill, at an elevation somewhat above that of the top of an engine, filling it with rain-water from the surface of the higher grounds, and selling it at a round price to the Railroad Company for a living spring, whence the water required for the engines might be conveyed in pipes, and a saving made of the expense of pumping. It was a shrewd idea, and, from what he had sagacity enough to see, very likely to take with the parties with whom he was to deal. He formed his plan, and carried it into effect. Having excavated a basin of considerable capacity, and lined it with clay to prevent a loss of the surface water conducted into it, and having, by means of slight ditches, filled it to the brim

with water, he hurried off to the city to have an interview with the officers of the Company. No sooner had he explained the economical advantages to be gained by purchasing his spring, and announced that, if paid immediately, he would take the moderate price of \$2,500 for it, than it was perceived that the purchase would be a great improvement. As it would, for certain, be a change from the use of the pump, and, therefore, an improvement on what had been done before; and as it might redound to the future credit of the Board when all their efforts were understood and crowned with success, it being indisputable, and what all would in the end be compelled to admit, that the subject was, in its nature, of the greatest importance, since without water the engines could not move, and if they stood still, the road would not be worth the cost of construction; and, moreover, as it was clearly expedient, and for the ultimate interest of the stockholders, that, on such a magnificent model road as it was intended this should be, the fixtures, even at the most insignificant stations, should be of the most permanent and imperishable character, cost what they might, whereas ordinary pumps were well known not to be imperishable: for these or other reasons, the purchase was resolved on, and an early day was fixed on for an excursion to the spring to consummate the negotiation. When the day arrived, the Major, the president, and others repaired to Middletown to examine the spring, which was about two hundred rods from the railroad. On the way thither, a citizen of the place, seeing what a farce was going on, and

how it was likely to end, stepped up to the chiefs of the party, and said, "You are deceived in regard to this being a spring—it is an artificial basin filled with water from the surface—no one living here ever heard of there being a natural spring on this hill. You had better pause, and inquire." But they thought they knew what they were about; they had the owner's word for it, and wished for no interference. The honest citizen replied, "You are imposed on, and if you will wait an hour and let me have the basin pumped dry, I will forfeit the expense if another drop of water appears in it again before another fall of rain." So entirely, however, were they preoccupied by the impressions which they had received from the owner, and by their ideas of the necessity and importance of the improvement, that they refused to heed the citizen, and went on with the pageant. They were satisfied by their inspection of the spring itself. The bargain was closed—a deed of the spring was taken—the \$2,500 was paid—iron pipes, at an expense of about the same amount, were laid from the spring to the railway—an elevated tank was prepared—the valves were opened—the contents of the basin were exhausted in a few minutes—no further supply appeared—and the use of the original wooden pump was necessarily resumed. But the end was not yet. Some good-natured citizen, shortly after, officiously informed the Company that the land which they had bought with the dry spring was covered by a mortgage on the whole lot; that the part which they had bought for \$2,500 had not been released, and would soon be sold, together

with the iron pipes, in case the latter were not instantly removed. The responsible officers of the Company having relied on the friendly feelings and good faith of the mortgagor, and on their own impressions and prejudices, and having, in fact, forgotten to inquire whether or not any incumbrance existed on the premises, and having repulsed the well-meant advances of the honest citizen, and the affair having become somewhat notorious, and the question of fame for this improvement having become in a manner doubtful, sent up a competent force, and had the pipes exhumed and placed beyond the reach of the sheriff. ✕

Of all things imaginable, exaggeration of any thing unfavorable in the history of this road at the period in question, would be least necessary. The only difficulty lies in keeping a good conscience, and yet speaking mildly and forbearingly enough to gain any degree of confidence from the reader. This particular story is intrinsically a small affair of not more than six or seven thousand dollars; a trifle compared with twenty-four millions, and of little consequence, except as showing, on a small scale, how it happened that so many millions were unnecessarily expended. And it is obvious that such illustrations should not diminish aught from the reader's private personal respect for the actors, any more than the disastrous tournaments of the hero of La Mancha, detract from the esteem and veneration of those who rightly understand him. The evident sincerity of these men, their irrepressible desire to do something, their anxiety to redress great and notorious wrongs, their zeal to protect the in-

nocence of the stockholders, their estimate of the lingering task they had before them, their secret consciousness that they should be applauded to the echo by the functionaries of the general government, the greatest politicians, the gastronomic orators, the editors, the contractors, the speculators, and others, when they reached the far-off Lake, and disclosed to the world a full detail of their unrequited toils and self-denials; these things, duly considered, will go far to account for what was done.

It should have been sooner mentioned, by way of illustrating the Major's proclivity to reform abuses, that before any new track was laid West of Middletown, he set himself to the task of bringing about a change of gauge, so as to reduce the width from six feet to four feet eight and a half inches. Such a change would involve the expense of relaying the track on the Eastern division, and furnishing new cars and engines to suit, but the "benefit" would be realized on the remaining four hundred miles of road. All the civil engineers in this country, except H. C. Seymour, those associated with him, and perhaps three or four others, and nearly all of those in Europe, were in favor of four feet eight and a half inches as the width of gauge. That was the reigning and popular theory, and, therefore, it would be wise to change back to that. Moreover, by the rule of contraries, this change was as proper to be made as any other. The six-foot gauge was a feature in the system of management which, in order to speedy and complete success, must be promptly and totally abandoned and

condemned. The directors, of course, sympathized with the Major in his views, in opposition to Mr. Seymour, then superintendent of the Eastern division. A formal controversy ensued, and was persevered in, at no inconsiderable expense of time and money, for some two years, and ceased only when the resistless experimental and practical demonstrations, exhibited by Mr. Seymour, after years of experience and observation as engineer and superintendent, convinced and controlled the minds of a majority of the directors, notwithstanding that they were violently prejudiced against him, and as violently prejudiced in favor of the pretensions and supposed competency of the Major.

The Report of March, 1849, about two months subsequent to the opening of the road to Binghampton, after a variety of remarks tending to satisfy the stockholders as to the importance of the improvements which had thus far been made upon the road—descanting on the incredible obstacles in their progress along the Delaware, in Pennsylvania—and sufficiently directing attention to the determined and persevering efforts which had been made to surmount the difficulties that had been met with—which, undoubtedly, must mean the financial difficulties which the directors themselves had created, by their unwise expenditures, on the changes and experiments into which they were led; for there were no physical difficulties in their way, which could not be as quietly and as easily overcome, by an unrestricted use of the funds of the stock-

holder, previously at command, as any lesser difficulties of that nature, provided the engineer had time, and knew how to decide where the road should finally be, and how to make the necessary contracts—goes on to show that the whole of the liabilities of the Company at that time, amounted to \$9,802,433, and was represented by 54,786 shares of stock outstanding, \$3,000,000 of 1st mortgage bonds; \$500,000 of certificates for old debt; and \$833,883 floating debt. Of this aggregate they had (excluding all East and West, with the Newburg Branch) spent over \$8,000,000, between the Shawangunk Ridge and Binghampton. According to Mr Allen's estimate in 1844, compared with that of the commissioners at a later date, the grading of that division ought not to have cost exceeding \$2,500,000

and for the iron spikes, &c., according to

Mr Allen's estimate, including transportation,	870,000
add for fixtures and all contingencies,	130,000
	<hr/>
	\$3,500,000

equal to \$26,000 average per mile; and

showing an excess of outlay, on that division, of only

4,500,000

or about \$34,000 per mile.

	<hr/>
Together,	\$8,000,000

or \$60,000 per mile, for 135 continuous miles; of which, perhaps, twenty miles, partly in Pennsylvania, and partly West of Deposit, presented considerable physical difficulties, and might, in dear times, had the

commissioners' line been strictly followed, and the boasted improvements been spared, have cost on an average \$50,000, or \$60,000 per mile. The latter sum would give \$1,200,000

The rest, including the old line on the Shawangunk Ridge, and no improvements, ought not, on an average, to have cost more than \$20,000 per mile, amounting to 2,300,000

Total, \$3,500,000

which would have satisfied the estimates of Mr Allen and the commissioners.

Assuming the total excess of expenditure to be \$24,000,000, as heretofore estimated, and deducting therefrom the \$4,500,000, the excess, as above calculated on the Delaware division, there remains \$19,500,000 extra to be accounted for. On taking that portion of the present amount of stock and debt, which has not been applied to the construction of a double track, to the purchase of rolling stock, and other items heretofore referred to, to be \$30,000,000, and deducting therefrom the \$8,000,000 expended on the Delaware division, there remains an aggregate of \$22,000,000, to be accounted for. It would be vain and useless to attempt to state, in detail, how and for what this vast sum was got rid of. A faint illustration may, perhaps, be derived from the nursery story of the *apple pie*. A was an apple pie; B bit it; C caught hold of it; D demanded it; E engaged (contracted for) it; F fought for it; G grasped it; H

hustled for it; and so on to the end of the alphabet. Or the competition for the spoils may in some respects be indicated by the legend of the *House that Jack Built*; the office or treasury of the Company being taken for the house, and the piles of bank notes, stock-bonds and other securities heaped up there, for the malt that lay in the house. The scene, in this case, would require a long period to be supposed to elapse before the avenging cat succeeded in accomplishing her purpose; during which, while the dog worried her to prevent her success, and the cow the dog, from instinct and for amusement, a constant succession and crowd of rats had access to the malt.

Twenty-two millions (\$22,000,000), including the Newburg branch, and something for repairs on the Eastern division, more than the earnings there provided for, but not including the cost of the seven miles of road between Goshen and Middletown, which, in their confused attempts to show up something by way of accounting for expenditures beyond their own careful estimates, and incidentally to exhibit a specimen of the accuracy of their accounts and reports, they have several times claimed the credit of having paid, and, for the edification of their readers, have represented that they found that portion of the road to be, not the property of the Erie Company, but of the people of Middletown, till they paid for it. Now, while they are justly entitled to the credit of having paid for the dry spring and mortgaged land at Middletown, they are mistaken, and in danger of misleading even their ignorant and credulous friends, in reckoning that pur-

chase as fairly any part of the cost of the seven miles of railroad. The proper cost of the road included the wooden pump, but no such "improvements;" and they paid towards that cost only \$20,000, which the people of Middletown lent to the Company to hasten the completion and opening of the road to their village and the wooden pump, and for the refunding of which they were satisfied to rely upon the earnings of that seven miles, without any title to, mortgage on, or interference with the road itself. Perhaps the directors, with their views of cheap construction and economy, may inadvertently have supposed that this \$20,000 was the true cost of the seven miles of plain, unimproved road; including the pump, a considerable bridge over the Wallkill, and some other particular items. This would not be strange, and would, in fact, be consistent enough with their own notions, as they advanced Westward, of the proper cost of "improved" railroads. At the rate of \$90,000 per mile, the average cost of their improved road from Binghamton to the Lake, through the fine valleys of the Susquehanna, Chemung, and Alleghany Rivers and their confluents, where no physical obstacles were to be overcome, this seven miles, subjected to the same scale of "improvement," inclusive of the dry spring, would probably cost about \$500,000 per mile, or an aggregate of \$3,500,000. An aggregate of \$20,000, the amount of the loan, would give less than \$3,000 per mile, which is but one-thirtieth of \$90,000. The *unimproved* road, which, for practical purposes, continues to be a very good road, cost about \$15,000 per mile,

which is but one-sixth of \$90,000,—a moderate and reasonable difference for the improvements introduced by this talented administration. It would have been cheap at that. It would have added millions to the value of the whole line, taking *value* and *cost* to mean the same thing, and having properly in view the ultimate interests of the stockholders. The scribe who drew up the reports, published in the name of the directors as above referred to, claiming for themselves the credit of having paid for the seven miles, may possibly have made his blunder, by first erroneously assuming that the seven miles cost as high as \$20,000 per mile; and, secondly, that the directors ought to have the credit of paying for it, in consideration of the hardship of having to pay an old debt, and thereby using up means which, if spent on their improvements, would be worth seven times as much, struck off six of the seven miles by way of an equitable compromise, and by thus securing to them the credit, in print, to be re-echoed by friendly editors, of having paid for the seven miles, he would naturally strengthen his position in the confidence of the Board.

The \$22,000,000 thus cleared from all entanglements with the dry spring, the Middletown debt, and other by-gone matters, is to be distinctly considered as the sum disposed of West of Binghampton, including the Newburg branch, and some repairs as above mentioned. One naturally turns his thoughts to the \$6,000,000 which was originally sufficient to build the whole road with flat rails; then to the \$10,000,000 which—by actual contracts, by the estimates of suc-

cessive engineers, impartial State engineers under oath, and also made, or copied, by the Major himself—was sufficient to build and complete the whole road with heavy rails; then he thinks of the easy route through the Susquehanna and other valleys; then of the Egyptian Pyramids, the Wall of China, and the Tower of Babel, and the confusion consequent on its erection, of which the whole world is witness, up to the present time. But none of these things, nor all of them put together, will help him to any satisfactory conclusion.

Turn we, then, for light to the Report of March, 1849, after the great battle of the Delaware had been fought and won, the road to Binghamton had been opened, and much experience in regard to improvements had been gained. Here we shall, of course, fall in with the Major, in as good spirits, and every way as buoyant and hopeful as ever; and, also, with the practical ability of the scribe, whoever he may have been. After the matters heretofore adverted to, the Report naively says: "It will be observed, from the statement of the present liabilities of the Company, that there is a large discrepancy in its financial condition since the road has been extended to Binghamton." That is, in brief, instead of having \$1,000,000 left over out of the \$6,000,000 with which they started, as they were to have by their Report ten months before, they have expended more than \$3,000,000 over the \$6,000,000, making a discrepancy of \$4,000,000—say 80 per cent.

Next they observe, that "The stockholders will very naturally inquire how, or in what way, the road is to be

extended to Lake Erie." In explaining this, they refer to a contract which they had already made for constructing a new road from Binghamton to Corning, seventy-seven miles, substituting an improvement to that extent, in place of the road previously made, for which they were to pay in "income certificates;" but they had now determined to cancel those evidences of debt, and issue \$4,000,000 of second mortgage bonds to cover that contract, pay off the floating debt, and extend the new road to Hornellsville. The gentlemen who contracted for that new road are said to be "of wealth, and to have a deep interest in its construction." If it was true, as was reported, that they cleared a million on that contract, no one can doubt of their having felt a deep interest in the matter; and it is, at least, probable, that when they agreed to oblige the directors in their helpless condition, by taking "income certificates," they clearly foresaw that a mortgage would be found to be necessary to protect the floating debt of near a million; and that they saw the importance and necessity of constructing a new road, inasmuch as the cost of completing the old one would not be sufficient, at quadruple price, to afford a satisfactory profit. But, "The question now very naturally arises, Whether the intended issue of bonds for \$4,000,000 will secure the objects proposed? To which it may be answered, *that careful surveys and estimates have recently been made, under the direction of the chief engineer, of the whole line from Binghamton to Hornellsville; and the estimate of cost, with a liberal margin for contingencies, does not exceed \$2,500,000. The character of the coun-*

try through which nearly the whole line passes, is comparatively level, and furnishes the best grounds of confidence that the construction of the road can be accomplished within the estimate above made. The balance of the bonds will pay off the floating debt, and amply provide machinery for working the road to Hornellsville, at which point, as stated above, *the branch road to Buffalo* will meet this road; thus opening a direct communication with the Lake." They then go on to show that \$13,000,000 will be "the entire cost of the road to Hornellsville, and equipments for running it, including the Newburg branch; also the ferry equipments from New York to Piermont." That is, the total liabilities for stock, bonds, and debts of all descriptions. And they think the result "as likely to fall short of, as to exceed the above estimates." "The next important question that may be asked is, How is the work to be extended to the Lake?" And they answer that, "From surveys recently made under the direction of the chief engineer, *the cost of completing the road from Hornellsville to Lake Erie, is estimated at less than \$2,500,000, with a liberal margin for contingencies.*" The case, then, with these careful estimates, and very liberal margins, of the chief engineer, seemed to be plain and simple. For, besides the stock comprised in the \$13,000,000 which was to complete and furnish the road to Hornellsville, they were to have 4,500 shares (\$4,500,000) left over. And, upon a calculation that when they had reached Elmira, their road would connect by a short *branch* with Seneca Lake, they think "it cannot be doubted that such results will in

a few months follow such connection, as will satisfy the most incredulous or doubting, in regard to the value of this road; and that the price of the stock will, in consequence, reach nearly or quite its par value; and, if not by that time, it can hardly fail of reaching that price upon its extension to Hornellsville, where it will connect with the Lake through the Hornellsville and Buffalo Railroad. At that time the Company will require, say \$2,500,000, to carry their main line through to Lake Erie. They will then have, say \$4,500,000, in stock at their disposal, which will be available for the completion of the road, and for the supply of machinery for working it."

Thus, then, suppose the \$4,000,000 mortgage bonds to pay the floating debt, the \$2,500,000 required to extend the road from Binghampton to Hornellsville, and a wide margin for furniture and contingencies, bringing up the aggregate of liabilities to \$13,000,000. Then of the \$22,000,000 to be spent West of Binghampton, as before shown, there will remain \$18,000,000 to be spent; that is, the amount of the second mortgage, less than at the opening of the road to Binghampton. And, if \$2,500,000 was sufficient, and a wide margin over, to complete the road from Hornellsville to the Lake, then \$15,500,000 would remain to be accounted for.

But enough. The Major's careful surveys, and estimates with wide margins, had nothing to do with the matter. He knew nothing about it. The Board knew nothing about it. It was their contracts made with men who knew how to flatter their vanity, im-

pose upon their ignorance, and create, difficulties for them to get out of by paying money. The concern is to be conceived of as a ship under way in a storm on a lee shore—the Major lashed to the helm, with a false chart and no compass—the directors confined below, working the pumps—the contractors, and their abettors of all sorts, spreading main-sails, square-sails, fore-sails, jibs, studding-sails, top-sails, top-gallant-sails, main-tops, royals, sky-scrapers, and moon-signals. Those at the pumps, no doubt, worked hard to overcome the effect of leaks occasioned altogether by their own incompetency. They were entirely in the power of the crew aloft, who had possession of the deck, and could prolong the storm as long as the pumps kept the craft afloat. If those at the pumps prospered and grew rich by the voyage, by taking the bonds at a discount, for lack of other purchasers, indorsing notes for a commission, and securities with a wide margin, &c., &c., the crew having, in managing the storm, the advantage of day-light instead of being kept in the dark below, knew how to take care of themselves and grow rich also. The money is gone—the whole of it; and, if the views of the chief engineer and the Reports of the directors are to be relied on, it has gone “for the ultimate benefit of the stockholders,” and the stockholders have got a road to be proud of, as worth millions upon millions more than it would have been without the “improvements,” and ought, therefore, to congratulate themselves, notwithstanding that but a small portion of the money has been actually buried

up in the road, like that deposited on the Delaware section in 1836.

The reader, it is hoped, is in some measure prepared to judge with candor of the last great improvement which was conceived, and after several years of determined and persevering effort, was consummated by diverting the road into the State of New Jersey. This, indeed, was in opposition to express provisions of the charter, of the conditions of the bill granting a loan of \$3,000,000, and of sundry other laws; but the directors saw it to be so important and necessary to the interests of the stockholders, or else to the proprietors of the nascent city to be built up at its termination by the business of the road, that, as in all their other changes, they could have no hesitation in securing it at almost any price. It had all the necessary recommendations of a genuine improvement. It was to the last degree in opposition to the views of all who had preceded them, without exception. It would, in theory, save four or five miles in distance between the point of divergence and the landing at the foot of Duane Street; and might, if the draw-bridges over the Passaic and Hackensack happened to be shut, and the gorge free through the Bergen Ridge, and a ferry-boat in waiting, save five, ten, or possibly fifteen minutes in time. It would save the trouble of crossing the river at Piermont and entering the city as authorized by the charter, and the trouble of maintaining competent steam-boats between New York and Piermont; and, finally, it would furnish an excuse for expending a further large sum of money, and thereby encouraging

the business of Wall Street. No one, therefore, can reasonably wonder, especially as the hearts, at least of some of them, were so deeply enamored of the proposed new city, that they saw with instinctive sagacity the importance and necessity of this improvement. Nor, on the contrary—supposing the road had been originally extended on the same line to Jersey City, and that there was no chance of speculation in lots, &c., at its termination—can any one reasonably doubt but that they would have proposed a change to the line prescribed in the charter, and the adoption of which was made an express condition of the State loan. In this alternative, freed from the internal and outside influence and pressure of the intended speculations connected with the projected city, they could have made out a far stronger case, founded on real and permanent, instead of theoretical and visionary considerations, in favor of diverting the road to Piermont, and then using a ferry on the river.

In that case—supposing their predecessors had leased the New Jersey roads, *via* Paterson, and expended a million or two in altering, refitting, and furnishing them, and incurred, besides the expense of keeping them up, and sundry conditional arrangements concerning way business, an annual rent, including taxes, State capitation fee, &c., of \$100,000, or more—the reform Board would naturally have argued in favor of a change, to the following effect: They would have urged, that the crossing of four or five hundred passengers in a ferry boat, from Duane Street to Jersey City, before breakfast, for the early

train going West, was inconvenient, uncomfortable, and every way exceedingly distasteful, compared with a sail of an hour and fifteen or twenty minutes, to Piermont, on a fine, roomy steamboat, where their baggage could be properly assorted and packed in transferable cars, and a leisurely and comfortable breakfast served, toilets arranged, cheerfulness maintained, and agreeable forebodings of the journey rendered prevalent; a satisfactory, pleasant, buoyant start, on a jaunt of four or five hundred miles, being universally felt to be more important to the health, comfort, and good spirits of the travelers, than any possible appliances, after a vexed, dispiriting and odious beginning; that the hurried landing at Jersey City, the crowd, the confusion, the delay, the mud, were offensive and intolerable, compared with that on the quiet, ample, unobstructed and sheltered pier-head at Piermont; that the peril of delay or collision at Bergen ridge, from the approach of trains of various lines, and the danger from the draw-bridges on the line, being every day and at all hours equally to be met, must be contrasted with the entire freedom from such hazards on the Piermont route; that the loss of time required for a scanty and uncomfortable breakfast, West of the junction of the two lines, would more than counterbalance the doubtful or momentary gain on the New Jersey route; that as to the return trains, arriving at Jersey City at 9 or 10 o'clock at night, the passengers fatigued, hungry, and impatient, and covered with dust, or obliged, on leaving the cars, to encounter mud and rain, to be hurried and

crowded indiscriminately on the ferry boat, and equally hurried and crowded on their escape from it at Duane Street, their baggage thrown into confusion and exposed, a precipitate and doubtful tour of inquiry for shelter and protection, during the remainder of the night, before them; these, and a host of kindred annoyances, irritations, misdirections, fatigues and confusions of all sorts, are to be contrasted with the relief to mind and body, of a quiet, leisurely transit from the cars to the spacious saloons and comfortable accommodations of the steamboat at Piermont; facilities for whatever the toilet might require; a timely supper; leisure to discriminate and arrange the baggage; an oblivion of fatigue, fever and anxiety; a homelike sense of freedom, ease, contentment; good spirits; earnest and grateful commendations of the road and its provident arrangements; in short, higher satisfaction at the close, than was anticipated or conceived of at the commencement of the journey. Then, on reaching the city, there would be no occasion for instant egress from the boat; neither the persons nor the baggage of the passengers would need to be exposed; time to engage the necessary quarters could be taken; confusion, vexation, imposition, plunder, outrage, insult, could be avoided. Next, they would argue, that, as a point from which advantageously and profitably to extend a ferry, for a business of such magnitude, on which the transit of passengers and tonnage, though paying as much as on a railway of equal distance, would cost little if any thing more for twenty miles, than if limited to the distance between Duane

Street and Jersey City ; Piermont was near enough to the city to subserve the interests of the stockholders and the public, and, therefore, since the river must be crossed somewhere, a long ferry capable of being plied at all seasons, would be more advantageous to all parties, than a short one ; that the pier was barely twenty miles from the central part of the city at present, and would be scarcely ten from its Northern border at a coming period ; that the cost to the Company of doing a large business on that route would be materially less than on the route through Jersey ; that the corporation of Jersey City would be likely, at a future day, to prohibit the passage of locomotives through their streets ; that there was ample room at Piermont for the convenient transaction of any amount of business, without the interference or proximity of other objects ; that a pier extended a mile into the river by insulating the business to be accomplished on it, and allowing the free access of any number of boats and barges, would be of incalculable utility and value ; that the river up to that point was seldom even slightly frozen over, or obstructed by floating ice ; that the transit on that ferry would, in the severest winters, when the bay of New York was choked with floating ice, impelled by powerful tides, be more practicable than the passage to and from Paulus Hook ; that, owing to the feebleness of the tides in opposition to the current in the Hudson, no floating ice from the bay was carried much above the old State prison, while, owing to the fresher water, the intenser cold, and the greater consequent depth of congelation in the Highlands, and

down to the neighborhood of the protecting palisades, the frozen barrier once formed, would remain unbroken till the ice above the Highlands gave way, cleared the channel lower down, and in a few hours disappeared; that regular passages on that ferry would, with boats of equal strength and power, be less obstructed, less difficult, and less expensive, than on a proportionate extent of the East River; that it would be more becoming in citizens of the commercial capital, controlling so long a road, by virtue of a charter under the laws, and within the boundaries of their own State, to have its grand terminus also within those boundaries; that it might be more secure, less liable to capricious and injurious legislation, and less subject to the influence of rival interests, than under a foreign jurisdiction; that, on so long a route, a petty difference of time in arrivals, even if certain to be realized, was practically of no importance; that neither an additional passenger nor pound of freight could be gained by adhering to the Jersey route; that passengers would undoubtedly prefer to commence and end their trips on the longest ferry; that when a majority of their passengers resided, or had their lodgings above Union Square, and all of them above Duane Street, that point of departure and arrival, as compared with landing from a steamboat at two or three places further North, would subject them to a much more appreciable loss of time than could possibly be gained by keeping to the route through Jersey, besides subjecting their pockets to additional expense.

Thus, without exaggerating, or fancifully presuming

upon any thing, they might have shown as much stronger a case in favor of a diversion *via* Piermont, from their supposed prior route through Jersey, as the Piermont ferry is longer than that at Jersey City. For, referring again only to the most essential points, the distance from Piermont to a point opposite to the present center of the city is barely twenty miles; for about nine years after the opening of the road to Goshen, while all the business was done by Piermont, not a passenger or barge-towing steamboat lost a trip; and repeatedly, in severe winters, when the Piermont passenger-boat, and the Paulus Hook ferry-boat left the same slip at the same time, the former reached its destination sooner than the latter by a considerable space. And after the first express train was run over the Jersey route, while the slower mail train was continued *via* Piermont, it turned out, contrary to the expectation of the directors, that the mail train run full, while the express run nearly empty, till, to avoid a total failure of their "improvement," they changed the mail train to the Jersey road, and compelled the passengers to go that way.

Many an immigrant trader of New York, protected by her laws, while prospering in his schemes and evading the taxes and duties of a citizen, will commend and justify this lawless evasion of chartered rights and legislative restriction, as in beautiful agrarian contrast with the niggardly local legislation of New Jersey, which, because they can not themselves evade the case to which, as taxing them, they specially refer, they cry out against, as a barbarous anti-cosmo-

politan outrage—meaning the Camden and Amboy Railroad. To shorten the journey from three or four days, at certain seasons, to as many hours, at all times, for the benefit of New York and the public, the Legislature of New Jersey granted a bonus, in the form of a monopoly, to the Camben and Amboy Company; but can any description of capitalists out of that State, any number of pseudo citizens of New York, who were to reap the commercial and chief benefit, or any one of a sufficient number, be named, who would, at that period, have accepted the charter, ran the risk, and built the road?—any one who believed it would pay?—any one who would not sooner have subscribed to some “Grand Gulf” railroad, far enough off to be blown up into a speculative bubble, without any body being able to ascertain even its geographical meridian, or any particular fact whatever not furnished by the respectable and trust-worthy projector?—any one, who, from his own judgment, or out of zeal for New York commerce, would have ventured to subscribe, or to express any degree of confidence, till he felt assured that he could soon sell out at a round profit, and saw that others, following like a flock of sheep, a real or imaginary leader, were like to get a-head of him in the speculation?—Any one far-seeing and self-relying enough, in respect to the means of preserving, advancing, and rendering profitable his own particular trade, or his interests in real estate, to step forward, maugre the sordid stolidity around him, and commend the parties who furnished the capital and built that road?—any more than any

one—excepting certain sagacious dealers in State stocks—could be found, between 1816 and 1824, to commend the men who projected and carried forward the Erie Canal? Let those answer who are aware of what has often been stated as a fact, that, during the interval of years above mentioned, no delegate, of any party, from the city of New York to the Legislature, voted in favor of the canal, or could have obtained a nomination or election without a prior understanding that he was to represent the city as opposed to that work. Or let those answer who have not quite forgotten, that when the canal was completed, the opposition, alarmed and roused to frenzy by the hue and cry that the State was saddled with a frightful and hopeless debt of \$7,001,035, and that new taxes were impending, turned Gov. Clinton out of his office as Canal Commissioner, to punish him, as the chief author of the impending ruin, according to their notion of his just deserts!

New Jersey may have done a thing some twenty years ago to accommodate that portion of the world, East and West, who desired to hurry through the State at a speed of thirty or forty miles an hour, which would not be necessary now; a thing which, then, the circumstances might excuse, even in the eyes of alien cosmopolitan adventurers, non-tax-paying merchants and commercial agents, who previously traversed the route by stage-coach at a slow pace, and an exhausting price; a thing, however, which secured the road without ruining the stockholders, or unsettling and deranging the value of all other corporate property, by cre-

ating unmanageable debts, and ranging them with the stock on the fancy list; and it surely requires, after the lapse of so many years, and so great a change of times, some impudence, even in patriots of the newest type, to stigmatize it in terms of rabid, indiscriminating, and wholesale denunciation. However that may be, the State showed, at least, some prudent forecast, and provident care for herself, as the world rushed by. And it would have been as well had New York showed something of the like, when the scheme of changing the terminus of her own road, hundreds of miles long, already built with the aid of the public funds, and of aiming to erect a rival mart of commerce and exchange beyond her jurisdiction, was first broached as an improvement upon her legislation over her own territory, over the rights and property of her citizens, over the interests of her commerce, and upon her wisdom in prescribing where and to what ends her own funds should be invested in the road, in defining its termini, and doing, in sundry respects, all that the sovereign authority of a State could do to guard, protect, and render of some value the interests of the stockholders. And one cannot help thinking that any and every of her legitimate sons, not wholly recreant to her claims, and destitute of self-respect, would have been constrained to loathe and nauseate the clandestine, humiliating, and beggarly task of truckling to the hybrid, called the Union Company—step-dame and lessee of the otherwise inaccessible roads in Jersey. That men—citizens—New Yorkers, trusted with a capital of thirty odd millions, with a road completed four

hundred and fifty miles in length, which, after a struggle of twenty years, and with an existing load of embarrassment, had begun to fulfil its design over its own route to its chartered termination, should stealthily plot and consummate against the rights and interests of the stockholders, another scheme of pretended improvement, another waste of capital and credit, stripping the giant of New York of the last vestige of his proper character, and chaining him to a borrowed wheelbarrow, to do daily and hourly penance as a felon in Botany Bay, was not to have been expected; it was not necessary, it could not be afforded, it was disgraceful. Even the little orator of the road, at its installation, mounted on a table at a certain stage of the orgies, in the presence of a hero of two wars, and other invited guests, failed to be eloquent—except in gestures. But these men had verge and rope yet unexhausted. They had achieved all the other improvements which they had discovered to be necessary; they could, and they would, achieve this at whatever expense, and with whatever amount of determined and persevering effort. They were conscious of no loss of character for what they had done; they feared no loss from what they yet might do. Enough that they were told it was an improvement—it would save moments of time to travelers from Chicago and Missouri—it was opposed to the route wrongfully prescribed in the charter—it would avoid the long ferry—Rockland was but a “speck on the map,” and must be sacrificed to the public good, of which they were the self-constituted judges—for a trifling million or so the Jersey

roads could be re-graded and re-laid with the irremediable six-foot gauge—the draw-bridges could, in time, be made secure against all but the hazard of being unseasonably opened—the pre-occupied track at Bergen cut and at Jersey City, the confusion, the crowd, the smoke, the mud, and a ferry-boat at last—these were so near the city, that the subdued and jaded passengers, glad to escape with life, would put up with them as best they might. The rent of eight per cent. per annum secured, free of all taxes and all contingencies, to the stockholders of the borrowed roads, while not a farthing had been earned, or was likely for years to be earned, on their own stock, would conciliate and satisfy the owners of those otherwise (at least two of them) all but worthless roads; being exacted, and insisted on, and the leases being notoriously and absolutely necessary to the improvement which had been determined on, that moderate rent must be regarded as a trifle, a generous concession, a largess from the greatest, most patronizing, most magnificent corporation in the country, with the largest capital, the longest road, with improvements equal in cost to its debts, with stock unsurpassed in fluctuations on the fancy list, with fine prospects of an improved through business at half price, as soon as they could arrange to abandon their own just-finished road from Hornellsville west, borrow the new diversion thence which they had encouraged and assisted, and changed the name of the chartered line to that of “The Jersey City and Buffalo,” and when, by a further outlay of two or three millions, the new terminus and new city opposite to Duane Street were in readiness,

“The Pavonia and Buffalo Railroad!” Look at it, reader; ponder it and be satisfied. Consider such a company, so conditioned, so embarrassed, in such extremity for temporary loans at one to two per cent. a month; its stock preserved as a bubble only by dividends of borrowed money; its accounts in irretrievable confusion; its Reports incomprehensibly inconsistent; preparing to abandon—either as to one-half or the whole of their business, as the whim of the next hour might dictate—about one-third of the linear extent of their whole road, including both of the chartered terminations, and leasing the worthless roads of other corporations upon which to throw away their earnings, by way of discharging their duty as trustees to the stockholders. Consider the time, the circumstances, the tendencies. Consider the objects and reasons. Contrast the whole affair with the different tendencies and probable results, if, after having opened their road to Dunkirk at so enormous a cost, and made all the changes of location, grades, &c., demanded by their theories of improvement, they had awoke from their mesmeric dreams, broke loose from all the clairvoyant quacks who dogged their steps, come to their senses, resisted all temptation to build or lease side-roads, connecting branches, lake steamers, and what not, procured a respectable and competent superintendent, and requested him soberly and honestly to manage, not the affairs of the world at large, but those of this particular corporation; not other people’s roads, but their own; to attend to the business which naturally belonged to it, and for which it was intended; to

treat the people decently, study their interests, encourage their efforts, and accommodate their business as far as possible; pay off the floating debt, stop all shaves at two per cent. a month, discharge the annual interest on the bonds, and out of the first spare money really earned and in possession, pay something on the stock.

In judging of the different tendencies and results of such a course, in comparison with that preferred by the reformers, let all that specially concerns the interests, the citizens, the commerce, the prestige, the violated laws, the outraged rights, the territory, the sovereign authority, the historic memories, the public reputation, honor, credit, empire fame, glory of New York, be left out of view, if the reader pleases. Let the local interests of the metropolis and the counties be disregarded, and the diversion be deemed as rational, important, and necessary an improvement as it would be to block up the navigation of the Hudson, and divert the Erie Canal to Narraganset Bay, and look only to the interests of the stockholders. Consider the \$10,000,000 of stock already smothered by the mortgages imposed upon it, and threatened by this improvement with new accumulations of incumbent debt, new fluctuations of fancy traffic, new financiering, a new set of customers for plunder, and then gigantic derangements of all the affairs of Wall Street and the Union, and alarm even in transatlantic nations, a blight upon all other railroad stocks and bonds which had been hatched and stimulated into existence by the example of this Company, its gilded promises, its con-

fidest predictions, its dashing, lawless, reckless exercise of power, the influence of its alledged success, its troops of addled and interested friends and supporters. If the stockholders, in this condition and aspect of their investments, must submit to be benefited by paying eight per cent. yearly, with borrowed money, to the Jersey roads, if Pavonia must rise in rival grandeur, on miracles of new credit, for the public good, then let the Northern enemies and rivals of the road take new heart, then let them encourage the Jersey schemes under the feigned idea of enticing passengers from the Arctic circle by gaining five minutes at their journey's end; the longer the delusion lasts, and the more hindrances and vexations can be interposed, the better. More millions borrowed and wasted will require more earnings. More earnings will require higher rates of charge, and thereby help their competition. Let the allied army of trembling creditors and exhausted financiers and speculators be recruited. Let the farce go on, and Sebastopol be added to Bomarsund; old debts be paid by contracting new and larger ones. Let the genius of Gotham bow to "improvements" which theoretic folly thrusts upon her. Let Rockland, the insignificant speck, beware of uttering any note of remonstrance, lest she should be annihilated from the map.

As for the people of Piermont, if so small a subject may be taken into account, they are understood to have discovered, some time ago, their mistake in supposing that they had any rights. They may have colds, but, as the Dutch say, can't complain. It might be more fortunate for them if their end of the road

was forty miles further North, where they could get the city papers by 7 or 8 o'clock in the morning. But by the favor of the Company, as mail contractors, they still receive the letters and papers of the morning between 8 and 9 o'clock in the evening of the same day, generally; and when that does not happen, they are almost sure to arrive within the next twenty-four hours. What effect an "improvement" might have, can not be foreseen with any certainty. Most probably the result would be a suspension of the mail altogether, which would be less convenient than the present system. It behooves them, therefore, to be thankful and quiet, as they evidently are, no one venturing to say a word, lest some unforeseen change should come upon them unawares, like that by which their portion of the line was improved, from the honors of the original main trunk, to those of an odious branch.

If we have conveyed a just idea of the reasons why this road has unnecessarily cost so much, and of the transcendent folly of the objects upon which the capital has been wasted, the distasteful task has been performed, not out of unfriendliness to any of its true interests, but quite the contrary. Apology and forbearance have been exhausted. The selfish and hypocritical tributes of adulation from dependents and expectants, and from the press, have run their course, and done much mischief, by encouraging false hopes, deceiving the ignorant, and stimulating the rashness of incurable folly. The true friends of the

undertaking, proscribed and slandered for entertaining views opposed to those which ruled the hour, have looked on from year to year, expecting there would be an end of some sort, in the course of time; that Pandora's box would be emptied to the dregs; that the extreme depths of factitious credit and lunatic credulity would be reached. The time has come when it may be of some use to say a word, when the parties chiefly interested may condescend to listen and consider, when some suggestions for their benefit may, at least, put them upon inquiry. If that time, with respect to them, has not yet arrived, the illustrations in the foregoing pages may yet be of some use to other railroad Companies in a somewhat similar condition, who are at a loss as to how and why they come to be just where they find themselves; or they may be of use to companies yet to be formed, for the joint benefit of the public and the stockholders.

The road is finished and in operation. It is a good road. Its route, had the original plan of economy been carried out, is unequalled by any other in the country, in relation to the certainty and amplitude of benefits to the stockholders and the public. By virtue of the six-foot gauge, it is, as at present superintended, the safest and most comfortable road for passengers on the continent. It is the medium of transport, annually, of about one-fourth as many tons of commodities as were conveyed on the Erie Canal, when, prior to the enlargement, that work had cost, apart from the Champlain and other canals, about \$8,000,000; and about half as many tons as it should heretofore have been

the medium of, by the estimate of its leading projectors, founded on the relative proportion of the population and products on the two routes, and considerably less than half as many tons as it ought now to convey, and might convey, were its local and way business properly cultivated and attended to; on the assumption of its being hereafter wisely, economically, and honestly managed. The great difficulty with it is, that it is overloaded with debt, and is unable, for that reason, to provide the necessary vehicles and furniture for its local and legitimate business. Much heretofore, has been sacrificed to a false, absurd, and ruinous theory of through business, by which not only large and useless expenditures of money have been absorbed, but by which delusive hopes and expectations have been fostered, and the time and attention of the managers misdirected. Much, also, has been squandered by ignorance and delusion, upon lake steamers, leased roads, branches, multiform terminations, and the like.

These things can be remedied if a grave conviction of the necessity of their being remedied is felt, and the directors, as well as the stockholders and creditors, are disposed to heed the dictates of that necessity. Most persons, on hearing of the large monthly gross receipts from the road, of the current amount compared with those of former years, and the confident predictions of continued advances hereafter, are apt to imagine that they must and will suffice to meet all current demands and leave a surplus. They roughly calculate an assumed per centage for running expenses; and a

certain amount for interest on the mortgages and floating debt, and conclude that the concern will redeem itself, if the difficulties of the moment can be got over ; without inquiring what items, if any, are to be provided for, over and above what are comprised in running expenses. Thus, suppose the pending loan should, besides retiring the income bonds, clear off the floating debt, and set the operations of the Company free from extra charges for interest and commissions ; it would be easy to see that gross receipts to the amount of \$6,000,000 the ensuing year, if subject to no other drawbacks than 55 per cent. for running expenses, would yield sufficient to discharge the interest on twenty-five millions and a half of bonds and leave a surplus. But suppose the running expenses should, from some unforeseen contingencies, exceed 55 per cent. ; that disasters should happen to the track ; that new rails and material repairs should be required ; that the rolling stock should need to be renewed and considerably increased ; that casualties occasioning unusual losses should happen. Suppose that, in addition to the rents, taxes, and extra expenses of the New Jersey roads, there should be a smart loss by the Newburg Branch and its connecting boats and extra passenger line to the city. It is quite possible that these items, with office expenses, salaries and contingencies, might exhaust the estimated surplus. The bare mention of them may at least indicate the probability that, should the gross receipts fall below \$6,000,000, a new floating debt would be engendered, with its attendant sacrifices, and with occasional financial difficulties. And who

can say for certain that they will not fall below that sum? True, as it is confidently believed to be, that the road between its termini and within the undisputed control of its managers, may and ought to furnish a greatly-increased amount of business, and, under its present superintendence, would furnish it, at no distant period, were it adequately equipped for that object; but the requisite change of policy as to through traffic, and the acquisition of enlarged facilities, are neither of them to be effected suddenly, nor the latter without considerable delay and heavy cost. In the mean time, who can say that there will be as much travel the coming year as there was the last? that the state of the times, and the retrenchment of operations and expenses, will not injuriously affect that branch of revenue? Who can say that there will be as much merchandise offered for transit West, or as many emigrants from abroad, or as much produce from the interior? Should there be a falling off from these sources—should there be three or four very delinquent months, the expectation of \$6,000,000 would be disappointed, and another floating debt, under those circumstances, could not fail to be very troublesome; the condition of the road and its furniture would run down; the ratio of running expenses to receipts would rapidly increase; slight disasters, when heavy payments were impending, would precipitate a panic or a crisis; new sacrifices would be called for; men competent to the management would become disheartened and withdraw. The concern is top-heavy. If every thing in prospect does not work favorably,

there is danger of its capsizing; and the sooner and more deeply this is felt and acknowledged, the better; that if any precautions, any taking in of sail, any curtailments of unproductive operations and needless expenditures are possible, they may be speedily adopted.

Were the stock of this road, at this moment, owned by one man, of the commercial genius, capacity, and talent of the late Mr. Astor, it is easy to imagine what he would do and direct to be done. And there can be little hazard in expressing the opinion, that he would at once divest it of all hydra-headed terminations, branches, leases, and costly experimental affiliations with other people's roads and projects, and direct attention solely to the sure, ample, comprehensible, and controllable business, resources, revenues, and benefits of the grand trunk. He would have a system adapted to the local, economical, and fiscal exigencies of the case; a settled and stable system, which could be understood by his agents, and by the people whose interests and convenience were to be affected, whose business was to be transacted, and whose confidence and good will were necessary to his success. He would keep the road, not by fits and starts, but habitually, in good condition, and sufficiently furnished for the prompt, regular, and economical transaction of its business. Instead of a confused labyrinth of complications and entanglements, to confound an army of bookkeepers, accountants, agents, committees, lawyers, diplomatists, and wet nurses, he would have a simple, unmystified, intelligible system, under which one of his clerks could tell correctly, at any time, day or night,

how the accounts stood ; and he would succeed. He would perceive beforehand the grounds and reasons which justified his rational and confident expectation of success. The antecedents and facts in the case, would indicate to his comprehensive views, and his intuitive sagacity, what was necessary to be done, and what omitted.

Or, could this road now be leased for a term of years, not to another corporation, for, in the present lax state of corporate morals, that would be fatal, but to an individual, or an association with a competent head, invested with absolute power ; an association directed, not by the ignorant or indifferent votes of a majority at full meetings, or by the corrupt votes of a majority of those present at a thin, unseasonable, premeditated, packed meeting, but by the mind and will of one responsible, cognizable, tangible individual, who, under a lease properly guarded, could give adequate security for his faithful performance of its conditions, and could advance two millions of dollars to be employed in the purchase of additional rolling stock, in repairs not covered by current receipts, and to be held, in part, as a guaranty against floating debts, on condition of its being repaid if he succeeded, that is, if the net earnings, during the term of the lease, exceeded the rent by a sufficient sum ; then success might be confidently predicted, and the stockholders might, after a while, calculate to receive more or less in dividends on their stock. That such an individual could manage the road more economically, safely, satisfactorily, and profitably than any corpora-

tion can, whoever may be the directors, or whoever may be at their head, if he is in any degree dependent on them, and has not more capacity, knowledge, and competency, in every respect, than they can reasonably be expected to possess, can not admit of a shadow of doubt.

But in the present case, such an arrangement might be impracticable on such conditions; or if a competent lessee should appear, his proffers might be refused. And since, if there is at present no floating debt, there is also no such two millions surplus on hand for the purposes above indicated, it is the more necessary that timely and adequate curtailments of useless and exhausting superfluities should be made.

The first and most obvious suggestion is, to bring the business of the road on to one line, at one of its Eastern terminations, and stop the waste of capital and earnings on the two other terminations. There was deep philosophy, free from idealism and transcendentalism, in the farmer's opening two holes in his barn door—one for the large cat, and a smaller one near it, for the kitten. He considered what the business of those animals was, and how necessary it might be in the pursuit of their prey, while the kitten was learning to practice its art, that they should both be enabled to pass the door simultaneously, without collision or hinderance. But that notable example of forecast could not have been meant to govern the arrangement of the business of future railroad com-

panies. It would require an article of some length to exhibit fully the absurd and ridiculous aspects in which a company appears, while struggling to keep afloat, and not so overdone with business as to occasion any difficulty in dispatching it on four hundred miles of their line, in separating it, on approaching its destination, on to three diverging lines, and then converging it again to a single point. It is impossible to convey a tolerable idea of this folly, without going into a consideration of local interests, schemes, projects, influences, prejudices, partialities, hallucinations, which, for the present, must be dispensed with. If the absurdity and folly of erecting three depôt establishments on the West side of the Hudson, the second twenty, and the third sixty miles from the one nearest to the city; keeping up three sets of superintendents, agents, accountants, clerks, and other employés, and three outfits of working and supernumerary cars, repair-shops, machinists, &c., and three sets of boats whereby to converge the whole passenger and freight traffic to the narrow precincts of the Duane Street wharf, is not manifest to the reader at the first glance, we must leave him to inquire into the particulars for himself. If he imagines that the last twenty, thirty, or fifty miles of the road are not as adequate to the whole traffic as any other portion of the line, we must leave him to discover a reason for himself. And if he supposes that there is not room enough on the West side of the Hudson, at any one place, to receive and deliver as many passengers and as much freight as can be accommodated and disposed of at the Duane Street

wharf, it probably would be useless to attempt to enlighten him.

With respect to the Newburg branch, the Company, by the Act of April 8, 1845, were "authorized"—not required, it may be as well to remember—"to construct a branch," from the main line of their railroad, "terminating at the village of Newburg." They were not bound by law to construct the branch; but the directors, as heretofore observed, were drawn into such commitments and understandings, as, in their view, to render it necessary and important to do as they had promised. If, after they had redeemed those pledges, they had relinquished the nineteen miles of road to the people of Newburg, without expending further considerable sums in the erection of wharves, depôt buildings, machine shops, &c., &c., the case would have been better for the stockholders; and much better still had they, after all the expenditures, abstained from attempting to make any use of the branch, by diverting business from their main trunk. These strictures are called for and justified, not on account of the termination of the branch being at Newburg, any more than if it had been any where else above the Highlands. The thriving people of that village were willing, no doubt, to get what they could from such compliant managers of the Erie road, over whom their sagacity and courage had the necessary sway. But they are called for and justified because the interests of the stockholders were sacrificed, first by the outlay of money in the construction of the branch, and secondly, in the loss occasioned by working it. How

much that is, need not be stated; enough that it is such as to be, under existing circumstances, well worth saving. A non-discontinuance of it cannot be justified to the stockholders, or to the bondholders. If any one doubts, let him beware of taking any vague general statement from any one. Let there be an intelligent and impartial committee appointed, on behalf of the parties specially interested, to examine and report all the expenditures of capital on the branch, and on the works and fixtures at its termination; the arrangements and expenditures connected with the steamboats, barges, &c.; the cost of the rolling stock; the running expenses; and then of superintendent of the branch, agents, clerks, office expenses, &c., and the sums received for local business in distinction from business which might have been more conveniently and profitably done on the main line of the road. Such an inquiry would be as instructive and useful, as it is conceived to be justly due, to the stockholders, and necessary to the protection of their interests.

It is believed, that enough may appear without waiting the result of such a scrutiny, to satisfy the Company, that the wisest and best thing they can now do, will be at once to relinquish that branch to the people of the village of Newburg, if they will accept it outright, with full liberty to run it and keep it in repair, or not, as they find it expedient, provided that the stockholders of the Erie Company shall be quit of all further expense and responsibility on account of it. If by their industry and skill they can induce the merchants of the city to forward any of their merchandise Westward by that

route, or the population at the West to direct their commodities that way, or if it should be preferred by any passengers going East or West, let them have the benefit. If they will not accept it on such terms, then the stockholders have a right to direct, and their interests imperatively demand, that it should be forthwith discontinued. A continued use of it at a sacrifice of their interests, no one can for a moment justify. A use of it merely as a substitute, and by a needless diversion on to it of traffic from their main line to a point below the Highlands, at the unavoidable extra expense of its separate management, agencies, repairs, &c., &c., can not be excused. For passengers or freight going West, it cannot be pretended to be in any respect, or under any circumstances, in the least degree convenient, much less necessary or desirable, even in the summer; while in the winter months, when the navigation of the Hudson in the Highlands is closed, it can be of no use, though still occasioning a variety of expenses.

Next, with regard to what is of late, with facetious gravity, termed the Piermont *Branch*, let that also be forthwith discontinued, if the leased roads through Jersey are to be retained. The paramount question to be considered by the Company, the stockholders, bondholders, and directors, is that of economy in conducting the affairs of the road. There is, at least on the part of the stockholders, likely to be occasion, for some time to come, to pay attention to that subject; to cut off all unnecessary expenses and unprofitable

establishments and arrangements. The Jersey roads are now in good condition. If they are such, on other accounts, or for any sufficient reasons, as this great Company ought to have on its hands, they ought to be as adequate to all their traffic as any portion of their own road further West. They no more need two distinct roads for thirty miles West, than for three hundred.

If it is deemed "important and necessary" to discontinue this branch, whether with or without consulting the mortgagees, it can be done without consulting the Union Company or any body else, or occasioning any local *emeute* or trouble. It is understood that the people adjacent to the line will offer no objections. Their experience has taught them something of a lesson. But while, after having paid and lost all that was paid by stockholders for the original construction of that once head and front of the grand trunk, they will respectfully decline paying for it again, when abandoned by the Company, they nevertheless will promptly accept it if offered to them. Or, if those terms are thought too liberal, if the present stockholders cannot afford them, there need be no chaffering, there will be no objection made to their carrying off all that is movable, provided they will take the lazaretto with them, and leave the land, so much of the pier as cannot be removed, and the whole of the Hudson River.

Or, lastly, if the leased roads through Jersey are not adequate and eligible for all the business; if, for the accommodation of arriving and departing trains, the

convenient, economical, and rapid discharge of the down freight, and the simultaneous reception and dispatch of that destined West, the space required for waiting cars, for engines, for machine-shops, for repairs, for materials, for fuel, for the storage of lumber and other bulky commodities; if, for these objects, to say nothing of the wharf room required for boats and barges, an area of fifty acres is now necessary, and prospectively twice as much, and if no such space, nor a tenth part of it, can be had at Jersey City, or in its vicinity, without a further outlay of several millions, then that route ought, without hesitation or delay, to be abandoned, and in favor of the original chartered and mortgaged route by Piermont; where there is abundant room, where the Company already hold an hundred acres, given to them before the era of improvements, and where every rational consideration, past, present, and prospective, dictates that the junction of this great thoroughfare with the Hudson should be fixed; from which its passengers and its teeming tonnage from the West may be distributed to different points in the city, as economy and convenience, now or hereafter, may dictate; and to which its Western freight may be forwarded from different points.

The question of abandoning that route may be supposed to be precluded by the tenor of the leases. That can be inquired into. Probably, it will be found that those instruments are, in relation to the stockholders of this corporation, illegal and without obligation; that the directors had no more authority to bind the stockholders by those commitments, than they had to lease

all the railroads in the country which are connected with such as cross, or connect with either side of their own road; that if the leases bind any body, it is the directors, individually, who negotiated and sanctioned them; that if the capital of the stockholders has been employed in carrying them into effect, by reconstructing the roads and laying new tracks, and building new draw-bridges, &c., that can form no valid reason why their earnings also should be absorbed in the same way. If all this be not so, then let all confidence in charters and legislative enactments, in the contracts by which the provisions and conditions of charters are rendered binding by the act of subscribing, on the faith of them, to the stock, and all confidence in the stock itself, be for ever given up. The case has nothing in common with that of over-issuing stock; nor with that of illegally issuing or selling bonds, or that of embezzling and squandering money actually in possession. Such things are not done under pretense of their being legal, necessary, or in aid of improvements for the benefit of stockholders. They are stamped by all alike as frauds. They are of a nature and character to deceive no stockholder, under pretense of benefiting his interests. Their nature and character are such as unavoidably to impose some limits upon the extent to which they can be carried. They can seldom be extended far enough to destroy the entire value of a stock, or to cut off for many years all hope of any dividends. But the power assumed in leasing other railroads to supersede their own, and railroads in other States and under other jurisdictions, to say nothing now of the

onerous terms exacted, the new capital required from the pockets or from the credit of the stockholders, on mortgages of their property, or of annual losses by rents, taxes, repairs, &c. ; this power has no natural limit or inherent restriction. The stockholders themselves have no more authority or right to sanction its exercise, than they have to transcend the conditions of their charter, by issuing more stock than was prescribed, or illegally issuing bonds, or constructing their own road in some other part of the world than that defined in their charter, or constructing a canal instead of a railroad ; no more authority or right, in any respect, than the directors have to assume the power and exercise it, without their sanction ; no more color of right than they have to invalidate the security of a mortgage by destroying the encumbered property. And if it can with impunity be assumed and exercised in one instance, involving a million or two of capital, and entailing perpetual annual loss, it may, with like impunity, and without any greater lack of prudence, or greater excess of folly, be exercised in any number of instances, and to any extent.

No doubt the directors could as easily, and would as certainly, had they met with no checks but those of their own deluded notions, have throttled the stockholders, and jeopardized the security of the mortgage bonds, by abandoning a hundred and thirty miles of their road West of Hornellsville, foregoing all future earnings from it to pay the interest on eight or ten millions, or some other unknown amount of bonds issued on account of it, and signing a perpetual lease of the

Hornellsville and Buffalo road at a rent, no part of which, in addition to running expenses and repairs, could be provided for out of the earnings. And they might as easily have leased all other connecting roads, which have since broken down for want of their gratuitous and self-sacrificing support; those which, if they had business enough to pay running expenses, could entertain no hope of dividends, unless generously paid by this Company for the privilege of leases; and those which, instead of bringing business to their main trunk, would abstract largely from it.

But, not to enlarge upon this view of the subject, it is far from being certain, that those concerned in the Paterson and Hudson River Railroad would not, whether the leases are valid or not, be glad to be rid of them. The local interests of Paterson are indefinitely more important, in relation to such management of their railroad as would best subserve them, than a yearly dividend of eight per cent on the stock. Should a resumption of their road, regraded, widened, new laid, with new draw-bridges, and sundry other betterments, be submitted to their option, it is by no means unlikely that they would gladly cancel their lease. And if the Ramapo road, from Paterson to the State line, after being renewed, relaid, and garnished, is really worth any thing, without the eleemosynary aid of this Company, if it can earn any thing over expenses, after being rendered twice as good as it was before the leases, the owners, taking into view their fancy operations in the stock, ought not to be reluctant at a proposition to surrender it to them. But if either of

these Companies should desire a bonus for canceling their leases, they will only have to signify their wishes to the Union Company, which purports to own about half a mile of road between the State line and the original Erie road, and, having no incumbrances of stock, mortgages, bonds, or floating debt, must be presumed to be in a condition to render them every satisfaction.

Were it true, or likely ever to be true, it would be but a mockery to say that these leased roads have a traffic sufficient to pay the running expenses, and enough over to discharge the rent, taxes, and all yearly contingencies, since all that traffic is needlessly diverted from the chartered and furnished line of the stockholders, and the earnings, whatever they may be, are paid, not to them, but to the owners of the leased roads—another set of people, living in another State, and having no sympathy with the interests of New York, or with any of its institutions. Those earnings, whether little or much, are a dead loss to the stockholders. They are worse than thrown away. The means by which they are attained, instead of increasing the number of passengers on the main trunk of the Erie road, undoubtedly diminish the number. One trial has been made with the assistance of hosts of agents, handbills, and all the arts and appliances practicable in such a case, to induce passengers to go that way, when they had the option of taking slower trains, *via* Piermont, and it signally failed. And should the leases be given up, and should the powerful Union Company offer even better facilities than now

exist between the junction of their road with the Erie and Jersey City, in competition with a competent and fast boat *via* Piermont, it is safe to predict that the attempt would turn out to be an utter failure.

If, then, the Piermont terminus must, for the sake of room, or for any other reason, be retained, and if the interests of the stockholders, not to insist now on those of the bondholders, and mortgagees, are to be at all regarded—if fidelity to trusts, and claims to public confidence are to be expected from a corporation of such magnitude, there can be no justification, no excuse, no pretense for continuing to operate that superfluous and unprofitable route. Far better would it be at once, and increasingly better in all future time, to withdraw their cars, cease to operate the roads, and compromise, or pay the annual rents, if their relations with the Union Company so require.

The next most obvious suggestion relates to the attention due to the local and way business on the road, in preference to that commonly styled through traffic. The latter necessarily involves disproportionate expenses as compared with the returns—greater speed, and more injury to the track than is consistent with economy—is subject to the evils of impassioned and relentless competition, to frequent and injurious fluctuations, and, at best, to many unproductive and losing trips. The local traffic being free from competition, and within control, can be cultivated, increased, and made to pay. To increase it, however, requires assid-

uous, earnest, undivided, and prolonged attention, and ample means of transport. It should be the ruling object of attention. No through business should be done at a loss, or without a rate of profit equivalent to that on local traffic. The pending question is not, how the rest of the world can be served most economically and advantageously to themselves; but, how this Company can be rendered prosperous, and the interests of the stockholders consulted, in the management of their own legitimate business. If the parties to the Central line desire the through traffic, let them have it. They will get as much of it against competition, probably, as they would get without that stimulus. They have not depending on them an area of twelve millions of acres, to supply their road with tonnage, as the Erie Company have. They are largely, or at least to some extent, dependent on through travel. Before their consolidation, owing to the original cheapness of their roads, and the dense population on their line, they could afford to convey through passengers at a less rate than the Erie road can do. But, with the *rider* attached to their original capital, there may be a difference. Probably, in the absence of all competition, their financial wants may induce them to charge a price at which passengers will prefer the Erie road for its greater safety and comfort, at a charge as remunerating as the local travel; if not, let such charge be made, and let those who consult their ease, and are willing to pay for it, be accommodated. Fifty passengers at a profit are to be preferred to five hundred at a loss.

Hitherto, it is believed to be quite safe to say, that

the through passenger business, as a whole, has been a losing one. The extra expenses, both on the line, and consequent on the steamboat arrangements on the Lake, with the contingent of agents, runners, &c., have been enormous, and unavoidably must, in any case, be very great. The speed, punctuality, and safety, sought to be realized in running express trains, can hardly fail to interfere injuriously with the local business of the route; which, in some respects at least, must be hurried or delayed, or otherwise deranged to suit those trains. But, however this may be in particular cases, no justification can be offered for doing any through business at a loss, nor on a road which has an unexhausted amount of way business, without as large a profit as is yielded by the latter.

As to the financial effect of the changes thus far indicated, it may be worth the while to state them, as nearly as may be, in figures. And first, with respect to the discontinuance of the New Jersey leases, and the Newburg branch. By the returns to the Legislature a year ago, the last yet published, the average expense per mile the preceding year, for operating and maintaining the road and the machinery, was upwards of \$4,600; which would amount on thirty-one and a quarter miles in New Jersey, to say . . . \$250,000
 To which, add for leases and taxes . . . 100,000
 Then add as what ought to be earned on that distance on the East end of the line, viz., a sum equal to the expenses . . . 350,000
 Making . . . \$700,000

as the difference between doing the business on that line, or on the Piermont route. For, if the leases were abandoned, the cost of maintaining and working the road on that line would not have to be paid out, and the net earnings would be as much on the Piermont line as on that through Jersey. Or, at least, this calculation ought to hold good, with the exception of the items of operating the road, and repairing machinery; which, it may not be too much to suppose, would be made up by the interest on the cost of re-grading and relaying that route, the extra expense of the draw-bridges, and attendance and other contingencies. The use of that route, as compared with doing all the business on the chartered and mortgaged route, probably occasions a dead loss annually of \$700,000. If it gains any passengers, which is neither proved nor believed, *it is, and of necessity must be, only through passengers which pay no profit; for the way passengers will and must, of course, go by which ever route the Company prefer.* But suppose the dead loss yearly is only \$600,000, or even \$500,000, neither of these sums will, it is presumed, as things now look, be regarded as not worth saving. Then, as to the Newburg branch, nineteen miles, by the same rule, the sum paid in 1853 for operating it, and maintaining the road and machinery, was within a fraction of \$90,000. Fortunately, in that case, there is no rent to pay; and whether the loss, every thing considered, is equal to \$90,000 a year, or less, we have no means of ascertaining. It is undoubtedly very heavy. It has been persisted in year after year since it was known to be so. It is still persisted

in; while not a farthing is earned, or ever has been earned, on the business of the whole road wherewith, in addition to the interest on bonds and debts, to pay any dividend on the stock. It surely is worth the while for the stockholders to consider, that, if the general business of the road can, with the incubus of these branches, provide for the interest on \$25,350,000 of bonds, and cover all demands for additional rolling stock, for renewing the superstructure and rails, for extraordinary casualties and contingencies, leaving the stock unprovided for, the discontinuance of these branches may save enough to pay, at least, five per cent. on the stock, instead of longer throwing so much of their earnings away upon their cousins in New Jersey and at Newburg.

The financial effects of the changes indicated in respect to through and way traffic, may undoubtedly be with safety estimated at a high figure. Suppose no through traffic hereafter, whether of passengers or tonnage, should be done without yielding, all things considered, as large a rate of net profit, and if any thing somewhat larger, than the local business; that the latter, as the adequate, sure, and permanent ground of reliance for income, should receive the first and most assiduous attention; that the nearly-exhausted humbug of express trains, great speed, splendid show-bills, low fares, minutes saved, &c., &c., &c., should be laid aside; that the real merits, characteristics, and resources of the route should be adequately and justly appreciated;

that the business of the road should be soberly, quietly, and economically conducted; that the road should be constantly kept in proper condition, and fully supplied with rolling stock for present and increasing business; and will any one hesitate to believe that an addition of half a million or more to the net income might be realized within twelve months, and, by an increase of local business, an addition of a million the second year? On this plan, properly carried out, there would be no half-loaded trains, either of passengers or tonnage. It would be easy to show, were it thought necessary, and worth the space, that up at least to the close of the free and easy career of the superintendent, who, like the chief engineer heretofore spoken of, was under the same notion of "improvements," appointed in preference to the late H. C. Seymour, and continued to occupy the place while that notion continued in the ascendant, and up to the accession of the present superintendent; the number of miles run by passenger trains was fully twice as great as was necessary to convey the actual number of passengers, and twice as great as was consistent with any regard whatever to economy, or possible, without an excessive waste and loss of earnings. Under that insane system of accommodating the public at the expense and ruin of the stockholders, a portion of the passengers, every other train for instance, were enabled to reach their destinations a few minutes, or at most a very few hours, sooner than if they waited the departure of the next succeeding train. If, generally, that had been of any importance to them, they might have

saved still more time, by taking the next prior train, and saved to the Company the expense of the train in which they went.

As Mr. Clay, when Speaker of the House of Representatives, once said, by way of rebuke to a new member, who, from being a pedagogue in a far-off village, had turned politician, and, for the satisfaction of his constituents, inflicted on the House, a day or two after his arrival, a long and, in the then fervid state of the atmosphere, unendurable speech, upon a subject of the merits, bearings, and history of which he was totally ignorant: "Sir, you have subjected us to two hours of insupportable agony to no good purpose; you have wasted our time—the very name of the subject in debate appears to be quite new to you. I would respectfully advise and admonish you, as soon as possible, to ascertain and take your proper place in this House, both physically and mentally, for if you do not discover it, you may rest assured it will be assigned to you. Here, Sir, sooner or later, every man will find his level; on this floor, Sir, every man who meddles with debate is certain to find his *level*." So, in respect to the stockholders, this mode of conducting the business of railroads will, sooner or later, find its level. Those roads which have local traffic enough, if properly attended to, to support them and pay dividends on their stock, will succeed, if they duly attend to their own interests and those of the people. Those which have not, and can not develop a sufficient local business, and are necessitated to depend on through traffic, will, with rare exceptions, and in proportion as they

are thus dependent, fail of success. They may travel at great speed, make the shortest time, and accommodate the insatiable and thankless public, but it will be at the expense of the deluded and helpless stockholders. For it is a rare case that a road, depending on through traffic, is not subjected to, very injurious, or to ruinous competition—competition of one or more other roads, striving to divide among them a business, the whole of which would scarcely be sufficient to support either of the competitors. In such instances, it is in vain for the rivals to combine and advance their charges, especially if, besides the rivalry of different lines of road, there is also a steamboat competition. In short, the first and main question to be asked concerning any railroad, is, as to whether it has local traffic, or space adjacent to its route, ample enough, and secure from all danger of competition, to furnish local traffic sufficient to support it and pay dividends on the cost equivalent to legal interest? If it has, its stock, provided the local traffic is properly attended to, will, whether there is any through traffic or gain from connecting roads or not, be worthy of confidence as an investment. And the second and only other essentially important question is, as to how it is managed? Whether with fidelity to the interests of the stockholders, by men who comprehend what ought to be done, and are content with doing only their duty, and being faithful to their trust; or, incompetently and unfaithfully, by men who, from ignorance, false notions, vanity, ambition, speculative

objects, or deliberate mal-practice, do things which ought not to be done, and leave undone what they ought to do.

In addition to the foregoing observations, something may with propriety be said, with reference, not exclusively to the future management of the Erie Railroad, but with reference to the subject of railroad management generally. The railway interest has grown up to be one of the largest, most imposing, and most influential of the country. Its relations to the pecuniary interests, convenience, and welfare of the people are intimate and universal. A shock to it vibrates disastrously from one extremity of the country to the other, affecting not merely the interests of stockholders, but, through them, all other interests. In like manner, the unskillful, improvident, or otherwise bad management of any particular road, not only sacrifices the interests of the stockholders, but injuriously affects the interests and well-being of all the people upon whom its traffic depends; nay, often inflicts great and irremediable evils, confounds all sober calculations, and trifles with the feelings, the convenience, and the rights of those within the range of the power exercised. Thus, capricious, sudden, ill-judged, arbitrary changes of policy, are matter of very general and very just complaint. They often carry with them an air of despotism, as though their authors were conscious of their power over the subject people, and delighted to exercise it in that way. Such things are greatly

aggravated by the remoteness and inaccessibility of the source whence they originate. The subordinate officials who carry into effect what is prescribed, are not responsible—they do only what they are required to do; while, to get at the fountain of power is scarcely less difficult, than for the people of Thibet to get an audience of the Grand Lama. So, in the case of particular and individual grievances, damages, complaints of daily occurrence on the line; redress, or even a hearing, is for the most part hopeless. There is no body within reach who is authorized, or whose duty it is to give attention to such matters. The people submit, per force, or because they cannot help themselves. But such things cannot continue always. They are as inconsistent with the interests of stockholders as with those of the people; and, sooner or later, this part of the subject will surely find its *level*.

There is, we think, a great practical error or defect in the distribution of administrative powers, responsibilities and duties, by boards of directors, in the operating or working of the roads under their direction; and more especially where there are such financial embarrassments and difficulties as to engross a considerable share of the time and attention of the president and the most efficient directors, in financiering, and where relief from such a state of things is looked for from the operations on the road. The two kinds of business are as widely different, and require as widely different qualifications, as any two kinds of business that can be named. A man may have skill and tact as a financier, who is totally disqualified to

conduct the operations on a railroad, or to prescribe rules for them. A president and directors, however, who are skillful financiers, may be absolutely necessary where much of that business must needs be done. And it can not reasonably be expected, in any case, that such men as are generally and naturally selected to be directors, on account of their position and relations in society, or on account of their known competency and success in their private business, should have the variety of practical knowledge and experience which is requisite to the satisfactory and successful working of a railroad. Such knowledge and experience are not born with men. Most men are incapable of ever acquiring them. The acquisition of them will task to the utmost those who possess the natural capacity and versatility of talent necessary to the object. The superintendence of a railroad is a profession, a calling, which requires as much talent, knowledge, training, experience, to do it justice, as are required in the commander of an army, or of a ship of war; and no man can step into one of these positions any more than into either of the others, with any hope of success, unless he has had the necessary previous training.

A man who has had such training, and has, in other respects, the requisite character, is the man to be at the head of a railroad company; to be at the head, if possible, from the very commencement of surveys, and construction, under a charter; but especially after the operation of the road begins. Let him be made responsible for the exercise of the powers and the performance of the duties, in every particular, appertain-

ing to the business of the road, earning dividends, and taking care of the interests of the stockholders, as entirely, in all respects, as if he owned the road and worked it on his own account. Then, if any thing went wrong, if any thing illegal, impolitic, or unwise was done, if the rights of the public or the rights and interests of the stockholders were disregarded, there would be a responsible individual to look to, who could be identified, and reckoned with. Such responsibility must rest somewhere. It would be far safer to rest it on one man, competent by his talents and experience, than on any board of directors, however respectable, or on the executive of any board, unless he had, by study and practice, become master of *the profession*; and in that case his position should be, not that of president, in the ordinary sense, not in the routine of ordinary duties in the office of the company, but on the line of the road—he should be the acting superintendent, with all the character and authority implied in the office and title of president. Every company needs one such man and but one; and can afford adequately to compensate one such. But if the responsibility rest back of the superintendent in the board of directors, it amounts to little or nothing; it cannot be reached, to any purpose, either by the stockholders or by any body else; it rests on no individual in particular; no one feels it or will own it. If the directors, acting on questions out of the sphere of their practical knowledge and experience, give instructions, pass resolutions, prescribe rules, they may act honestly according to the light they have, but

they act upon matters which they do not comprehend, and must necessarily act in the dark, or trust to the example of some other company, or to the views and opinions of somebody out of their number. Owing to the same circumstances, when things which they have prescribed go wrong, nothing can be harder than to induce them to retrace their steps; and if they are induced, they are as likely to err in the second as in the primary instance. In a word, boards of directors are not qualified to regulate the action, supersede the discretion, or exercise the power of the superintendent, and his relation to them should be not that of dependence as to how he should perform his duties, but that of responsibility as to his fidelity in performing them. His agency is, to the stockholders and the public, of incomparably more importance than that of any other functionary. In the discharge of his duties he is, in fact, captain of the ship, sailing under certain general instructions, conscious of a high responsibility for the safety of passengers and cargo, and on board in person, to float or sink, so far as depends on human agency, as his own vigilance and skill are exercised.

The case may be illustrated by supposing the commander of a national ship of war, instead of being left under the responsibility of exercising his authority, and performing his duties, according to his own practical knowledge and experience, was to be governed in those respects by a board of directors, stationed in the after-cabin, no one of whom had ever been at sea or on board of a ship of war before. Is it conceivable,

that either in respect to the most obvious and important measures, or in the endless detail of minor things, their dictation should be better than his judgment? Even had the president of such a board been himself a commander, could he, stationed in his office in the cabin, and not on deck, judge better as to what should be done, than the actual commander? And if he could, would the other members of the board, or a majority of them, be likely to agree with him? Would there be no danger of ill-judged and ill-timed instructions being resolved on? If not, then why not put the president in command, in place of the acting incumbent, and have one head, one high officer individually responsible, instead of two, with a nominally divided, but practically no responsibility.

Suppose, then, that the directors of railroad companies, considering that the highest individual responsibility should attach to those appointed to execute the trust confided to them, and that those so responsible, should possess the requisite character and qualifications, and should be compensated proportionally to the duties assigned to them, should distribute the powers and duties to be exercised on a different plan from that which now prevails. Let the most important and most responsible post be assigned to one man as president and superintendent—acting superintendent by virtue of his office as president—to pass his time for the most part, and exercise his authority and perform his duties in the proper scene of them, on the road itself, where his presence, his eyes, his ears, his authority, his judgment, his experience, knowledge,

tact, skill, are, and ever must be, of the greatest importance. If the road is long enough to constitute two or more divisions, let each local division superintendent, as lieutenant to the chief, be also a director, not only that he may possess the requisite character, and be safely entrusted with the requisite authority, but that he may be learning his profession, and qualifying himself to take the post of chief, whenever it becomes vacant. Such a course is not more necessary in the army and the navy, than in this great department of human institutions. Railroad companies must train up their own professional and working men on their respective roads, where alone the peculiarities of each, the measures to be pursued, the interests to be studied, the economy to be practiced, the errors to be avoided, can be learned. By such a system, the responsible places being filled by directors, chosen directly by the stockholders, and who should themselves also be stockholders, the companies may have some permanent hold on those whom they train, as partners in a commercial firm; and not be necessitated on an emergency, to advertise for some stranger to fill an important post, and to run the risk of engaging one qualified only to introduce changes and confusion. Two, or three, or four directors, thus occupied in the practical business of a road of any considerable length, are not more than are due to the interests of the stockholders, and the satisfaction of the public.

Let the vice-president—the acting chief in the office of the company—be also treasurer. Subordinate arrangements concerning the receipt and disburse-

ment of moneys, the transfer of stock, &c., may be defined in by-laws.

There may be little probability that boards of directors that have for years pursued false, visionary, and ruinous theories of management; keeping open construction accounts; persisting in extravagant and wasteful expenditures upon branches, or in competition for through business; declaring dividends which they have not earned; creating floating debts; sacrificing what is earned out of pride, vanity, and willfulness; or by employing incompetent or dishonest agents: and it is worth considering, whether it does not behoove the stockholders, by way of protecting their own interests, to appoint, independently of the directors, a Supervisory Board of three or more suitable men, selected from their number, who should at all times have access to the book of minutes, letter books, and all the other books and records of the company; one or all of whom should go over the road weekly, or oftener, familiarize themselves with all that is done in the machine-shops, and in every department of the transactions, the manner of purchasing fuel and other supplies, the character of the subordinate agents and employés; the condition of the road and its fixtures and equipments; investigate the casualties that occur, and the measures taken to guard against them; ascertain the state of feeling along the line, &c., &c., and make, quarterly or annually, an independent report upon all such matters, commending what they find occasion to approve, and making such suggestions on things which they can not commend, as may lead to the

requisite action on the part of the stockholders. It is obviously impossible for the directors of a company to look into all these things; and should they undertake to do so, they would be likely to see what was going on only in the light of the policy adopted by the board, and to act under a variety of other influences besides that of the interests of the stockholders. And as to the superintendent, however well qualified, honest and competent he may be, his hands may be tied up by regulations or interferences of the board. Such an independent commission as is above suggested should be paid for their services, and have no other than a conservative and advisory responsibility, in respect to the interests of the stockholders. Being appointed by the same votes by which the directors are appointed, their mutual relations might be harmonious and cordial. The business of satisfactorily and successfully managing railroads is yet in its infancy, and if it be not, ere long, adequately provided for by the stockholders, legislative interference and supervision are inevitable; and when that comes, it is equally inevitable that political influence, partiality, favoritism, intrigue, arbitrary enactments for popular or party purposes, will follow, and neither the rights nor the interests of stockholders will be consulted. As an instance of what such a commission of stockholders might prevent in the way of abuses, speculations, and frauds, in subordinate agents, in the matter of supplies, we lately heard that a railroad company had discovered that they had, in a course of years, paid for 47,000 cords of wood which had never been delivered.

The manner of these frauds is understood to have been as follows:—An owner of wood-land contracts with the company, through a subordinate local agent, to deliver a quantity of wood at a fixed price per cord. The agent joins him in the speculation. Jointly, they procure the appointment of an *inspector* of the wood, who is to certify as to the quality and quantity delivered. That inspector is taken as a partner in the concern; so that, together, they can defraud the stockholders at pleasure. In the instance referred to, the gross amount of the fraud may have been \$200,000. This is a single instance, in a single article of supplies to a single company, where, had seasonable attention been directed to the character of the local agent and inspector, the mischief, doubtless, might have been prevented. We might allude to other instances of combination in contracts for conveying freight, and various others; but enough has been said to show that a higher degree of responsibility than has yet obtained, in respect to the interests of stockholders, is absolutely necessary.

To the stockholders of railroad companies it requires to be said: You are virtually guilty of the abuses, mal-administrations, and various evils, caused to yourselves and others by those whom you appoint to manage your affairs. What you do by them, you do by yourselves. When you appoint directors, you empower them to act for you, and in your place. Those whom you appoint may every one of them be such as to his personal character, position, and relations in society, that, individually, you would feel safe in trusting either of them with the

management of your property. But, when associated as a board, their sense of responsibility as individuals is merged into a vague, ideal, joint responsibility, in which the share of each is small in proportion to the number of individuals associated. Their sense of personal character may be such as to restrain them from doing things inconsistent with that. But when they act upon questions, their decision of which is not likely to affect their personal reputation—questions, of the merits and tendencies of which they, for lack of knowledge and experience, are incompetent to judge, and, in deciding which, they act blindly, or as they are influenced by other men equally incompetent, or having selfish and sinister objects in view, great, paramount, and irremediable evils may follow, for which no one in particular can be held accountable.

Your best, nay, your only effectual course, is to preclude and restrain some things at the outset. If your road is not yet constructed it may be expedient for you to scrutinize the plan proposed before you subscribe. You will be told that the road will cost not exceeding a certain sum, say the amount of capital for which subscriptions are asked, and that certain kinds of business to be done on it will pay satisfactory dividends on that amount; and it may be quite true that the sum proposed is amply sufficient to construct the road on that plan, and that the proposed business, if properly attended to, would return satisfactory dividends. So far all looks well and hopeful. The mystery and mischief of events in prospect are yet to be developed. If you subscribe, trusting to the preliminary plan and prom-

ises, it may turn out that, in the progress of construction, the directors adopted "improvements" of the plan, for the benefit of the public, and your *ultimate benefit*, by which they expended twice or three times as much capital as you stipulated for, and more in the same ratio than the business of the route was adequate to pay interest on; that, to prevent a total and instant sacrifice of all the capital advanced by you, and, therefore, for your ultimate benefit, the directors had incurred a large floating debt; next, that they were selling your credit in short paper at one and a half or two per cent. a month; next, that they had mortgaged your road for an amount equal to the original capital, to pay off the floating debt, and complete the road; next, that they had taken the mortgage bonds among themselves at a heavy discount, to prevent a greater sacrifice of your interests by throwing them at once on the general market; next, that another floating debt was in progress, then another mortgage, and perhaps another, and another, with proportionate sacrifices on the bonds, and finally a floating debt incurred by heavy shaves and discounts; then, inadequate equipments on the road, bad management, experiments, changes, abuses, false reports, dividends of borrowed money, or, still worse and more desperate, stock dividends, prostrate credit, and bankrupt reputation. While this is going on, you will be deluded by false estimates, false reports, false promises. The deluded directors will be praised by those outside who help to delude them, or who profit by their delusion; they will be praised and puffed by editors and presses in their interest; they

will praise themselves for their self-denial, sacrifices of time, toils, fatigues, ill-appreciated services, public spirit, perseverance, peculiar labor in borrowing money for your benefit, to pay debts which ought never to have been contracted, and overcoming difficulties created by their own ignorance or infatuation.

To preclude the occurrence of any such course of things, let the plan be adjusted and settled before you subscribe, and let the directors be in some way effectually restricted from adopting any "improvements" on it, or any deviations whatever from it, without your authority and consent, expressed and recorded at a public meeting of all the stockholders; and let no such authorization or consent be given at any meeting unless all the stock is represented by the holders in person, or by proxy, that at least a majority in interest may vote on every such question. So in regard to the mode of providing for any extra expenditure for improvements on the plan, floating debts, mortgages, sale of bonds, &c. If you take this course, you will, at least, have the satisfaction of having it in your power to protect and take care of your own interests before they are sacrificed, and beyond your reach or control; and, if you authorize a commencement of such a course of things, you will have the consciousness of sacrificing yourselves, and be spared the fruitless task of censuring the directors.

If, before you are aware of it, for lack of such preliminary and imperative restraint, such a course of things has been begun, you may, perhaps, arrest it by a timely meeting of your body, by suing out an in-

junction, or by public remonstrance and exposure of facts. But rest assured that no remonstrance of individual stockholders will have any good effect upon a board that has entered on such a course. They are already "possessed" by the fell spirit of theoretical, fanciful, pretended improvements; and that kind goeth not out by means of any ordinary appliances. The more they are opposed by people in their senses, the more doggedly and courageously will they persevere; like most of our modern humanitarian, platform, oratorical reformers, who need to be reformed indefinitely more than the unfortunate victims of their insane benevolence. They are deluded, and, for a time, the public at large sympathizing with them, may become lunatic concerning the matters in question, and fall into a state like that of the people of England, when a benevolent, well-meaning man, proposed to Walpole, the Minister, a plan for constructing mad-houses enough to accommodate all the insane people in the kingdom; to whom he replied: "That is not possible; the whole revenue of the country, multiplied ten-fold, would not, in an hundred years, provide for that. Bring me a plan for constructing a small number to hold those few of the people who are still in their senses, and I will consider it."

Nor will they resign or be left out of the direction, on account of the dissatisfaction and impending ruin of such individual stockholders as venture, personally, to remonstrate and complain; their pride, vanity, ambition, sense of character; their feelings, their wills—all are enlisted. They will not go out, and they will

not be turned out, as long as you supinely consent to be victimized, and give your proxies to them or to their friends and partisans. All experience shows this, both in this country and in Great Britain. An article in a late number of the Edinburg Review, entitled "Railway Policy and Railway Morals," shows that human nature, credulity, and delusion are the same over there as here. The great roads which, for years after they were opened, paid eight to ten per cent. dividends on the stock, have, under a constantly-increasing traffic, been "improved," chiefly by enormous issues of additional stock for the construction of *branches*, which, instead of earning any thing, occasion large annual expenditures, to such an extent as to reduce the dividends on the whole stock, old and new together, in some instances from eight or ten down to two or three per cent. per annum; in other instances, down to nothing, so as to annihilate the value of the original as well as of the new stock. The delusion, or corruption, in such cases, led to the payment of five hundred pounds and upwards, to the sum of five thousand pounds, per mile for the land taken for the roadway of projected branches. It had been found practicable by those who projected and carried out these schemes, coöperating with each other, and dividing the plunder with a portion of the directors, to get their schemes passed and sanctioned by the boards, notwithstanding the opposition of other directors. And it had hitherto been found practicable for such plunder-sharing directors to keep their places, notwithstanding the remonstrances, efforts, and votes at the

annual elections of such of the stockholders as had the desperate courage to attempt a change. The same thing holds here, and will hold, till all the "improved," lease-holding, branch-connecting, mortgaged, floating debt, fancy-stock roads are totally ruined, so far as the stockholders are concerned, unless they can be undeceived and induced to attend to their own interests, to vote in person at the elections, or give their proxies to somebody else besides directors or their personal or partisan friends.

Some remedy in this matter is needed, and is no doubt practicable. It is needed, not only on account of the vast monetary interest of stockholders, but on account of the public at large to whom the roads are a necessity; for whose sake it is of the highest importance that they should be maintained, and kept in good condition, and operated safely for passengers, and economically for tonnage. To be in such condition, and so managed, it is necessary that they should be financially prosperous and successful. The public have transferred the power of constructing and operating these thoroughfares to particular corporations. Those corporations, not all, but many of them, have so managed as to sacrifice untold millions of capital, and entail perpetual and irremediable evils upon those who are under the necessity of using the roads and paying the required exorbitant revenue.

The abuses in question can no more be restrained by law, than the delusion, charlatanism, impudence and corruption of individuals can be restrained. They have not been hitherto, and probably cannot be re-

strained by public opinion. They can be restrained by stockholders, and effectually by no power but theirs. They can select and change directors. They can limit their powers. They can prohibit extra expenditures, branch roads, leased roads, mortgages, dividends of money not earned over and above a sufficient surplus to keep their roads in good condition and well equipped, and to supersede the necessity and odium of floating debts, and dividends of stock swelling the permanent capital, and entailing a necessity of annually-increased net revenue.

Had such comprehensive and effectual restraint, as is above indicated, been imposed on the directors of the Erie Railroad in 1845, before they parted with the rights conferred in the charter, in respect to the location of an important division of the road, and tied up their own hands in other respects, and had they been content to do what Mr Allen proposed to do, and what they themselves promised to the new subscribers to do, what the public expected, what every consideration affecting the case obviously and imperatively demanded, namely, to do what remained to be done to the already more than half-constructed work, their account of their stewardship, as to expenditures and liabilities, would have stood as follows :

Original stock, free from the execrable act of repudiation,	\$1,500,000
Indebtedness, at the date of the assignment,	600,000
New stock subscription,	3,000,000
First mortgage bonds, in place of the State lien,	3,000,000

Add, for rolling stock, machine shops, &c., &c.,	1,900,000
	<hr/>
	\$10,000,000

In other words, stock issued at par to the
amount of 6,400,000

Original debt and mortgage bonds, 3,600,000

Ten millions, on which to begin to earn dividends,
and a surplus wherewith to construct a second track.

Had that course been pursued, who can estimate the difference to all the interests concerned—the difference to the stockholders—the difference to the people on the route—the difference to the creditors of the Company—the difference in regard to the reputation of the concern—the difference in the example exhibited to other companies and other projects—the difference in respect to speculations in the stock and bonds, floating debts, notes, hypothecations—the difference in respect to the character, consistency, and reliability of the published reports and annual statements to the Legislature—the difference in respect to the morals involved in all these matters—the difference between being at length in a condition to enjoy the confidence and respect of the public, and to act freely in the administration of their affairs, and being, on the contrary, in a condition to be distrusted, put under keepers, subjected to surveillance, harassed by chattel mortgages to protect indorsements, enjoined to place a sinking fund beyond their control in the hands of trustees—the difference between being in a state of robust health, and being in a state of rheumatic agony, consumption, or paralysis.

The reader may be told that the traveling and business public—who care not at what or whose expense,—have got a better road for their purposes, which they coolly assume to be the only consideration of importance, than would have been produced for ten millions. He does not know that. He cannot prove it, or render it probable. He has had sufficient evidence, in the foregoing pages, that largely more than half of what the object required was accomplished by an outlay of less than half that sum. He has had evidence that contracts had been entered into, prior to the assignment, by which the whole road would have been completed and furnished for an amount not exceeding ten millions.

Finally, we take leave to recommend, not to the Erie Company only, but to all other railroad companies who transgress in the same particular, to discontinue, wholly and for ever, all travel and traffic over their roads on the sacred day; to discontinue it, as a high-handed, a portentous immorality; a public, most flagrant, most demoralizing desecration of a day, the observance of which, as sacred, is as essential to the public morals, and the predominance of law and order, as it is to the faith and hope of life and happiness hereafter; a desecration, deliberately enjoined by boards of directors, composed of men who, generally at least, profess to found their hopes for the boundless future, on the Christian religion; a desecration of the day made sacred in commemoration of an event which constitutes a primary and essential article of faith in that religion; a desecration required by men

in their corporate capacity, who, as individuals, profess to observe the day as sacred; a desecration which no professor of any pagan or moslem faith, either in an incorporate or individual capacity, would, or could, with impunity, be guilty of, with reference to any leading feature of his religious system. Is it not wonderful and incredible, that boards of directors, composed of men professing the Christian religion, members and communicants of churches, men having families to be affected by the state of morals around them, men having property to be protected by the laws, the efficacy of which, as a protection, depends upon the public morals, men charged with the exercise of corporate powers, granted by the public for the benefit of the public, as well as for that of corporations, and which bring within the influence of their arrangements, the lives and property of those who travel and furnish traffic on their roads; that such men, in such relations and under such responsibilities, should, under any pretense, desecrate, to their secular business, the day held sacred by the civil laws, the executive officers of Government, the Legislatures, the Courts of Justice, all other corporations, the public at large, and by themselves, individually, as enjoined by their religious faith and hopes? Would they willingly be known to transact their own private secular business in person on that day? Would they willingly be in the power of a despot, who, whatever might be his faith or profession, should require them to do so, on pain of being deprived of the means of subsistence? Would they consent in obedience to such a power, to work on the first

as well as on the other days of the week, in loading and unloading cars, repairing machinery, running trains on the road, attending stations, and carrying on the various business of a railroad? But do they not require this of their employés, and thus do by their servants what they would shrink from doing in person, as against their principles and their consciences, inconsistent with their professions, ruinous to their character, pernicious as an example, immoral, a scandal to religion, tending to the subversion of all laws, to the removal of all restraints, the growth of infidelity, dissipation, vice, recklessness, and crime? They may be conspicuous as philanthropists towards the heathen and colored races, but do they not treat their servants, by scores and hundreds, worse than those remote objects of their regard are treated? Do they not debar them of a natural right—that, to one day of rest in seven? Do they not, if their employés' have misgivings and scruples, as to violating the obligations of that day as sacred, oblige them to stifle those misgivings, and act against their consciences, or be discharged? Do they not thus encourage, tempt and induce applicants, to throw off the restraints of conscience, before they enter their service? Do they not knowingly and deliberately exclude from their service men who profess the same principles, the same religion, the same hopes of the future as themselves? and thus, as far as possible, condemn their own professed principles, religion and hopes, and offer a premium to opposite principles, to irreligion, and to recklessness of futurity?

But all this is but a part of the evil perpetrated—

the foundation and beginning of the demoralizing effects inflicted upon the community outside of the companies and their servants—the public and systematic profanation of the day in all the towns and villages, from one end of their roads to the other—disturbing and annoying those assembled for public worship, by the rumbling of trains of cars, the blowing of whistles, ringing of bells, attracting to the platforms and stations the idle, dissipated, and profane, the young, the ignorant, the corrupting, the tavern-haunting, the abandoned scoffers at every thing sacred, under color of the high sanction of the respectable, religious, church-going, Sabbath-keeping directors, and under a sense of impunity, from their example, for their own disorderly and immoral conduct.

And what is the excuse for such appalling outrages upon the laws, the morals, the religion, the peace, quiet, and safety of society? What is it that so easily reconciles such directors to the infliction of such evils upon the community? Is it gain? That may be alledged with as much propriety and as much force, by all other corporations, manufacturing companies and individuals, who should choose, in defiance of the claims of morality and religion, to appropriate that day to their secular business.

Is it a pretense of necessity—a pretense that the business of railroads, in distinction from all other kinds of worldly business, is such as to require the toil of seven days in each week? That cannot be pretended on the ground that there is so much traffic on the roads that vehicles enough to accomplish it in six days

can not, if provided, pass over them within those days. At the rate of speed usual on railroads, there is no such road adequately equipped, that might not transport, within six days, five times as many passengers, and five times as much freight, as it actually has to convey. And the necessity, if any exists, of desecrating the sacred day of rest, is a necessity not of more time than six days, but of more cars and engines. It is no excuse. It is a mercenary subterfuge—a selfish desire of gain at the expense of the morals and religion of the community, and as valid for all others who may choose to profane the day as for railroad companies.

But the public require it—the traveling public—the business public. Who then are the public, that have any right to require the moral, respectable, religious directors of railroads to lay aside their principles, professions, and consciences, outrage the feelings, disturb the quiet, and interrupt the sacred duties and observances of those who stay at home and refrain from secular business; and, by exacting the services of their employés and running their trains, profane the day and subvert all the safeguards of society? Are they of the religious, the moral, the exemplary, the honest, law-abiding, temperate, decent classes of society? Are they of those upon whom the morals and religion of the community depend; those upon whom the social well-being of society, the observance of the laws, and of all moral and social obligations and duties depend? or are they of those who are reckless of morals and religion, who would willingly abolish the sacred day, and all restraints of law, of conscience, and

of social obligations? If they require the directors of railroads to run their cars on the Sabbath-day for their convenience, and to aid them in carrying out their principles in practice, and if the directors can be justified in gratifying them by inflicting such evils on the rest of the public, then may the magistrates be justified in yielding to the claims of the same, or another class, in keeping the grog-shops, gambling-houses, and other demoralizing places, open on that day. Away with the canting hypocrisy of the pretense that the public—the traveling and business public—require this desecration. If the entire public desired and called for it, that, if there is any thing sacred in morals or religion, any difference between virtue and vice,* would in no degree justify or excuse their compliance. But it is desired only by that class, or faction of the public, who are at war with all the best interests of society, and whose wishes ought to be resisted by the directors of railroads, acting, as they do, in a relation of the highest responsibility to the whole public. There is an Omniscient eye, a Divine Providence, over the actions and affairs of men. Every man is responsible to the Creator, Ruler, and Redeemer of the world for all his actions; and every man, whether employed in the affairs of a railroad, or otherwise, has a right to worship Him according to the dictates of his conscience, and just as good a right, unrestrained by his fellow-men, to worship Him on the sacred day set apart, and recognized by the civil laws and the usage of society, as consecrated to that purpose. No mercenary policy or fancied expediency can justify any individual, or body

of men, in debarring him of that right and privilege. If they could be justified by such policy, or supposed expediency, then might they be justified in requiring a violation of his rights, as a moral and accountable being, in any other respect. They might require him to worship idols, to bear false witness, to steal. Those things might, indeed, be done more privately, and be less injurious to the community, than an open public desecration of the sacred day to the purposes of worldly business.

But there is no necessity—no real, justifiable, unavoidable necessity, any more than in the case of all other corporations, all other business men, manufacturing associations, the courts of law, the legislatures. The powers and privileges which the people, by their representatives, grant to railroad companies, are conceded only for purposes consistent with the moral, social, and civil rights, interests, and well-being of the people; and the citizens resident near the lines of the several railroads are undoubtedly entitled to expect that none of those rights or interests shall be infringed or jeopardized by railroad companies, or their agents in the management of their business. Such companies are not and can not be authorized to conduct their business in a manner inconsistent with, and contrary to, that observance of the sacred day which the people individually deem to be obligatory, which is recognized and sanctioned by the laws, and enjoined by public opinion and custom as essential to the preservation of morals, and the continuance of a free and equitable government. Independently of the immediate rela-

tions of the subject to the institutions and obligations of religion, the transit, on the day in question, of passenger and tonnage trains, the loading and unloading of cars, the pecuniary transactions incident to such operations, the employment of numerous laborers and servants, the stoppages at way stations and points of destination, and consequent attraction thereto of idle and disorderly persons at every cross-road and every village, and, in short, every incident and novelty of railroad traffic, disturbs the quiet, outrages or stifles the sense of propriety, and powerfully tends to the demoralization of the people. Multitudes attracted and countenanced, and perhaps in their own view justified, by the example of railroad directors, officers, and agents, spend the day in idleness, or in dissipation and disorder. The irreparable consequences, both to the actors themselves and to the people around them, are too notorious to require particular comment.

If any one thing more than another is meant to be secured to the people by the constitution and laws, it is the right to worship the Divine Being according to the dictates of their conscience, without molestation or interruption from one another. But the unmolested enjoyment of this right requires the abstinence of the people at large from the ordinary pursuits and employments which are lawful on other days; and hence individuals, who in derogation of this right voluntarily and publicly pursue their secular avocations, are universally regarded as immoral. This right, however, is largely invaded, and to some extent wholly denied, by the traffic and business on railways; not only by with-

holding it from hundreds of employés, and by tempting thousands of other persons to neglect and despise it, but by annoying and disturbing those who would duly observe the day, and distracting their attention by the noise and confusion occasioned near their dwellings, and near the places consecrated to religious service. These evils, renewed and repeated weekly, are of such magnitude and of such pernicious and demoralizing tendency, that the public welfare demands an immediate discontinuance of them.

No one, it is presumed, will hesitate to admit, that, were other corporate bodies in like manner to prosecute their business on the day in question ; were manufacturing companies to desecrate the day by continuing their operations, and exacting the attendance and labor of their employés ; were banking companies, colleges, and schools, the courts of law, and the legislative bodies, to appropriate that in common with other days to their wonted avocations, the public morals would soon be such as to require a despotic or military in place of a free and popular government. But no reason can be assigned why railroad companies should be allowed to desecrate the day, which would not equally excuse a like desecration on the part of manufacturing and other corporations, literary institutions, legal tribunals, legislative bodies, agriculturists, mechanics, merchants, shopkeepers, and all other citizens, by devoting the day to their respective secular objects. If self-interest is the reason, coupled with the pretense of serving or accommodating the public, that may be alledged in the other cases as well as in the case of railroads, and with

far more cogency with respect to many of them. For, while railroad companies have the power of transporting passengers and tonnage six or eight times more rapidly than could formerly be done, so as to accomplish as much in one day as could formerly be accomplished in a week; and the power of transporting far greater quantities daily than their usual arrangements contemplate, no new and equally time-saving facilities have been acquired in most of the other employments of society. That no such *necessity* exists in the case, as to constitute any urgent or valid reason for the practice complained of, is manifest from the fact, that on the railroads in several of the States of the Union, no traffic or business is done on the first day of the week. One country has tried the experiment of abolishing the observance of that day, and opening wide and unrestrained the flood-gates of infidelity, immorality, robbery, and assassination. If the desecration of it, by a powerful and pervading interest of this country, under the auspices of religious, respectable, and influential men, is tolerated, and extended to other interests and in other relations, we shall soon be enabled to judge how far we are, as a nation, from that state of things in which its abrogation will be followed by a reign of terror.

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“CREDIT, CURRENCY, AND BANKING,”

BY

ELEAZAR LORD.

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