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THE CINCINNATI SOUTHERN RAILWAY: A CITY'S RESPONSE TO RELATIVE COMMERCIAL DECLINE

DISSERTATION
Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy in the Graduate School of The Ohio State University

By
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* * * * * *

The Ohio State University
1971

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This study is concerned with the relative commercial decline of a major city, the action taken to try to check the decline, and the resultant economic impact. Throughout the development of our country many urban areas have risen to positions of great commercial importance, only to watch that importance decline as new conditions developed. At such times, the business community is invariably among the first to seek means of arresting the decline.

Cincinnati was one such city. The dominant commercial center of the West during the first half of the nineteenth century, it found itself being bypassed as the population moved ever westward and railroads reduced the importance of river transportation. Then, during the 1860s, Louisville threatened to replace Cincinnati as the chief distribution center for southern markets. Members of the Cincinnati business community concluded that the city must have a direct connection to the railroad network of the South, if the Louisville threat were to be defeated. To their dismay, however, they discovered that neither local capitalists nor private railroad interests were
willing to finance such a large project. In desperation, the businessmen turned to a plan suggested by a prominent local lawyer: the city of Cincinnati could build the railroad, through the sale of municipal bonds. This was a radical departure from accepted practice, in both railroad and municipal activity. It also violated the existing laws of the State of Ohio. Determined to have its railroad, however, the business community pressed on with the plan; over a decade later, Cincinnati had completed the country's only municipally-owned trunkline railroad.

In many respects the Cincinnati Southern Railway was a bold undertaking; a city undertook a unique and expensive project, because the private business community was unwilling to do so. Yet the main supporters of the project were members of that same business community, who had discovered a way to have their railroad without paying for it. The way from conception to completion proved much longer than anticipated, and was fraught with political, financial and physical obstacles. Yet once these were finally overcome, the result was much less than the predicted commercial resurrection of the old Queen City of the West. The business community had convinced the public to spend its money in pursuit of goals that could never be fully realized.
I am indebted to many individuals for their aid in this project. I particularly want to thank Mr. Richard Haupt and his staff at the Cincinnati Historical Society, especially Mrs. Elmer Forman; The Ohio Historical Society; various staff members of The Ohio State University and University of Kentucky libraries; Mr. Cal Wiggeringloh of the Southern Railway System, who was kind enough to make Cincinnati Southern Railway documents and reports available to me; and Professors Robert H. Bremner and Paul C. Bowers, who read the manuscript. Finally, and most of all, I wish to thank my academic adviser, Dr. K. Austin Kerr, for allowing me the widest possible academic freedom in the development and completion of this paper.
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On Christmas Eve, 1788, a band of some twenty-six persons, with their livestock and belongings, set out on flatboats from the Ohio River town of Limestone (now Maysville), Kentucky. Four bitter cold days later, they put ashore on the north bank of the Ohio between the Little and Big Miami rivers, and opposite the mouth of Kentucky's Licking River, and began construction of several log cabins. One of the more educated among them, a surveyor-schoolteacher named John Filson, christened the new settlement Losantiville (Le-os-anti-ville), a mixture of Latin, French and Greek which he translated as "town opposite the mouth" (of the Licking River). Fortunately, if one accepts any relationship between a settlement's name and its future success, "Losantiville" lasted for less than two years; in 1790, the Governor of the Northwest Territory changed the name to Cincinnati. The future Queen City of
the West was thus officially born.¹

At the time Cincinnati was founded, settlers were beginning to pour into the Northwest Territory in rapidly increasing numbers. Following the Revolutionary War, the new American government was anxious to promote settlement of the new territories. The Ordinance of 1787 was the official signal for those New Englanders who were casting eager eyes on the lands north of the Ohio River. The unsettled times of the War and Confederation period had created undesirable situations for many people. Debts, hard times, dissatisfaction with industrial conditions, all contributed to the urge to move to the West.

Of equal importance was Americans' seemingly insatiable thirst for land, which was manifest even at this early date. The original colonies, particularly in the Northeast, were fast running out of unsettled land, and the price of what was available was becoming prohibitive for many would-be buyers. But across the Alleghanies lay vast stretches of fertile soil which could be had at prices

¹Iola Hessler, Cincinnati Then and Now (Cincinnati: Roessler Brothers Printers, 1949), pp. 5-8; Charles Frederick Goss, Cincinnati: The Queen City, 1788-1912 (4 vols.; Chicago: S. J. Clarke Publishing Company, 1912), I, pp. 35-45. The Losanteville group was the second of three jointly planned expeditions. The first left in November, 1788, and located at Columbia, several miles east of the Losanteville site. The third group left the following February and landed at North Bend. Both locations proved to be poor choices because of flooding conditions during high water periods, and Cincinnati thus became the major city.
ordinary men could afford. Finally, the individual small farmer, though the most familiar of those who crossed the mountains, was not alone in his westward migration. Shareholders in land companies, speculators, adventurers, traders and other non-farmers also went west; once arrived, they became strong promoters of further immigration which would mean more prosperity for them. Unlike Daniel Boone, they hungered for the sight of smoke from other chimneys.

By 1790, it has been estimated, as many as 200,000 persons had emigrated west of the Alleghanies. Ten years later the number had nearly doubled to 387,183; and after another decade had jumped to 1,075,398. Ohio's population in 1790 was only 3,000; but by 1800 it had reached 42,156, advanced to 230,760 by 1810, and by 1825 was estimated to be some 800,000.

Once established, it was reasonably certain that Cincinnati would become an important urban center, as the population and activity of the Ohio Valley continued to increase. Geography alone practically assured it: lying on the primary route of east-west travel (the Ohio River); at the intersection of the Miami and Licking Rivers with the Ohio; between Pittsburgh and New Orleans; and between


fertile northern farms and southern plantations. Certainly, as long as travel and trade depended on the river, Cincinnati's importance seemed assured. 4

Likely as the city's growth may have been, however, it was slow in beginning. In 1800, the census showed only 750 persons in Cincinnati, and ten years later the count was only 2,540. Thereafter, however, the pace increased: by 1820 the town had grown to 9,602, and in 1830 it numbered 24,831 and passed Pittsburgh to become the largest city west of the mountains, with the exception of New Orleans. During the next decade the population nearly doubled, rising to 46,382. 5 But population growth did not

4To these practical advantages might be added the observations of one W. Bullock, an Englishman who traveled from New Orleans to New York via the Mississippi and Ohio rivers, in 1826. In addition to the locational advantages, Bullock enthused about Cincinnati's "extremely healthy site, and salubrity of climate (not an instance of fever, or ague, being there known); the richness of its soil, the overflowing plenty and unparalleled cheapness of the necessities, as well as the luxuries of life; the industry, the kindness and urbanity of its inhabitants to strangers. . . ." Declaring that he knew "of no place that bears comparison to Cincinnati," Bullock decided to return home, gather his family and as many fellow Londoners as could be persuaded, and settle a model community across the river from Cincinnati. He was even ready with a name for the new town: Hygeia. W. Bullock, Sketch of a Journey Through the Western States of North America (London: John Miller, 1827), pp. iv; xvii-xxi.

5Charles Cist, Cincinnati in 1841 (Cincinnati: the author, 1841), p. 35. Cist was the census officer for the Cincinnati area.
just happen, even to Cincinnati, which enjoyed obvious geographical advantages. Products had to be made available, markets and transportation developed. Cincinnati fulfilled these requirements with increasing success during the early decades of the nineteenth century.

The first manufacturing establishment in Cincinnati, begun in 1799 by a William McFarland, produced earthenware. In little more than a decade, enough additional manufacturing establishments had begun to give Cincinnati a reputation second only to that of Pittsburgh as the leading manufacturing city on the river. However, Cincinnati, like all towns of the West, faced certain hindrances to the growth of manufactures. Some of these were a shortage of capital, lack of experience on the part of would-be businessmen, shortage of skilled labor, and the prospect of quicker returns in the more familiar areas of agriculture and commerce. Though the city housed many manufacturing establishments in the early years of the nineteenth century, the majority of these were quite small and failure was not uncommon.

6 Henry A. Ford and Kate B. Ford, History of Cincinnati, Ohio (Cleveland: W. W. Williams, 1881), p. 324; Goss, Cincinnati: The Queen City, p. 327.


8 Drake and Mansfield, Cincinnati in 1826, pp. 59-66.
On the other hand, the existence of physical barriers which separated the region from the eastern seaboard forced interior cities to develop manufactures which they would otherwise have imported. This tendency toward production rather than importation was encouraged by the steadily increasing population—a population which became more stable as the frontier moved on west. Another factor was the abundance of resources available to pioneer industries, particularly of an agricultural nature, which in turn was constantly improved by better farming methods and tools.

The earliest manufactured items produced in Cincinnati were wearing apparel, household implements and furnishings, farm implements and building materials. Most of the market products produced by Cincinnati during this period, however, were agricultural in nature, the chief ones being wool, skins, hides, hemp, grain, flour, pork products and fruit. The predominance of this type of

9 This isolation was reinforced during the periods of the Embargo and Nonintercourse Acts, and particularly during the War of 1812, when many former sources of supply were cut off.


product is clearly seen in the city's total export figures for 1826. Slightly less than one half of the $1,063,560 in exports was accounted for by flour, whiskey, and pork products.\textsuperscript{12}

The importance of pork products to Cincinnati's economic development requires more than passing mention. In 1810, Richard Fosdick arrived in Cincinnati with the intention of starting a meat packing business. He was warned that beef and pork could not be cured to stay sound in that climate, but he decided to flaunt this conventional wisdom. By 1826, Cincinnati's pork packing industry was the largest in the United States, with 40,000 animals processed in the three-month period from November 15, 1826 to February 15, 1827.\textsuperscript{13} The pack

\textsuperscript{12}Drake and Mansfield, \textit{Cincinnati in 1826}, p. 77. The authors also provide a listing of each manufacturing establishment in the city, including a brief description, number of employees, and value of product for the year. This section includes an apparent comment on Cincinnati's weather, with the observation that "there is no Umbrella Factory in this city. Of the success of an establishment of this kind there can be no doubt." (p. 64)

\textsuperscript{13}Drake and Mansfield, \textit{Cincinnati in 1826}, p. 78. The three-month period was due to the seasonal nature of the business: the animals were at their fattest at the end of fall; and climatic conditions required that processing take place during cold weather. For these and other characteristics of the hog market, see Thomas Senior Berry, \textit{Western Prices Before 1861. A Study of the Cincinnati Market} (Cambridge: Harvard University Press, 1943), pp. 229 f.
increased rapidly thereafter. In 1833 it reached 85,000; rose to 250,000 by 1843; and during the decade preceding the Civil War averaged around 360,000 animals per year.\textsuperscript{14}

There were several reasons for Cincinnati's supremacy in the packing industry. As the largest city in the West she offered the largest supply of moderately skilled seasonal labor. The city had many facilities for making use of the by-products such as lard, candles, soap and glue, which increased the value of the animals and brought the seller a bigger price than he could obtain at other locations. Also important were the extensive development of the farming country tributary to the city, the transport facilities of the Ohio River, and the superior banking facilities and capital availability.\textsuperscript{15} By the time of the Civil War, as we shall see, Cincinnati was on the verge of losing her predominant position to a younger city; but until then, she justified her worldwide nickname of Porkopolis.

Cincinnati's products were sent to two chief


market areas. The first of these was the Atlantic coast, primarily New York, Philadelphia and Baltimore. There were several advantages found in trade with the East: dry goods, novelties and European imports were made available to the West; and the East's population density and high living standard created a healthy demand for western agricultural products and raw materials. There were, however, at least two negative factors which weakened the eastern trade. Most important was the high cost of transportation; goods had to come and go over the mountains or take the long and hazardous water route via New Orleans and the Atlantic coast. Though the Erie Canal eventually made it possible to avoid the trip over the mountains, Cincinnati was too far south to reap great benefits from that waterway. In addition to the transportation problem, easterners were just not as anxious for western produce as was the South.

Cincinnati's most important markets lay to the south, especially in New Orleans and Natchez, which served large areas of the interior. The South sent such products as sugar, cotton and molasses north in exchange for pork, flour and other agricultural products whose preparation was more suited to northern climates. Cincinnati also enjoyed a considerable market in the West Indies and South America, which were served via the Mississippi
and New Orleans.  

The availability of transport facilities (or lack thereof) was a major factor in explaining Cincinnati's heavy export traffic to the South. But even though river travel was the most efficient means available, it too was hazardous and time-consuming. Before the advent of the steamboat, the flatboat was the primary vessel of transportation down river. (The keelboat was the chief means of upstream transport, which traffic was greatly limited due to the adverse current.) These boats could negotiate tributaries inaccessible to boats of deeper draft, could still descend the Ohio during dry spells, and were less vulnerable to hidden snags, shallows and other navigation hazards. The biggest shortcoming of these unpowered craft was the length of time involved in making the trip to New Orleans. From Cincinnati, the flatboat could make

16 Keeler, "Commercial Development of Cincinnati," pp. 47-49; Drake and Mansfield, Cincinnati in 1826, p. 76.

17 There is a considerable literature on the period of river transportation. This brief discussion relies chiefly on the following: Charles Henry Ambler, A History of Transportation in the Ohio Valley (Glendale: The Arthur H. Clark Company, 1932); Caroline E. MacGill, and others, History of Transportation in the United States before 1860 (Washington: The Carnegie Institution, 1917); James Hall, The West: Its Commerce and Navigation (Cincinnati: H. W. Derby & Co., 1848); Berry, Western Prices before 1861, Chapter II.
only two trips a year, the trip taking one to two months
one way and three to five months for the round trip.¹⁸

Without question, the most important event of this
pre-railroad period of transportation was the invention of
the steamboat, the first one appearing on western waters
in 1811.¹⁹ These boats increased the speed and convenience
of transport at reduced cost. The price of imported
articles fell, while those of exports rose as a result of
the sellers gaining access to wider markets. The steamboat
encouraged more westward migration, with its attendant
expansion of agriculture and industry. The consequences
of the steamboat "contributed more than any other single
cause to advance the prosperity of the West."²⁰

¹⁸The boats themselves did not make the round trip.
Called "the boats that never came back," they were sold
for lumber at their destination. The boatmen then either
bought a horse or walked back to complete the round trip.

¹⁹This boat, the New Orleans, only made the down­
stream trip. It was not until 1817 that the steamboat
was finally proven to be capable of operating in both
directions.

²⁰James Hall, Statistics of the West (Cincinnati:
J. A. James & Co., 1837), p. 216. The advent of this
wonderful new boat did not, however, mean the end of the
flatboat. The latter could still negotiate shallows
and tributaries during dry spells, and was useful for
many commodities which were bulky and/or did not require
rapid transit, such as coal and lumber. In fact, the
steamboat may even have provided a stimulus to flatboat
traffic, in that the boatsman's return north was now made
cheaper and quicker.
In addition to all these benefits, the building of the steamboat itself represented a whole new industry—and Cincinnati soon became the second largest builder in the West, surpassed only by Pittsburgh. By 1826, sixty boats had been built in Cincinnati. By 1837, the total stood at 164, only nine less than Pittsburgh; Louisville was a distant third with thirty-three boats built.²¹

Though the river was by far Cincinnati's chief avenue of commerce, the city also shared in the trade of the canal era. In 1825 the Ohio Legislature authorized the construction of two major canals: the Ohio, to run from Cleveland to Portsmouth; and the Miami, to connect Dayton and Cincinnati and eventually extend northward to the Maumee River. During July, 1825, DeWitt Clinton, promoter of the highly successful Erie Canal, turned the first shovel of ground at opening ceremonies for each canal. Both waterways were completed in 1833, and the Miami made its connection with the Maumee three years later. Numerous minor canals were built laterally to the two major ones.

The exports of Ohio goods to the East increased greatly as a result of the canals. However, Cincinnati's

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²¹Drake and Mansfield, Cincinnati in 1826, p. 75; Hall, Statistics of the West, p. 263. The total number of boats built in the West by 1837 was 588, of which Ohio had accounted for 226 and Pennsylvania 216.
New Orleans trade did not suffer noticeably from the competition; it increased by a greater percentage than the canal trade during the years 1825-50. There was enough produce from the Ohio region to satisfy both the Ohio River and Great Lakes-Erie Canal systems: "The competition between the northern and southern routes was scarcely felt at Cincinnati until about 1850, when a new and more powerful competitor--the railway--appeared."22

The decade of the 1840s marked the heyday of rivers as the highways of the West. In 1843, the Pittsburgh and Cincinnati Packet Line was inaugurated, offering daily service between the two cities. In its first three years it carried almost two million passengers.23 In 1847, Cincinnati saw the arrival of 3,729 steamboats and 3,336 flatboats, while the same number of steamboats and 4,036 flatboats departed from the city's docks.24 But the peak had been reached, and the river days were about to decline. In November, 1852, the first railroad train from the East arrived in Pittsburgh. Six weeks later the Baltimore and Ohio Railroad was completed to Wheeling.

22MacGill, History of Transportation in the United States before 1860, pp. 282-95.

23Ambler, Transportation in the Ohio Valley, pp. 170, 184.

The railroad era had come to the West.

At first, the railroads actually brought an increase in river traffic, serving as a connecting link between the East and the navigable rivers of the West. But once the rails bridged the Ohio and pressed on westward, often paralleling the rivers for long distances, the volume of river traffic immediately began to fall. By mid-decade, scores of steam packet boats had disappeared from the waters of the Ohio, driven by declining business to the Mississippi and its western tributaries. After 1854, Cincinnati recorded annual decreases in the number of steamboat arrivals and departures.25

An almost immediate effect which this had on Cincinnati was the reshaping of the city's market area. The railroad, in combination with canals, shifted much of Cincinnati's export business from the South and West to the North and East.26 In the three years ending August 31, 1850, Cincinnati recorded annual decreases in the number of steamboat arrivals and departures.25

25Ambler, Transportation in the Ohio Valley, pp. 197-98. Ambler suggests that, while it was the primary factor involved in the decline of river traffic, the railroad was not alone responsible. The transition was quickened by such factors as low water, ice, investor panic, accidents, politics and extravagance—the 1850s being as troubled by these adverse conditions as the previous decade had been free of them. (p. 204)

26The canals alone had never been able to effect much change in the southern orientation of Cincinnati's commerce. The railroad made their use more convenient; for example, the Erie Canal and its eastern connections were no longer so far away. Of course, it was not long before the railroad net was completed to the extent that the canals were driven out of business.
1852, Cincinnati sent 1,091,000 barrels of flour down river, and only 37,600 barrels went east—10,400 of these latter by rail and canal. For the three year period ending in August of 1860, 300,000 barrels went down river, but 1,376,000 went north and east—and 890,000 of these were moved via canal and railway. By 1855, the total value of Cincinnati's exports to the East was about equal to that going to the South; the city's major market area no longer lay below the Ohio River.

In spite of these drastic effects, there is no question that the coming of the railroad benefited Cincinnati. The expansion of the trading area gave encouragement to new industries; and it resulted in the concentration of many industries which had hitherto been dispersed due to the limited area which they could serve. The value of all products made in Cincinnati in 1851 was $54,550,134; by 1859 it had jumped to $112,254,400. Exports during the same period increased from $41,256,199

28 Cincinnati Chamber of Commerce, Annual Report, 1860, p. 44.
But the railroad soon proved to be a two-edged sword for Cincinnati. For one thing, the packing and grain industries now began to shift to the West. Railroads opened a vast new grain producing area, as well as encouraging the direct shipment of hogs to the East. Also, as railways came, the value of land increased so that hog raising was often not the most economic use for it; and as hog raising thus moved west, so did the packing industry. The Cincinnati hog pack, which had doubled during the 1840s, showed relatively little increase during the following decade.  

Cincinnati's merchants soon realized that geography, which had in the past been such a boon to the city, now threatened to be its ruin. Development of an east-west railroad network in the North was actually doing serious harm to the city, which was located on the extreme southern edge of the net and was therefore in a

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31 Hunt's Merchants' Magazine, XLIII (November, 1860), p. 607. Obviously, the railroad was not the only reason for Cincinnati's increasing production and trade. Such diverse factors as European famines, repeal of the English Corn Laws, more commercial treaties, and increasing specialization in southern agriculture aided the prosperity brought by the extension of the rail network; see Keeler, "Commercial Development of Cincinnati to 1860," p. 119.

position to be bypassed by much of the new traffic and development. On the other hand, a network was also developing in the South; but Cincinnati was not even connected to that one. The answer to the city's problem, some promoters suggested, was to secure a connection to that southern rail net, and thus renew the traditionally strong southern markets.

The idea of a railroad across the mountains from Cincinnati south was not a new one. Such a project for connecting the Queen City and Charleston, South Carolina, had been suggested at least as early as 1827, but nothing was done about it until 1835. In that year, a citizens' committee was formed in Cincinnati to investigate the possibility of such a project. The committee of three, headed by Dr. Daniel Drake, reported that the project was indeed feasible, pointed out a general route, and was already dreaming of extensions to Lake Erie, Lake Michigan and Missouri. In response to the problem that most of the route was sparsely populated and might there-

33Daniel Drake, Railroad From Carolina to the Ohio River (Cincinnati: n.p., 1836).

fore make support of such a railroad difficult, the committee indulged in a bit of chicken-or-egg reasoning: the sparse population was due to the fact that there was no railroad to make the region more accessible.

This renewed activity on Cincinnati's part awakened interest in Charleston, where a committee was also formed, and money appropriated for a survey of the route. The state legislatures of North Carolina, Tennessee and Kentucky were approached for right-of-way legislation, which was quickly granted by the first two states; Kentucky refused at first, feeling that the proposed road favored Cincinnati at the expense of Louisville. They relented only when it was agreed that a branch line would be built to Louisville. This was only the first indication of jealousy between the two cities, which would increase in years to come.

At about the same time, Governor Robert Hayne of South Carolina called for a convention to be held in Knoxville, Tennessee in July, 1836, to discuss the proposed railroad. His proposal met with favorable response, and nearly 400 representatives of states, counties and towns which stood to benefit from the proposed road convened in

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Knoxville in July, 1836.\(^{36}\)

The assemblage was told at length of the many advantages which would accrue from the railroad: faster, cheaper transportation; the linking of Cincinnati directly with a seaport; enabling Charleston to compete with New Orleans; improving of the national defense (whether threatened by foreign or domestic insurrection); all these benefits and more awaited the people of the states in question. In a burst of the rhetoric familiar to the times, Governor Hayne declared that

we can almost perceive the finger of heaven pointing to the barriers which have so long separated them [West and South], and reverently think we HEAR THE VOICE OF GOD, speaking through his works, commanding us to remove those obstacles, and encouraging our exertions, by the promise of abundant blessings, with which a wise and beneficent Providence, seldom fails to reward the faithful efforts of his children.\(^{37}\)

The convention closed amid much optimism and the search for funds was begun. Unfortunately, however, the project was soon ended, like much other speculation of the period, by the financial crisis of 1837. It was to be over forty years before Cincinnati realized its dream of a direct rail connection to the South.

\(^{36}\)Hinkle, The Movement of 1835-6.

\(^{37}\)Robert Y. Hayne, Address in Behalf of the Knoxville Convention, to the Citizens of the Several States Interested in the Proposed Louisville, Cincinnati and Charleston Rail Road (Charleston: A. E. Miller, 1836), p. 31.
In addition to the Louisville, Cincinnati and Charleston project, the decade of the 1830s saw several other, less ambitious, railroad projects in Cincinnati and Ohio. In 1830, the first railroad charter was granted to the Ohio and Steubenville Railroad and Canal Company. Like most of its contemporaries, however, the road never got beyond the charter stage. The first road actually completed out of Cincinnati was the Little Miami. Its charter was granted in 1836, but the first stretch of thirty miles was not completed until 1843, due to the intervening financial panic. By 1846, it had reached Springfield, where connections provided a through line to Lake Erie. The next railroad to serve Cincinnati, the Cincinnati, Hamilton & Dayton, was not opened until 1851, having been chartered in 1846.

38 In the entire state of Ohio, only one of the twenty-four charters issued during the 1830s resulted in a railroad; eight of the twenty-three charters of the following decade saw realization. MacGill, *History of Transportation in the United States Before 1860*, p. 490.

39 The story of the Little Miami can be found in a number of places; the most comprehensive is Robert Y. Black, *The Little Miami Railroad* (Cincinnati: n.p., n.d.).

40 Henry A. Ford and Kate B. Ford, *History of Hamilton County, Ohio* (Cleveland: W. W. Williams and Co., 1881). The authors give brief histories of each railroad passing through Hamilton County, including dates of charter and completion for each; pp. 208-16. For a discussion of railroad development projects throughout Ohio prior to the Civil War, see MacGill, *Transportation in the United States Before 1860*, pp. 488-502.
During the late 1830s and the following decade, a railroad mania spread throughout the West; every county and town, it seemed, had to have rail service. Since railroad companies often had trouble obtaining sufficient stock subscriptions and bank loans (due primarily to lack of tangible security), and since Westerners were generally impatient to secure rail service, public aid was often granted. Ohio was no exception; a law passed in 1837 authorized the state to loan money and subscribe to stock in railroads, canals and turnpikes.\(^{41}\) The Little Miami Railroad was one of the first beneficiaries of this governmental largesse, to the sum of $120,000.\(^{42}\) The wisdom of such legislation was doubtful at best; it stimulated speculation, poor construction and wasteful expenditures of funds. And rather than lose everything, additional funds were often provided to assure a project's completion.\(^{43}\) In any case, the problem was a brief one, since


\(^{42}\) Taft, *Cincinnati and Her Railroads*, p. 10. Some other sources of the Little Miami's financing: the city of Cincinnati, $200,000 in stock and a $100,000 loan; counties along the line, $75,000 in stock; individual subscriptions, $132,000.

\(^{43}\) Charles N. Morris, "Internal Improvements in Ohio, 1825-1850," *Papers of the American Historical Association*, III, No. 2 (1889), 128-30. Morris argues, however, that Ohio's public works indebtedness was far more productive than all other western states and many eastern ones.
the Panic of 1837 once again intervened to assure a project's failure. The general depression was accompanied by a drop in the state's credit standing; and numerous accusations (many of them true) of fraud and extravagance in the administration of the 1837 law were made. When it was repealed in 1840, the "Plunder Law," as its opponents called it, had allotted $717,515 to six railroad projects. The Little Miami was the only road which showed a profit for the state's investment.

When prosperity returned in the 1840s, the need for more railroad projects remained; and though Ohio's unhappy experience was still sufficiently fresh in mind to prevent repetition, some form of public assistance seemed necessary to many people. As a result, legislation was passed which permitted local aid to private companies. Most subscriptions made under this law were made upon decision by the voters. Each enabling bill then passed the legislature with little opposition, the feeling being that the matter was strictly a local affair. Once again, however, accusations of maladministration soon turned


early enthusiasm to opposition, and the new state constitution of 1851 prohibited both local and state aid to private companies. The tremendous expansion of the railroad net during the 1850s, then, was financed in Ohio with private capital. Considering the extent of that development, it might not appear that the state suffered unduly as a result of the constitutional prohibition of 1851. However, a glance at a map of the rail network in 1860 quickly reveals one large flaw from Cincinnati's viewpoint: there was still no direct connection to the South. This was largely due to private capital's unwillingness to undertake such a project because of the formidable physical barriers and the lack of sufficient local traffic along any proposed route.


47 This causes one to wonder whether private capital had not formerly taken advantage of state and local hunger for railroads, in order to avoid using its own money. This was undoubtedly true in many cases. However, another explanation lies in the fact that much of the 1850s expansion was done by four major trunk lines (B & O, Erie, Pennsylvania and New York Central), which had more private capital available than many of the earlier, primarily intrastate, entrepreneurs.

It was clear to many people, particularly in the business community, that the city must have a strategic position on the growing rail network if it were to retain the advantageous position which had developed during the river era. In an 1850 speech in Cincinnati, Alphonso Taft, founder of the famous Ohio family, prominent lawyer, and one of the city's most influential citizens, made clear what he felt must be done. He called for three major railroad projects to assure Cincinnati's continued greatness. The first was an additional connection to the Great Lakes, this one to Sandusky via Dayton.

The second vital line was to run east-west and connect Baltimore, Cincinnati and St. Louis, and, eventually, the west coast. This was the main point of Taft's speech, a plea for the city to subscribe to the stock of just such a line which was currently in the fund raising stage. He had in mind $1,000,000 presently, with more to come. Taft went on at length about Cincinnati's destiny, the price of timidity, and the wolves who were lying in the commercial bushes (particularly in the vicinity of Louisville), eager to deny Cincinnati her destiny.

At one point Taft pointed up the logic of such a

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proposal with an interesting, if questionable, explanation of how geography dictated the city's greatness—if only its citizens would do their part. A line from Baltimore to San Francisco through St. Louis, Taft pointed out, varies only one and one-half degrees from Cincinnati. Furthermore, Cincinnati lies on latitude thirty-nine degrees, which is halfway between the Canadian border (forty-nine degrees) and the Gulf of Mexico (twenty-nine degrees). It was obvious that Cincinnati lay on the only logical line of an east-west railroad that "will join the noblest harbor of the Pacific with . . . the great emporiums of the Atlantic. . . . and that commerce will pass round the globe . . . making the nations of Europe, as well as Asia, tributary to our prosperity."^50

The third railroad which Taft discussed was one which would connect Cincinnati directly with the lower South. This line was necessary for two reasons: first, for the obvious commercial advantages in being in direct contact with a large region heretofore very difficult of access; second, to counteract the potentially serious effects of someone else making the connection before Cincinnati did.

Ten years later the first two projects called for

^50 Taft, Cincinnati and Her Railroads, pp. 16-17.
by Taft had been completed. The United States east of the Mississippi River was covered with an extensive rail net, and Cincinnati was connected with the Great Lakes, Baltimore and St. Louis. But Taft's third railroad, the one to the lower South, was still as far from reality as it had been when he made his speech in 1850. And, as he had feared, someone else had built there first.

The 1850s found Louisville faced with some of the same problems as Cincinnati. The decline of the river traffic on the Ohio foreshadowed a slowdown in growth, perhaps even a commercial decline. The development of basically east-west rail systems in the North and lower South threatened to leave the city in a geographical no-man's land between two rapidly developing areas. Besides the competition with Cincinnati for the southern markets, Louisville faced the ambitions of Nashville and Memphis, each of which was geographically closer to those markets. A railroad which reached directly into the lower South would enable Louisville to intercept much of the Ohio and Indiana trade which was going increasingly to the East.

In 1850, the inevitable civic committee was formed to investigate the possibility of a road from Louisville to Nashville, and it was resolved that Louisville would
invest $1,000,000 in such a project. The state legislature granted a charter in 1850. Due largely to indecision as to which of three routes to take and to the physical problems of unfavorable terrain, the road was not completed until 1859. Nevertheless, Louisville now had its direct connection to the lower South. Cincinnati still had not laid the first rail in that direction.

The completion of the L & N was only one of several factors which troubled Cincinnati commercial interests as the 1850s drew to a close; and Louisville was not the only city which threatened to dethrone the Queen City of the West. Another new competitor was located still further down river. St. Louis experienced rapid growth during the 1850s, as the national population continued to more westward. During this decade, its popu-


52 At least as important as considerations of distance and terrain was the question of which route could offer the most financial aid in the form of subscriptions by counties and towns along the way. The railroad company delayed its decision while the local groups bid and re-bid for spots on the route; as a result, it was nearly three years before a decision was made and construction begun. Ibid., pp. 26-35.
lation increased from 77,860 to 160,773; for this same period, Cincinnati grew from 115,436 to 161,044. The completion of rail connections to New Orleans, as well as the ability to use the Mississippi River all year (the Ohio was frozen during winter) enabled St. Louis to surpass Cincinnati as a southern shipping point.

The completion of an east-west transportation network to the north of Cincinnati benefited such cities as Toledo, Cleveland and Buffalo, while Cincinnati looked on; and even nearby neighbors like Dayton and Indianapolis now found themselves with rail connections which made them strong competitors of the Queen City.

But by far the most dangerous rival of this period was the burgeoning city at the tip of Lake Michigan. The railroads and the westward shift of population and agriculture enabled Chicago to make tremendous strides during the decade preceding the Civil War. From an 1850 population of 29,963, Chicago grew to 109,260 by decade's end. During the 1850-51 packing season, Chicago's


20,000 hogs placed it thirteenth in the nation. Ten years later it was second with 271,805; and the following year it replaced Cincinnati as the nation's Porkopolis by processing 505,691 animals. During this same period, Chicago also replaced Cincinnati as the leading center of grain shipping and flour milling.

The railroad was early recognized by some as a potentially disruptive factor in Cincinnati's life. In 1851, Charles Cist admitted that conditions were unstable due to the introduction of the "great disturbing cause" [the railroad]; but he saw no reason why the city could not adjust and continue its dominance of the West. But Cincinnati did not adjust; instead, its position steadily declined, relative to several other cities of the West, during the 1850s.

Perhaps the decline could still have been overcome, had the city's business and political leaders been more imaginative and willing to take a few chances. Formerly one of the nation's leading city's in terms of investment for public improvements, a conservatism set in during the 1850s which resulted in a period of stagnation, then a shift from commerce to manufacturing as the main business interest.

55 Ibid., p. 82.
56 Cist, Cincinnati in 1851, p. 320.
In an effort to preserve and protect their great investments of the previous twenty years [primarily canals and river transportation], Cincinnatians of the 1850s stifled new basic investment, opposed new techniques and allowed smaller cities to outdo them and acquire better railroad facilities. As a result, they relinquished the city's position as wholesaler, so that in spite of some gains in manufacturing the city lost her commercial leadership of the Midwest, her commercial vitality, and her ability to attract new capital and new immigrants.

The Queen City of the West was not defeated by any whims of nature, by technological revolution, or dethroned by any conspiracies of Eastern capitalists. The Queen City of the West simply abdicated. 57

Whatever the cause, it was obvious that the economic structure of Cincinnati was in the midst of a critical period of change at the time the nation was plunged into the Civil War.

In view of the city's extensive economic ties with the South, there was concern in many quarters as to how Cincinnati would react to the coming of the Civil War. It seemed reasonable to think that perhaps the Queen City would withhold support from the Union, or even cast its lot with the Confederacy. These fears proved to be groundless, however; the firing on Fort Sumter was followed by an outpouring of patriotic fervor in Cincinnati.

and the town volunteered more troops than were needed to fill the federal government's request for the entire state of Ohio.  

An obvious price of this loyalty was a sharp decline in the city's commercial activity, since exports to the South were sharply curtailed. Strangely, for the first few months of the war this was a result of the city's--and the state of Ohio's--own actions, not those of either the Union or Confederate governments, neither of which was anxious to curtail trade in the Mississippi-Ohio valley area. The Confederacy obviously wanted to continue trading with the states of the Northwest as long as possible, hoping to retain a cheap food supply and also prevent ill feelings between sections of the valley. Toward this end, the secessionist government immediately declared the Mississippi open to free and unobstructed navigation; nor were tariffs charged on products of the upper valley—though they were levied on most manufactured goods, which came largely from the East.  

The Federal government was likewise reluctant to

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59 E. Merton Coulter, "Effects of Secession upon the Commerce of the Mississippi Valley," The Mississippi Valley Historical Review, III (December, 1916), 278-82.
close the rivers, though for different reasons. With the outbreak of war, Kentucky had temporarily resolved its delicate situation by declaring an armed neutrality. Realizing how important it would be to gain that state's allegiance, and thus anxious not to offend its citizens, President Lincoln made no move to cut off Kentucky's extensive commerce with the lower South.

As far as the river portion of that commerce was concerned, the government's quandry was soon resolved for it by the state of Illinois. In May, 1861, that state's troops took control of the town of Cairo, located at the confluence of the Ohio and Mississippi rivers, and throttled southbound river commerce. But that did not halt trade with the Confederacy. Now the L & N Railroad became the sole direct transportation connection, and it suddenly had all the business it could handle and more. Louisville now became the busiest city in the Ohio valley—much to the dismay of Cincinnati merchants and those of other cities whose patriotism and/or lack of connections with the South prevented them from sharing in the huge profits. Their cries of outrage finally brought restrictive action by the government; but these rules were easily circumvented, and Louisville's trade continued at a great rate until Kentucky abandoned her neutrality in
late September, 1861. 60

But Louisville and the L & N continued to prosper even after the Confederate markets were shut off. Now the railroad's shrewd president, James B. Guthrie, worked closely with the Union army in organizing an invasion of the South along the L & N. Troops, supplies and the attendant profits now poured into Louisville. Guthrie convinced Washington that its proximity to the war zone entitled his railroad to more than the standard rates. By war's end, the L & N was bigger and more solvent than it had been at the start. 61

With the loss of southern markets at the start of the war, Cincinnati's economy declined sharply, and the year 1861 was a hard one for both commercial and manufacturing interests. 62 Within a year, once the economy had geared for war, Cincinnati's fortunes turned for the better. Exports for 1863-64 totalled $239,079,825, compared to $76,449,862 for the 1861-62 period. 63 However,  

60 Ibid., pp. 291-98.


63 Cincinnati Chamber of Commerce, Annual Report, 1864, pp. 6-7.
much of this was the result of government contracts for such items as ammunition, beef, pork, clothes and shoes—contracts that would cease with the war.

Meanwhile, the real growth was taking place to the north of Cincinnati. Chicago, whose railroads and lake had already made it the collection and distribution point for a vast western area, saw its importance increase sharply with the closing of the Mississippi. Freight from the river sections was diverted to Chicago for shipment east; the Chicago-New York route was now the most important commercial artery of the nation. Cincinnati was too far south of that route, and too near the seat of war, to obtain a good share of the growing transportation market.

At one point early in the war it appeared that the national government might solve Cincinnati's major transportation problem for her. In December, 1861, President Lincoln proposed the building of a railroad from Cincinnati directly into the lower South as a war measure, to support a proposed route of invasion. Surveys were actually made for the project, but lack of Congressional interest and a change in military plans led to abandonment of the idea before any work was started.  

64Congressional Globe, December 3, 1861, Appendix, p. 1; Fite, Social and Industrial Conditions in the North During the Civil War, p. 65.
Cincinnati emerged from the Civil War more isolated than before. Traffic had continued to shift to St. Louis, Chicago, and other lake cities. Trade with the southern states was practically cut off; when it was renewed after the war, the only rail route to it was via Louisville and the L & N. It appeared that, unless some action was soon taken, Louisville would replace Cincinnati as the chief distributor of northern goods to the South. A direct rail route south once again became a major topic of discussion in Cincinnati business circles.
CHAPTER IX

THE LOUISVILLE THREAT AND THE DECISION TO BUILD A SOUTHERN RAILWAY

The Civil War was hardly over when Cincinnati and Louisville merchants renewed their contest for dominance of the restored southern markets. Louisville already enjoyed a definite advantage in the form of the Louisville & Nashville Railroad—made greater by virtue of the city's more southern geographic location. A southerner travelling north on a buying trip was naturally inclined to go to Louisville rather than endure an additional 150-mile trip to Cincinnati by road or river. Southern customers naturally preferred the quicker service and cheaper transport costs from Louisville to any savings on original cost that Cincinnati might be able to offer.

Louisville interests made certain that these advantages were used to their fullest. The L & N rates for goods originating in Cincinnati equalled the rate from Louisville to destination, plus the river transport rate from Cincinnati to Louisville.¹ Cincinnati's only southern

rail connection was the Kentucky Central, which terminated at Lexington. In order to combat even this limited access, the L & N offered lower rates to such towns as Stanford and Richmond, which were nearer the Kentucky Central, than it did to towns located nearer Louisville (and accessible only to the L & N).  

Freight delays of several days' duration in Louisville were not uncommon, and periodic embargoes on shipments from Cincinnati to Louisville were announced by the L & N. The railroad officials claimed that these conditions were due to overloaded facilities, but Cincinnati merchants naturally saw the embargoes as part of the Louisville program of unfair competition. Whatever the cause, Cincinnati's ability to serve the South was seriously affected, and commonly referred to in the local press. The southern correspondent of the Commercial reported the case of a Chattanooga merchant who placed orders with firms in Boston and Cincinnati at the same time: the Boston shipment arrived in ten days, the Cincinnati goods in sixty.

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3Coulter, The Struggle for Southern Commerce, p. 26; Commercial, September 28, 1867, p. 4.

4November 30, 1869.
Louisville and the L & N were not satisfied with the rail facilities and connections they already had developed. They were anxious to develop branches and connecting roads for an ever larger network. While such an expansion was economically understandable, the desire to checkmate Cincinnati seems to have been an important consideration in deciding which particular programs to undertake. For this reason, aid for any proposed railroad project in the Blue Grass region (eastern Kentucky) was given serious consideration. Extension of the Lebanon branch of the L & N was particularly desirable from this point of view. By extending the existing line eighty-seven miles to the southeast to Knoxville, Louisville could have a direct connection with the South Atlantic region, instead of the existing circuitous route via Nashville, Chattanooga and Atlanta. When the extension was proposed in 1867, the city of Louisville subscribed $1,000,000 for the project. Such municipal contributions were not unusual for Louisville. In 1869, the city council voted another million to the Elizabethtown and Paducah Railroad. Two years later, it volunteered $375,000 to help the L & N buy the Nashville and Decatur

5Coulter, The Struggle for Southern Commerce, pp. 8-10.
6Collins, History of Kentucky, p. 176.
Railroad in order to prevent encroachment from rival Cincinnati. By the end of 1870, Louisville had indebted itself for around $5,000,000 in railroad projects, and the end was not yet in sight.

To add to its physical advantages, Louisville engaged in a psychological approach to ward potential southern customers. Promoters argued that Louisville was a southern city, while castigating Cincinnati as a Yankee hotbed of radicalism. Louisville newspapers reminded southerners that Louisville merchants had extended them credit and fed them during the hard months following the war. Simple gratitude dictated that they buy from their late benefactors now, and not from Yankees. Another editorial listed five reasons why southern merchants should buy in Louisville: the price was right; geography made Louisville a better location; it offered better transport and shorter distance; Louisvillians were neighbors and friends; and "money spent at home—in the South—is money saved, while money spent abroad is gone forever."

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7 Ibid., p. 189; Commercial, April 24, 1871.
8 Commercial, January 11, 1871.
10 Daily Journal, January 27, 1866.
In spite of the questionable ethics of this approach, there was some justification in the Louisville boosters' claim to southern sympathies. They had been early supporters of Lincoln's reconstruction program and of Tennessee representatives' early readmission to Congress. When President Johnson made a western tour in September, 1866, large and enthusiastic crowds greeted him in Louisville and accorded an official reception. But while the Cincinnati public greeted him with considerable friendliness, the city council voted to deny him the official hospitality of the city.\(^{11}\)

The death of Robert E. Lee in 1870 provided another contrast in the attitudes of the leadership of the two cities. Louisville declared an official day of mourning: buildings and streets were draped; businesses were closed; and that night the mayor headed a "monster mass meeting," complete with eulogies.\(^{12}\) While Cincinnati could not be expected to go to such lengths, the local press did not help to smooth ruffler southern sensibilities with its editorials regarding Lee. The Commercial declared that he had "turned his back on the flag," and no government

\(^{11}\)The Cincinnati Enquirer, September 12, 1866, September 13. Hereafter referred to as Enquirer.

\(^{12}\)Enquirer, October 16, 1870.
funeral nor half-masting of flags was due him.\textsuperscript{13} The Cincinnati \textit{Gazette} declared that there was no excuse for his disloyalty and that "posterity will award him no place among the benefactors of his country."\textsuperscript{14} Such affronts as those offered by Cincinnati to Johnson and Lee were hardly calculated to gain advantages over Louisville in the struggle for the friendship of southern merchants.

Physical and psychological advantages were not enough to make Louisville merchants feel overconfident or self-satisfied. They also employed the latest commercial techniques in searching out new customers. Before the Civil War, the biggest southern buyers, primarily plantation owners, had made periodic trips to urban centers, where they purchased goods for several months' use. After the war, the general store became the primary large buyer, and the would-be sellers now went to compete for his business. The era of the drummer, or traveling salesman, had arrived in merchandizing. Louisville was quick to realize this new turn of marketing events, and soon had men operating throughout the South. A correspondent of the Cincinnati \textit{Commercial}, traveling through

\textsuperscript{13}October 14, 1870.

\textsuperscript{14}October 13, 1870, Hereafter referred to as \textit{Gazette}. 
the South, reported that

the merchants and manufacturers of Louisville hired a legion of traveling agents, whose chief credential lay in having been in the bebel army. As the southern people wanted credit, they gave their orders to Louisville. . . . as Cincinnati wanted cash . . . the Southern trade . . . flowed to Louisville in buoyant volume. Foundries and factories were busy in Louisville while those in Cincinnati were almost idle. 15

Furthermore, drummers from Louisville often worked for their city as well as their own company, frequently taking orders for one another. A Louisville dry goods salesman, for example, might take one of his customers' order for hardware and pass it along to a Louisville firm. 16

Louisville's natural and created advantages combined to give her an increasing economic margin over Cincinnati during the years following the war. One of the Commercial's southern correspondents lamented that

She [Louisville] has spread her net for the purpose of catching all the trading fish that comes up from the South. . . . Her net is so strong that when a big fish breaks over he goes clear through to New York without stopping, while it is so closely woven that it takes in all the little ones worth having. 17

One Cincinnatian explained the failure to compete

15 Commercial, January 13, 1868.
16 Commercial, September 3, 1870.
17 Commercial, June 9, 1870. The writer was also upset by the fact that Louisville merchants advertised in the South much more than those from Cincinnati.
successfully with Louisville in the wooing of southern customers during the post-war period with the charge that his local peers were too conservative. Cincinnati businessmen preferred to invest in property and collect rents, and hesitated to extend the city's commerce.

Many of them had become rich, built princely mansions in the city and on the surrounding heights . . . and instead of employing their surplus capital in advancing the interests of the city, invested it in non-taxable government securities, and, wrapping their cloaks of wealth around them, sat down in luxurious comfort and independence, their capital and energy lost to business and to enterprise.¹⁸

When it came to railroad development projects, Cincinnati capitalists were quite timid during the late 1860s. The newspapers recounted reports of many projects which were proposed, endorsed enthusiastically, then allowed to disappear quietly due to lack of financial support. For instance, the same year the war ended, Tennesseans formed the Knoxville and Kentucky Railroad, promising speedy completion to Cincinnati. A letter to the Cincinnati Enquirer announced that General S. S. Wilder would soon be in Cincinnati "with such a proposition that will merit the serious consideration of your capitalists." A public meeting was held upon the general's arrival, but

attendance was disappointingly small. The meeting was to be recalled within ten days, but nothing more was heard of it.\footnote{Enquirer, Nov. 22, 1865, Dec. 7, 1865.}

A recurring proposal was the building of a connecting branch from Lexington south to connect with the Lebanon branch of the L & N. When such a line was proposed early in 1867, the Cincinnati Chamber of Commerce passed a resolution favoring the project—which proved, they said, that accusations that Cincinnati was not responsive to railroad projects were false. No mention was made of financial aid for the project, however.\footnote{Louisville Daily Journal, Feb. 4, 1867, quoting the Cincinnati Times.} In March, committees from two Kentucky counties arrived in Cincinnati to solicit aid for the new road, which was to run south to Mount Vernon, some fifty miles from Lexington.\footnote{Gazette, March 7, 1867. The Gazette heartily endorsed the proposal.} A week later, a similar committee visited from Lexington; they found Cincinnati's enthusiasm pleasing, and left feeling that the allotted stock could certainly be sold.\footnote{Commercial, March 14, 1867.} On April 15, a special committee of the Chamber of Commerce recommended that Cincinnati subscribe
for $500,000 of the estimated $2,000,000 cost of the road. The Chamber published a resolution endorsing this recommendation and calling for purchase of the stock within sixty days. At this point, however, the project stalled. There were promotional meetings as late as June 17, but shortly thereafter the project slipped from view.

These are only representative of the frustrated railroad projects which were at least in part due to the lack of support in Cincinnati. The local press became increasingly upset over the city's seeming indifference to progress. As proposals continued to fail to move beyond the talking stage, the editorial pages increasingly berated the citizenry, particularly those of the business community:

Now is the day, and now the accepted time, for Cincinnati to show self-reliance and appreciation of her own interests by work instead of talk.

The necessity for action has long been urged upon our people, therefore it is to be hoped that talking will cease, and that the work will be commenced in earnest.

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23 *Commercial*, April 16, 1867.

24 *Commercial*, June 19, 1867.

25 *The Railroad Record*, XVI, Feb. 27, 1868, p. 13. The Record, understandably, was one of the most consistent periodicals in calling for Cincinnati support of rail projects. For examples, see XVI, pp. 117-18, 106-07, 273-74, 441-42.

26 *Commercial*, Aug. 11, 1868.
there were some indications that efforts to build the Southern Railroad were about to be renewed. Although the importance of this road has been so repeatedly urged upon this community with but slim results thus far, we will run the risk of disturbing the slumbers of our people by again calling up the subject. For we believe that Cincinnati is suffering to-day, and has been for some time past, in consequence of the intense inaction which prevails regarding this matter.

A conservative attitude in the business community was not the only factor keeping Cincinnati visionaries from realizing their ambition of a direct rail route south. There were, after all, occasions when money was pledged for railroad projects which nevertheless failed to materialize. On April 19, 1866, a meeting was held at the Chamber of Commerce hall to hear a committee report on ways and means of building a railroad south via Chattanooga or Knoxville. Individuals and companies in attendance at the meeting pledged $1,317,500 that same evening, though at that time no specific project was proposed nor any company formed.

In the fall of that same year, a similar, though unrelated meeting was held in Cincinnati, and $904,450 of a proposed $1,000,000 was pledged. "All that's needed now," the Cincinnati Times declared, "is the company of

27 Commercial, Sept. 11, 1868. This editorial continued to berate the local businessman and capitalist who did not seem to appreciate this, but who believed that 'he can yet sit still and count his income from rents."

28 Commercial, April 20, 1866.
capitalists to undertake to build the road.29 That, however, was exactly the problem: finding private capitalists who were willing to undertake such a project, even with the prospect of a million dollar bonus. The land which lay between Cincinnati and Tennessee was rugged and even mountainous. The physical problems involved in constructing a railroad across this land from north to south were formidable. Tunnels, steep grades and numerous bridges would be necessary.

In addition to the physical problems, the territory had another serious shortcoming from a railroader's point of view: it was sparsely populated. There were few towns of any importance and practically no manufacturing. It was unlikely that the road could break even financially as it was being built; it would have to await completion to Chattanooga or Knoxville before important markets could be tapped.

There were two specific projects which Cincinnati was perhaps more interested in, and for longer periods, than any others. One involved an existing railroad, the other a line which had long been proposed and finally became a reality in 1869. Each project would have provided a less-than-perfect solution to the city's problem; and each, as it turned out, finally failed of achievement.

anyway.

The first of these involved the already existing Kentucky Central Railroad, which ran from Covington to Lexington. The idea was for Cincinnati interests to purchase this road as the basis for a line which could then eventually be extended into Tennessee, primarily with the aid of subscriptions from those who stood to benefit along the way. The attempt to purchase the road began in late 1866, when it became apparent that the $904,450 bonus was not going to induce private capital to build a southern road. The trustees of the fund then proposed to purchase the Kentucky Central. At first the owners indicated that they would sell, but then changed their minds. When a proposal for a separate charter across Kentucky was introduced in the Kentucky legislature in early 1867, the Kentucky Central interests were able to mount sufficient opposition to defeat it. There the matter rested for several months. Then, late in 1867, the Kentucky Central owners indicated a willingness to sell. In January, 1868, a committee of prominent Cincinnatians asked S. H. Goodin, a well-known railroad engineer, to make a study of the situation and present his findings and recommendations. Goodin found the asking price of

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30 Commercial, Jan. 8, 1867, Feb. 27, March 12, and March 15.
$3,330,000 reasonable, and recommended purchase. However, before any settlement could be reached, the Kentucky Central became involved in a long court litigation over ownership; by the time it was settled, Cincinnati had proceeded with other plans.

The other plan which attracted Cincinnati's attention for quite some time involved building a rail connection along the Ohio River from Covington to a point on the L & N near Louisville. The Cincinnati Short Line, as it was generally called, was in the planning stage as early as 1866. Although it would mean using facilities of rival Louisville and the L & N, and would give only indirect connection with the lower South, the project would at least partially solve Cincinnati's problem without great expense to the city or its merchants.


Louisville interests were, of course, well aware of this situation, and determined not to make things easy for their up-river competitors. The Louisville, Cincinnati and Lexington Railroad, builders of the Short Line, were told by the Louisville city council that they could enter the city only if they changed their gauge to four feet eight and one-half inches. Since northern roads were four feet eight and one-half inches wide, but southern roads an even five feet, this requirement would mean that all freight would have to break bulk in Louisville rather than Cincinnati. This would aid the transfer and bulk-breaking operations of Louisville (already a sizable operation); and the extra expense and time involved would allow Louisville merchants to retain a competitive advantage over Cincinnati rivals. The L C & L had little choice but to comply, since a Louisville connection was vital to the success of the Short Line. Cincinnati remained frustrated in its quest for a southern railroad.

Private capitalists could not be induced to build the southern road; Cincinnati capitalists were not willing to raise the money necessary for the project; and Louisville prevented Cincinnati from obtaining an acceptable indirect

\[34\] Ibid., pp. 57-58; Daily Journal, July 7, July 16, 1868. Louisville pledged to pay three-fifths of the cost of changing gauge.
route. Some prominent Cincinnatians now concluded that the only answer was for the city itself to provide the necessary capital for the long-sought road. However, one very large obstacle loomed in the path of such a solution: the Ohio Constitution. Like many other states, Ohio had reacted strongly to the speculative abuses of the 1840s. When a new constitution was written in 1851, it contained the following clause:

The General Assembly shall never authorize any county, city, town or township, by vote of its citizens or otherwise, to become an owner in any joint stock company, corporation or association whatever; or to raise money for, or loan its credit to, or in aid of any such company, corporation, or association.35

To the supporters of a southern railroad, there seemed two possible ways of overcoming this rather unequivocal prohibition: the constitution could be amended; or a way could be found legislatively to circumvent the undesirable section. The latter method had been on the mind of one of Cincinnati's most prominent lawyers for some time. Edward A. Ferguson, long a supporter of a southern road, began to give serious thought to the possibility of such legislation during the summer of 1868, while preparing a brief in a case which he felt had some similarities to

35Ohio, Constitution (1851) Art. VIII, Sec. 6.
the southern railway problem. Furthermore, the city had recently purchased its privately owned gas works, by means of a $3,000,000 bond issue approved by the voters. Ferguson concluded that ownership of its own railroad could be made equally legal, albeit considerably more expensive.

On November 25, 1868, the completed draft of the Ferguson Bill was published in Cincinnati newspapers. The essence of the bill was to permit cities of the first class having a population exceeding 150,000 "to vote authorization for a bond issue of specific value, for the purpose of constructing a railroad." The Superior Court of Cincinnati would then appoint five trustees who would oversee the entire project.

Ferguson's proposal was without precedent in the history of municipal activity in America. Municipally funded and owned gas works, water works, parks and urban transit systems were not uncommon. But here was a proposal which would have a city construct a railroad over

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36 For Ferguson's story of how his idea developed into a legislative act, see Investigative Commission, pp. 99-100.

37 The final bill, as passed by the Ohio Legislature, was essentially unchanged. See Appendix A.

38 Since the constitution prohibited special legislation, the population standard was included in the bill's title; Cincinnati was the only city in Ohio which fit the description.
three hundred miles long, through three states, at a cost which would run to several million dollars (a specific figure was yet to be designated). Considering the enormity of the project, Ferguson's bill was greeted with surprisingly little opposition, none of it from anything resembling an organized group, club or organization. The newspapers were unanimous in their approval. In response to the editorial question "Can Cincinnati Build a Railroad?" the Commercial answered an unequivocal yes, adding that

We may exhaust ourselves placing parks on every hill, and cutting a superb avenue for every one of our city councilmen . . . and yet we will not bring business to the city. . . . We do not absolutely need feudal castles, with cloud-capped towers for the sick, and gorgeous temples for the poor, and workhouses modeled after the Tuileries; but we do require more vital blood in our arteries, a surer grasp upon the broad and fertile and populous region . . . that was ours before we were exceeded in energy and outdistanced in enterprise. The ease of our early opulence mistaught us. It is time that we should emerge from the dimness of our medieval epoch and put off the philosophy of indifference that has been cultivated to our cost.39

In spite of the enthusiasm over the Ferguson Bill, many people still preferred the alternative of constitutional amendment. Others, however, felt that this method had inherent shortcomings which would, even if

39 November 25, 1868. Positive, if less eloquent support was also provided by the Enquirer, Nov. 26, p. 4, and the Gazette, Nov. 25.
successful, delay the start of the railroad. To begin with, passage would require a three-fifths vote of each house of the legislature. Then the proposed amendment would have to be published in a newspaper in each county for six months preceding the next election (which would be held in October, 1869). If approved by the voters, then an enabling law would have to be passed permitting Cincinnati to undertake the project. The issue would then have to be taken to the Cincinnati voters; April, 1870, was the earliest time this could be accomplished and the railroad finally begun. In late 1868, the middle of 1870 seemed a long time to wait, to those people anxious to get started on the long-awaited road. Had they known what lay ahead, they would have been happy to settle for mid-1870.

In spite of these shortcomings, support for constitutional amendment was strong in Cincinnati. Early in 1869, the Enquirer published an editorial based on a letter urging attempted amendment. Claiming that this was only one of scores of such letters they had received, the Enquirer urged that this course be pursued. Finally, railroad supporters decided to try for amendment before

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40 Commercial, March 25, 1869.
41 February 1, 1869.
introducing the Ferguson Bill. On February 18, 1869, Senator Daniel Linn introduced the necessary legislation in the Ohio Senate. The Linn Amendment, as it was popularly called, proposed that Article VIII, Section 6, be amended to allow counties, townships, and municipal corporations to loan their credit to aid in construction of railroads. Such loans could not exceed 1 per cent of the value of property for taxation in the case of a county, nor 2 per cent for townships and municipal corporations. The same day it was introduced, Linn's resolution was referred to the Judiciary Committee.\footnote{The Journal of the Senate of the State of Ohio, LXV, (Fifty-eighth General Assembly), p. 205. Hereafter referred to as Ohio Senate Journal. Commercial, March 25, 1869.}

On March 8, a joint committee of the Cincinnati Board of Trade and Chamber of Commerce resolved in favor of the amendment and appointed a committee of five to go to Columbus and urge passage upon the legislature.\footnote{Gazette, March 9, 1869.} Two of the committee members, Miles Greenwood and Richard Bishop, were to play important roles in the long southern railroad struggle which lay ahead.

On April 1, the resolution favoring the Linn Amendment was reported out of committee and, after limited
debate, passed by a vote of 24-5.\textsuperscript{44} When it reached the House, however, it did not fare so well. While it passed by a vote of 47-37, it lacked the necessary three-fifths majority.\textsuperscript{45} On April 12, the resolution was brought up for reconsideration, but its opponents were able to have it laid on the table.\textsuperscript{46} The Linn Amendment supporters now decided to abandon their efforts; time had run out in the six months pre-election publication requirement were to be met, and the opponents would obviously allow no short cuts.\textsuperscript{47}

\textsuperscript{44} Ohio Senate Journal, LXV, pp. 417-18; Gazette, April 2, 1869.

\textsuperscript{45} The Journal of the House of Representatives of the State of Ohio, LXV, (Fifty-eighth General Assembly), pp. 684-87. Hereafter referred to as Ohio House Journal. Gazette, April 10, 1869, p. 3. The Gazette's Columbus correspondent reported that during the two days of debate, the committee from Cincinnati was nowhere to be seen. I can find no account of the committee's activities (or lack thereof) while in Columbus. One gets the definite impression that many railroad supporters, while willing to support constitutional amendment, much preferred the Ferguson plan and merely went through the motions of pushing the amendment alternative--perhaps in order to avoid dissention in the ranks. There was a distinct lack of printed lament following the resolution's failure; and the Ferguson Bill proved to be almost literally waiting in the Senate cloakroom to be introduced, following the Linn Resolution defeat. All this, when considered along with the future roles played by Greenwood and Bishop, might help explain any lack of devotion on the part of the committee.

\textsuperscript{46} Ohio House Journal, LXV, p. 705.

\textsuperscript{47} Gazette, April 16, 1869.
It does not appear that those who opposed the resolution in the legislature did so out of any desire to deny Cincinnati the railroad it wanted. It seems to have been due to a reluctance to amend the state constitution for such a special purpose, and in the belief that the project could be accomplished by other means. The most vocal and continuing opposition to both the constitutional amendment and Ferguson methods of realizing the railroad came from Judge W. M. Dickson. He was a prominent Cincinnati, member of the Board of Trade, and a believer in the city's need for a southern railroad. But Dickson had a different idea as to how the railroad should be realized which he introduced to the Board of Trade. He proposed that a $1,000,000 bonus be offered by the city to anyone who would build the railroad—but payable only upon completion of the road. This condition, Dickson declared, would legally avoid the constitutional prohibition.48

When the Board of Trade decided to support the move for constitutional amendment it asked Dickson to hold off on his proposal until a decision had been made in the legislature. This tactic, they felt, would best enable Cincinnati to present a united front to the lawmakers in Columbus.49 Dickson refused, and had his proposal pub-

48 Commercial, April 21, 1869.

49 Letter to editor of the Commercial, from Josiah Kirby, April 22, 1869.
lished in the newspapers. According to Josiah Kirby, who was a member of the committee sent to Columbus to lobby for the amendment, this action proved to be a big factor in the defeat of the Linn Resolution. Dickson's actions made the Cincinnati forces appear divided and unorganized, and made some legislators feel that the constitution should not be changed if the Dickson plan might get the job done. Kirby claimed that several legislators attributed defeat to the Dickson plan as much as any other factor. 50

The railroad supporters now decided to go with the Ferguson Bill. On April 14, two days after the Linn Resolution had been reconsidered and tabled, the Board of Trade appointed a committee to prepare a bill for presentation to the legislature. The six-man committee included both Ferguson and Judge Dickson, and the only alternatives considered for a bill were those associated with these two men. 51 It seems obvious that Dickson had now made himself an unpleasant and vocal obstacle within the circle of railroad supporters, and no one was quite sure what to do about it. One can easily imagine the fur-

50 Ibid.

51 Semi-Annual Report of the Officers of the Board of Trade of Cincinnati, for the year ending March 31, 1870, pp. 17-18. It is interesting to note that Miles Greenwood was president of the Board of Trade at this time.
tive debates as to how he might be kept off the committee and off the editorial pages of the newspapers. On April 16, the committee concluded that the two plans were "equally constitutional" (not that either necessarily was constitutional).

The decision was now made to push the Ferguson plan—a decision apparently made without consulting Judge Dickson. The judge opened his morning paper on April 20 to discover that the Board of Trade was supporting Ferguson's plan; his own plan was now declared less constitutional, with no further explanation. His ire now thoroughly aroused, the judge shot off the first of what would become a series of letters to local newspapers. The Ferguson plan offered widespread opportunities for corruption, bribery, fraud and incompetence—all of which inevitably accompanied government projects, Dickson declared. Furthermore, the city, as owner of the road, would be subjected to "hostile action of foreign legislatures." Cincinnati needed a southern railroad; but better no railroad at all than on Ferguson's terms.

Though the papers printed Dickson's letters, they did not agree with him. The Commercial felt that he over-

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52Ibid.; Letter from Judge Dickson, Commercial, April 21, 1869.

53Ibid.
stated the weaknesses of the Ferguson plan, and declared:

There is not, in our judgement, anything serious to apprehend in the way of unfriendly legislation by the states of Kentucky and Tennessee. They are interested in the road equally with ourselves; and if the road has any political influence, the trouble is likely to be that we will be exerting it.54

They could hardly be expected to know how wrong that statement would prove to be. The Gazette admitted that Dickson's plan was preferable, if it could be done without "entangling alliances;" but they considered that an unlikely "if." The legality of the Dickson plan would be very doubtful and could encounter many obstructions; it would be better to go with the Ferguson plan.55

On April 20, the newspapers announced that the Chamber of Commerce and city council committees on railroads had decided to back the Ferguson Bill, as had the Hamilton County (Cincinnati) delegation to the state legislature. The Commercial urged the legislature to pass the bill in preference to a pending bill granting a $1,000,000 bond issue for improvement of Deer Creek, on the grounds that Cincinnati needed the railroad much more.56

In response to the question of constitutionality, supporters of the Ferguson plan had solicited the opinion of T. M. Cooley, Chief Justice of the Michigan Supreme Court and

54Ibid.
55April 22, April 27, and April 28, 1869.
56April 20, 1869.
an eminent authority on constitutional law. Cooley responded that an unbroken series of court decisions in Ohio made it clear that such a plan should run into no constitutional conflict. Nor would the fact that the railroad would operate outside Ohio make any difference. 57

Since the southern railroad question now involved a specific bill rather than amendment of the constitution, opposition was considerably reduced in the legislature. The Ferguson Bill was introduced in the Ohio Senate on April 20 by Thomas R. Biggs of Cincinnati, given first and second readings, and referred to the Judiciary Committee. 58 Two days later, Ferguson addressed the committee in a "long and able argument" on behalf of his bill. 59

The bill was in committee for eight days. During that time, delegations of prominent Cincinnati politicians and businessmen went to Columbus for a day or two in order to meet with legislators and show what widespread support


58 Ohio Senate Journal, LXV, p. 534.

59 Commercial, April 23.
the bill had in Cincinnati.  

On April 28, the bill was reported out of committee in essentially its original form. Blank spaces regarding the amount of the bond issue and rate of interest had been filled in for $10,000,000 and 7.3 per cent. An unexpected amendment, which would later cause serious problems, declared that the bonds could not be sold at less than par value. Later the same day, the bill was brought to a vote and passed 23-7.  

It was expected that the bill would meet with more opposition in the House. However, this proved to be far from the case. Introduced and referred to committee on the same day it passed the Senate, the bill was reported out on the following day without amendment. There were no speeches pro or con, and passage was obtained by a 73-21

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60 Gazette, April 22, April 28,; Commercial, April 28, 1869. The Commercial declared that "The Southern Railway delegation are receiving accessions to their number upon the arrival of every train. They are to be found wherever members can be found, so that if the legislators do not soon fully understand this project, they can certainly be set down as obtuse individuals."

61 Ohio Senate Journal, LXV, pp. 621-22, 629. One of the negative votes was cast by C. H. Scribner of Mount Vernon, who was Chairman of the Judiciary Committee; this may have been a factor in restricting sale to par value. Political partisanship seems not to have been a factor in the vote, the yeas and nays each being evenly divided by political party.

62 Gazette, April 21, 1869.
vote. On May 4, 1869, the Ferguson Bill became law.

Section 1 of the Ferguson Act stipulated that the question of building the railway should be submitted to a vote of the qualified electors of the city. A pre-condition, however, stated that the termini of said railway must first be designated. One terminus was to be Cincinnati; the other had been purposely left unnamed in the bill, though it was obvious from the existing rail net that it would be somewhere in Tennessee. The final decision was to be made by a joint committee of the Board of Trade, Chamber of Commerce and city council, after investigating various alternatives. The competition now began for designation as the southern terminus.

On May 1, 1869, three days after passage of the bill (and three days before it was signed into law), a well-attended citizens meeting was held at the Board of Trade building. Speeches were made in support of various routes and cities; and though this was only a warmup for the coming sessions, it was already clear that there were only three cities in serious contention--Nashville, Knoxville and Chattanooga.

In addition to the competition for southern

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63 Ohio House Journal, LXV, pp. 863, 879; Gazette, April 30, p. 3.
64 Gazette, May 1, 1869.
terminus, there were many towns and counties in Kentucky and Tennessee which were anxious that the new railroad pass through their borders. The May 4 issue of the Gazette contained a letter from the citizens of Danville, Kentucky, urging that the road pass through their town. A citizens meeting had already been held, and a committee appointed to go to Cincinnati and present Danville's case. The citizens meeting and appointment of a committee now became standard practice. The May 7 Gazette carried similar letters from five Kentucky counties and the town of Springfield, and several more towns and counties soon followed. Almost daily during the month of May, the papers printed letters from a variety of individuals and groups extolling the physical and economic virtues of a particular route.

The delegations on behalf of various towns and counties wasted no time getting to Cincinnati for meetings with members of the route selection committee. The May 7 Commercial reported that several had arrived the previous day, but with a misconception of what their role was to be. "The majority of the gentlemen here have come laboring under the mistaken idea that what Cincinnati wants is subscriptions to stock," the article said. "They were

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65 For examples, see Gazette, May 8, May 11, and May 14, 1869.
surprised, yesterday, to learn that what material aid they choose to give must be donated. 66

While central Kentucky was practically unanimous in its support of the proposed railroad, the same was not true of the western part of the state. Louisville and the L & N Railroad could be expected to oppose the threatening competitor; and though the nature of their opposition was not yet clear, disapproval was voiced early. The front page of the May 22 Commercial featured a reprint of a recent lengthy statement by the president of the Louisville Board of Trade. Under the headline of "Cincinnati's Seductive Ten Millions," he lamented the situation in central Kentucky. That part of the state was admittedly hostile toward the L & N, and that feeling was a big factor in the strong support for the Cincinnati Southern. Such support was wrong, however, for it encouraged outsiders in preference to a railroad which was Kentucky's own. This was the beginning of what would become a very familiar theme by the Southern's opponents: a "foreign" corporation seeking entrance into Kentucky in order to take advantage of its citizens and steal business

66 A stock offering would have necessitated formation of a corporation involving the city of Cincinnati—a violation of the constitution. This refusal to offer stock would later prove a strong weapon for the anti-railroad forces in Kentucky.
from native enterprises.

During the month of May, three large public meetings were held by the combined committee of the Board of Trade, Chamber of Commerce and city council. At each meeting discussion ranged over various routes; but each time the case for one of the three cities under consideration for the southern terminus predominated. The first of these meetings was held on Saturday, May 8, and was devoted primarily to the Chattanooga viewpoint. Governor Bullock of Georgia, representatives of Atlanta, Chattanooga and various lesser towns presented their cases. Engineers, railroad men, financial experts, merchants and industrialists furnished facts and figures showing why Chattanooga was the obvious choice.67

The following Saturday, the meeting dealt with the Knoxville alternative. This time the Governor of South Carolina was present, as was the mayor of Knoxville and presidents of several small railroads which stood to benefit from a Cincinnati-Knoxville trunk line. The usual representatives of various counties and towns were also on hand. The Knoxville case was based primarily on the shorter distance involved and availability of connecting lines which would give access to Virginia and the Carolinas.

67Gazette, May 10, 1869.
Comparative figures on distances, costs per mile, etc. were presented for various alternative routes—all of which, of course, showed Knoxville superior.68

The Knoxville route proved to have considerable support among Cincinnatians. One reason was the obviously shorter distance, as compared to Chattanooga and Nashville. E. D. Mansfield, a prominent Cincinnatian, wrote in support of this route:

I am afraid, from the great local interests involved, the eloquence of the gentlemen who plead their respective interests, and the personal interests of many citizens of Cincinnati, that you will undertake to do more than you can do. Ten millions of dollars seems a large sum, but you are going to expend every dollar, and much more, before you are through with the enterprise. It is, therefore, necessary that you do what you have to do in the most direct manner, with the most economy of means, and looking straight to the ultimate result.69

Everyone was talking as if the choice were Knoxville, Chattanooga or Nashville, said Mansfield. There was no reason why there could not be connections to all three, once the trunk line was built. The important thing was to make the first connection as soon as possible, and Knoxville offered the best route for accomplishing that.

This was quickly disputed by William A. Gunn, the engineer who had been in charge of the military survey in

68Gazette, May 17, 1869.
69Ibid.
1863. Gunn pointed out that Knoxville advocates were using airline distances over tortuous country, and basing their cost-per-mile figures on easy stretches. He felt that the so-called military route, which terminated in Chattanooga, was the best one.\textsuperscript{70}

Another reason given in support of the Knoxville route was based on its being farthest away from the L & N. The other routes, it was suggested, would conflict with the L & N territory and therefore cause serious opposition in the Kentucky legislature when right-of-way legislation was introduced. A recent statement by the general superintendent of the L & N, indicating preference for the Knoxville route, was offered in support of this contention.\textsuperscript{71} The Gazette responded that some members of the Kentucky legislature were certain to oppose the Cincinnati Southern tapping any area that the L & N served, or thought it might want to serve at any time in the future. Cincinnati must make the best choice from its own viewpoint and not be concerned with trying to please the L & N.\textsuperscript{72}

The Gazette felt that the best route lay to the west of both Knoxville and Chattanooga. The main purpose

\textsuperscript{70}Gazette, May 22, 1869.

\textsuperscript{71}Commercial, May 21, 1869.

\textsuperscript{72}May 22.
of the road, it declared, was to tap the "current of trade;" and that current ran in southwest-to-northeast direction. There were two such flows, one on either side of the Alleghanies, and Cincinnati lay in the western flow. The Knoxville route would represent an attempt to divert the eastern flow from its natural direction. It would connect Cincinnati with the Southeast and the seaport of Charleston, certainly; but the seaport that would draw the products of Cincinnati would also draw all the products of the region between Cincinnati and Charleston, thus increasing the diversion of commerce from the Queen City. The old Cincinnati-Charleston scheme was no longer worth anything; those who supported it were "railroad Rip Van Winkles," awakening from a thirty-year sleep and expecting everything to be the same.\(^7\) The Gazette threw its support behind the Nashville route.

On May 25 the last of the three meetings was held, with the Nashville case claiming most of the attention.\(^4\) This route seems to have been the least popular of the three, largely because it would too closely parallel the existing facilities of the L & N. The real contest was between Knoxville and Chattanooga. This meeting also heard a new plea for the Chattanooga route. Representatives of

\(^7\)\textit{Gazette}, May 25 and May 26, 1869.

\(^4\)\textit{Gazette}, May 26, 1869.
Boston railroad financiers revealed that they were planning a route from New Orleans to Chattanooga, thence connecting clear to Boston. In view of these plans, they suggested that Cincinnati's best connection would be at Chattanooga.75

On June 4 the joint committee announced that Chattanooga had been selected as the southern terminus, by a vote of 35-0.76 The reasons given for the choice at the time were very general and even vague. However, the probable reasons are not difficult to determine. Chattanooga offered excellent connections to the states of the lower South, much better than those available in Knoxville. But the route also lay far enough away from the L & N to enable it to tap a maximum of business in central Kentucky. Even without these obvious advantages, the fact that Louisville interests had indicated a preference for the Knoxville route might have been sufficient grounds for Cincinnatians to choose Chattanooga.

The news was greeted in Chattanooga with considerable joy, including firing of cannon and a general illumination. The mayor dispatched a telegram to his Cincinnati counterpart, declaring that

75 Ibid. This swayed the Gazette's stand for Nashville somewhat, but only if a branch to that city were included.

76 Commercial, June 5, 1869.
Chattanooga hails with joy the promise of her speedy union with the Queen City of the West. Sitting in her mountain home, where seven valleys converge, and holding the key to the great system of Southern railroads, she will receive their wealth and pour it into the lap of her elder sister city.77

Before the first rail could be laid toward that speedy union, however, Cincinnati voters had to give their approval. The special election was scheduled for June 26.78

The campaign which was waged during the three weeks between the selection of Chattanooga and the election can certainly be described as quiet. In fact, the newspapers carried little evidence that an election was even in the offing. After all the attention that had been given the debates over the Ferguson Bill and the selection of a route, neither friend nor foe of the railway now so much as wrote a letter to the editor regarding voter approval. Not even Judge Dickson was heard from. The explanation for this silence is simple enough: no one seems to have doubted that the issue would pass easily. The Commercial finally commented three days before the election: "There is no demand for much speaking or writing about the Southern Railroad at this time. The ratification of the people of the proposition to build the Chattanooga road, is a

77Gazette, June 5, 1869.
78Ibid.
certainty. 79

The day before the vote the Gazette declared that
This matter was so thoroughly discussed upon the
application to the General Assembly for the en-
abling act, and pending the determining of the
terminus, that it is not supposed that anything
more is necessary now than to remind the citizens
of the day of the election. . . . We are not
aware of any organized opposition to the
measure. . . . 80

What little campaigning was done toward getting out
the vote was limited to the last couple of days before the
election. The Railroad Record pointed out the economic
benefits which the road would bring Cincinnati—more sales,
more jobs, greater municipal growth, cheaper raw materials.
It would bring four million additional southern customers
to Cincinnati's manufacturers. A wonderfully practical
example of this was provided:

The merchants of Kentucky buy stoves in Troy,
New York, and carry them one thousand miles, be-
cause the freight is less than on the two hun-
dred and seventy from Cincinnati. The people of
the Southern States need one million of stoves
today. 81

A more lengthy discourse on the economic advan-
tages of the railroad was published in circular form by
the Board of Trade, Chamber of Commerce and city council
and reproduced in all local newspapers. It discussed

79 June 23, 1869.
80 June 25, 1869.
81 XVII, June 24, 1869, p. 215.
gains which would accrue to various specific groups of Cincinnatians such as manufacturers, merchants, builders, real estate owners and laborers. The area south of the Ohio River constituted "a magnificent prize, ready to fall into our hands . . . like a golden apple, which we can pluck when we choose."\textsuperscript{82}

The June 25 newspapers announced the preparations for the next day's election, urging a large voter turnout. The mayor would have the fire bells rung at 6:00 A.M., noon, and 3:00 P.M. to remind people to vote; nine bands of music would drive through every street; and many employers would grant partial holidays to enable employees to get to the polls.\textsuperscript{83} Election day issues contained editorials calling for passage, the \textit{Gazette} urging that "no man neglect to vote because he things there is no opposition. We want the basis of a strong popular approval to start upon. . . . A weak vote will weaken public confidence in the enterprise."\textsuperscript{84}

\textsuperscript{82}Address to Citizens of Cincinnati by the Executive Committee of the Board of Trade, Chamber of Commerce, and City Council, upon Submission of the Question to the Vote of the People, June, 1869. (Cincinnati: n.p., 1869).

\textsuperscript{83}Commercial, June 25, Gazette, June 25, 1869. Interestingly, neither paper accorded the matter front-page treatment.

\textsuperscript{84}June 26. This was a rather interesting admonishment from a paper which had practically ignored the subject for three weeks, and on the previous day had declared the certainty of passage.
The results of the election more than justified the predictions of easy passage. The issue passed by a ten-to-one margin, 15,438 to 1,500. The Gazette's last-minute concern about a weak turnout due to the lack of opposition also proved well-founded, since these numbers represented only about one-half the usual vote.85

Now all that remained before the project could begin was the appointment of the five-man Board of Trustees provided for in the Ferguson Act. The Gazette announced that they would be appointed within a week, and "as soon as possible thereafter the work will be in progress, and the Cincinnati Southern Railway will be constructed as rapidly as men and money can accomplish it."86

The Ferguson Act assigned the three judges of the Cincinnati Superior Court the responsibility for appointing the Trustees. The court's choices were made two days after the election results had been announced,87 which suggests that the matter had already been discussed at considerable length. All five men were prominent in Cincinnati business circles.88

85 Gazette, June 28, 1869.
86 Ibid.
87 Commercial, July 1, 1869, p. 4.
Edward A. Ferguson--It would only have been surprising if Ferguson had not been appointed. That the southern railway project was finally to be undertaken was due to him more than to any other person. Besides, the Board needed a lawyer, and Ferguson was one of the city's finest.

Miles Greenwood--As an early supporter of the Ferguson Bill and leader of the Cincinnati lobbying effort in Columbus, Greenwood seemed another obvious choice. A man of comfortable means (as were all the trustees), Greenwood owned a Cincinnati iron foundry.

Richard N. Bishop--A wealthy and successful wholesale grocer, Bishop was well-known in southern commercial circles. A former mayor of Cincinnati (1859-61), Bishop later became Governor of Ohio (1878-80).

William Hooper--A prominent Cincinnati banker about to retire, Hooper had taken no part in the matter of a southern railway before his appointment. His financial background resulted in his being most concerned with the Board's financial negotiations.

Phillip Heidelbach--The only published qualifications for Heidelbach stated that he was "a distinguished citizen; one of our 'solid men' for he is solid in all his qualities." Two more practical qualifications were suggested by a June 28 letter to the editor of the Commercial. The writer urged that Cincinnati's German community
be represented on the Board, and urged Heidelbach as the choice. It was also pointed out that "his extensive European banking correspondence may do the city good, for he would no doubt negotiate our Southern Railroad bonds to the best advantage."

In addition to being wealthy, prominent and part of the Cincinnati business community, the five trustees had one other feature in common: none of them had any experience in financing, building or running a railroad. The Commercial tried to explain this apparent discrepancy by suggesting that a railroad man might have some interests which were different from those of Cincinnati. The Cincinnati Southern was to be for the economic benefit of the city and its merchants, and was not to be tributary to other roads. Routes and connections which might be preferred by railroad men would not necessarily be in the best interests of the city. No examples were given in support of this interesting theory.\(^{89}\)

The Gazette responded by calling the Commercial's theory ridiculous, suggesting that the goal of any practical railroad men would naturally be good for Cincinnati—namely, maximum profit. The Commercial was talking as if the Cincinnati Southern were to be an isolated road. Con-

\(^{89}\)July 1, 1869.
nections and cooperation with other roads would be indis­

pensable; even consolidation might one day be in order. 
But the Gazette hastened to add that it was not criti­
cizing the lack of a railroad man on the Board, only the 
Commercial's unrealistic approach to the railroad and its 
future.90

The Investigative Commission would later conclude 
that "the appointment of the Trustees presents a remark­
able and unfortunate chapter in the history of the road." 
Men without railroad experience were entrusted with mil­
lions of dollars of public money, the greatest trust ever 
given a board in Ohio. They were therefore dependent 
entirely upon their employees for all professional matters, 
"which unfortunately extended also to subjects upon which 
their business experience qualified them to decide."91 But 
the benefits of hindsight were not available in 1869, and 
the appointments were not seriously criticized. Perhaps it 
was assumed that men who had been successful in one area 
of the business and financial world would naturally prove 
successful in any other.

On July 6, 1869, the Trustees held their first 
official meeting and elected Miles Greenwood president. 
They then voted to ask city council for a $10,000 loan 

90July 3 and July 5.
91Investigative Commission, pp. 48-49.
against future bond sales, in order to put surveying teams into the field in search of possible routes to Chattanooga. Council granted the loan, and Cincinnati's railroad project was under way.\(^{92}\)

\(^{92}\)Minutes of the Board of Trustees of the Cincinnati Southern Railway, Vol. I, pp. 27-28 (hereafter referred to as Trustee Minutes); Annual Reports of the City Departments of the City of Cincinnati, For the Year Ending February 28, 1870, p. 79.
CHAPTER III

THE STRUGGLE IN THE KENTUCKY LEGISLATURE

Sending surveying teams into the hills of Kentucky and Tennessee was a bit premature, for the legislatures of those states had to pass bills granting rights-of-way before the Cincinnati Southern could be built. Ordinarily, this would have been little more than a technicality; but this was not to be an ordinary situation.

Since the Tennessee legislature convened earlier than that of Kentucky, the necessary bill was presented there first. Bishop, Heidelbach and Ferguson were appointed to present the bill to the legislature; the latter two men spent several days in Nashville during November, 1869, conferring with members of the General Assembly. Bishop subsequently spent several weeks in Nashville while the bill was being debated. In addition to their own efforts, the Trustees retained the services of William Cooker as counsel in Nashville, for $1,000.

1 Edward A. Ferguson, Founding of the Cincinnati Southern Railway (Cincinnati: The Robert Clarke Co., 1905), p. 34.

2 Investigative Commission, p. 86.

3 Trustee Minutes, I, p. 39.
The bill did encounter moderate opposition, supported by interests from Nashville, Louisville, Knoxville (bitter at having not been chosen as southern terminus) and the L & N. The opponents based their arguments on issues of constitutionality, sovereignty, the Cincinnati Southern as a "foreign" corporation, and opposition to a tax-free right-of-way. However, the House passed the bill with minor amendments, on December 15, and the Senate followed suit on January 19, 1870. Attention now turned to Frankfort and the Kentucky legislature.

A definite division of opinion regarding the Cincinnati Southern existed in Kentucky. Without much risk of oversimplification, it can be said that central and eastern Kentucky were very much in favor of the new road, while western Kentucky (meaning Louisville and areas under the influence of the L & N) was opposed. Towns and counties in the eastern half of the state had made their support clear during the debate over a southern terminus; they now continued to express their enthusiasm and belief that the road would prove an economic boon to them.

5Commercial, December 16, 1869 and Jan. 20, 1870.
6For examples, see Commercial, May 22 and July 12, 1869.
Even Louisville admitted the enthusiasm of the eastern counties, though declaring it misplaced. The Louisville Courier-Journal noted ruefully that "no railroad movement has ever before been so enthusiastically entered into by people who should be patrons of the Louisville and Nashville road, and customers of the merchants, mills and manufacturers of Louisville."

In a moment of even greater candor, the same paper admitted that the Cincinnati Southern "is a good thing for Kentucky, but a bad thing for Louisville." It went on to assure readers that Louisville would win out over the "ingenious set of Yankee plodders and plotters who propose to swarm upon the Southern country like 'ducks upon June-bugs' and appropriate it to their own uses." The Courier-Journal's campaign against the railroad continued through the summer and into the fall of 1869, as the time approached for the convening of the Kentucky legislature. The Cincinnati Commercial noted that the Courier-Journal devoted half its editorial space every day to show that Cincinnati has no right to build railroads in Kentucky, and something less than a column daily on the local page to assure its readers that in opposing the march of all through and around Louisville, it is acting in the most remarkably enterprising

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7Quoted in Commercial, May 22, 1869.
8Quoted in Commercial, May 3, 1869.
Louisville interests did not, however, depend solely upon the printed page in their campaign against the Cincinnati Southern. On December 3, 1869, a large meeting of merchants, prominent citizens, and delegates from several counties to the southeast of Louisville, advocated a new railroad from Louisville to Chattanooga. The main purpose of such a line, considering the timing of the proposal, was fairly obvious. However, the resolution calling for its construction declared that the movement was not made against the interests of any other railroad. Louisville representatives in the state legislature were instructed to secure the necessary charter, and the city pledged $2,000,000 to the project.

A bill to incorporate the Louisville and Chattanooga Grand Trunk Railway was passed by the Kentucky House on January 13, 1870, by a vote of 93-0. Early in March the Senate followed suit. At the same time this was happening, the Cincinnati Southern Railway was having considerably more trouble obtaining legislative approval.

There was not much doubt in anyone's mind that the

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9 November 23, 1869.
10 Commercial, Dec. 4, 1869.
11 Commercial, Jan. 14 and March 5, 1870.
Kentucky right-of-way legislation would prove much more difficult of passage than the Tennessee version. The Frankfort correspondent of the Commercial warned his readers of the fact before the legislature even met.\(^\text{12}\)

It does not appear, however, that anyone even imagined just how difficult the task would prove to be.

On January 7, 1870, a memorial and bill very similar to the one passed in Tennessee was presented to the Kentucky legislature, and immediately referred to the Committee on Railroads of each house.\(^\text{13}\) These committees met in public session on January in order to hear testimony on the proposed bill. To lead the argument on their behalf, the railroad Trustees had engaged one of Kentucky's foremost citizens: John C. Breckenridge, former Confederate general and cabinet officer. He was to receive a maximum of $3,000 for his efforts.\(^\text{14}\)

The legislature galleries were packed with people anxious to hear and see Breckenridge. He responded with a lengthy, basic exposition and defense of the bill, section

\(^{12}\)J\text{uly 12 and Dec. 4, 1869.}\n
\(^{14}\)F\text{erguson, Founding of the Cincinnati Southern Railway, p. 54.}\n
by section. To counter Breckenridge, Louisville had engaged Mr. Isaac Caldwell, a prominent lawyer of that city. Caldwell responded to Breckenridge's speech two days later. He maintained that Louisville would be glad to grant liberal provisions to any Kentucky corporation, but not a "foreign corporation, asking unprecedented and extraordinary rights and privileges." He was sorry if he seemed to be opposing the interests of other parts of the state, but they "knew not what they asked or desired in the surrender of their liberty and sovereignty." On January 31, Breckenridge rebutted Caldwell's arguments, dealing primarily with the question of constitutionality, and quoting at length from many Ohio and Kentucky legal precedents. The following night, Caldwell once again held forth, after which the bill was returned to regular committees.  

The bill was reported out of the House committee on February 9, and made the order of business for the fifteenth, at which time the Committee of the Whole House began debate.  

The Gazette's correspondent reported that interest in the bill had been building for weeks, and now that it was before the House it was the only topic of

\[15\text{Commercial, Jan. 27, Jan. 28, Feb. 1, and Feb. 2, 1870; Gazette, Jan. 28 and Feb. 2, 1870.}\]

\[16\text{Kentucky House Journal, 1869-70, pp. 446, 489, 503-04.}\]
interest.

In the legislative halls, in the lobbies, hotels and public offices, everybody is talking about . . . the measure. A large delegation from central Kentucky has been here for several days, using their influence in its favor, and huge bundles of petitions, suggestive of much labor, are introduced in the House day after day.

Louisville, too, is mustering her cohorts, and the indications are that the contest will be a short, hot and bold one.\(^\text{17}\)

Opponents had apparently concluded that one way to kill the bill was to amend it to death. Enough odious conditions would hopefully keep even its friend from voting for it in the end. The first such amendment was offered by James B. McCreary on the first day of debate. It stated that the Cincinnati Southern must run from Cincinnati to Chattanooga, via Knoxville. This was the route suggested back in the days of the proposed Cincinnati-to-Charleston road, observed McCreary, and those were wise men. Besides, a more direct route to Chattanooga would be harmful to several existing Kentucky railroads, such as the Louisville and Knoxville, Kentucky Central, and even, conceivably, the Louisville & Nashville.\(^\text{18}\) Though McCreary's amendment did not pass, it was a good indication of what lay in store for the bill's supporters in the ensuing days of debate.

\(^{17}\)Gazette, Feb. 17, 1870.

\(^{18}\)Gazette, Feb. 17, 1870.
Debate had barely begun before a series of events occurred which increased the already suspicious and hard feelings of the two sides. A new iron railway bridge had just been completed across the Ohio River at Louisville by the L & N, and was scheduled for opening on February 18. In what can only be called a last-minute invitation, the entire Kentucky legislature was invited to be Louisville's guest for the opening day festivities. The invitation arrived in the legislature on February 16. Understandably viewing this as an attempt to influence the legislature regarding the right-of-way bill, Cincinnati immediately responded with an invitation of its own. The lawmakers were invited to continue upriver the day after the bridge dedication, for a gala reception in the Queen City. Covington and Newport, Kentucky towns just across the river from Cincinnati, also extended invitations.  

Louisville's response to Cincinnati's action was predictable. The Courier-Journal editorialized that the Cincinnati invitation was "untimely and ungracious" and "should have been received as an open and shameless insult." Following considerable confusion and changing of minds, the legislature accepted all the invitations


20 Feb. 17, 1870.
and prepared for a weekend of free travel, dining and entertainment.\textsuperscript{21}

The festivities at Louisville were marred by bad weather and minor inconveniences during the day, but these were apparently overcome by the grand banquet that evening.\textsuperscript{22} The following day Cincinnati's turn came, and she responded in fine fashion. A river steamer picked up the legislators in Louisville and took them to Cincinnati, accompanied by bands and refreshments. Upon approaching the city they were greeted with an artillery salute, then taken on a tour of the new workhouse and hospital. Special badges were presented to the Kentuckians, giving them the freedom of the city. That evening, 800 people attended a grand banquet and heard governors, legislators and mayors propose flowery toasts to the friendship of Ohio and Kentucky. The following day the lawmakers made brief stops at Covington and Newport before finally returning home.\textsuperscript{23}

\textsuperscript{21}Kentucky House Journal, 1869-70, pp. 497-99, 509; Kentucky Senate Journal, pp. 434-43. The House originally rejected the invitations on the 16th, while the Senate was accepting them. Next day, the House realized the error of its ways and joined the Senate in acceptance.

\textsuperscript{22}Curry, Rail Routes South, p. 81.

\textsuperscript{23}Gazette, Feb. 18 and 21, 1870. The total bill for the city of Cincinnati was $6,389; presumably a good deal more was spent by local businessmen. Annual Report of the City Departments of the City of Cincinnati, for the year ending February 28, 1871, p. 85.
The Courier-Journal, never favorably disposed toward the Cincinnati junket, was presumably even more upset at its apparent success. Cincinnati, the paper declared, "assumes that the Legislature may be bought; and she makes haste, on these degrading assumptions, to beckon the Legislature hence that she may have the last bid for it."24 Cincinnati papers, of course, did not see it that way. The Gazette admitted that the Southern Railway question was behind the whole junket, but declared that "no one supposes that our hospitality will induce any member of the Legislature to vote for a measure to which they would otherwise be opposed." This was merely a get-acquainted affair, to "be sure we understand each other's situation."25 The Commercial agreed that there was no intention of bribing the Kentuckians:

The invitation would have been extended all the same had no measure affecting Cincinnati been before the Legislature. This city is not in the habit of allowing municipal and legislative bodies to pass her doors without throwing them wide open and bidding them enter and partake of the best she can offer. . . . nor would she insult any legislative body by the presumption that a generous display of her hospitality would influence its action upon any public measure.26

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24 Feb. 22, 1870.
25 Feb. 21, 1870.
26 Feb. 21, 1870.
What effect, if any, the gala weekend might have had on the legislators would be impossible to determine. The best guess would be that the two cities each cancelled out whatever advantage the other might have gained, and few, if any, votes were won or lost. In any event, as soon as the lawmakers returned to their chambers, debate on the bill resumed.27

The Cincinnati Southern bill was handicapped from the beginning, as a result of the relative inflexibility forced upon it by the Ohio Constitution. It did not ask, for example, for a railroad charter, but for the right to build a railroad across Kentucky—a road which would be wholly owned and operated by authorities over whom Kentucky had no jurisdiction. No Kentuckians could be put on the Board of Trustees, since this would require the creation of a corporation—and the Ohio Constitution prohibited aid to a corporation. These features and more were part of a carefully worded bill, accompanied by the request that no amendments be made. All of this provided the bill's enemies with a wealth of ammunition, which they now proceeded to put to good use. Not only were the requirements of the bill unusual and unconstitutional,

said its opponents, they were being proposed by outsiders who cared nothing for the interests of Kentucky and its citizens. The Courier-Journal declared that the bill was not meant to help the counties through which it would pass, "but to destroy Louisville and build up her [Cincinnati's] own power." All Louisville asked was "fair play." 28

Though some of the opponents' arguments seemed reasonable enough on the surface, there was little doubt in anyone's mind that the real issue was simply the determination of Louisville and the L & N to retain their dominant positions, and the determination of Cincinnati and the Blue Grass country to break that domination. 29 Some of the very features to which the bill's opponents objected had apparently escaped their notice on previous occasions. For example, Senator Chenoweth, one of the bill's supporters, addressed himself to the argument that state sovereignty would be given up to outsiders. He pointed out that the legislature had, only a few weeks earlier, passed an act incorporating the Eastern Kentucky Railway Company. The incorporators of that company were five Boston men, three New Yorkers, two Ohioans, and one

28 Feb. 23, 1870. For others in the paper's series of diatribes, see Feb. 25, 28 and March 5.

29 Commercial, Feb. 8, 25 and 28; March 5, 1870.
lone Kentuckian.

Where was the burst of indignation when this bill was passed? Where was the distinguished attorney of the Nashville Railroad when these men came here and demanded of you that you should violate and sully the honor of Kentucky; that you should trample on the sovereignty of the state? Where was his eloquence, his profound indignation and legal lore then?30

The following day, Senator Thomas Wrightson continued in the same vein by citing a long series of previous bills and grants which equalled and exceeded the requests of the Cincinnati Southern bill.31

As the debate progressed, opponents continued to amend the bill, to the point where it was barely recognizable. The Board of Trustees were required to add five Kentucky trustees with equal powers. Specific limits were placed on charges which the railroad would be allowed to make; for example, the charge per hundred pounds of freight could not exceed thirty-five cents. No discrimination would be allowed between rates for short haul versus through freight, a restriction which struck at the very heart of railroad rate making. The Trustees must waive the right to transfer any suit from state to federal courts. The legislature reserved the right to make changes

30 Speech of Hon. J. Q. Chenoweth, of Mercer County, Delivered in the Senate of Kentucky, Feb. 25th, 1870.

31 Remarks of Hon. Thomas Wrightson, in the Senate of Kentucky, February 26, 1870.
in the act at any future time. The bill was so emasculated that it could almost certainly never have been used even if passed; but that problem never arose. On March 1, the Senate, which had not even bothered with extensive debate and amendment as had the House, defeated the bill 22-13. Three days later, the House tabled its own version of the bill by a vote of 49-43. The plans of Cincinnati's business community for tapping the waiting markets of the South had been dealt a staggering blow.

There is no question but that both sides engaged in extensive lobbying activities in Frankfort. The actual extent of those activities, particularly in terms of money spent, and the effect on the actions of the legislators can never be accurately determined. At the time, there were frequent accusations made in the press of both Louisville and Cincinnati concerning the impropriety of certain expenditures made by the other side. Following defeat of the bill in the Senate, a Trustee lamented to a Commercial reporter that "we went into this fight with high toned principles," and claimed that if Cincinnati had had

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32 These are only a few of the more noteworthy of the amendments. The bill as finally presented for vote can be found in Kentucky House Journal, pp. 642-49.

one-quarter the means of Louisville for campaigning "they would not have had three votes against us in the Senate."\textsuperscript{34} In his testimony before the Investigative Commission several years later, Miles Greenwood stated that the trustees were told by "parties at Frankfort" that "the machinery would not run without greasing," and that $100,000 would buy enough grease to get the job done. The Trustees replied that their trust would not allow such use of their money. Such tactics, said Greenwood, were never used by them. Bishop also testified to this effect, claiming that he "never took one dollar to Frankfort, Kentucky, or elsewhere, with a view of improperly or illegitimately influencing the Kentucky Legislature, or any member thereof." Nor did he know of any member ever being rewarded in any manner for supporting the bill.\textsuperscript{35}

Others claimed, however, that the pro-railroad forces' principles were far from high-toned. The two $10,000 loans which the Cincinnati city council had made to the railroad Trustees were in no way secret, and opponents claimed that the $20,000 was in reality a

\textsuperscript{34}Commercial, March 2, 1870.

\textsuperscript{35}Investigative Commission, pp. 64, 78-79.
lobbying fund.  

It would be possible to go on at length with various claims and counterclaims, and to quote various figures on salaries, expense accounts and other lobbying expenses. The evidence indicates, however, that this would be an unrewarding venture. Each side undeniably spent several thousand dollars in the effort to pass or defeat the bill. The excursions for the legislators; the hiring of Breckenridge and Caldwell to plead the cases before the legislature; expense accounts of lobbyists acknowledged and paid by the cities involved; all this and more is available to the researcher. Each side engaged freely in the various means of lobbying which were and are a part of our political process. If either side was guilty of gross impropriety, the evidence has not been found to prove it. Perhaps, as was suggested at the time, the opponents of the bill had more lobbying funds at their disposal. In any case, they won. The same evening the bill was tabled in the House, "the agents in the defeat

36Coulter makes the statement that "the Cincinnati trustees had come armed with $20,000, for the spending of which they need make no report. How much of this they used in their efforts to get the bill passed is impossible to state." (The Cincinnati Southern Railway and the Struggle for Southern Commerce, p. 47) He gives no support for this allegation, however, and there is no reason to believe the money was used for anything except the surveying expenses for which it was claimed.
of the Cincinnati Southern Railway [gave] a big supper. . . . in glorification over their success."37 The railroad's supporters were left to contemplate the wreckage of their unbuilt road and wonder what to do next.

The reactions following the defeat were characterized by anger and frustration. Louisville and the L & N were bitterly attacked in the Cincinnati press for their highhanded and selfish tactics.38 Central Kentuckians were likewise upset with their western neighbors. Merchants in Danville decided to ship their goods twenty-four miles to the Kentucky Central Railroad, rather than patronize the L & N, only four miles away. Other towns in the Blue Grass region refused to do business with Louisville, and treated that city's drummers with "cold comfort."39

Some of the railroad's supporters felt that the defeat meant that some other means of construction must now be found. In his annual address, Cincinnati's mayor suggested going ahead with the Tennessee portion of the road, and thus tempt private money to compete for the

37Commercial, March 5, 1870.
38Commercial, March 5 and 10, 1870; Gazette, March 10 and 14, 1870.
39Commercial, April 1, 1870.
right to build the Kentucky portion. The general attitude, however, was that a campaign should be launched in an attempt to get the right-of-way bill passed at the next session of the Kentucky legislature. Toward this end, the Trustees initiated a campaign by Mr. C. B. Simrall, an attorney and agent for the Cincinnati Southern in Kentucky. Simrall later described his efforts in testimony before the Investigative Commission:

I canvassed the State of Kentucky almost from the Big Sandy to the Mississippi, traveling mostly on horseback and in a buggy. I visited . . . probably two-thirds of the counties in the state. I appointed agents all over the state, at different places, wherever I thought it was necessary. The duty of those agents was to hold meetings, and try to hold public opinion so as to induce the members of the legislature to vote for favorable legislation.

Agents were employed in collecting petition signatures for presentation to legislators from the various Kentucky districts. One of these agents, a Mr. Howard, succeeded in collecting several thousand signatures in the mountain country. His chief means of gaining the confidence of his signers was indicated by a sizable expense account item for buttermilk.

40 Annual Report of the City Departments of the City of Cincinnati, For the Year Ending Feb. 28, 1870, pp. 7-11.

41 Investigative Commission, p. 188.

42 Ibid., pp. 86-87. Presumably liquor, a more traditional campaigning refreshment, was more readily available than buttermilk in the mountain country.
On October 10, 1870, a mass meeting was held in Lexington in support of the railroad. Two thousand delegates from twenty-five counties attended, and passed a resolution urging the legislature to pass the bill at the next session. Several men were appointed to conduct public discussions of the matter during the following weeks. The procedure was to hold a mass meeting, explain central Kentucky's position, attack the selfish attitude of Louisville and the L & N, and call for a resolution instructing the respective legislators to vote for the road. By the end of November, several such meetings had been held and resolutions passed.

Louisville interests did not let this activity go unchallenged, and sent out speakers of their own to combat the attacks. Their rebuttals were not always calculated to appeal to reason. One speaker declared that Cincinnati's purpose was to "secure a strip of Kentucky territory 80 feet wide. Upon this strip she would settle all the negroes she can procure from this State and other States, and with them she will control the policy of Kentucky."  

43 *Gazette*, Oct. 11 and 12, 1870.  
44 *Gazette*, Dec. 1, 1870.  
45 *Commercial*, Dec. 1, 1870.
The Kentucky legislature was to convene on January 4, 1871. The Trustees decided to go to Frankfort in a body during the coming session, and Bishop was authorized to employ whatever additional agents and attorneys might be needed there. The familiar accusations concerning lobbying tactics were once again heard from both sides. Shortly after the first defeat, the Cincinnati city council had loaned the Trustees an additional $50,000 against future bond sales, to pay for continuation of survey work and other expenses. The Courier-Journal, of course, maintained that the money was for the bribing of legislators. On the other hand, the Gazette's correspondent in Frankfort reported that "there are scores of men here from Louisville with pockets lined with money which they are authorized to use at their own discretion." In a novel departure, the Courier-Journal claimed to be in favor of the bill for Louisville's sake, since the railroad would mean more competition and the building of a Louisville-Chattanooga trunk line. But for the sake of all Kentucky, the bill would have to be opposed.

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46 Trustee Minutes, I, pp. 52-54.
47 Jan. 4 and 6, 1871.
48 Jan. 21, 1871.
49 Jan. 25 and 27, 1871.
The progress of the bill through the legislature followed very much the same pattern of the previous year. It was reported out of House committee on January 10, with three amendments. The opponents in the House then continued to add crippling amendments, amid bitter debate, and in spite of petitions that poured in from many parts of Kentucky and even from the Tennessee legislature.

On January 25, the House rejected the bill by a vote of 44-43. The following day, however, the bill's friends were able to find enough absent members to get the bill reconsidered and passed, 46-45—but not before opponents' attempts to table, postpone consideration and adjourn had been defeated. The Courier-Journal expressed surprise that the bill had passed, since "it was neither Congress nor a Northern Legislature before which the measure was pending;" but it assured its readers that the Senate would reject the bill. The prediction proved correct. The bill was referred to the Senate on January 27; debate began on February 7, and the following day it was defeated by a

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50 *Gazette*, Jan. 16, 1871. The amendments provided for five Kentucky directors, defined the route to be followed to the Tennessee line, and permitted the legislature to repeal or modify the bill at any subsequent time.

51 Ibid.


53 January 26, 1871.
vote of 22-13--almost the identical margin of the previous year.\textsuperscript{54}

Proponents of the railroad reacted to this second defeat in different ways. All were angry and upset. The \textit{Gazette} reprinted editorials from several central Kentucky newspapers, all of which bitterly attacked Louisville and the L & N. Suggestions regarding what action to take next varied, but three major ones were represented by as many Cincinnati newspapers. The \textit{Commercial} decided that the plan of municipal construction would have to be scrapped. "It is about time Cincinnati ceased to stand at the door of the Kentucky legislature . . . hat in hand, asking for the privilege of spending her millions in the construction of roads through their territory," the paper declared. It then endorsed a letter calling for a new attempt at amending the Ohio Constitution to permit a bonus plan.\textsuperscript{55} A more widespread response was represented by the \textit{Gazette}, which noted that a new Kentucky legislature would be elected in August, and the people would finally have a chance to be heard. The men who had defeated the road would have to be voted out of office in favor of men who would support the Cincinnati Southern.\textsuperscript{56} A third suggested

\textsuperscript{54}\textit{Kentucky Senate Journal}, 1871, pp. 147, 188, 221-28, 236-38.
\textsuperscript{55}Feb. 9 and 15, 1871.
\textsuperscript{56}Feb. 13, 1871.
alternative, and one which offered the possibility of more immediate action, was supported by the Railroad Record: legislation by Congress, granting Cincinnati the needed right-of-way. Such legislation was now introduced in Washington by Ohio Senator John Sherman.

This was actually the second time that Sherman had proposed such a bill. Following the first defeat, in March, 1870, he had introduced a bill to "promote commerce and to cheapen the transportation of the mails and military and naval stores between Cincinnati and Chattanooga." Sherman's bill proposed to incorporate a Cincinnati and Chattanooga Railroad Company, and named as incorporators the Cincinnati Southern Trustees and various prominent men of Ohio, Kentucky and Tennessee. Feeling that they could legally make no more use of a national charter than of those already existing in Kentucky, and in hopes that they could yet win in the Kentucky legislature, the Trustees

57 XVIII (Feb. 16, 1871), p. 418.

58 Congressional Globe, Part 3, 41st Cong., 2nd Sess., p. 1948. This was not the first such proposed legislation. Two similar cases of state restriction of railroad access, by Pennsylvania and New Jersey, had been taken up by Congress in separate bills in 1864. National action was sought on grounds of military necessity, establishment of post roads, and the commerce clause of the United States constitution. In each case, the House passed enabling bills, but the Senate refused to concur. Lewis H. Haney, A Congressional History of Railways in the United States, 1850-1887 (Madison: University of Wisconsin, 1910), pp. 214-230.
telegraphed Sherman asking him to remove their names from the list of incorporators named in the bill. 59

Without the Trustees' support, the bill became easy prey for its opponents. When it came up on the Senate calendar on May 2, 1870, Senator Thomas McCreery of Kentucky asked that the bill be passed over since his colleague, Senator Garrett Davis, wanted to speak on the subject. Unfortunately, it happened that Davis had left for his home in Kentucky that very day. McCreery's request was granted and the Sherman bill died with adjournment. 60

Following the second defeat in Kentucky, Sherman introduced another bill "to promote the construction of the Cincinnati and Southern railway." Representative Job Stevenson of Cincinnati introduced the bill in the House. 61 Unlike the previous bill, which would have formed a corporation and authorized it to build the road, this version authorized the Cincinnati Southern Trustees to procure the right-of-way and build the road themselves. The difference lay in the latter version's ability to

59 Trustee Minutes, I, pp. 45-46.
60 Congressional Globe, Part 4, 41st Cong., 2nd Sess., p. 3146.
satisfy the Ohio Constitution. This time the Trustees were behind the bill—in fact, E. A. Ferguson had written it. Finally discouraged by their prospects at Frankfort, the Trustees appointed Ferguson, Bishop and Heidelbach to go to Washington and "do all things necessary and proper to procure legislation granting authority to the Trustees to construct the railway they are empowered to build." Three days later they met in Washington and presented their case to the Senate Commerce Committee.

On February 19 they met with President Grant, who said he had not yet considered the bill, but promised to do so.

Meanwhile, citizens meetings were being held in Cincinnati, Chattanooga and various central Kentucky towns; petitions were drawn up asking Congress to pass the Sherman bill, and forwarded to Washington. Sherman then presented the petitions on the Senate floor on several different days. The Kentucky legislature, of course, declared that Congress had no authority in the matter. The

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62 Investigative Commission, p. 103.
63 Trustee Minutes, I, pp. 54, 56-58.
64 Enquirer, Feb. 19, 1871.
65 Enquirer, Feb. 12 and 17, 1871; Gazette, Feb. 11 and 12, 1871.
Senate and House passed resolutions instructing Kentucky's senators and asking its representatives to vote against the Sherman bill.\(^67\)

The Sherman bill encountered little trouble in the House of Representatives. On February 28 the rules were suspended and the bill passed 131-62, with forty-seven obstentions. The only strenuous opposition was offered by James Beck of Lexington, who declared it was "a bill to extend the corporate limits of the City of Cincinnati to Chattanooga through Kentucky and Tennessee."\(^68\) The Courier-Journal declared that Sherman's bill was a Republican party measure meant to spite Democratic Kentucky, but told its readers that Senator Davis said he would be able to delay a vote in the Senate until adjournment, which was only three days away.\(^69\)

Davis' prediction proved correct; simple parlia-

\(^67\)Kentucky House Journal, 1871, pp. 373, 384-85. 392-94; Kentucky Senate Journal, 1871, pp. 387-90. The votes were 71-7 in the House and 22-1 in the Senate.

\(^68\)Congressional Globe, Part 3, 41st Cong., 3rd Sess., pp. 1759-61. Beck favored the railroad, but not by means of national legislation. His constituents had made it very clear that they favored the Sherman bill. When he offered to resign rather than vote for the bill, they rescinded their instructions. Enquirer, Feb. 18, 1871.

\(^69\)March 1, 1871. There may have been some basis to the accusation of partisan politics; only two Democrats voted for the bill; Gazette, March 1.
mentary maneuvering enabled him to delay a vote until the March 4 adjournment of the forty-first Congress. But when the forty-second Congress convened two days later, Sherman wasted no time in introducing his bill once again. Davis was able to delay action for several days, but on March 13 debate was finally held as to which committee, Commerce or Judiciary, the bill should be referred. Davis, who favored Judiciary, gave an impassioned speech against the bill, dwelling primarily on its alleged unconstitutionality. "Let the mastery over my gallant State still be held by the United States and its Congress, under the Constitution," pleaded Davis, "and not be transferred to Ohio and her corporations." His plea did not reach enough receptive ears, however, and the Senate voted 24-12 to refer the bill to the Commerce Committee. However, the bill never got back to the Senate floor before adjournment on April 20, 1871. Stevenson's House bill, reintroduced to the new Congress, also was lost in committee.


72 There is no indication whether this was due to maneuverings of the bill's opponents or to normal circumstances. One possible delaying factor: newspaper coverage indicated that the entire session was largely given to debate on the proposed purchase of San Domingo and an anti-Ku Klux Klan bill sponsored by Sherman.
It was now nearly two years since the Cincinnati voters had approved the railroad, and the first section of track had still not been laid in the direction of Chattanooga. The railroad forces now looked ahead to the uninviting prospect of a third contest in the Kentucky legislature.

One development which gave Cincinnati Southern supporters some grounds for hope was the fact that half the Kentucky Senate and the entire House would have to stand for reelection during August of 1871. If enough Republicans or pro-railroad Democrats could be elected to replace opponents of the road, the bill might finally pass. The prospects of such an outcome appeared good, especially in central Kentucky, where people were determined to make the railroad a major issue.

Kentucky Democrats held their convention in early May, 1871. The Cincinnati Commercial correspondent reported that the platform would avoid all important issues such as negro testimony, suffrage and the Cincinnati Southern, for fear of a split in the party—a prediction which proved correct. The incumbent Preston H. Leslie was nominated for Governor, to the dismay of railroad supporters; as a state senator, Leslie had voted against the right-of-way bill. The Gazette viewed his nomination

73 Commercial, May 3 and 5, 1871.
as repayment by Louisville and the L & N. Railway forces took some consolation in the nomination of John G. Carlisle, a railroad supporter, for Lieutenant-Governor. Later in May, the Republicans held their convention in Frankfort. The Cincinnati Southern was firmly endorsed and John M. Harlan was nominated for Governor, with George M. Thomas as his running mate.

The campaign which ensued was the most energetic since the end of the war. The Republican candidates pressed hard on the railway issue, forcing Leslie to oppose it. Though the election resulted in the expected Democratic victory, Republican gains were impressive. The Democratic majority was 60,000 less than in 1868, and Republicans gained twenty seats in the House. Equally important, however, was the election of several pro-railroad Democrats. When the legislature convened in December, pro-railroad men were elected Speaker of the House and Chairman of the Senate Committee on Railroads.

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74*Gazette*, May 5, 1871. Leslie had been speaker pro tempore of the Senate, and had only become Governor in February, 1871, when Governor Stevenson stepped down to accept a position as United States Senator; Eaurier, Feb. 12, 1871.

75*Commercial*, May 17 and 18, 1871.

76*Gazette*, Aug. 1, 3 and 5, 1871.

77*Gazette*, Aug. 8, 9 and 10, 1871.

78*Gazette*, Dec. 6, 1871.
The Cincinnati forces anticipated the approaching third round with cautious optimism; this time, however, they did not go to Frankfort to lobby on behalf of the bill. Friends of the railroad in Kentucky convinced the Trustees that chances for passage would be better if no "outside" interests were in evidence at the capital, that it would then appear as "a Kentucky fight." This proved to be the case in the House, where the bill encountered little difficulty. It was taken up on January 9, 1872, and passed four days later, without amendment, by a vote of 59-38.

Not even the Courier-Journal attacked the measure with its accustomed vengeance. During the debate in the House, that paper renewed many of its old accusations, at one point declaring the bill a "Radical measure aimed at reconstruction of Kentucky." Most of the invective was from the paper's Frankfort correspondent, however, and there was almost no editorializing.

As expected, the bill faced rougher going in the Senate. Reported out of committee without amendment on January 17, it was made the order of the day for the

79 Investagative Commission, p. 103.
80 Kentucky House Journal, 1871-72, pp. 183, 206, 211-12, 224-31, 239-40; Gazette, Jan. 10, 11 and 13, and 15, 1872.
81 Jan. 10, 11, 12, and 14, 1872.
twenty-fifth. Two days of debate brought three amendments by the opposition, unfortunate for the roads promoters. One taxed the railroad fifty cents per through passenger and twenty-five cents for each passenger carried more than 100 miles within Kentucky. A second amendment levied a tax of one cent per 100 pounds of freight. The third called for submission of all surveyed routes to the voters of Cincinnati for their selection. On January 27 a Senate vote on the bill as amended resulted in a 19-19 tie. This left it up to Lieutenant-Governor Carlisle, a long-time supporter of the road, to break the tie in favor of passage. 82

Though the bill had finally been passed, the amendments made it considerably less palatable. The Gazette called them a discredit to Kentucky and said the ones taxing passengers and freight "assumes that Kentucky is a foreign state, and not only this, but that she is merely an organization of Bedouin Arabs to levy tribute on trade and travel passing through their miserable country." 83 The Cincinnati city council was so displeased that it called for rejection of the charter. At its February 2 meeting, council resolved

82 Kentucky Senate Journal, 1871-72, pp. 189, 194, 257-66, 274-75.
83 Jan. 30, 1872.
Whereas the charter for the Cincinnati Southern Railway, recently granted by the Kentucky legislature, imposes such exactions, limitations and burdens as to render it impossible and unwise for the city of Cincinnati to build and operate a road under its unjust and illegal provisions; therefore

Resolved that the Trustees of said Southern Railway are hereby requested by the Common Council to reject said charter.84

The problem was solved, however, by the Kentucky legislature. Later in the same session, the amendments calling for a passenger tax and a vote on routes were repealed by the Senate, with very little debate, by a vote of 15-13.85

After nearly three years of struggle, the barriers to construction of the Cincinnati Southern Railway finally seemed to be surmounted. But meanwhile, opposition had grown to serious proportions in an unexpected place—Cincinnati itself.

The first suggestion of any important local differences over the railroad emerged late in 1870. On December 23 the Cincinnati Board of Aldermen passed a resolution asking the City Solicitor for a detailed accounting of the $80,000 thus far loaned to the railroad trustees by the city.86 With the right-of-way bill about

84Gazette, Feb. 3, 1872.
85Gazette, March 23, 1872. The freight tax was repealed the following February.
86Commercial, Dec. 24, 1870.
to be introduced for the second time in Frankfort, its supporters were anxious to quiet any signs of dissention at home. Consequently, a meeting was called for December 31 at the Board of Trade, for the purpose of clearing up the matter. In attendance were various prominent Cincinnatians, representatives of city council, the Board of Trade, Board of Aldermen and the railroad trustees. The Enquirer gave a very sarcastic report of the proceedings of this "secret meeting," being especially critical of the remarks of Miles Greenwood. "With a particularly virtuous air," Greenwood maintained there had been no irregularities in use of the loans. And the figure was not $80,000, he pointed out, but only $70,000 (two loans of $10,000 and one of $50,000)—and only $65,000 of that had been drawn, $15,000 of which was still in the bank. Noting Greenwood's personal business interest in a southern railway, the Enquirer reported that

the orator's voice saddened as he thought of the necessity to the iron trade of a Southern connection, and in imagination he stood on the Walnut-street bridge, amid the wreckage of foundries, machine shops and a perfect chaos of pot metal.

The Gazette accused the Enquirer of aiding the anti-railroad forces, and its correspondent in Frankfort noted that the Enquirer's action had created much ill feeling among Kentucky legislators and would tend to injure

87 Enquirer, Jan. 5, 1871.
the bill's prospects a great deal. The Enquirer responded righteously that it was a firm supporter of the railroad; it only wanted a full disclosure of expenditures in order to squelch any suspicions by opponents. What effect, if any, all this had on the bill's defeat is impossible to say. But it may be viewed as a first sign of discontent with the railroad's lack of progress--discontent which would soon be compounded by the second defeat in Frankfort and the failure of the Sherman bill in Washington.

A more serious threat to the railroad lay in a court test of the Ferguson Act's constitutionality. In April, 1870, J. Bryant Walker, the Cincinnati City Solicitor, filed suit in Superior Court challenging the Ferguson Act and the supplementary act which authorized the city council to advance $50,000 to the Trustees. On January 4, 1871, the three Superior Court judges ruled unanimously in favor of the two acts' legality. The Walker case, as it became generally known, was then carried to the Ohio Supreme Court. In December, 1871, that body unanimously

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88 Gazette, Jan. 11, 1871.

89 Enquirer, Jan. 13, 1871.

90 Walker vs The City of Cincinnati, 1 Cin. Sup. Ct. R., 121; Gazette, Jan. 5, 1871. The opinion was written by Alphonso Taft, who had called for a southern railway back in 1850, and who later became a Cincinnati Southern trustee.
upheld the lower court's decision.\footnote{113}

Just before the third attempt in the Kentucky legislature, Cincinnati opponents of the Ferguson Act presented proposals which appeared to hold possibly serious consequences. On December 19, 1871, Mr. Theodore Cook introduced a resolution in the Chamber of Commerce, calling for the repeal of the Ferguson Act and abandonment of efforts to obtain a Kentucky charter. Cook claimed that the railroad would cost much more than $10,000,000 and would mean a large increase in the city debt and taxes. Furthermore, in the three years since the passage of the act, major eastern trunk lines had come to Cincinnati and intended to use the city as a center for extending lines to the South. Cook's resolution was referred to a five-man committee for study and recommendation.\footnote{114} Three days later Mr. H. B. Bissell of the Board of Aldermen introduced a resolution in support of the Cook Resolution. The Aldermen also passed the matter on to a committee.\footnote{115}

\footnote{113}Walker vs The City of Cincinnati, 21 Ohio St., 14; \textit{Gazette}, Dec. 22, 1871.

\footnote{114}\textit{Commercial}, Dec. 20, 1871. The Pennsylvania Central, New York Central, Erie and Baltimore & Ohio had all recently reached Cincinnati. The Pennsylvania Central in particular was now declaring its willingness to build a southern connection, though no concrete plans had been proposed.

\footnote{115}\textit{Commercial}, Dec. 23, 1871.
The Commercial now began to waver in its support of the Ferguson plan. The railroad, it declared, would cost at least $20,000,000. The possibility of construction by eastern railroad capitalists should be seriously considered. Furthermore, since a constitutional convention was to be convened in a few months, elimination of the restriction against a bonus plan might be possible. The Gazette blasted the Commercial for turning against the Ferguson plan. It would be folly to turn back now, it declared. The Trustees could be trusted not to plunge the city into debt. The suggestion that the newly-arrived eastern trunk lines would now provide southern connections was foolish; they professed interest only because Cincinnati was threatening to build the road, and if Cincinnati dropped out now, nothing more would be heard from them. As for the bonus idea, even if the upcoming constitutional convention made the change, at least three years would pass before ratification would be final.

On December 28, a public meeting was held at the Board of Trade for the purpose of discussing the Cook and Bissell resolutions. During the meeting, Richard Bishop read a letter from the Cincinnati Southern's chief engineer, William A. Gunn, stating that, judging from the

94 Dec. 20 and 28, 1871.
95 Gazette, Dec. 27 and 29, 1871.
surveys, the road could be built complete from Cincinnati to Chattanooga for under $10,000,000. Also during the meeting, a Chamber of Commerce member, J. D. Macneale introduced a resolution supporting the Ferguson plan and calling for all possible assistance to the Trustees. No decision was reached that day; but on January 4 the meeting was resumed, and after lengthy debate the Macneale Resolution was adopted. Attention now turned to the Chamber of Commerce committee which was studying the Cook Resolution.

On January 6 the committee presented its report to the Chamber. Unable to agree, the five members submitted two reports. The majority of three supported the Cook Resolution, citing now-familiar grounds: the road would cost over $10,000,000; there was no assurance of profitable operation by the city; it now appeared likely that as many as three southern connections would be built by private capital. The minority report rehearsed the commercial advantages which the road would bring Cincinnati, expressed confidence that it could be operated profitably, and called for rejection of the Cook Resolution. The two

96 Commercial, Dec. 29, 1871.
97 Gazette, Jan. 5, 1872.
98 Gazette, Jan. 8, 1872. Theodore Cook, the originator of the resolution, was one of the three-man majority.
reports were discussed and the decision made to submit the matter to a vote of the entire Chamber membership on Monday, January 8. The question "Shall the Ferguson Bill be repealed?" resulted in a vote of 147 yeas to 361 nays. While this vote represented an obvious drop from the enthusiasm of 1869, there was no question that Cincinnati's businessmen were still behind the railroad.

The opposition was not ready to give up yet, however; they now took the fight to the state legislature. On February 8, Representative Fallis of Hamilton County introduced a bill which would create a three-man board, made up of the presidents of the two boards of city council plus the mayor of Cincinnati. This board would be authorized to give a $3,000,000 bonus to any railroad syndicate, upon resolution by city council that it was in the interest of the city that a particular railroad be built. In other words, the Dickson bonus plan was being resurrected. A few days later, Representative Robert Strong, also of Hamilton County, introduced a petition from ninety-one Cincinnati mercantile and manufacturing firms, asking indefinite postponement of the Fallis

99 Ibid.
100 Gazette, Jan. 9, 1872.
101 Ohio House Journal, LXVIII, pp. 215, 265; Gazette, Feb. 9, 1872.
bill. Strong also happened to be chairman of the Judiciary Committee, to which the bill had been referred; interestingly, the legislature adjourned without the bill ever being reported out of committee.

In the meantime, city council was still considering the Bissell resolution. In addition, they were not happy with the right-of-way bill as passed by the Kentucky legislature, and had passed the resolution asking the Trustees not to accept it. On February 15, 1872, the council's Committee on Railroads met to consider both questions. Miles Greenwood was questioned at length by the councilmen. He repeated his belief that $10,000,000 would build the road. As for the Kentucky bill, he saw no reason to worry about it, since several members of that legislature had assured him that the offending amendments would soon be repealed. Even if they were not repealed, he asserted, they would be declared unconstitutional, since states were denied the right to tax interstate commerce. The councilmen apparently were not completely convinced, for they called for a resolution asking the Ohio legislature to pass a bill limiting expenditures of the trustees to $10,000,000, and fixing their compensa-

\[102\] Ohio House Journal, LXVIII, p. 272.

\[103\] This is interesting, in view of Greenwood's later testimony before the Investigative Commission, in which he said he never felt $10,000,000 would do the job.
tion. The city council passed the resolution at its next meeting, by a vote of 31-7.\textsuperscript{104} The resolution was introduced in the General Assembly a week later;\textsuperscript{105} but like the Fallis bill, it was referred to the Judiciary Committee and not heard from again. That, for the time being, quieted local opposition to the Ferguson plan.

Three years after the Ohio legislature had passed the Ferguson Act, it at last seemed that it might soon be implemented. In 1869 no one dreamed of the obstacles that lay ahead, that three years would pass without the first rail being laid. One wonders: Had they known, would they have approached the project with such enthusiasm? Would the voters even have passed the issue at all, let alone by the overwhelming ten-to-one margin? As it was, a great deal of disillusionment was evident by 1872. Only one Cincinnati newspaper remained firm in its support of the Ferguson plan. City council was clearly suspicious of the wisdom of continuing. Even the business community, which had been the plan's staunchest supporter, now had doubters in its ranks. All this did not present the Trustees with an ideal atmosphere in which to work. Even so, the knowledge that construction could finally begin must have

\textsuperscript{104}\textit{Gazette}, Feb. 16; March 2, 1872.

\textsuperscript{105}\textit{Ohio House Journal}, LXVIII, p. 449.
overcome any doubts they may have had, as they looked forward to finally building their railroad to the South.
CHAPTER IV

CONSTRUCTION OF THE RAILWAY

While the legislative struggle for right of way continued, the Trustees made no attempt to negotiate the $10,000,000 of construction bonds authorized by the Ferguson Act. Expenses, primarily for surveying teams, were paid with the loans from city council. In July, 1872, $150,000 of thirty-year seven percent bonds were offered for sale, the proceeds to be used for repaying the council loans and for normal expenses until the entire issue could be negotiated. Proposals were sought by circulars mailed to 101 banks and financial houses in Cincinnati and several eastern cities. Only three bids were received, all from Cincinnati banks; the winning bid of 102.55 would prove to be the highest price received for any of the bonds sold.¹

In October, 1872, the Trustees appointed William Hooper to go to Europe to attempt to place the bonds with capitalists there.² Hooper soon discovered, upon his

¹Trustee Minutes, I, pp. 105-08; Investigative Commission, p. 9.
²Trustee Minutes, I, p. 115.
arrival, that the legislative restriction requiring the bonds to be sold at par was a hindrance to negotiations. He was told that a five or six per cent bond offered at a discount would be more readily negotiated, since investors always wanted a little margin. Hooper reported all this to his fellow Trustees and suggested that they try to get the law changed. He felt he could negotiate a five per cent bond at eight-five, which would net the city nearly as much and save millions in interest over the life of the bonds. The Trustees proved unwilling, however, for fear the legislature might repeal the entire law—a decision of which Hooper did not approve. Besides the problem of sale at par, the recent defaulting on interest payments by some United States railroads also made European investors suspicious, particularly of a project of so unusual a nature. 3 Hooper returned from Europe empty-handed the following spring.

The Trustees now decided to try the American market, and during the summer of 1873 conducted written negotiations with several New York bankers. Early in September, at the request of a New York syndicate, the Trustees traveled to that city for personal negotiations. Several proposals were made, primarily based on purchase

3 Investigative Commission, pp. 76-77.
of the entire issue at seven per cent, interest payable in gold. Since gold was at a premium the Trustees considered such terms unacceptable; on September 15 they concluded negotiations and returned to Cincinnati, the bonds still unsold.¹

They had barely arrived home when the failure of Jay Cooke's financial empire brought the crash of 1873 and its attendant business depression. For the time being the panic destroyed general confidence in railroad bonds in the United States. As a result, Hooper once again went to Europe in search of buyers. He left in November, 1873.⁵

Hooper's second trip proved generally a repetition of the first. Investors were still wary of a high-interest bond that had to be sold at par. At one point he seemed on the verge of concluding a deal with a London bank, only the approval of the Board of Directors being needed. One of the directors, however, doubted the constitutionality of the railroad project. When told that the Ohio Supreme Court had already approved the project, he remained unconvinced; American courts were notoriously inconsistent in their decisions, he declared, citing the

⁵Trustee Minutes, I, pp. 195-96.
recent Legal Tender case as an example. The bank's directors then decided against the purchase of the bonds. During other negotiations the bankers received a series of anonymous letters from Cincinnati, opposing the railroad and enclosing anti-railroad clippings from Cincinnati newspapers. Fearing the results on the market for the bonds if such letters were sent to London papers, the bankers declined the issue. Finally, in July 1874, the Trustees advised Hooper to return home, since it was obvious that the bonds could not be sold in London.6

Meanwhile, the Trustees had decided once again to try the American financial market. On March 18, 1874, in an attempt to make the bonds more attractive, they raised the interest rate from seven to seven and three-tenths per cent.7 In May of that year $1,000,000 of bonds were bought by the American Exchange National Bank of New York. In October an agreement was reached with Kuhn, Loeb & Co. for a second million; finally, in May, 1875, Kuhn, Loeb took the remainder of the $10,000,000 issue.8


7Trustee Minutes, I, p. 283. There is no record of prior discussion or correspondence regarding this very expensive change, a fact which was later noted with surprise by the Investigative Commission (p. 13).

8Details of these lengthy, involved negotiations are found on numerous pages of the Trustee Minutes, I & II; see also Investigative Commission, pp. 90, 123-24, 219.
While inability to negotiate the bonds delayed the beginning of serious construction, the Trustees nevertheless made what preparations they could for the day when work could finally begin. Several possible routes had been surveyed, and by August, 1873, the choice had been narrowed to two. The Kentucky right-of-way legislation required that the complete final route be announced by February 14, 1874, and that actual construction also begin by that date. These deadlines presented obvious problems for the Trustees. For one thing, not much construction could be undertaken without the money from sale of the bonds. As for the specific route, there were separate negotiations under way during 1873 for the possible purchase of the Kentucky Central Railroad (which would then constitute the Cincinnati-Lexington portion of the Cincinnati Southern), and the purchase of perpetual right-of-way over the existing Newport Bridge (the alternative being construction of a separate bridge over the Ohio River). Both negotiations dragged on for several months. Several existing railroads (some of them potential competitors of the Cincinnati Southern) were involved in ownership of the Newport Bridge; and the ownership of the Kentucky Central was being contested in court by two

separate groups, only one of which appeared willing to sell to the Cincinnati Southern.  

As the year 1873 drew to a close, the debate over the route became a matter of considerable public concern. On November 21, the Gazette and the Commercial both stated their belief that the terms being offered by the Newport Bridge Company were entirely out of line, and that the Trustees might well be forced to build their own bridge. The asking price for a perpetual easement was $1,250,000. On December 5 a public meeting was held at the Board of Trade to consider the question of the bridge and alternative routes. William Gunn, the Cincinnati Southern's chief engineer, discussed various alternatives in detail, including specific cost estimates. He assured his audience that each of the alternatives could be completed within the $10,000,000 available.  

His statement, of course, increased the support for building a separate bridge.

As the February 14 deadline approached, both the bridge and Kentucky Central negotiations were still unresolved. Finally, two days before the deadline, the Trustees announced the route of the Cincinnati Southern.

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10. Investigative Commission, I, 104-08.
It included a separate line from Lexington to Cincinnati and a new bridge across the Ohio. 12

The Kentucky legislation also required that actual construction begin by the same date. In order to meet this requirement, the Trustees chose a project which would be restricted in geographic scope, but which would take a considerable length of time: a tunnel, three-fourths of a mile long, through King's Mountain in south-central Kentucky. On December 10, 1873, bids for the project were opened and two days later the contract was awarded to the firm of Bibb & Tabler. 13

As soon as the final location of the road had been announced, preparations were made for awarding contracts for the construction work. According to standard railroad practice, the route was divided into divisions and sections for engineering and construction purposes. Division engineers compiled detailed topographic and geologic profiles of the route, estimating the amounts of grading, excavating, embankment, bridging, etc. that would be required to complete each portion of the road. These figures were then made available to prospective bidders for use in calculating bids for whatever section(s) of the road they might wish to undertake. The Trustees

12 Ibid., Feb. 13, 1874.
13 Ibid., Dec. 13, 1873. There were twenty-seven bids.
would then make the awards by section, presumably to the lowest bidder; however, the chief consulting engineer could recommend that the award be given to a higher bidder if he for some reason doubted the ability or estimate of the lower bidder(s).  

Due to the economic depression resulting from the crash of 1873, there was no dearth of companies willing and anxious to bid on the project. During February, March and April of 1874, thirty contracts were awarded for some 150 sections, and by the fall of that year work was under way throughout the difficult terrain of southern Kentucky and northern Tennessee. Early in 1875, a contract was let for construction of the bridge across the Ohio. Some twenty-three miles of construction was avoided when, in April, 1874, the Trustees purchased the Cincinnati, Lexington & East Tennessee Railroad for $300,000 of seven per cent Cincinnati Southern bonds.  

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14 Investigative Commission, pp. 31-32; Hollander, "The Cincinnati Southern Railway: A Study in Municipal Activity," pp. 39-40. In fact, the contracts were frequently awarded to other than the lowest bidder, a fact which later proved of great concern to the Investigative Commission.

15 Ibid., p. 40.

16 Trustee Minutes, I, p. 292. The Cincinnati, Lexington & East Tennessee ran south from Lexington to Danville, and north to Williamstown, a distance of some eighty miles; however, only twenty-three miles were incorporated in the main line of the Cincinnati Southern. (Investigative Commission, p. 26).
In December, 1875, Thomas D. Lovett, the consulting engineer, presented his report on the progress of the work. His figures showed that some $9,890,000 worth of work was already under contract—but completion of the road was by no means imminent. Lovett estimated that the final figure would now be $15,916,096.70. The Trustees were now faced with the unpleasant prospect of asking Cincinnati taxpayers for more money.

On January 13, 1876, a supplemental bill to the original Ferguson bill was introduced in the Ohio Senate, requesting authority to issue another $6,000,000 in bonds, and to lease the entire railroad to private capitalists before its completion. As might have been expected, the idea of having to provide more millions for the railroad was not popular with many Cincinnatians. The Commercial declared that the taxpayers had been deceived, but admitted that there seemed little alternative to pushing on:

The great argument in favor of granting the six millions is, that we have spent ten millions and have not got anything in the nature of a railroad to show for it. Now, if we don't pony up the six millions, we lose the ten. We have paid our money and can take our choice.


18 Ohio Senate Journal, LXXII, p. 41.

19 Commercial, Jan. 13, 1876; see also Jan. 15, 16.
Even the *Gazette*, which had generally supported the railroad from the beginning, was upset. Admitting that they had been misled by the Trustees concerning the ten million, the paper agreed that the road could not now be abandoned. But henceforth, close control should be exercised over the Trustees, and the legislature should order an investigation of the entire affair.\(^2^0\)

On the evening of February 7, a public meeting at the Robinson Opera House drew over 1,000 people, most of them opposed to further expenditure on the railroad. After an evening of argument the group passed a resolution which listed at length the mismanagement of the Trustees, and asked the state legislature to refuse authorization of more bonds. It resolved that the Trustees be ordered to offer for sale or lease that portion of the road already completed.\(^2^1\) In commenting on the meeting, both the *Commercial* and the *Gazette* concluded that the opponents were offering no viable alternatives, and that the $6,000,000 must, regretably, still be authorized.\(^2^2\)

The business community, moreover, remained a staunch supporter of the road; a petition signed by over 3,000 of the city's most prominent merchants and manufacturers

\(^{20}\) *Gazette*, Jan. 24, 26, 1876.

\(^{21}\) *Commercial*, Feb. 8, 1976.

\(^{22}\) Ibid.; *Gazette*, Feb. 8, 1876.
was presented to the legislature, asking for passage of the bill.  

On February 2, the bill was reported out of committee without amendment, and one week later the Senate passed it, 24-7. On February 24 the House passed the bill by a vote of 86-12, but not before two amendments had been made. One called for a popular election on the question to be held on March 14; the other, offered by Gabriel Dirr of Hamilton County, made possible the leasing of the road after its completion. The Senate then concurred with the amendments that same day, and the bill became law. At the time, no one seemed to have taken particular notice of the Dirr Amendment, surprising in view of the adverse effect which it would have on the Trustees' plans for completion of the road.

The Trustees' original plan had been for the city to construct the entire railway by means of detailed contracts. They professed to believe that $10,000,000 would do the entire job, particularly in view of the expectation that sizable donations of land and money would be forthcoming from towns and counties along the route. However, as the right-of-way bill was delayed in the Kentucky Leg-

23 Ohio Senate Journal, LXXII, p. 85.
islature, so did the public enthusiasm for the project wane. In addition, the legislature failed to pass expected legislation which would have permitted counties to vote public funds for the project. Promises of free land and financial donations were gradually withdrawn until the majority of the right-of-way had to be obtained by purchase or condemnation. As a result, the Trustees paid $697,175.20 for right-of-way.\(^{25}\)

When observers began to realize that the road would cost more than anticipated, and would not be completed until sometime well beyond the foreseeable future, the desire to shift as much of the burden as possible from the city gained considerable support. The Trustees therefore changed their plan from one of complete construction to one of building as much of the road-bed and terminal facilities as possible with the $10,000,000. The road would then be leased to a private corporation for a period of years, part of the agreement being that the company complete the project; the road would then revert to the city at the end of the lease (which could, of course, be renewed). This was the so-called "completing

\(^{25}\) Investigative Commission, pp. 25-27, 53-54, 87, 89, 189. Allotting right-of-way cost for the twenty-three miles of the Cincinnati, Lexington & East Tennessee included in the Cincinnati Southern, another $52,061.65 is added to the cost (p. 26).
and leasing" approach to construction. To assure the legality of such a plan, another supplemental bill was introduced in the Ohio Legislature by Senator Joseph Wright, in February, 1873. The Wright bill gave the Trustees "power to contract for completing and leasing the whole line of railway." The Senate passed the bill on March 20; the House followed suit on April 16, and two days later the bill became law. Only a few months after passage of the Wright bill, however, the panic of 1873 made it unlikely that a single company could be found to undertake the Cincinnati Southern completion for some time to come. Consequently, the Trustees returned to the original plan of detailed construction.

The Trustees hoped to return eventually to the completing and leasing procedure, however. By 1876 the economic climate was such that it once again appeared feasible. Therefore, the bill which was submitted to the legislature requesting authorization of an additional $6,000,000 stated that the Trustees could lease the road before its completion. It was felt that $6,000,000 would put the road into a condition which would make such a deal feasible.

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26Ohio Senate Journal, LXIX, pp. 148, 314, 340; Ohio House Journal, LXIX, pp. 485, 644, 646-47, 70 Ohio Laws, 139. On April 25, 1873, Senator Wright was appointed Treasurer of the Board of Trustees, at an annual salary of $2,400; Trustee Minutes, I, p. 134.
attractive to private capitalists; it would not, however, be enough to complete construction. It was this part of the bill which was changed so drastically by the insertion of the Dirr Amendment. The Trustees were now given the power to lease the entire railroad only after its completion; they were now required to complete the road themselves, but without enough money for the job. At the time the bill was passed, however, the Dirr Amendment and its obvious consequences apparently went unnoticed; during the campaign which ensued between the passage of the Six Million Act (as it was commonly called) and the March 14 election, neither the bill's opponents nor supporters mentioned it.

The brief, but often bitter election campaign resulted in a much larger vote than had been polled for the Ferguson Act in 1869. The total vote was 30,756—but the railroad no longer enjoyed a ten-to-one favor among Cincinnatians; opponents of the bill numbered 9,323 to its supporters 21,433. But though the bill passed, public feeling was clearly with the Commercial, which told the Trustees "You must not ask for more." 27

The $6,000,000 issue was disposed of with considerably more ease than original issue had been. On April 1, 1876, proposals were invited for $3,000,000; ten days

27 March 15, 1876.
later the award was made to Espy, Heidelbach & Co. of Cincinnati, for a six per cent bond at 100.13. The remainder of the issue was taken in June, 1877, by Kuhn, Loeb at 100.43 and seven and three-tenths per cent interest.  

Construction was now concentrated on the portion of the road between Cincinnati and Somerset, Kentucky, a distance of 158 miles or about half the total distance from Cincinnati to Chattanooga. This was the easier half of the road from the standpoint of terrain. It was felt that a rapid completion of this northern portion would enable partial operation of the line while the remainder was completed. The Cincinnati Southern could then begin to return at least a small portion of the money that had thus far gone into it. While this was undoubtedly wise from a practical standpoint, the Trustees certainly must have had public opinion in mind as well: The fact of actual income from operations, together with the visual evidence of trains moving in and out of Cincinnati, would help the railroad's image with the public and perhaps even quiet some of its opponents. This was certainly to be hoped in view of the unpleasant realization that yet another bond issue would soon have to be requested.

28 Trustee Minutes, III, pp. 127-29; Investigative Commission, pp. 21-23, 68-70. Heidelbach was no longer a Trustee, having resigned in February, 1876.
The ideal situation from the Trustees' viewpoint was still to return to the completing and leasing concept of construction. Furthermore, they hoped that a common carrier company could be organized locally to lease the road, in order to prevent its falling into the hands of "outsiders." Toward these ends, two bills were introduced in the Ohio Legislature during January, 1877.

The first of these bills, the fifth supplementary act to the original Ferguson Act, repealed the Dirr Amendment and gave the Trustees "power to contract for completing and leasing the . . . railway . . . after its partial construction and before its final completion." The bill encountered a month's delay in the House Committee on Municipal Corporations, which was chaired by Gabriel Dirr, but finally passed both houses in essentially its original form, and became law on April 24. The second bill, generally known as the Common Carrier Act, authorized a company to "lease and to hold and operate any line of railroad and its appendages either before or after its completion, owned by a municipal corporation of this state."


30Ohio Senate Journal, LXIII, pp. 26, 27, 475, 484; Ohio House Journal, LXIII, pp. 62, 85, 582, 724; 74 Ohio Laws, 84.
A few days after passage of the Common Carrier Act, Edward Ferguson presided at a large meeting of Cincinnati businessmen. The chief purpose of the meeting was to explain the Trustees' plan regarding the formation of the common Carrier company, and to urge local financing of the project. Ferguson painted a glowing picture of the road's future, concluding that the new company would need no more than $5,000,000 total capitalization for successful operation.\(^{31}\)

With the prospect of shifting the burden from the city to a private corporation, the major newspapers of Cincinnati came out in support of the plan. The Enquirer called it "the easiest and the most popular solution of the Southern Railroad problem, and the one that will prove most advantageous to the city that owns it." The Commercial also urged support of the common carrier plan, declaring that, now that the end was in sight, Cincinnatians must not let "outside schemers" take possession of the road.\(^{32}\)

On April 30, 1877, the Cincinnati Southern Railway Company was incorporated, with an initial capital stock authorization of $500,000. The fears that "outside

\(^{31}\)Gazette, April 19, 1877; Investigative Commission, p. 110.

\(^{32}\)Enquirer, April 19, 1877; Commercial, April 28; see also Commercial, June 11, 12; and Gazette, April 19.
schemers" would buy up the stock soon proved groundless; in fact, after ten days, only a little over one-third of the issue had been subscribed. Finally, a local syndicate was formed to take $300,000 of the remainder, thus saving the common carrier company from extinction before it even started operations.\(^3\)

Before a final lease arrangement could be made, however, an unfortunate clause was discovered in the legislation of the original $10,000,000 loan. The original bonds were secured not merely by the credit of Cincinnati, but also by a mortgage on the railroad and its earnings. Incredible as it seems, the incorporators of the common carrier company had overlooked this during earlier negotiations. This revelation prompted so much dissatisfaction among the recent stock subscribers that the decision was made to release any who so desired from their subscription. Among those who took advantage of this offer was the syndicate which had taken $300,000; the remaining subscriptions totalled $167,950. The directors then voted to reopen the subscription books until a total of $250,000 was pledged, a goal which was reached by July, 1877.\(^4\) As

\(^3\)\textit{Enquirer}, May 20, 22, 1877.

a result of this, the common carrier now proposed to operate only the finished portion of the road; meanwhile the Trustees would have to advertise for bids to complete and lease the entire road. Accordingly, the Cincinnati Southern Railway Company was given a temporary operating license rather than a lease, the hope being that the company would soon enlarge its capital and be able to take a permanent contract to complete and lease the road. The agreement provided for operation of the road between Ludlow (just across the river from Cincinnati) and Somerset. The common carrier was to provide the rolling stock and equipment necessary to run the road, with the Trustees providing necessary maintenance of the right-of-way. The lessee was guaranteed an annual income of ten per cent of its paid up capital plus an additional ten per cent to cover depreciation of machinery.35

Under ordinary circumstances, perhaps the lessee company could have increased its capital stock to the point of being able to undertake a completing and leasing contract. However, the company had barely begun operations when yet another in the now lengthy chain of unfortunate

35Gazette, May 22, 1877; Commercial, June 28, 1877; Investigative Commission, pp. 110, 196; Memorandum of Agreement Between the Trustees of the Cincinnati Southern Railway and the Cincinnati Southern Railway Co., July 3, 1877. The railway was opened for traffic on July 23, 1877.
circumstances intervened to delay completion of the Cincinnati Southern. In August, 1877, the great railway strike hit the nation and temporarily curtailed investor confidence in railroad stocks, just recovered from the crash of 1873.\textsuperscript{36} Meanwhile, the Trustees were once again running out of money.

By December 1, 1877, $15,997,784 had been spent and completion was still months away. The road was complete and operating as far as Somerset. Between Somerset and Chattanooga, grading and masonry was finished, superstructures of bridges and viaducts built, and materials purchased for laying of the track. The management estimated that some $3,250,000 would be required to complete the railroad, less than $2,000,000 to put it in good enough condition that a private corporation would be willing to complete and lease.\textsuperscript{37}

The news that the Trustees would soon be asking for still another bond issue brought out the now familiar arguments by opponents and supporters of the road. The general feeling seemed to be that, while the entire project may well have been a mistake, the city had little choice  

\footnote{\textsuperscript{36}Investigative Commission, p. 110.}  
but to provide the needed money and get the entire mess into the hands of a lessee as soon as possible. Some citizens demanded much stricter controls on the Trustees' use of the money than had been the case in the past; others suggested a legislative investigation of the Trustees' conduct or called for their removal and the appointment of a new Board. On February 16, 1878, a "large meeting of representative men" at the Chamber of Commerce building adopted unanimously a resolution requesting the Ohio Legislature to authorize the issue of not exceeding $2,000,000 of bonds, said bonds not to be issued or sold until a contract or contracts are made for the entire completion of the Cincinnati Southern Railway (which shall be ratified by the Trustees of the Sinking Fund), and such terminal facilities as may be needed and can be provided, without exceeding the proceeds of the $2,000,000 of bonds.

The Two Million Act was introduced in the Ohio Senate on March 13, 1878; after undergoing considerable amendment it was passed on April 11 by a vote of 26-4. The bill's path through the House was much smoother, passage coming only six days later by a vote of 83-4.

The legislature authorized a maximum bond issue of

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38Gazette, Feb. 4, 18, 1878; Commercial, March 22; Enquirer, March 18.

39Gazette, February 16, 1878. The paper thought the resolution a bit extreme, but admitted that a majority of voters would probably endorse it.
$2,000,000, subject to voter approval. No money was to be used for terminal facilities until the entire road was completed, and then no more than $50,000 could be so used; nor could money be spent on the completed portion of the road. The distrust of the Trustees was clearly shown: their aggregate salary was not to exceed $5,000 annually, and the approval of the Sinking Fund Trustees was required for any lease of the railway.40

The election was set for May 3, and the major newspapers generally offered grudging support. Admitting that the Trustees made mistakes (though of judgement, not of honesty), the Commercial said past actions were not the issue. The question was whether the railroad was to be completed as rapidly as possible, so that the city could be eased of its burden of interest payments on the bonds, which was already some $1,000,000 annually. The Gazette urged passage of the issue, declaring that if Cincinnati did not finish the road, it could only choose between disposing of the road on the best terms obtainable or allowing it to remain in its present condition. . . . This is precisely the

40 Ohio Senate Journal, LXXIV, pp. 326, 530, 353-58, 569-74; Ohio House Journal, LXXIV, pp. 736-37, 743, 788-89; 75 Ohio Laws, 115. The Sinking Fund Trustees had been created by the Ohio legislature in 1877. Their duty was to determine the rate of tax necessary to provide a sinking fund for interest payments and final redemption of all bonded indebtedness of the city, and to oversee the fund. Ohio Senate Journal, LXXIII, pp. 9, 20, 277, 286, 295, 690; Ohio House Journal, LXXIII, pp. 495, 515, 682, 964.
position in which private capitalists who would offer to lease and finish the road would be glad to see the city placed. 41

Apathy seemed to be the attitude of the voters, however. The total vote was only 22,528, a drop of 8,228 from the vote on the six million issue two years earlier. Most of the absent voters were apparently supporters (at least formerly) of the road, since the affirmative vote dropped almost by half compared to the earlier poll. The Two Million Act was narrowly defeated, 11,349 to 11,179. 42

Almost immediately, however, a movement was underway for a second attempt. Three days after the defeat a second Two Million Act was introduced in the Ohio House, where it passed within a week. The Senate was even more efficient, taking only two days for passage. The new bill directed the Trustees to invite bids for completion of the road and to conditionally accept the lowest and best bid not exceeding $2,000,000. After the bid had been made public, the matter would then be submitted to the electorate; if they approved, the bid would then be awarded and work completed. 43

Bids were immediately invited; 44

41 Commercial, April 25, 30, 1878; Gazette, April 29.

42 Gazette, May 4, 5, 1878.

out of four submitted, the lowest was that of R. G. Huston & Co. at $1,671, 998.11. This was conditionally accepted pending the outcome of the vote, which was scheduled for August 14. 44

The opponents and supporters of the bond issue now conducted essentially a repeat performance of the recent campaign, with the exception that supporters were much more active than previously. On August 10, four days before the election, the Gazette revealed results of a poll which, while not very scientific, provided a light note in an otherwise solemn campaign:

A vote on the completion of the Southern Railroad, taken at Davis' cigar store on Vine Street during the day yesterday, resulted as follows: Yes, 263; No, 24—eleven to one in favor. It is a very satisfactory straw.

While the poll proved considerably lopsided regarding the margin of victory, it was correct in its prediction of the winner: the second Two Million Act passed by a vote of 16,224 to 10,245. 45 On August 27 the contract was officially awarded to Huston & Co.

Opponents made one last attempt to defeat the bond issue by challenging its legality in the courts. Until the case could be decided by the Ohio Supreme Court, no

44 Trustee Minutes, V, 326-27, 336-37, 373, 377, 389-90, 393.
45 Gazette, August 15, 1878.
construction work was begun by the contractor. The delay caused the loss of autumn traffic from the South, which was particularly heavy that year due to the sudden revival of trade and manufacturing. The delay also caused financial loss to the contractors; when work could finally be resumed, they were faced with a considerable rise in the price of labor and materials. The loan was declared constitutional by the Cincinnati Superior Court, and this decision upheld by the Ohio Supreme Court in December, 1878. Work resumed in January, 1879, with expectation of completion within a year.

On April 27, 1878, a few days after passing the first Two Million Act, the Ohio Legislature had passed a joint resolution calling for a commission to "investigate into the condition of the affairs of the Trustees of the Cincinnati Southern Railway, to examine into the management of their trust, and the disbursement of the moneys intrusted to their care." The Commissioners were to be appointed by the Sinking Fund Trustees and the Cincinnati


47 Thomas vs Greenwood, 7 American Law Record, 230; the Supreme Court ruling was not reported.
Board of Public Works. The Commission organized on May 11 and, with only occasional interruptions, held daily sessions for several months. Their report, covering 238 pages, was submitted on January 14, 1879. While all phases of the railroad's history fell under the Commissioners' scrutiny, the primary concern was the fact that the project had so greatly exceeded the original $10,000,000. The bulk of the investigation, therefore, involved the origins of the $10,000,000 estimate, the sale of the bonds, and the actual construction costs of the road.

Members of the Cincinnati Southern's original Board of Trustees testified that they had thought $10,000,000 inadequate in 1869. Miles Greenwood thought the whole idea of having the legislature set a figure in advance was "ridiculous." He felt that $10,000,000 would never do the job, and that, for all anyone cared at the time, $15,000,000 could as easily have been asked. William Hooper also claimed to have felt that the sum would not be enough. But some board members, he thought, either

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49 Investigative Commission, p. 3. Unless otherwise indicated, the following material concerning the investigation is taken from the Commission's report.
thought it would suffice or else did not give the matter "that amount of thought that would lead them to one opinion or another." Richard Bishop admitted that he had had no idea how much the railroad might cost. He testified that Ferguson made the decision; when asked by Senator Biggs what figure to fill in, "Mr. Ferguson remarked that we would commence with ten millions, and that amount was asked for." When questioned, Ferguson readily admitted knowing that $10,000,000 would not be enough; but he had two reasons for not filling in a larger figure. First, a large sum would make Kentucky and Tennessee people feel they need not contribute (the bill provided for donations to the project). Second, "it would not do to appal the public with the amount of money that would be necessary to carry out so large a work as this must necessarily be."

The Commissioners concluded that the general impression of the public at the time the original act was passed, and for several years thereafter, was that $10,000,000 would complete the road—and that repeated statements by the Trustees and the chief engineer reinforced that belief. The fact that the act authorized bonds not to exceed that amount, and provided for a mortgage on the railroad and its net income to secure the bondholders, also indicated that no more money would be needed.
In reviewing the negotiations which led to the sale of the bonds, the Commissioners again concluded that the Trustees had not conducted themselves as prudently as they might have. Except for the initial $150,000 sale and the half of the $6,000,000 loan which was taken by the Cincinnati bank, the bonds were placed by negotiations which were not preceded by any form of published request for bids. The change of the interest rate from seven to seven and three-tenths per cent in March, 1874, was apparently done without any real discussion and there was no evidence that the Trustees appreciated the consequences (though this seems unlikely in view of the business backgrounds of the men involved). The Commissioners felt that the fact that the first $700,000 of the $10,000,000 issue were let at seven per cent, the remainder could have been likewise disposed of if the seven per cent rate had been firmly adhered to. The additional three-tenths per cent added to the $9,300,000 of bonds increased the city's interest payment by $2,205,764.88. "This reminiscence," the Commissioners noted, "is well calculated to suggest that the mill of Interest and the mill of Taxes, like the traditional mill of the Gods, grind slow, but grind exceeding fine."

The biggest concern of the Commissioners was the cost of construction, which had run fifty-two per cent above the original estimates of the engineers. There were
three primary areas of investigation in this regard: reasons for cost increases; methods used by the engineers in arriving at their original estimates; and the procedure used in selecting the winning bidders.

Some of the increased cost was practically un­avoidable. For example, the legislative delays which resulted in withdrawal of donations of land and money, and the unsuccessful negotiations for the Kentucky Central Railroad and Newport Bridge rights, resulted in hundreds of thousands of dollars in increased costs. There were also unpredictable physical factors which arose during construction, the most important example being the King's Mountain tunnel. The original estimate for this job was $162,893.90. However, the hard rock proved to be an unusual type which dissolved greatly upon exposure to air; as a result, costly arching of the tunnel was necessary and the final cost was driven up to $418,993.52.

A more avoidable factor of increased cost was the quality of construction. In many cases where temporary or second-class work was indicated in the original estimates, permanent or first-class work was done instead. First-class masonry was often used for ordinary streams and culverts; widths of cuts and slopes were increased; a ravine would be filled in instead of bridged by a temporary wooden trestle. These decisions were the responsibil-
ity of the chief engineer, Mr. Lovett, who seemed to have taken it upon himself to build a first-class road in spite of the estimates and the funds available. There was ample evidence that he succeeded: railroad experts testified that the Cincinnati Southern was second to none in quality of construction, and was so recognized both in this country and abroad. However, it should be noted that the cost per mile of the entire road was still considerably less than the average for the well-built roads of the United States. The "crime" lay in exceeding the estimates, not in wasteful expenditure or shoddy construction.

Much of the cost overrun was a result of discrepancies between the original engineering estimates, on which the bids were largely based, and the actual results. The Commission made comparisons of the results on several sections of the work and concluded that there had been very incomplete knowledge of the necessary work on the part of the railroad's engineers, but very accurate knowledge by many of the bidders. As an example, Jacob Wirth & Co. was one of fifty-four bidders on sections fifty and fifty-one of the road. The engineering estimates called for 157,900 cubic yards of earth excavation, 147,900 yards of embankment, and no loose rock necessary. Worth's appraisal of the terrain was quite different, however; consequently, he bid very low on earth excavation (one cent
per cubic yard compared to as much as twenty-eight cents by other bidders) and very high on embankment and loose rock. Wirth thus received the award when his bid was compared to the engineering estimates. The final result proved to be 41,132 cubic yards of excavation, 204,396 cubic yards of embankment, and 107,012 yards of loose rock. As a result, the two sections cost $140,307.17, compared to the original estimate of $48,346.

The Commissioners were also greatly concerned about the fact that the awards were rarely made to the lowest bidder; of 321 sections analyzed, only thirteen were so awarded. Although the final decision on awards was up to the Trustees, they readily admitted having always followed Mr. Lovett's recommendations. Lovett's selections were based on many factors other than the bid itself. A contractor may not have the means to prosecute the work on which he had bid; another might have a reputation for shoddy workmanship or for running away from his debts; still another might not have proper recommendations as to his ability to do the work. All these decisions were made by Lovett and never questioned by the Trustees.

In concluding their report, the Commissioners indicated a belief that the Cincinnati Southern had not proved the wisest of projects:

The appointment of The Trustees presents a
remarkable and unfortunate chapter in the history of the road. The Court selected five prominent citizens, highly respectable, but without any previous experience in railroad construction, and making no pretension of possessing the requisite training—save in the legal department.

In the hands of these gentlemen was placed the greatest trust ever before committed to any board in the State of Ohio, involving the disbursement of many millions of public money! The consequence was the dependence of the Trustees upon their employees in all matters involving professional knowledge, which unfortunately extended also to subjects upon which their business experience qualified them to decide. There were probably few persons who voted in 1869 "to provide the line of railway," who would have done so in anticipation of an expenditure of eighteen millions of dollars and a lapse of ten years before its completion!

"Considering the magnitude of the trust, it seems strange that no one of the Trustees was required or expected to devote his whole time to the work, and that no one of them had ever personally gone over the whole line of railway.

The Trustees have made costly errors, for which a discriminating public judgement will scarcely hold them blameless, but it affords the Commission pleasure to state that they have found no evidence going to show that any one of them has sought any pecuniary gain in violation of his trust.

The road imposes upon our citizens a heavy burden of taxation, but will doubtless prove a great benefit to the business interests of the city.

While the enterprise has withstood the severest test of its constitutionality, it must be regarded as an experiment fraught with many grave hazards, and such an one as will hardly be repeated for a generation to come.

While the investigative hearings were in progress, considerable success was being experienced in the operation of the completed portion of the road, from Ludlow to Somer-
set. The net earnings for the eleven months ending June 30, 1878, were $220,924.58. The Trustees now felt that the terms of the lease, which guaranteed a ten per cent return on capital stock and an additional ten per cent for depreciation of equipment, were too generous; they therefore decided to renegotiate the lease. The lessee, however, declined to operate the road under the proposed terms, and their license was therefore cancelled by the Trustees in April, 1879. The following month the road was leased to a group of Cincinnati capitalists under the name of The Cincinnati Railroad Company. The terms of the lease were much the same as the previous agreement, but the guaranteed annual dividend was now seven per cent.

With the opening of the road for through travel to Chattanooga on March 8, 1880, business improved beyond expectations. In fact, much summer and autumn traffic was lost in 1880 due to the failure of contractors to deliver new rolling stock on time. Net earnings for the year ending December 31, 1880, were $824,360.61. Declar-


51 Trustee Minutes, VI, pp. 155, 158-61, 239-40, 243; Memorandum of Agreement Between the Trustees of the Cincinnati Southern Railway and the Cincinnati Railroad Company, May 19, 1879.
ing the future outlook excellent, the Cincinnati Railroad Company officers asked the Trustees for a twenty-five-year lease, terms to be based on a percentage of gross earnings per mile per year. The Trustees, however, had once again decided that terms more favorable to the city were required, and the offer was declined. 52

The decision was now made to seek a new lessee for a long-term basis. Since the existing legislation was not clear on the Trustees' powers in this regard, another supplementary act was introduced in the Ohio Legislature. Passed on March 18, 1881, the act empowered the Trustees to sell or lease the entire railway; the selling price could be no less than the par value of the bonds issued for construction, with any lease running for a minimum of twenty-five years. 53

The Trustees proposed to lease the road for twenty-five years at a fixed annual rental which would

52 Second Annual Report of the Cincinnati Railroad Company For the Year Ending Dec. 31, 1880 (Cincinnati: The A. H. Pugh Printing Co., 1881), pp. 7-9; Trustee Minutes, VII, pp. 332, 345-66, 373. Besides the desire for more profit, the Trustees were being urged by local commercial interests to provide more complete connections with the southern rail network—something which would require a much larger lessee than the Cincinnati Railroad Company.

53 Ohio Senate Journal, LXXVII, pp. 120, 234, 267, 281-82; Ohio House Journal, LXXVII, pp. 520, 539-40; 78 Ohio Laws, 58.
increase every five years. Proposals were invited on these general terms; ten were received and opened on August 25, 1881. The winning bid was submitted by the Erlanger syndicate of London, which controlled several southern railroads. Rental was to be $800,000 for each of the first five years, $900,000 for the second, $1,000,000 for the third, $1,090,000 for the fourth, and $1,250,000 for the final period. At the end of the twenty-five years the road would be returned to the Trustees as a completed first-class road. The Trustees were given a mortgage on the company's rolling stock as security for contract performance; they in turn agreed to provide terminal facilities in Cincinnati. The lessees organized a company under Ohio laws, known as the Cincinnati, New Orleans & Texas Pacific Railway Company. With other roads owned by the syndicate, and new construction under way, Cincinnati was now afforded direct connections with New Orleans and

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54 Commercial, Aug. 26, 27, Sept. 4, 1881; Lease of the Cincinnati Southern Railway to the Cincinnati, New Orleans & Texas Pacific Railway Company, Oct. 11, 1881.
points in Texas. 155 Twelve years after authorizing its construction, Cincinnati turned its railroad over to private management and anticipated the long-awaited benefits of direct connection with southern markets.

^The following roads were owned or leased by the syndicate and comprised a connected system:

<table>
<thead>
<tr>
<th>Railway</th>
<th>Miles</th>
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<tr>
<td>Cincinnati Southern Railway</td>
<td>336</td>
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<tr>
<td>Alabama &amp; Great Southern Railroad</td>
<td>295</td>
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<tr>
<td>Vicksburg and Meridian Railroad</td>
<td>140</td>
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<tr>
<td>Vicksburg, Shreveport and Pacific Railroad</td>
<td>186</td>
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<tr>
<td>New Orleans and North Eastern Railroad</td>
<td>190</td>
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CHAPTER V

ECONOMIC IMPACT OF THE RAILWAY ON CINCINNATI

The completion of a new railroad running through a largely undeveloped region and making connections with other southern roads, brought numerous benefits to Cincinnati and the entire region. More rapid transport of both goods and passengers; better communication between Cincinnati and the South; growth and development of the region along the line; the creation of jobs connected directly and indirectly with the railroad; these were some of the obvious results of such a railroad's advent. Moreover, completion of the Cincinnati Southern resulted in still additional rail service for Cincinnati. The Louisville & Nashville now faced the fact that Cincinnati could no longer be isolated; it bought the Louisville, Cincinnati and Lexington (Louisville Short Line), changed the gauge and incorporated it into the L & N system, making Cincinnati the system's effective northern terminus. The Kentucky Central was extended to meet the Knoxville branch of the L & N, thus connecting additional areas of eastern
Kentucky and Tennessee to Cincinnati.\(^1\) The chief purpose in building the Cincinnati Southern, however, was for the economic benefit of Cincinnati, and this chapter will primarily concern itself with the question of how well that purpose was accomplished.

Discussion of the economic impact of the road on Cincinnati might well begin with a negative aspect: the cost of the road to the city. The total cost of building the road was $18,000,000; but this was only part of the burden borne by the city and its taxpayers. The total bonded debt of Cincinnati in 1874, just before the $10,000,000 issue was sold, was just over $7,000,000. In 1876, the addition of the $6,000,000 issue brought the total to $23,275,500. By 1882, the city's total indebtedness was $23,940,308, of which the railroad accounted for $18,116,000.\(^2\)

Many Cincinnatians were understandably disturbed by the sharp increase in the municipal debt. One of the most disturbed of all was G. W. C. Johnston, who served


\(^2\)City of Cincinnati, *Annual Reports*: 1874, p. 16; 1877, pp. 18-19; 1882, p. 85. The additional $116,000 was for terminal facilities in Cincinnati. The $10,000,000 addition to the debt in 1874 made Cincinnati's bonded debt twice as large as the State of Ohio's.
as mayor between 1873-77, and who repeatedly decried the heavy debt in his annual message to the city council. In 1875, he noted that the proposed $6,000,000 would increase the tax burden by nearly one-third, and that interest payments on the bonds would equal the face value every ten years. In order to reduce the burden, he proposed selling municipal property such as the wharves and water works. In addition, he declared that new sewer and street projects would have to be suspended for an indefinite period.

By 1877, Mayor Johnston had become so frustrated by the tax situation that he was urging disposal of the railroad itself. If a lessee could not be found quickly, he was willing to sell the road outright for $10,000,000 and take the loss of the other $6,000,000. Johnston declared that

> every dollar we can spare should be used towards wiping out the heavy debt which hangs as a great pall over us, blighting our enterprise and tending to drive away capital.

> [O]ur grand enterprise, "the Southern Railway," is the principle cause of our very exorbitant taxes under which load we are now suffering; and

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3 City of Cincinnati, Annual Reports, 1875, pp. 8-9. Though it cannot be stated with certainty, it seems reasonable to assume that the general municipal belt-tightening prevented the origination of other projects which would have been undertaken during more ordinary fiscal times.
unless we obtain relief . . . it is very problematical whether, in the very near future, Cincinnati will be classed as one of the solid financial centers of the country, as it now is. Excessive taxation prevents enterprise and an influx of population; which, with the manufacturing and commercial interests and population we already have here, will seek other and more favorable localities.  

The business community did not share the mayor's displeasure with the tax burden brought by the Cincinnati Southern project. The Chamber of Commerce annual reports during the 1870s did not even mention the subject of taxes, but only expressed annual optimism that the road would soon be finished, at which time great benefits would quickly accrue to the community. The Board of Trade chose to take issue with those who decried the level of taxes. It was not the tax rate per se that mattered, it declared in its annual report of 1875-76, but the ability of Cincinnatians to pay; and in this respect, the burden was not great compared to the value of property. And even though the rate itself was admittedly high, it was not greatly in excess of some previous years nor of the rate in many other cities. Two years later the Board's attitude had changed.

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4City of Cincinnati, Annual Reports, 1877, pp. 60-61, 66-69.

5Annual Report of the Board of Trade of Cincinnati, for the Commercial Year Ending January 1, 1876 and Fiscal Year Ending March 1, 1876, pp. 37-40, 53-55. (Hereafter referred to as Board of Trade, Annual Report.)
somewhat. The tax burden was still growing, it noted, instead of shrinking as in most cities. Much of this was due to the Cincinnati Southern, it was admitted, but that cost would prove well worth it. Reductions should be made elsewhere, the Board declared, in the form of strict municipal economies, retrenchment and reform.  

The high interest cost on the bonds was compounded by the fact that they were irredeemable; that is, they could not be paid off prior to maturity. This prevented the Trustees from refunding the debt at lower interest rates and thereby saving possibly millions of dollars in interest payments over the life of the bonds. By 1877 the annual interest charges amounted to $1,264,300. Though the leasing of the road in 1881 provided a rental income which defrayed most of the interest cost thereafter, it was not until 1902 and the maturation of the $10,000,000 loan that the Cincinnati Southern finally became self-supporting. Had the bonds been redeemable, the city could have been realizing a sizable annual profit for several years prior to 1902. The excess of interest

6Board of Trade, Annual Report, 1877-78, pp. 30-31. It is not difficult to imagine the reception accorded such demands by city administration that was simultaneously being attacked for failure to properly maintain streets and sewers.

7Investigative Commission, p. 40.
payments over rental income from leasing until 1902 totalled approximately $12,000,000. If this is added to the $18,000,000 in bond issues, the cost of the Cincinnati Southern to the taxpayers can be fairly estimated at some $30,000,000.

While the cost of the road may finally have been considerably more than originally contemplated, and net gain to the city a long time in coming, the primary purpose of the road did not lay in these factors. It had always been hoped that Cincinnati would be able to break even on the operation, and perhaps even realize a profit; but the main purpose of the road was to strengthen the city's commercial position in relation to the South, to provide her merchants and manufacturers with a means whereby they might recapture the lost dominance in southern markets. The key question, then, is whether this goal was achieved. It is a difficult question, one which can be answered in only limited and qualified terms. Cincinnati grew economically during the years following the completion of the railroad; that much is easily shown with available trade and manufacturing statistics. But the factors involved in the growth of any economic entity, such as a city, are so many and so interrelated that even an approximate determination of any one factor's role is a difficult task. It is altogether probable that Cincinnati would have prospered and grown without the road to Chattanooga, though how much
so could never be determined. Neither can it be determined what portion of the growth that did occur was due to the Cincinnati Southern. Intuitively, it seems that a city must automatically benefit by becoming the terminus of a new railroad, especially one which connects it with large sections of previously remote country. And if the railroad succeeds, as did the Southern, the intuition seems confirmed. But it is necessary to go beyond intuition. Cincinnati built a railroad, after which the city prospered and grew economically. To what extent was this a cause and effect relationship?

There are still more problems in making such an analysis. While some effects of a new railroad might be almost immediately evident, many others are more gradual in their development. It takes time, for example, to develop previously inaccessible markets. Yet the longer the period under observation, the more likely that other factors will play a part in the development—population growths and shifts, technological change, new marketing techniques, changes in the competitive environment, to name only a few. In an attempt to somewhat reconcile the problem of immediate versus gradual impact, this analysis will deal primarily with the ten-year period between 1875-85. This includes a two-year period when there was no rail service on the Cincinnati Southern, the period from 1877-80 when the road was completed as far as Somerset, Kentuc-
ky, and a five-year period after completion to Chattanooga (the last three years under the long-term lease). Statistics for five years before and after this period have also been studied, but are only referred to when they appear to contradict trends indicated in the 1875-85 period.

A factor which underlies the entire period and compounds the problem of evaluation, is the state of the United States economy generally. For about five years following the crash of 1873, business remained in a generally depressed condition, with prices declining. Each year, in its annual report, the Cincinnati Chamber of Commerce confessed that economic upturn had remained elusive. Shrinkage of values continued, businessmen seemed settled into conservative habits, commercial customers were buying only enough for immediate needs. Periods of optimism appeared each summer in the form of brief upturns, but autumn would again bring the return of depression.²

The long-awaited upturn finally came during 1878-79. Chamber of Commerce reports now showed record activity in many areas of manufacturing and trade, and predicted a

²According to the Chamber of Commerce, Cincinnati was not as hard hit by the depression as most parts of the country. This was attributed to good geographic location, convenience to raw materials, good distribution facilities, a large industrial labor pool, diversity of production, and ample local capital and credit. Annual Reports, 1875-76, pp. 35-43; 1882-83, pp. 43-46.
long period of prosperity. However, the good times lasted barely four years, and 1882 brought a return to depressed conditions which lasted through 1885. Unfortunately, the period of upturn coincides with the completion of the Cincinnati Southern to Chattanooga and its connection to points south. This sharp general improvement in business conditions compounds the problem of evaluating the impact of the railroad on Cincinnati's trade, since some increases would have occurred in any case.

One area in which the positive effects of the new railroad can easily be determined is that of freight rates. Prior to the road's completion, rates from Cincinnati to southern points were determined by adding an arbitrary charge to the rate from Louisville to such points. The Cincinnati Southern set its rates on the basis that charges from Cincinnati to points south would be equal to the rates from Louisville to the same points. This resulted in a lengthy rate war which ended in acceptance of the equal rate principle. The boon which this represented to Cincinnati shippers is indicated by the following partial table, showing rates to selected southern points before completion of the railroad and after the rate war had ended. A precise measure of the resultant financial savings would

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TABLE 1
FREIGHT RATES FROM CINCINNATI TO VARIOUS SOUTHERN POINTS PRIOR TO THE OPENING OF THE CINCINNATI SOUTHERN RAILWAY, AND ON JULY 1, 1882

<table>
<thead>
<tr>
<th>Cincinnati to:</th>
<th>Per 100 pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Class</td>
</tr>
<tr>
<td>Charleston, S.C.</td>
<td></td>
</tr>
<tr>
<td>Prior to opening</td>
<td>$1.54</td>
</tr>
<tr>
<td>July 1, 1882</td>
<td>.95</td>
</tr>
<tr>
<td>Chattanooga, Tenn.</td>
<td></td>
</tr>
<tr>
<td>Prior to opening</td>
<td>.95</td>
</tr>
<tr>
<td>July 1, 1882</td>
<td>.67</td>
</tr>
<tr>
<td>Atlanta, Ga.</td>
<td></td>
</tr>
<tr>
<td>Prior to opening</td>
<td>1.30</td>
</tr>
<tr>
<td>July 1, 1882</td>
<td>.95</td>
</tr>
<tr>
<td>Meridian, Miss</td>
<td></td>
</tr>
<tr>
<td>Prior to opening</td>
<td>1.28</td>
</tr>
<tr>
<td>July 1, 1882</td>
<td>1.05</td>
</tr>
</tbody>
</table>


not be possible; but changes of such magnitude would obviously enhance the competitive position of Cincinnati shippers as well as save them money, and over an extended period could be expected to increase their sales and profits.

More difficult to determine is the effect of the new railroad on Cincinnati's imports, exports and manufacturing, the latter being the most elusive. The road enabled Cincinnati's manufacturers to tap new sources of raw
materials as well as new markets for their finished products. Unfortunately, the available figures do not differentiate regionally among sources and markets; the amount of southern pig iron used by Cincinnati foundries, for example, cannot be separated from the total consumption. The larger impact of the road was to emphasize the city's position as a distribution center between North and South. For example, while Cincinnati's imports of such southern products as pig iron, cotton and naval stores all increased rather steadily after 1880, local usage remained constant or did not increase in proportion to total imports. Most of the increase in imports was reflected in corresponding gains in exports from the city. The same problem in measuring the road's effect on imports and exports exists as with manufacturing. Complete figures are available, by product, for annual imports and exports; but there is no breakdown according to trade with southern states, eastern states, etc.

The lack of specific figures on trade between Cincinnati and the South does not preclude an attempt to determine the impact of the Cincinnati Southern, though such a determination must lack preciseness. Certain products were important parts of the trade between Cincinnati and the South before the railway's construction, and increased in importance after its completion. The specific
products carried by the railroad are known; only the volumes of each and their proportion of the total trade are not available. It should be possible to estimate whether the railway had a positive, negative, or perhaps indifferent effect on Cincinnati's trade in a certain item. If, for example, cotton were a major freight item for the Cincinnati Southern, and Cincinnati's imports of cotton increased significantly after the road's completion, we may safely assume that this constituted a positive contribution of the railway to the city's commercial life. On this basis, the volume of trade in several products which constituted important parts of the Cincinnati-Southern commerce will be examined, for the purpose of indicating the impact of the new railroad.

It is interesting to note that the nature of the Cincinnati Southern's freight business suggests a rather mercantilistic relationship between North and South: the north-bound traffic consisted almost entirely of raw materials, while the southbound freight was largely manufactured or processed goods. The principal commodities carried south were hay, corn, oats, wheat, flour, bacon, 

10 There may have been an increase without the railroad, or the railroad may partially have displaced some other means of transportation (such as river steamer). But in either case, it seems safe to assume that the railroad represented a net advantage to shippers, or it would not have been used.
hams, barreled pork, manufactured iron and steel, farm implements, petroleum, groceries, dry goods, clothing, boots and shoes, hardware, machinery, beer and whiskey, furniture, candles and soap. Principle northbound goods were cattle, hogs, cotton, pig iron, molasses, hemp, sugar, rice, lumber, fruits and vegetables, naval stores, tobacco, and iron ore.  

Indication of the relative importance of the types of traffic handles by the railroad is provided by the following figures showing major classifications of freight forwarded during 1880 (in pounds):  

<table>
<thead>
<tr>
<th>Classification</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine products</td>
<td>223,339,961</td>
</tr>
<tr>
<td>Forest products</td>
<td>211,106,525</td>
</tr>
<tr>
<td>Manufactures</td>
<td>106,017,548</td>
</tr>
<tr>
<td>Agricultural products</td>
<td>112,621,474</td>
</tr>
<tr>
<td>Livestock</td>
<td>104,604,754</td>
</tr>
<tr>
<td>Provisions</td>
<td>29,941,343</td>
</tr>
</tbody>
</table>

Cincinnati's businessmen expected the city's position as a cotton distribution center to be greatly enhanced by completion of the railway. The Chamber of Commerce's annual reports during the years the road was under  

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11 Nimmo, Internal Commerce of the United States, 1881, pp. 94.

construction repeatedly mentioned the expanded trade in cotton which would come with the road's completion. For a brief period, it seemed that the predictions were correct: cotton imports rose sharply in the early 1880s and the railroad was given credit for much of the increase. But with the return of depressed business conditions, the cotton trade quickly returned to pre-railroad levels. When the economy turned upward again after 1885, movement of cotton through Cincinnati did not again reach the high point of 1881-82; the total United States cotton crop was meanwhile steadily rising. In its 1885-86 report, the Chamber of Commerce confessed that the city had not turned into the thriving cotton market once envisioned; transportation companies were giving advantageous rates to longer hauls, and Cincinnati was being circumvented.\textsuperscript{13} This appears, then, to be a case where the promise of the Cincinnati Southern was not realized. The brief upsurge in the Cincinnati cotton trade which followed the railroad's completion was coincident with the general economic upturn; and the market was never as strong afterward. While the railroad carried considerable cotton, it appears to have partially replaced previous transportation means, and to have had very limited effect on the Cincinnati trade

\textsuperscript{13}Cincinnati Chamber of Commerce, Annual Report, 1885-86, p. 143.
even in the short run. It certainly did not prevent the decline of that trade, though it may have delayed and eased it. As for the manufacture of cotton goods in Cincinnati, the near equivalence of the import and export figures indicate that little or no raw cotton was processed in the city.

**TABLE 2**

COTTON IMPORTS AND EXPORTS AT CINCINNATI, 1875-85
(in bales)

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>185,376</td>
<td>171,773</td>
</tr>
<tr>
<td>1876-77</td>
<td>175,527</td>
<td>171,834</td>
</tr>
<tr>
<td>1877-78</td>
<td>184,895</td>
<td>183,983</td>
</tr>
<tr>
<td>1878-79</td>
<td>248,069</td>
<td>244,532</td>
</tr>
<tr>
<td>1879-80</td>
<td>312,319</td>
<td>308,616</td>
</tr>
<tr>
<td>1880-81</td>
<td>325,371</td>
<td>318,003</td>
</tr>
<tr>
<td>1881-82</td>
<td>395,735</td>
<td>396,783</td>
</tr>
<tr>
<td>1882-83</td>
<td>383,131</td>
<td>376,912</td>
</tr>
<tr>
<td>1883-84</td>
<td>308,387</td>
<td>302,658</td>
</tr>
<tr>
<td>1884-85</td>
<td>276,636</td>
<td>272,447</td>
</tr>
</tbody>
</table>

Source: Cincinnati Chamber of Commerce, Annual Reports, 1875-85.
The movement of naval stores (rosins, tar, pitch and turpentine) behaved similarly to that of cotton. Imports increased sharply around 1880, and much of this was attributed to the new railroad. However, also like cotton, though the volume of imports remained greater than during pre-railroad years, it dropped off from its peak year of 1882-83. As for the level of consumption in Cincinnati, it ranged between 30-40,000 barrels during most of the period; the import increases were reflected in similar rises in exports, emphasizing Cincinnati's function as a distribution center.

The city's distribution function was also emphasized by the traffic in pig iron, another important commodity in the Cincinnati Southern's freight business. Imports and exports of pig iron both increased by over fifty per cent between 1879 and 1881, and the railroad was given most of the credit. Unlike cotton and naval stores, pig iron movement did not rapidly reach a peak and then taper off, but continued a generally steady growth throughout the decade of the 1880s. The amount of iron used in Cincinnati, however, did not show an appreciable increase until late in the decade; the bulk of imports continued to be transformed into exports. Movement similar to that of cotton, naval stores and/or pig iron was also exhibited by such southern exports as molasses, sugar, rice, tobacco,
TABLE 3
PIG IRON IMPORTS AND EXPORTS AT CINCINNATI, 1875-85
(in tons)

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>137,646</td>
<td>124,897</td>
</tr>
<tr>
<td>1876-77</td>
<td>129,194</td>
<td>113,954</td>
</tr>
<tr>
<td>1877-78</td>
<td>125,912</td>
<td>102,021</td>
</tr>
<tr>
<td>1878-79</td>
<td>212,281</td>
<td>187,699</td>
</tr>
<tr>
<td>1879-80</td>
<td>248,519</td>
<td>205,234</td>
</tr>
<tr>
<td>1880-81</td>
<td>334,702</td>
<td>295,303</td>
</tr>
<tr>
<td>1881-82</td>
<td>386,510</td>
<td>331,153</td>
</tr>
<tr>
<td>1882-83</td>
<td>417,635</td>
<td>382,867</td>
</tr>
<tr>
<td>1883-84</td>
<td>427,934</td>
<td>386,153</td>
</tr>
<tr>
<td>1884-85</td>
<td>406,998</td>
<td>363,663</td>
</tr>
</tbody>
</table>

Source: Cincinnati Chamber of Commerce Annual Reports, 1875-85.

hemp, fruits and vegetables; that is, imports increased as a result of the railroad, but most of the increase passed on through Cincinnati as exports.

Though the majority of the Cincinnati Southern's tonnage flowed from south to north, Cincinnati also served the distribution function for goods moving in the opposite direction. Probably the clearest example of the city's distribution of southbound products was that of various
grains. In 1882 the Chamber of Commerce declared that "the increase in distribution of grain from this city has largely come from the opening of trade and transportation relations with the South, and is some of the tangible fruit of the Cincinnati Southern Railway."¹⁴

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>2,319,291</td>
</tr>
<tr>
<td>1876-77</td>
<td>2,716,857</td>
</tr>
<tr>
<td>1877-78</td>
<td>4,498,608</td>
</tr>
<tr>
<td>1878-79</td>
<td>5,022,591</td>
</tr>
<tr>
<td>1879-80</td>
<td>6,350,975</td>
</tr>
<tr>
<td>1880-81</td>
<td>5,856,920</td>
</tr>
<tr>
<td>1881-82</td>
<td>8,354,855</td>
</tr>
<tr>
<td>1882-83</td>
<td>4,028,448</td>
</tr>
<tr>
<td>1883-84</td>
<td>5,614,630</td>
</tr>
<tr>
<td>1884-85</td>
<td>6,370,896</td>
</tr>
</tbody>
</table>

Source: Cincinnati Chamber of Commerce Annual Reports, 1875-85.

During the railroad's first year of partial operation, grain exports increased by forty-two per cent over the previous year, and continued a general increase throughout the 1880s.

Besides bringing raw materials to Cincinnati manufacturers and enhancing the city's function as a distribution center, the railroad provided a means by which Cincinnati merchants could get their goods to southern customers. The extent of this type of traffic is particularly difficult to estimate, with only total export figures to work from. The principle products shipped south are known, and there are frequent statements to the effect that sales of particular goods to southern markets increased as a result of the railroad's completion; but specific supporting statistics are lacking. Furthermore, there is no discernible pattern to the export statistics for various goods which supposedly had their southern sales increased by the railroad. Some increased noticeably with the railroad's completion and continued to grow; the total exports of others remained roughly constant; still others showed considerable fluctuation throughout the period.

Two rather disparate examples of products which showed steady increases beginning with the opening of the railway were beer and ale, and boots and shoes. The
Chamber of Commerce stated that the railroad caused an increase in the southern sales of these products, which were included among the principle goods carried by the Cincinnati Southern.

**TABLE 5**

**EXPORTS OF BEER AND ALE FROM CINCINNATI, 1875-85**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>125,360</td>
</tr>
<tr>
<td>1876-77</td>
<td>148,519</td>
</tr>
<tr>
<td>1877-78</td>
<td>184,634</td>
</tr>
<tr>
<td>1878-79</td>
<td>162,593</td>
</tr>
<tr>
<td>1879-80</td>
<td>200,887</td>
</tr>
<tr>
<td>1880-81</td>
<td>226,885</td>
</tr>
<tr>
<td>1881-82</td>
<td>248,216</td>
</tr>
<tr>
<td>1882-83</td>
<td>286,665</td>
</tr>
<tr>
<td>1883-84</td>
<td>318,247</td>
</tr>
<tr>
<td>1885-85</td>
<td>317,053</td>
</tr>
</tbody>
</table>

Source: Cincinnati Chamber of Commerce Annual Reports, 1875-85.
### TABLE 6

**EXPORTS OF BOOTS AND SHOES FROM CINCINNATI, 1875-85**  
(in cases)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>79,100</td>
</tr>
<tr>
<td>1876-77</td>
<td>100,820</td>
</tr>
<tr>
<td>1877-78</td>
<td>97,972</td>
</tr>
<tr>
<td>1878-79</td>
<td>121,325</td>
</tr>
<tr>
<td>1879-80</td>
<td>157,577</td>
</tr>
<tr>
<td>1880-81</td>
<td>155,751</td>
</tr>
<tr>
<td>1881-82</td>
<td>152,658</td>
</tr>
<tr>
<td>1882-83</td>
<td>167,506</td>
</tr>
<tr>
<td>1883-84</td>
<td>192,963</td>
</tr>
<tr>
<td>1884-85</td>
<td>173,584</td>
</tr>
</tbody>
</table>

Source: Cincinnati Chamber of Commerce Annual Reports, 1875-85.

Other major exports to the South were not at all predictable in their annual volumes, however. Furniture and hog products are representative of these fluctuating exports. Each of these also provides an example of how other factors can affect commerce to such an extent that evaluation of a single factor's influence (in this case the railroad) is practically impossible. In the case of
furniture, we are dealing with a notoriously unstable business, one which is easily affected by fluctuations in the general economy. Production of processed pork is also a relatively unstable business, heavily dependent upon whether farmers consider hog raising sufficiently profitable from year to year. Furthermore, in Cincinnati's case, the relative decline in the packing business which had

**TABLE 7**

**EXPORTS OF FURNITURE FROM CINCINNATI, 1875-85**

*(in packages)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>110,150</td>
</tr>
<tr>
<td>1876-77</td>
<td>144,146</td>
</tr>
<tr>
<td>1877-78</td>
<td>141,888</td>
</tr>
<tr>
<td>1878-79</td>
<td>121,855</td>
</tr>
<tr>
<td>1879-80</td>
<td>190,808</td>
</tr>
<tr>
<td>1880-81</td>
<td>195,085</td>
</tr>
<tr>
<td>1881-82</td>
<td>183,105</td>
</tr>
<tr>
<td>1882-83</td>
<td>156,689</td>
</tr>
<tr>
<td>1883-84</td>
<td>153,674</td>
</tr>
<tr>
<td>1884-85</td>
<td>113,545</td>
</tr>
</tbody>
</table>

*Source: Cincinnati Chamber of Commerce Annual Reports, 1875-85.*
### TABLE 8

**EXPORTS OF HOG PRODUCTS FROM CINCINNATI, 1875-85**

*(in pounds)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-76</td>
<td>126,954,240</td>
</tr>
<tr>
<td>1876-77</td>
<td>127,860,054</td>
</tr>
<tr>
<td>1877-78</td>
<td>136,562,711</td>
</tr>
<tr>
<td>1878-79</td>
<td>146,115,733</td>
</tr>
<tr>
<td>1879-80</td>
<td>116,925,780</td>
</tr>
<tr>
<td>1880-81</td>
<td>152,424,096</td>
</tr>
<tr>
<td>1881-82</td>
<td>116,985,225</td>
</tr>
<tr>
<td>1882-83</td>
<td>113,405,089</td>
</tr>
<tr>
<td>1883-84</td>
<td>113,763,445</td>
</tr>
<tr>
<td>1884-85</td>
<td>134,455,363</td>
</tr>
</tbody>
</table>

*Source: Cincinnati Chamber of Commerce Annual Reports, 1875-85.*

begun nearly two decades earlier was still in progress, though at a slower rate. Perhaps the decline would have been more rapid without the Cincinnati Southern; but the export figures offer no evidence that the railroad created important new markets for pork.

Mention should be made of two general classes of merchandise which were among the major manufactures of
Cincinnati, and which were supposed to have benefited considerably from the new railroad: dry goods and clothing, and groceries. There is no way of determining export figures for these categories from the statistics provided; but the annual reports several times state that increased sales resulted from the new railroad. As early as 1877, the benefits were said to be already apparent in dry goods and clothing. Sales were made in advance of the road's opening and awaited shipment; since the opening, a steady trade had followed. Dry goods merchants would benefit "even if it [the railroad] were not completed beyond its present southern terminus." During 1882, sales to the South were the largest ever, in spite of a generally depressed year in the trade. The railroad had certainly helped merchants tap southern markets, but not as extensively as many had hoped: "There has been no such general occupation of the territory as many, at the opening of the Southern Railroad, hoped to see."

Merchants complained that freight rates were too high and "constituted a serious barrier to full development of the

15 The two categories are discussed in the textual portion of the reports, but are not listed separately in the tables. They probably are included under "sundry merchandise" or "sundry manufactures."

16 Cincinnati Chamber of Commerce Annual Report, 1876-77, p. 99.
southern market."17

As for groceries, the opening of the railroad was declared "of as great importance to the grocery business as to any other part of our jobbing interest;" and subsequent increases were attributed to the road. However, as with dry goods, expectations had exceeded results: "The development of our trade with the South, in this line of goods, has not been as general nor as large as we had reason to expect, from the enlargement of our rail facilities in that direction. . . ."18 No explanation was offered for this disappointing development.

Some indication of the Cincinnati Southern's importance might be provided by the operations of the railroad itself—such things as income, freight volume and passengers carried. Unfortunately, the annual reports of the railroad's management to its stockholders are not as informative as they might have been. Reports of the various officials deal largely with operating expenses, explaining to the stockholders why various expenses were incurred and what the prospects were for the coming year. There are no figures which would show how much of a particular product was shipped to or from Cincinnati, or how much merely passed through that city. It is possible,

17Ibid., 1881-82, pp. 148-49.
18Ibid., 1879-80, p. 139; 1882-83, p. 171.
however, to give a general indication of the road's operations, which should in turn suggest in a general way its importance to Cincinnati.

From the time the road was opened to Somerset, in 1877, business exceeded expectations. That same year, the Chamber of Commerce reported that the road was doing better than was hoped for; and in 1880 they declared that "the year's work has shown fruits that have surprised even sanguine friends."\(^{19}\) The railroad's annual report for the year ending December 31, 1880, pointed out that since the day of opening to Chattanooga more tonnage had been offered than could be carried.\(^{20}\) Income, freight volume and passenger carriage all showed steady increases, though less impressive after 1882 and the return to general economic recession.

Though business was good throughout the period, the railroad did not realize a net surplus until 1885; prior to that, net income was not sufficient to cover all payments, including rent to the city of Cincinnati. In 1885, a surplus of $111,800.11 was realized, and stockholders

\(^{19}\)Ibid., 1876-77, p. 57.

## TABLE 9

**NET INCOME, LOADED CARS MOVED NORTH AND SOUTH, AND PASSENGER MILES FOR THE CINCINNATI SOUTHERN RAILWAY, 1877-85**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>Loaded Cars Moved</th>
<th>Passenger Miles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>North</td>
<td>South</td>
</tr>
<tr>
<td>1877-78</td>
<td>$220,924.28</td>
<td>8,036</td>
<td>5,326</td>
</tr>
<tr>
<td>1879$</td>
<td>279,248.75</td>
<td>10,318</td>
<td>5,621</td>
</tr>
<tr>
<td>1880</td>
<td>899,620.48</td>
<td>42,624</td>
<td>48,926</td>
</tr>
<tr>
<td>1882</td>
<td>917,052.90</td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>1883</td>
<td>796,023.20</td>
<td>117,511</td>
<td>102,848</td>
</tr>
<tr>
<td>1884</td>
<td>821,210.15</td>
<td>127,476</td>
<td>117,211</td>
</tr>
<tr>
<td>1885</td>
<td>1,064,811.48</td>
<td>125,686</td>
<td>122,797</td>
</tr>
</tbody>
</table>

**Sources:** Annual Reports of the Cincinnati Southern Railway Co., The Cincinnati Railroad Company, and The Cincinnati, New Orleans & Texas Pacific Railway Co. (lessees of the Cincinnati Southern Railway during the period 1877-85).

$^a$Covers period from May through December only. During the interim period the Trustees ran the road while searching for a new lessee, and no report of operations was published. This also accounts for the absence of figures for 1881.

$^b$Figures not given in 1882 report.
received their first dividends.  

The available evidence suggests that the Cincinnati Southern Railway did not bring the commercial renaissance predicted by its supporters. Though from the beginning there was no dearth of freight offered for carriage, southern markets were not developed to the extent hoped for by Cincinnati merchants. The trade in certain commodities between Cincinnati and the South increased with the opening of the road, and continued to grow thereafter. Other commodities which were expected to benefit from the new railroad showed no significant development. Still others showed such fluctuating behavior as to preclude any conclusions as to the railroad's effects. Underlying all this was the fact of general economic instability, which makes analysis of the railroad's impact even more difficult.

21 Report and Statement of Accounts of the Cincinnati, New Orleans & Texas Pacific Railway Co., for the Year Ending December 31, 1885 (Cincinnati: Wm. A. Webb & Sons, 1886), p. 12. While everyone concerned would doubtless have preferred a more profitable operation, the city of Cincinnati was of course not affected by the early failure to show a surplus; the city still got its rent. The main reason given by railroad management for the lack of profit was the necessity for extensive repairs and improvements on the road. The city, they charged, had leased a road badly in need of tunnel arching, permanent bridging, and rail and tie replacement, as well as lacking terminal facilities in Cincinnati. (pp. 18-20)
The railroad enjoyed a large and steadily expanding freight business from its beginning; however, this was only partially reflected in commercial growth for Cincinnati. This suggests that, while the new railroad undoubtedly made positive contributions to the city's commercial growth, there were also "negative benefits" involved. For one thing, the railroad undoubtedly replaced some existing transportation, thus reducing its net contribution to the city's trade. Furthermore, the road also seems to have functioned as a means of halting or retarding further erosion of Cincinnati's position in some areas of commerce, rather than positively improving it.

Perhaps the most apparent effect of the railroad was to emphasize the city's position as a distribution point between North and South: most of the freight carried in either direction on the Cincinnati Southern passed through Cincinnati, rather than originating or terminating there. The men who benefited most from the road, it would seem, were those engaged in such businesses as import/export, freight transfer and warehousing. Wholesale merchants whose sales and profits increased as a result of the Southern's reduced freight rates may also be assumed to have viewed the railroad with a benevolent eye. Cincinnati manufacturers would seem to have been less affected by the road, since it apparently did not provide large amounts of raw materials to them. (Those
who made extensive sales to southern customers would of
course have benefited in much the same way as the whole-
sale merchants.)

The suggestion that some benefited more than
others raises the question of who benefited least. The
answer seems to be, those who bore most of the burden:
the city and its taxpayers. The Cincinnati Southern more
than doubled, then tripled, the municipal debt for a period
of several years. Maintenance of public facilities was
neglected, new projects were foregone. It would be three
decades before the city realized any profit from the rail-
road. Perhaps Mayor Johnston can be forgiven for viewing
the road as a steam-driven albatross. Nor is it difficult
to imagine a working man, having just received his sharply
increased property tax statement, wondering just how and
when the railroad's benefits would work their way down
to him.
CHAPTER VI

CONCLUSION

During the late eighteenth and early nineteenth centuries, Americans moved across the Alleghenies and rapidly began to develop the Old Northwest. Of the many settlements begun during those years, Cincinnati proved to be the most successful. Located on the Ohio River, a main artery of east-west migration, it soon became the largest city west of the mountains. So long as the travel and commerce of the West were based on water transport, the Queen City’s position was secure. But with the coming of extensive railroad development in the 1850s river traffic began to decline in importance, and Cincinnati’s dominant position was threatened. It soon found itself located in a geographically disadvantageous position between two east-west rail nets; it lay on the extreme southern edge of the North's rail system, and was not even connected to the developing network of the South.

As population, agriculture and industry shifted relentlessly westward, Cincinnati saw its commercial position eroded by the rapid growth of newer cities, such as St. Louis and Chicago. Added to this deterioration of
Cincinnati's position vis-a-vis the West was a serious threat to the city's southern markets as well; not far down the Ohio River, Louisville was developing a strong position as a distribution point between North and South. When the Louisville & Nashville Railroad was completed in 1859, the danger of Louisville's surpassing Cincinnati seemed very real indeed.

The Civil War period brought further decline of Cincinnati's commercial fortunes, relative to its new competitors. Cut off from the southern markets which had been such an important part of its commerce, and located too near the South yet too far from the military campaigns to be a major part of Union activity, Cincinnati did not fully share the economic boom which the war brought to many northern cities. Meanwhile, the L & N was prospering through close cooperation with the Union military officials, and emerged from the war in an even healthier condition than before. When Cincinnati merchants tried to recapture southern markets, they discovered that their Louisville competitors were using drummers, advertising and pro-southern psychology against them. Furthermore, Louisville's position was greatly aided by the L & N, which charged discriminatory rates on Cincinnati's southbound goods.

To leaders of Cincinnati's business community, the
best solution to their problem seemed to be a railroad of their own, connecting the Queen City to the South. Such a project had been proposed periodically for more than three decades, but had never reached the point of construction. Now, during the years immediately following the war, several new attempts were made to get such a project under way. However, Cincinnati's capitalists proved too conservative when it came down to actually providing financing for such a venture. Railroad interests were also cool to the idea, primarily because of the rugged terrain and sparsely populated regions that would have to be crossed. In desperation, the railroad's supporters proposed a unique solution: If private funds could not be found for the southern railway, then the taxpayers of Cincinnati might be convinced to provide the money.

The Ferguson Plan represented an unprecedented proposal for municipal activity. It was not unusual for cities to subscribe funds for the aid of private railroad corporations, or even to build their own local rail facilities. But the Ferguson Plan called for the city's taxpayers to provide the money necessary to build a railroad over 300 mile long, in three states, much of it crossing rugged terrain—so that Cincinnati's commercial interest might rescue their dwindling share of southern markets.

In 1869, as a century later, it was not difficult
to convince the voters that a city must grow or die and that the best interests of business were coincident with those of the general citizenry. By ten-to-one, they voted to build their railroad. Possessing perhaps less than complete confidence in their persuasive powers, however, the promoters of the railroad did not share with their fellow citizens their thoughts regarding the total cost of the project, feeling that "it would not do to appal the public with the amount of money that would be necessary."

The thought must have occurred to them that once $10,000,000 was invested in the road, the prospect of losing that sum would be enough to assure the public's support for additional funds. Surely this was calculated misleading of the public; that such knowledgeable and successful men as the Trustees could carelessly arrive at such a wrong estimate seems unlikely.

After the passage of the bond issue the Trustees' carelessness, however much calculated, continued with the selling of the issue and construction of the road. The Investigative Commission concluded that millions had needlessly been added to the interest costs and that construction cost were allowed to grow well beyond what was necessary. Once again, it is difficult to imagine successful business and financial men making such mistakes in complete innocence. Even the fact that none of them were
engineers or railroad men should not have precluded a general awareness of the construction process and the realization that available funds were being consumed too rapidly. One is brought to conclude that they did realize what was happening, but remained confident that the voters could be counted upon to rescue their investment. The voters did just that, though with increasing reluctance; and at one point they actually denied the request for more millions.

This brief lapse on the part of the citizenry was quickly remedied after a swiftly mounted, concentrated campaign by the railroad's supporters. No small part in this success was played by the local press. Though the major newspapers expressed periodic doubts about the management of the railroad project, and even the honesty of the Trustees, they always proved ready to support additional expenditures when polling day approached. The editorial plea most often heard was the familiar, yet ever-effective, "we have to spend more to save what is already invested." Whether the investment would ever actually have been entirely lost is questionable. Once $16,000,000 worth of railroad had been built it seems likely that a buyer could have been found. It seems equally likely, however, that would-be buyers would have offered considerably less than $16,000,000 to a city
anxious to sell, and some loss would have been suffered. This is probably one reason why there is no record of any attempt having been made to sell the road outright. At least as important was the oft-expressed fear of having "outside interests" control the road. So long as Cincinnati owned the railroad, the most advantageous freight rates possible might be enjoyed by local businessmen--and that, after all, was one of the main reasons for building the road in the first place. Though the mayor and a large portion of the citizenry were willing, even anxious, to sell the road and be done with it, the business community was too near the realization of its long-standing dream to permit such folly. With few exceptions, Cincinnati's businessmen never waivered from their strong support of the entire project and the city's continued ownership of the completed railroad.

When it was finally completed, the Cincinnati Southern proved less of a boon than the city's businessmen had expected. Most of the road's carriage passed through Cincinnati, thus benefiting a limited number of local people. Even merchants who increased their southern sales did not do so to the degree expected. Perhaps the railroad reinforced the conservatism and lack of competitiveness that had become characteristic of Cincinnati merchants following the war; perhaps the same men now expected the
railroad to increase their sales automatically and give them dominance of the southern markets. But in spite of what businessmen thought or did, the dream of recapturing the old dominance was no longer a realistic possibility. It was no longer 1859, before the war worked its changes; nor even 1869, when the decision to build the railroad was made. Changes in population distribution, transportation technology, marketing techniques, and more, continued to alter the commercial geography. No city could now dominate a vast region commercially, as Cincinnati had once done. But a city might stagnate or even decline commercially, relative to its competitors, and Cincinnati was doing so after the 1850s. The Cincinnati Southern Railway was undoubtedly helpful in preventing even further relative decline; and it did become a profitable operation, both for the lessees and the city. But the halcyon commercial days of the Queen City of the West could never be recalled.

1Since it was hoped the city might eventually get back its investment and realize a modest profit, it is interesting to note the actual results. By 1969, the hundredth anniversary of the Ferguson Bill's passage, Cincinnati had received $110,000,000 in rental income. A new sixty-year lease, negotiated in 1966, gives the city $1,450,000 annually, plus four per cent of the road's net earnings; in 1968, this four per cent amounted to some $530,000. The maximum yield under this lease, between 2007-2026, will be $1,700,000 plus six per cent of net profit. In the long run, then, the railroad proved to be a better investment for the city than its promoters ever dreamed. Ironically, the city is now using its profits
from the railroad for highway construction. *Enquirer*,
June 29, 1969.
APPENDIX A

Text of the Ferguson Act

An Act Relating to Cities of the First Class Having a Population Exceeding One Hundred and Fifty Thousand Inhabitants. (66 Ohio Laws, 80)

Section 1. Be it enacted by the General Assembly of the State of Ohio, that whenever, in any city of the first class having a population exceeding one hundred and fifty thousand inhabitants, the city council thereof shall, by a resolution passed by a majority of the members elected thereto, declare it to be essential to the interest of such city that a line of railway, to be named in said resolution, should be provided between termini designated therein, one of which shall be said city, it shall be lawful for a board of trustees, appointed as herein provided, and they are hereby authorized to borrow, as a fund for that purpose, not to exceed the sum of ten millions of dollars, and to issue bonds therefor in the name of said city, under the corporate seal thereof bearing interest at a rate not to exceed seven and three-tenths per centum per annum, payable at such times and places, and in such sums, as shall be deemed best by said board. Said bonds shall be signed by the president of said board, and attested by the city auditor, who shall keep a register of the same, and shall be secured by a mortgage on the line of railway and its net income, and by the pledge of the faith of the city, and a tax, which it shall be the city of the council thereof annually to levy, sufficient, with said income, to pay the interest and provide a sinking fund for the final redemption of said bonds; provided that no money shall be borrowed on bonds issued until after the question of providing the line of railway specified in the resolution shall be submitted to a vote of the qualified electors of said city, at a specified election to be ordered by the city council thereof, of which not less than twenty days notice shall be given in the daily papers of the city; and further provided, that a majority of said electors, voting at said election, shall decide in favor of said line of railway. The returns of said election shall be made to the city clerk, and be by him laid before the city council, who shall declare the result by a resolution. The bonds issued under the authority of this
section shall not be sold or disposed of for less than their par value.

Section 2. If a majority of the votes cast at said election shall be in favor of providing the line of railway as specified in the first section, it shall be the duty of the solicitor forthwith to file a petition in the superior court of said city, or, if there be no superior court, then in the court of common pleas of the county in which said city is situate, praying that the judges thereof will appoint five trustees, to be called the trustees of _______railway (the blank to be filled with the name given to the railway in the resolution); and it shall be the duty of said judges to make the appointment, and to enter the name on the minutes of the court. They shall enter into bond to the city in such sum as the court may direct, with one or more sufficient sureties to be appointed (approved) by the court, conditioned for the faithful discharge of their duties. The bond so taken shall be deposited with the treasurer of the corporation for safekeeping.

Section 3. The said trustees and their successors shall be the trustees of said fund, and shall have the control and disbursement of the same. They shall expend said fund in procuring the right to construct, and in constructing a single or double track railway, with all the appendages, including a line of telegraph between the termini specified in the said resolution; and for the purposes aforesaid shall have power and capacity to make contracts, appoint, employ and pay officers and agents, and to acquire, hold and possess all the necessary real and personal property and franchises, either in this state or in any other state into which said line of railway may extend. They shall also have power to receive donations of land, money, bonds and other personal property, and to dispose of the same in aid of said fund.

Section 4. The said trustees shall form a board, and shall choose one of their number president, who shall also be an acting trustee, with such power as the board may by resolution from time to time confer upon him. A majority of said trustees shall constitute a quorum and shall hold regular meetings for the transaction of business, at their office in the city under whose action they are appointed, but they may adjourn from time to time to meet at any time and place they may think proper. They shall keep a record of their proceedings, and they shall cause to be kept full and accurate account of their receipts and disbursements, and make a report of the same to the city auditor annually, and whenever requested by a resolution of the city council. No money shall be drawn from said fund but upon the order of said board, except
their own compensation, which shall be paid out of the same upon the allowance of the court appointing them, and shall be proportioned according to their respective services.

Section 5. Said trustees shall have power to take such security from any officer, agent or contractor, chosen, appointed or employed by them, as they shall deem advisable. They shall not become surety for any such officer, agent or contractor, or be interested directly or indirectly in any contract agreement concerning said railway. They shall be responsible only for their own acts.

Section 6. Whenever the city solicitor of any city under whose action a board of trustees has been appointed as herein provided, shall have reason to believe that any one of said trustees has failed in the faithful performance of his trust, it shall be his duty to apply to the court that appointed said trustee, by petition, praying that said trustee be removed, and another appointed in his place; and when a vacancy shall occur in said board from any other cause, it shall be filled in like manner. If the said city solicitor shall fail to make application in either of the foregoing cases, after the request of any holder of the bonds issued by said trustees or by a taxpayer of the corporation, such bondholder or taxpayer may file a petition in his own name on behalf of the holders of such bonds for like relief, in any court having jurisdiction, and if the court hearing the action shall adjudge in favor of the plaintiff, he shall be allowed as part of his costs, a reasonable compensation to his attorney.

Section 7. Whenever in the construction of a line of railway as herein provided, it shall be necessary to appropriate land for the foundation or abutments or piers of any bridge across any stream within or bordering upon this state, or for any other purpose, or to appropriate any rights or franchises, proceedings shall be commenced and conducted in accordance with the act entitled "An act to provide for compensation to the owners of private property appropriated to the use of corporations," passed April 3, 1852, and the acts supplementary thereto, except that the oath and verdict of the jury and the judgment of the court shall be so varied as to suit the case.

Section 8. Whenever there shall be between the termini designated in any resolution passed under this act, by a railroad already partially constructed, or rights of way acquired therefor, which can be adopted as part of the line provided for in said resolution, the trustees of said line may purchase the said railroad and right of way and pay for the same out of the trust fund.

Section 9. The said trustees shall have power, as fast as portions of the line for which they are trustees
are completed, to rent or lease the right to use and operate such portions upon such terms as they may deem best; but such rights shall cease and determine upon final completion of the whole line, when the right to use and operate the same shall be leased by them to such person or company, as will conform to the terms and conditions which shall be fixed and provided by the council of the city by which the line of the railway is owned.

Section 10. The city council of any city passing a resolution as provided in the first section, may appropriate and pay to the said trustees, out of the general fund of said city, such sum as may be necessary for defraying the expenses of the election, and said sum shall be paid out of said trust fund when raised.

Section 11. This act shall take effect on its passage.
APPENDIX B

Bond Issues of the City of Cincinnati for the
Construction of the Cincinnati
Southern Railway

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<td>30 years</td>
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<td>7</td>
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<td>30 years</td>
<td>9,300,000</td>
<td>7.3</td>
</tr>
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<td>30 years</td>
<td>3,200,000</td>
<td>6</td>
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<td>1876, May 1</td>
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<td>2,800,000</td>
<td>7.3</td>
</tr>
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<td>1878, Nov. 1</td>
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<td>7</td>
</tr>
<tr>
<td>1879, Aug. 1</td>
<td>30 years</td>
<td>1,000,000</td>
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NOTE ON SOURCES

There is a wealth of information on the transportation and commerce of the West during the period covered in this paper. Cincinnati's position during the heyday of river transportation is often discussed at length. Less attention is paid the Queen City, however, in discussions of the railroad era; and the Cincinnati Southern is generally mentioned briefly in passing, if at all.

Resource materials on the Cincinnati Southern are primarily local in origin. Among the most useful sources is the Report of the Commission on the Affairs of the Trustees of the Cincinnati Southern Railway. The result of several months of investigation, including testimony from individuals involved in all aspects of the railroad project, the report is quite thorough.

The southern railway project was understandably a major issue in Cincinnati from the moment it was proposed. As a result, the local newspapers were very extensive in their coverage of the entire issue. They provide the researcher not only a wealth of information, but also a "flavor" of the times and debates not available elsewhere.

The minute books of the meetings of the railroad's
Board of Trustees are a useful source of first-hand information. An unfortunate shortcoming, however, is the generally factual nature of the content; there is little indication as to what factors influenced a decision, who supported or opposed it, what discussion preceded it, etc.

The various reports issued by the Cincinnati Southern Railway management, both during construction and after operation had begun, provide necessary information not available elsewhere. As with the Trustee Minutes, however, the material is largely factual rather than analytical, and therefore not as revealing as it might have been.

The most valuable sources of information concerning economic conditions in Cincinnati are the annual reports of the Chamber of Commerce and the Board of Trade. The statistical portions are generally quite complete (and largely duplicated by the two organizations); equally revealing, however, are the discussions of the general economic picture and of the market situation for a wide range of separate products.
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