

The Building of the Grand Rapids and Indiana Railroad

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Indiana and Michigan early recognized the need for and the advantages of a railroad from northwestern Michigan through Indiana to some point on the Ohio River. As early as 1845 a group of citizens in Grand Rapids began agitation for such a road to the south.¹ Much interest was evidenced by other towns of southern Michigan and northern Indiana, but no definite action resulted. By the middle fifties these regions were served, or soon would be, by east and west routes furnishing transportation from Chicago and St. Louis to Detroit, Toledo, Pittsburgh, New York, and Philadelphia.² Although these routes made it possible for many local communities to avail themselves of the larger markets, others lying between or beyond these transverse routes found the existing railroads inaccessible as well as inconvenient for profitable marketing of their bulky agricultural products.

At the same time, Michigan, with a population of about four hundred thousand and practically unsettled north of Grand Rapids, saw streams of settlers pass her annually to go farther westward into Illinois, Iowa, Minnesota, and Wisconsin.³ The region above the four tiers of southern counties was too difficult to reach. Then too, if reached, the poor transportation northward made life there precarious, for food supplies and other necessities might become uncertain. At best, they would be expensive. In the late fifties a barrel of salt bought for three dollars in Grand Rapids cost an additional six dollars in Big Rapids, a point about sixty-five miles north.⁴

In addition, there was no outlet for products from the region. Pine and hardwood forests extending from Indiana northward were practically untouched. Lumbermen saw markets in Cincinnati, Boston, and other points where lumber

¹ Albert Baxter, *History of Grand Rapids* (New York, 1891), 527.

² Joseph H. Colton, *Traveler and Tourist's Guide-Book* . . . (New York, 1856), 31-33.

³ Henry V. Poor and James Samuel, *Report on the Grand Rapids & Indiana Railroad Company and upon the Land Grant of the Company* (New York, 1861), 12.

⁴ Ceylon C. Fuller, "Pioneer Days in Mecosta County," *Historical Collections* . . . *Michigan Pioneer and Historical Society* (Lansing, Michigan, 1877-1929), XXX (1906), 40.

was needed for shipbuilding, furniture manufacturing, and general construction work.⁵ Eyes in Indiana and elsewhere looked not only to the forests but also to the gypsum and plaster to be found near Grand Rapids.⁶

A revival of the earlier interest in a north-south Indiana-Michigan railroad flared in 1854 at Grand Rapids, Sturgis, Hartford City, Indiana, and intermediate points.⁷ Early that year (January 18, 1854), a group of men met in Hartford City to discuss the problem. At this meeting the Grand Rapids and Indiana Railway Company was formed.⁸ The company stated its purpose to be the construction of a railroad from Hartford City, Indiana, to the Michigan-Indiana state line in the direction of Sturgis. This route was to connect with the Fort Wayne and Southern at Hartford City, and thus furnish a road to Jeffersonville or Louisville on the Ohio River. The company planned to issue twenty-two hundred shares of stock at twenty-five dollars per share.⁹ A southern Michigan newspaper stated that the line of the road was to begin at Hartford City and extend northward by way of Warren, Huntington, Columbia (probably Columbia City), LaGrange, Albion, and Lima (Howe), Indiana, thence to Grand Rapids by Sturgis, Centerville, and Kalamazoo, Michigan.¹⁰

President Joseph Lomax and an engineer went over some of the ground that summer surveying, locating part of the line, and making contacts with interested parties in northern Indiana and southern Michigan.¹¹ In late spring of 1855 (May 29), the Grand Rapids and Southern Railroad Company was organized at Sturgis with the same president and en-

⁵ *Fifth Annual Report of the President and Directors of the Grand Rapids & Indiana Railroad Company* (Sturgis, Michigan, 1859), 21-22.

⁶ *Ibid.*, 25-27.

⁷ Reprints of items from local newspapers concerning citizens' meetings in these various localities may be found in the Fort Wayne, Indiana, *Sentinel* and the *American Railroad Journal* for the spring of 1854. The number to be found makes it impractical to cite each one separately.

⁸ Dwight Goss, *History of Grand Rapids and Its Industries*, (2 vols., Chicago, 1906), I, 620.

⁹ *American Railroad Journal* (New York, 1832-1886), XXVII (July 1, 1854), 413.

¹⁰ Fort Wayne, Indiana, *Sentinel*, March 18, 1854, reprinted a long article on the proposed project from the Centerville, Michigan, *Chronicle*.

¹¹ "Joseph Lomax to J. D. Clement, Indianapolis, January 25, 1911," with enclosure, in *Historical Collections . . . Michigan Pioneer and Historical Society*, XXXVIII (1912), 31.

gineer as the Indiana company.¹² Its avowed purpose was to build a railroad from Grand Rapids south to the state line.

During the summer the two companies consolidated under the laws of Indiana and Michigan with the declared purpose of building a railroad from the Straits of Mackinac to Louisville, Kentucky.¹³ The new company, the Grand Rapids and Indiana Railroad Company, took over the corporate title, books, and seal of the first company, as well as its officials. President Lomax in his report of 1859 stated that the financial plan was to secure subscriptions sufficient to prepare the road for iron and then issue stock on the road-bed in order to raise funds for construction materials and rolling stock.¹⁴

Little doubt exists but that the merger was effected for the express purpose of securing land-grant aid for the construction of the proposed railroad. By 1856 the intense sectional opposition to railroad land grants had abated somewhat. This was due to several reasons. By this time the growing West had sufficient power in Congress, especially in the Senate, to secure governmental aid for internal improvements. Then too, Eastern capitalists were interested in railroad projects and exerted considerable pressure on the Eastern congressmen for the furtherance of railroad building. This led to a coalition of the West and the East in opposition to the South.¹⁵ On June 3, 1856, the thirty-fourth Congress passed a bill granting about 14,559,000 acres of land to the states of Alabama, Florida, Iowa, Michigan, Mississippi, Minnesota, and Wisconsin.¹⁶ Of this amount the state of Michigan was allotted more than 3,000,000 acres. Among the various grants to this state was one designated specifically for the construction of a railroad "from Grand Rapids to some point on or near Traverse Bay."¹⁷ The area

¹² *Fifth Annual Report*, 5-6.

¹³ *Ibid.*

¹⁴ *Ibid.*, 43.

¹⁵ John B. Sanborn, "Congressional Grants of Land in Aid of Railroads," in *Bulletin of the University of Wisconsin, Economics, Political Science, and History Series* (2 vols., Madison, Wisconsin, 1894-1899), II (1899), 315-317.

¹⁶ Lewis H. Haney, "A Congressional History of Railways in the United States," in *Bulletin of the University of Wisconsin, Economics and Political Science Series* (9 vols., Madison, Wisconsin, 1904-1918), VI (1910), 18.

¹⁷ *United States Statutes at Large*, XI, 21.

was estimated at 1,160,000 acres and the value at \$3,500,000.¹⁸

The terms of the Congressional act provided that every odd numbered section of land within six miles of the line of the road should be granted to the state for the construction of the specified railroad. In case sufficient lands were not available within these limits, other odd numbered sections might be selected as distant as fifteen miles from the line of the road. Further, it was provided that the lands should be disposed of by the state in portions of 120 sections, and that upon the governor's certification to the Secretary of Interior "that any twenty continuous miles [of railroad] is completed, . . . another quantity not to exceed 120 sections may be sold" Still further, it provided that failure of any company to complete its project within ten years would constitute forfeiture of the grant.

It was necessary for the next legislature of Michigan to accept or reject the grants, pass legislation concerning their usage, and confer them upon the particular railroad companies. In anticipation, two companies, one at Grand Rapids and another at Kalamazoo, were formed, both of which competed with the Grand Rapids and Indiana Railroad Company for the grant providing for the Grand Rapids to Traverse Bay route.¹⁹ Competition was keen and bitter at the capital, and for a time it looked as if the Grand Rapids and Northern Railroad Company would win. Before the passage of the bill, February 14, 1857, however, that name was struck from it and the name Grand Rapids and Indiana Railroad Company inserted.

A few days later (February 25) the stockholders and directors of the Grand Rapids and Indiana Railroad Company accepted the land, franchises, rights, powers, and privileges conferred by the act of the legislature of Michigan.²⁰ In the Articles of Agreement between the state of Michigan and the railroad company it was stated that by December 1, 1860, the first twenty continuous miles of the road should be completed and at least twenty miles each year thereafter, and further, that the entire line should be completed by November 15, 1864.²¹ By the beginning of 1858 all necessary re-

¹⁸ *American Railroad Journal*, XXIX (December 6, 1856), 779.

¹⁹ Goss, *History of Grand Rapids*, 620.

²⁰ *Fifth Annual Report*, 29-31.

²¹ *Acts of the Legislature of the State of Michigan . . . 1857* (Lansing, 1857), 347-349, 352.

ports and papers had been filed, approved, and accepted by Governor Kinsley S. Bingham, the Secretary of the State of Michigan, and the Public Land Commissioner in Washington.

The line of road as approved extended from Fort Wayne north to the Straits of Mackinac, a distance of three hundred fifty miles, of which about fifty miles were in Indiana and three hundred in Michigan.²² Its connection with the Fort Wayne and Southern at Fort Wayne would attain the desired Ohio River terminus, and yet be a shorter route than that first contemplated. When completed the road would intersect or connect with the chief railroad arteries of the Midwest and give contacts with all the larger markets of the country. The route would intersect the Detroit and Milwaukee at Grand Rapids, the Michigan Central at Kalamazoo, the Michigan Southern at Sturgis, the Northern Indiana Air Line at Kendallville, and the Pittsburgh, Fort Wayne and Chicago as well as the Toledo, Wabash and Western at Fort Wayne.

Although the officials and friends of the Grand Rapids and Indiana Company had labored earnestly and furiously for the bestowal of the land grant, they soon discovered that it was not a panacea for all ills. The most serious obstacle at the moment was a depleted treasury. Poor harvests and the current monetary panic made its immediate replenishment unlikely. This would interfere with the original plan to build the southern division, that from Fort Wayne to Grand Rapids, by local subscription. The state's decision that none of the grant was to be patented to the company until after the completion of twenty continuous miles of railroad was an unexpected and stupefying blow, for the intention had been to utilize the first one hundred twenty sections to build the first twenty miles of the land grant part of the road.²³ Thereupon, for some reason not disclosed by the reports, the company decided to take advantage of the Michigan and Indiana laws which permitted merging companies to fix the value of their stock by mutual agreement. Two new companies, the Fort Wayne and Grand Rapids and the Grand Rapids and Mackinac, were formed.²⁴ Upon their merger with the Grand Rapids and Indiana Company, 2,160

²² *Fifth Annual Report*, 18-24.

²³ *Ibid.*, 44.

²⁴ *Ibid.*, 6.

shares of "Mackinac stock," on which only ten per cent was paid, came into existence.²⁵

During the next ten years, activity, as far as construction work was concerned, was scattered and ineffectual. Local contractors graded and grubbed portions of the line, and farmers piled heaps of white oak ties along the right of way. Sometimes local subscriptions or bonds paid for this, but often it was unpaid. By 1859, 463,271 acres of the grant land, with an estimated value of \$7-\$15 per acre, had been selected and certified.²⁶ In the same year the accountant listed the total assets of the company as \$404,616.82.²⁷ Upon examination it is disclosed that seventy-five per cent of this amount was unpaid subscriptions to capital stock, while the rest consisted of bills receivable, value of real estate taken on subscription, and \$428.69 in cash! This last item would pay for one mile of grubbing and clearing and 143 ties, or one mile of fencing and nineteen cattle guards, at the prevailing rates of the day.²⁸ The engineer estimated the per mile cost at about \$12,500 to \$15,000.

By 1860 expenditures for right of way totaled approximately \$10,000, and donations of equal value had been made.²⁹ Very little had been paid out for depot grounds because donations valued at several thousand dollars had been received for that purpose. It was thought that with proper management no more than \$10,000 need be spent to secure the remainder of land for the two purposes.

During this period of American railroad building, promoters sooner or later turned to England for financial aid. The Grand Rapids and Indiana Railroad Company was no exception. In 1861 James Samuel, an English engineer representing financial interests in England, and Henry V. Poor, an American railroad authority, were asked to come to Michigan to prepare a report on the road and the land grant.³⁰ A

²⁵ Baxter, *History of Grand Rapids*, 531.

²⁶ *Fifth Annual Report*, 33.

²⁷ *Ibid.*, 7.

²⁸ *Ibid.*, 8-14.

²⁹ *Ibid.*, 18. The report includes expenditures and donations for both purposes to that date.

³⁰ "Joseph Lomax to J. D. Clement, Indianapolis, January 25, 1911," with enclosure, in *Historical Collections . . . Michigan Pioneer and Historical Society*, XXXVIII, 31.

very detailed and interesting report resulted.³¹ Apparently every source of information was tapped. People of varied occupations and statistical reports of all kinds were consulted. They stated that the cost would average \$17,500 per mile, with the division between Fort Wayne and Kendallville being most expensive because of the lack of gravel near the right of way. They believed, however, that the entire 350 miles of road offered no engineering difficulties because of the uniform surface, good drainage, and easy approaches to the streams. It was advised that the twenty miles from Grand Rapids to Cedar Springs be built first in order to receive one hundred twenty sections of the land grant, and then that the road from Grand Rapids to Kalamazoo be built so as to gain access to east and west traffic. It was thought the earnings from this could be applied on another section. Since the 182.5 miles north of Grand Rapids were secured by the grant, some attention was given to the characteristics of this land. It was said to be a forest region of isolated settlements, but having a climate superior to any neighboring state. Here a plumper wheat of heavy yield was produced. Here, due to the uniform winter temperatures, rarely under 15°F. below zero, root crops could remain in the ground all winter and reseed the fields the next year. It was stated that 80,000,000 feet of lumber were cut on the Muskegon River annually and floated to market at a loss, whereas a railroad which would furnish more satisfactory transportation would encourage the establishment of lumber camps and sawmills. Thus a lucrative business in lumber and necessities for the camps and mills would result. Since the government lands were fast disappearing from market, the railroad company was urged to get its lands on the market as speedily as possible and to choose those lying nearest Lake Michigan. In conclusion, it was believed the completion of the road was merely a matter of manpower and money, and these gentlemen saw no reason why it could not be completed in two and a half years, under wise financial management.

Before contacts and contracts could be made with interested Englishmen, the first Battle of Bull Run occurred. Mr. Samuel, stating that he believed the United States had

³¹ Poor and Samuel, *Report on the Grand Rapids & Indiana Railroad Company*, 1-24. All material for the paragraph was taken from this much more detailed report.

no government, departed for England, taking with him all hope of aid from that quarter.³²

The war gave railroad building a temporary setback. Railroad iron was very expensive, if obtainable. Labor too, was scarce and high. Money was not plentiful. During this period Hugh McAfee, a Fort Wayne contractor, worked on the line from Fort Wayne to Lima (Howe), preparing it for the iron; and Morse and Morse worked on the twenty miles north of Grand Rapids.³³ As neither company was able to inject much capital into the work, and financial aid from the railroad company was uncertain and intermittent, little was accomplished.

In 1864, realizing that the time limit on the land grant was practically at an end, the officials of the road bestirred themselves sufficiently to ask for an extension of time. At the same time certain men in Indiana, especially at Fort Wayne, LaGrange, and Lima (Howe), who were interested in the road besought the fortieth Congress for an extension of the land grant to Fort Wayne. Such a bill was introduced in Congress by Thomas A. Hendricks of Indiana and was passed, but a provision of the act was refusal to extend the time limit.³⁴ This act provided that the grant should be extended to Fort Wayne if any surplus of the grant lands remained after the original line north of Grand Rapids was completed. It further provided that sixty sections of land should be patented upon the completion of each ten continuous miles of railroad, and that this land should lie within twenty miles of the line of the road.³⁵ The next year, 1865, Congress granted an eight-year time extension which set the completion date as January 1, 1874.³⁶

During 1865, 1866, and 1867, interest in the road reached such a low ebb that there was insufficient representation of the stockholders to elect officers. Nothing was accomplished, so no reports were prepared. Probably internal dissension

³² "Joseph Lomax to J. D. Clement, Indianapolis, January 25, 1911," with enclosure, in *Historical Collections . . . Michigan Pioneer and Historical Society*, XXXVIII, 32.

³³ *Annual Report of the President and Directors to the Stockholders of the Grand Rapids & Indiana Railroad Company* (Fort Wayne, 1868), 13.

³⁴ *United States Statutes at Large*, XIII, 119-120.

³⁵ Fort Wayne, Indiana, *Sentinel*, June 18, 1864, contains a letter from Hon. Joseph K. Edgerton to the editors, which tells of the extension of the grant.

³⁶ *United States Statutes at Large*, XIII, 530.

and external criticism of his policies and the failure to complete even one mile of railroad in ten years led Mr. Lomax to resign as president in 1866.³⁷ Somewhat reluctantly Mr. Samuel Hanna served in that capacity a few months and made plans for pushing the completion of the road. Upon his death in June of that year, Mr. Joseph K. Edgerton of Fort Wayne, at the request of the Pennsylvania Railroad Company, became president. From this time on Fort Wayne men, prominent in railroad circles, took an active interest and exerted much effort in behalf of the road.³⁸ Among these were Charles Gorham, Pliny Hoagland, Franklin P. Randall, Hugh and Henry McAfee, William Fleming, Jesse L. Williams, and Stephen B. Bond.

President Edgerton found his position a difficult one. The company had no credit.³⁹ It was encumbered with more than \$300,000 capital stock, most of which was held by a few persons and which represented no value put into the road. A floating debt of \$500,000 was outstanding, and a former president claimed to hold \$270,000 of the company's bonds as security on \$20,000-\$25,000 due him. The bond situation was deplorable. Bonds issued January 1, 1860, had netted the company less than twenty-five cents on the dollar. In addition, an unwarranted bond issue made by a New York firm in 1861 was in the hands of a few persons who were pressing the company. Unfortunately, it was impossible to get the directors and stockholders to agree to recall both of these and make a new bond issue. Many persons, believing that the road would never be built, did not pay their subscriptions. Towns and townships refused to make their bonds available for such an uncertain project. Deeds and records for grounds and right of way were lost or destroyed, and controversies and injunctions resulted in Kendallville, Kalamazoo, and Grand Rapids. Ties and lumber had rotted, and a rival railroad was said to have carried away 7,000 ties.

In August, 1867, Mr. Edgerton succeeded in making a construction contract with Mancel Talcott and Associates

³⁷ "Joseph Lomax to J. D. Clement, Indianapolis, January 25, 1911," with enclosure, in *Historical Collections . . . Michigan Pioneer and Historical Society*, XXXVIII, 32-33.

³⁸ See official and director personnels as listed in all subsequent reports of the Grand Rapids and Indiana Railroad Company.

³⁹ See *Annual Report to Stockholders* (1868), 1-13, for a more detailed financial report than could be given in a paper of this scope.

for the construction of two hundred miles of road north of Fort Wayne.⁴⁰ All previous contracts were assumed by this company as subcontracts. The new company, comprised of Edward B. Talcott, Mancel Talcott, and Horace Singer of Chicago and A. P. Edgerton, Stephen B. Bond, and William Fleming of Fort Wayne, agreed to advance \$80,000 on the work; build bridges and buildings; prepare two hundred miles of roadbed; complete twenty miles of the road north of Grand Rapids by January 1, 1868; and finish the entire mileage by December 1, 1869. The company was to operate the road, but return 40 per cent of the earnings to the railroad company, which in turn, was to pay \$10,000 per mile by July 1, 1868, of which amount 60 per cent was to be cash, 30 per cent mortgage bonds, and ten per cent stock at par. In addition, the railroad company was to furnish and deliver iron rails, chairs, spikes, and equipment. It was hoped this arrangement would bolster the credit of the road so a new bond issue could be negotiated, as well as bring in the municipal bonds of Grand Rapids and Kalamazoo. When the time came to furnish the iron, however, it had to be purchased on the personal credit of Fort Wayne and Indiana friends, and was paid for by the bonds of the City of Fort Wayne.⁴¹ On December 23, 1867, almost fourteen years after the organization of the original Grand Rapids and Indiana Railway Company, the first twenty-mile portion, that from Grand Rapids to Cedar Springs, was finished.⁴²

In the 1868 report to the stockholders, the first mention of equipment is made. Two engines (wood burners), one passenger coach, one baggage car, six new box cars, twenty-four flat cars, and five hand cars are listed. Upon closer examination of the report it will be seen that all except the two engines, four flat cars, and the five hand cars had been lent by the Pittsburgh, Fort Wayne and Chicago Railroad. This loan came about when the Grand Rapids and Indiana Company, driven by necessity, contacted intersection roads for aid. For a time it seemed certain that the Pittsburgh Company would give substantial assistance, but at the meeting of the officials in New York, H. H. Emmons, counsel for the Michigan Central, gave such an unfavorable report of

⁴⁰ *Ibid.*, 13-18.

⁴¹ *Ibid.*, 7.

⁴² *Ibid.*, 6.

the condition of the Grand Rapids and Indiana project that the interest of the Pittsburgh Company cooled, and no financial aid was forthcoming at the time.⁴³

After completion of the section to Cedar Springs, effort was concentrated on the line between Grand Rapids and Kalamazoo, as it was believed it would have considerable earning power, would satisfy the second twenty-mile stipulation, and make available about \$233,000 in city and township bonds which could be utilized on no other portion of the road.⁴⁴ In addition, a rival company, known as the "Gardner group" and backed by the Michigan Central, was building a road between the two points by way of Allegan. It was desirable to reach Grand Rapids before it did. In December, 1868, with only four miles of track laid, work was suspended because of lack of funds.

At this, suits and injunctions sprang up on every hand.⁴⁵ One suit brought by creditors, but supposedly instigated by the Gardner interests, asked receivership and dissolution of the company. Payment of a \$30,000 judgment ended it, but the officials saw that protective steps must be taken. Accordingly, suits were brought by an 1860 mortgage bondholder, William Fleming of Fort Wayne, in the United States Courts of western Michigan and Indiana, and Jesse L. Williams of Fort Wayne, an experienced canal and railroad builder, was appointed receiver, in which capacity he served for more than two years.

Early in January, 1868, a concurrent resolution asking that "the Attorney General be requested to investigate and ascertain the corporate right" of the Grand Rapids and Indiana Railroad Company was introduced in the Michigan Legislature.⁴⁶ As a result, the Attorney General started suit to ascertain the solvency of the company. Soon after, a joint resolution requested that the land, privileges, and franchises heretofore held by the Grand Rapids and Indiana Company be granted to the Michigan Northern Railroad Company.⁴⁷ Requests favoring the resolution and protests against un-

⁴³ *Ibid.*, 16-17.

⁴⁴ *Ibid.*, 7.

⁴⁵ *Ibid.*, 11-13.

⁴⁶ *Journal of the Senate of the State of Michigan* (2 vols., Lansing, 1869), I, 280.

⁴⁷ *Ibid.*, 433.

friendly action toward the Grand Rapids and Indiana poured into the legislature. The matter was referred to the Railroad and Judiciary Committee, which held a hearing. This committee reported that 2,336 persons had asked for a transfer of the land grant and 3,375 had protested against any legislation unfriendly to the Grand Rapids and Indiana Railroad Company. Further, it asked for legislation: (1) to confirm lands to the company for the road already built; (2) to provide for construction of twenty miles north of Cedar Springs by July 1, 1869, and the completion of an additional twenty miles north by January 1, 1871; (3) to provide for completion of at least twenty consecutive miles yearly thereafter; (4) to provide that with failure to comply with clauses (1) and (2) the undisposed lands should be granted to another company.⁴⁸ These clauses were the embodiment of a bill which passed March 17, 1869.⁴⁹

The officials of the road were stunned by the provision that the twenty miles north of Cedar Springs must be finished by July 1, 1869. No work had been done on that section, which was an unbroken forest. Snow lay on the ground until late, and water from the spring thaw drained away slowly. A smallpox epidemic in Cedar Springs was a further hindrance. It was necessary to engage laborers, collect materials, and arrange finances immediately. For months 4,500 gross tons of English rails, ordered for the road south of Grand Rapids, had been in Detroit, and now sufficient capital was raised by a preferred lien on the company's assets to have them delivered.⁵⁰ Beginning on April 7, eight hundred men worked on the project.⁵¹ On June 22, the twenty miles were finished.⁵² This is said to have been the most rapid railroad building in the United States to that date. Furthermore, the company was able that spring to reach a settlement with Mr. Lomax who held several hundred thousand dollars' worth

⁴⁸ *Ibid.*, 964-969.

⁴⁹ *Acts of The Legislature of the State of Michigan* . . . 1869 (3 vols., Lansing, 1869), I, 55-58.

⁵⁰ *Annual Report of the President and Directors to the Stockholders of the Grand Rapids & Indiana Railroad Company* (Fort Wayne, 1869), 15, gives a picture of the difficulties faced by the officials.

⁵¹ Fort Wayne, Indiana, *Daily Gazette*, May 12, 1869, reprinted an article from the Grand Rapids, Michigan, *Eagle*, giving this information.

⁵² *Ibid.*, June 22, 1869, contains as front page news the telegram Mr. Williams sent to Mr. Edgerton stating that the last rail had been laid at five o'clock the preceding evening.

of 1860 and 1861 mortgage bonds, certificates of capital stock, and most of the "Mackinac stock," and to reduce the debt by applying the proceeds of the municipal bonds of Grand Rapids, Fort Wayne, and other towns.⁵³

On May 1, 1869, a construction contract was made with the Continental Improvement Company.⁵⁴ This company was organized in Pennsylvania with capital stock of \$2,000,000 for the purpose of constructing the Grand Rapids and Indiana Railroad. It was subsequently secured by the Pittsburgh, Fort Wayne and Chicago Railroad Company, which in turn was secured by the Pennsylvania Railroad Company. The agreement was that the railroad company was to furnish right of way, depot grounds, material, equipment, assets applicable to construction, grant lands, and as soon as possible issue \$8,000,000 in first mortgage bonds and \$2,800,000 in capital stock.⁵⁵ On the other hand, the construction company was to take over certain specified debts, construct a first class railroad from Fort Wayne to Little Traverse Bay by January 1, 1874, guarantee interest on the first mortgage bonds, maintain and operate the railroad, and receive its revenues until completion. Charles Gorham of Fort Wayne, an experienced railroad builder, was superintendent of the company. The end of a long and weary struggle seemed to be in sight. From that time, the annual reports are more business-like and the financial pressure appears to lessen. True, some communities felt that their interests and investments had been sacrificed by the contract so that "Eastern sharks" could get their hands on the land grant, but on the whole, the cities and towns along the road were pleased and hoped for an early completion of the road.⁵⁶ Henceforth the building progressed, and new sections were opened every few months.⁵⁷ Trains were operated over the finished portions

⁵³ *Annual Report to the Stockholders* (1869), 28.

⁵⁴ *Ibid.*, 17-25.

⁵⁵ See *Contract between Grand Rapids & Indiana Railroad Company and Continental Improvement Company* (Pittsburgh, 1870), 1-45.

⁵⁶ See *American Railroad Journal*, Fort Wayne, Indiana, *Daily Gazette*, and other local newspapers for 1869-1870 to gain a more complete conception of the varying attitudes.

⁵⁷ *Annual Report of the Commissioner of Railroads in Michigan* (Lansing, 1882), 211-226, gives the following dates for completion of the various sections:

Fort Wayne to Sturgis	June, 1870
Sturgis to Kalamazoo	August, 1870
Kalamazoo to Grand Rapids	October, 1870

of the road, and considerable earnings were reported.⁵⁸

The relation of eastern railroad men to the Grand Rapids and Indiana Railroad focused the attention of adjacent communities upon the project. The following newspaper excerpts perhaps reflects the spirit of the times and the interest of the general public:

This great work of internal improvement is designed ultimately to form a prominent link in the chain of intercommunication with China and the East Indies generally through the short route of the Northern Pacific Railroad.

Its immediate use is to open to our markets the rich agriculture products of the garden state of the West, its vast stores of pines and other lumbers, its stores of plaster and even the immense resources of iron and copper will be rendered more valuable and available for our purposes. . . .⁵⁹

The Continental Improvement Company, feeling that the interests of the road would be furthered by opening up its unimproved lands, instituted a vigorous selling campaign. In the summer of 1870, Dr. J. P. Tustin, a Grand Rapids clergyman, was sent to "Scandinavia" for the purpose of promoting emigration to northwestern Michigan.⁶⁰ Sixty Norwegian men, whose families were to follow within the year, returned with him. As the road progressed northward new villages, counties, and farms were established.⁶¹ By June 30, 1873, the gross receipts from the land grant amounted to almost \$1,500,000, and 841,326 acres had been certified

Grand Rapids to Cedar Springs	December, 1867
Cedar Springs to Morley	June, 1869
Morley to Paris	August, 1870
Paris to Cadillac	December, 1871
Cadillac to Fyfe Lake	September, 1872
Fyfe Lake to Petoskey	December, 1873
Petoskey to Bay View	_____, 1876

⁵⁸ *Annual Report of the President and Directors to the Stockholders of the Grand Rapids & Indiana Railroad Company* (Fort Wayne, 1871), 20, contains a statement of the year's earnings:

From passengers	\$213,401.92
From freight	237,474.22
From miscellaneous	16,143.75

Total\$467,019.89

⁵⁹ *American Railroad Journal*, XLIII (November 5, 1870), 1260-1261, contains a long article copied from a current issue of the *Pittsburgh Chronicle*, of which this is a portion.

⁶⁰ *Ibid.*

⁶¹ Baxter, *History of Grand Rapids*, 534, and a study of the Auditor General's Reports for 1871 substantiate this.

to the company.⁶² According to Fisher, this land was sold to actual settlers at an average price of twelve dollars per acre, which was the highest average price paid for grant lands in America.⁶³

At the annual meeting of the directors and stockholders in 1871, a vote showed 602 shares opposed to and 9,987 shares in favor of leasing the soon to be completed Fort Wayne, Richmond and Cincinnati Railroad, a ninety-one mile section from Fort Wayne to Richmond.⁶⁴ In addition, it was voted to help equip and operate, as soon as completed, the Cincinnati to Richmond Railroad then under construction by the Cincinnati, Hamilton and Richmond Railroad Company.⁶⁵ In the same year the twenty-six mile line from Walton Junction to Traverse City was leased.⁶⁶ The company now had a lake and Ohio River outlet. By June, 1873, the total construction cost of the 350 mile main line was stated as \$9,680,807.43, which brought the per mile cost to approximately \$29,000 instead of the engineer's estimated cost of \$12,000-\$15,000 per mile.⁶⁷ By December, 1873, the entire road from Fort Wayne to Petoskey was completed, and twenty years after the first organization meeting in Hartford City, the Grand Rapids and Indiana Railroad Company took over the management and operation of the railroad.⁶⁸

⁶² Henry V. Poor (comp.), *Manual of the Railroads of the United States* (50 vols., New York, 1868-1917), VIII (1875), 609-611.

⁶³ Earnest B. Fisher, *History of Grand Rapids and Kent County, Michigan* (2 vols., Chicago), I, 554.

⁶⁴ *Annual Report to the Stockholders* (1871), 1.

⁶⁵ *Ibid.*, 16.

⁶⁶ Poor, *Manual of the Railroads of the United States*, VII (1874), 154.

⁶⁷ Poor, *Manual of the Railroads of the United States*, VIII (1875), 609-611.

⁶⁸ Baxter, *History of Grand Rapids*, 534.