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The Illinois Central Railroad and the Development of Illinois

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"THE ILLINOIS CENTRAL RAILROAD" AND THE DEVELOPMENT OF ILLINOIS

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PREFACE

Several historians have made the statement; "The History of the Illinois Central Railroad is the History of Illinois". It is the purpose of this dissertation to evaluate the veracity of this statement.

Such a study involves an understanding of the life in Illinois prior to the construction of the Illinois Central railroad with emphasis placed on transportation or the lack of it. Then the actual construction of the railroad must be considered in order that the picture may be complete.

By studying the subsequent activities of the Illinois Central Railroad Company, especially through immigration, and its effects upon agriculture, industry, transportation, urbanization, standards of living, education, finance, and politics a fuller understanding of the participation the railroad in the development of the state of Illinois will be had.

The value of this thesis depends upon its maintainance of a neutral point of view. Therefore reliable sources have been consulted whenever possible. Where secondary references have been used their accounts were accepted only after the matter had been studied from all sides.
Chapter I

Early Railroads and the Land Grant

The coming of the railroads revolutionized life in Illinois. From that time on the development of one is concomitant with that of the other. After the transportation improvements of the forties had brought the state out of its frontier stages, the land grant and subsequent construction of the Illinois Central railroad helped transform Illinois from an agricultural to an industrial state.

The earliest settlements in Illinois were made by the French at Cahokia and Kaskaskia. This locality became the goal of all subsequent immigration, until 1830, when a wave of immigration began into the northern counties. These settlers came from the eastern states and many from Europe, so that by 1850 Illinois had a population of over 850,000, three-fourths of which lived in the northern counties and were of northern European stock.

The great need of nearly every state had always been rapid and cheap transportation of produce to market. In this respect settlers had been limited to the water highways or to dirt roads, the former being the most popular. A study of the map of the state will show that while Illinois is encircled by natural waterways the interior counties, which

1. Seventh Census- 1850. Gerhard, F. - Illinois as it is, 1857.
are by far the richest and most fertile portions of the state, were without this means of transportation. Extremely fertile regions lying only twenty miles from navigable waters lay isolated because of the lack of land transportation. Even though the prairie loam was far richer around Egypt and the northern parts of the state, it attracted few settlers due to the lack of adequate market facilities. As nearly all the products of the state were bulky, the expense of moving such freight over more than twenty miles was prohibitive.

Henry Clay speaking in behalf of the Illinois Central land grant said:

"With respect to the State of Illinois—and I believe the same is true to a considerable extent with reference to Mississippi and Alabama, but I happen to know something personally of the interior of State of Illinois—that portion of the State through which this road will run is a succession of prairie, the principal of which is denoted the 'Great Prairie'. I do not recollect its exact length, it is, I believe about 300 miles in length and but 100 in breath. Now this road will pass directly through that Grand Prairie lengthwise and there is nobody who knows anything of the Grand Prairie who does not know that the land is worthless for any present purpose— not because it is not fertile but for want of wood and water and from the fact that it is inaccessible, wanting all facilities for reaching market or for transportation timber, so that nobody will go there and settle while it is so destitute of all advantages of society and the conveniences which arise from a social state. And now by constructing this road through the prairie, through the center of the State of Illinois, you bring millions of acres of land immediately into the market, which will otherwise remain for years and years entirely unsaleable."

When the decade preceding the Civil War began, one-third of the land in Illinois remained in the hands of the federal government. The southern and northern portions were but sparcely settled and the central parts remained a wilderness. In other words, the great agricultural and mineral resources of the state were almost untouched. Though manufacturing was making an appearance in the east, the United States was still an agrarian country. The great bulk of the population being engaged in agriculture, especially in the middle-western states. To meet the demands of the Civil War mass production came to the front in the East, but it was years later before Illinois became industrial. Prior to the Civil War slightly over 3100 industrial establishments existed in the state, the largest being the McCormick Reaper Works in Chicago.

Mining was adversely affected by the lack of transportation to a greater extent than agriculture. Coal was being mined at LaSalle, Springfield, and Danville, and lead at Galena, yet the development of these resources was insignificant. Fabulous mineral wealth still lay untouched. La Salle, because of its proximity to the Illinois-Michigan Canal, was the most important mining district. Chicago preferred to bring in its coal from Ohio. Because of a good route for transportation it could buy the fuel a dollar cheaper per ton.

The most popular and most profitable form of agriculture

5. Ibid., p. 134.
was the raising of live stock, especially swine. A large part of the corn crop could be fed to the hogs and these were sent to the market "on the hoof". Due to the lack of transportation rural families raised just enough to provide for their own wants. Consequently in the larger towns and mining districts farm products were none too abundant and accordingly, prices were high.

The government, in trying to remedy existing conditions, named certain roads public highways. But that was all that was done, since no money was appropriated for their improvement. They remained Indian trails across the prairie in the summer and a series of mud holes in the winter. The first actual step taken by the state legislature to improve means of transport was the Internal Improvement plan of 1837. After various compromises, the most important of which was an arrangement with the Springfield delegation by which the state capitol was promised to that city, this act was passed by the legislature.

Among the many projects provided for in this plan was a government financed central railroad. A loan based on the credit of the state was to provide funds for the construction of this road, which was to run from Cairo to Galena. Work was begun by a commission appointed to manage the enterprise, but extravagance and mismanagement soon drained the treasury of all ready funds.

6. Rantoul's Letter.
Other reasons for the failure of the government financed railroads were the exhaustion of public credit, the panic of 1831, and the resulting depression. The plan failed because the railway line was laid out not with reference to future routes of trade but to secure sufficient legislative support for the measure. The terminus at Galena was not dictated by foresight. The town's prosperity was unstable, depending upon one industry. Even then its population was declining due to a drop in lead production.

To meet the demands of powerful speculators, the route was swerved from a straight line to take in the town of Shelbyville, with a population of two hundred and fifty people.

Another attempt at railroad construction under the Internal-Improvement Act was the Northern Cross Railroad. It derived its name from the fact that it was designed to cross the state in the northern section, extending from Quincy through Jackson, Springfield, and Decatur to Danville. The plan was entrusted to Murray McConnel. With the help of quite a few of his relatives, who were supposed to have had experience in railway construction, he was able to complete the road to Jackson by January, 1840 at a cost of $106,233.

The first locomotive had been lost en route and a second was shipped down the Illinois River and arrived at Meridosia. Rails had been laid six months before, so that the engine was

12. Ibid., p. 1045.
put into immediate use. The speed of the Rogers, which was the name of the new engine, named after one of its builders was about six miles per hour. In the winter time six inches of snow were sufficient to stop it. A law passed in February, 1841, authorized Governor Ford to spend $100,000 to extend the Northern Cross railroad to Springfield, over $300,000 having already been spent upon that portion of the line.

On May 13, 1842 the line between Meredosia and Springfield was opened for traffic. The railroad was operated by the state but could not be made to pay. Subsequently it was leased to a private corporation. It passed from one lessee to another and although the rental had been reduced to one hundred and sixty dollars a month, the railroad failed to earn enough to pay the rent. The locomotive was run off the tracks at New Berlin, and by 1845 the tracks became unfit for transportation. Finally, in 1847 the road was sold at public auction for $21,000 to Nicholas Ridgely who changed the name to the Sangamon and Morgan Railroad Company. Later it became a branch of the Wabash system.

In 1843 the state legislature made another attempt to provide railroads in the state of Illinois, when it incorporated the Great Western Railroad Company. The rights the state had obtained through the act of 1837, for building a central road

13. Starr Jr., J.- One Hundred Years of American Railroading, p.34
were transferred to this company, sometimes called the Holbrook Company. A clause was added to the Holbrook Charter by which the state of Illinois surrendered to the company all public lands which might come into the possession of the state during the life time of the charter.

The railroad company under its leader Darius Holbrook immediately set to work. Surveys and gradings, which had been begun by the state in 1837, were completed and construction work in the vicinity of Cairo was done. But the exhaustion of available funds forced all work to stop. Eastern and European capitalists refused to risk investment in a state on the verge of bankruptcy.

These disastrous attempts at railway construction made it evident ot the people that government financed railroads were an impossibility, especially under the depressed condition of the state treasury. When later railroad projects were considered the state was willing to grant large concessions to private companies rather than attempt railroad construction at its own expense.

In accordance with this policy, the Galena- Chicago Union Railroad Company was incorporated in 1847. This railroad was built with capital secured from local farmers. In a single day its president, William Ogden, collected $20,000 from farmers, who came to Chicago to sell their produce. From its very

beginning the road proved profitable. In February and October of 1850, when only twenty miles of the road were in operation, dividends of ten and eight percent were declared.

Another short line which received a charter from the state was the Chicago and Aurora railroad. It used the Galena-Chicago tracks for thirty-three miles and built the remaining ten miles to Aurora in 1850. This company also met with immediate success.

The success of projects similar to the two mentioned, proved to the state that a railroad could be supported. An extensive network of tracks in Illinois could be made to pay, but it could not be financed by local capital. Substantial federal aid must be sought.

In 1837 a bill had been introduced in the senate, granting land to the Mt. Carmel and New Albany railroad. The classical argument of the time was propounded by its constituents, that a railroad would help the government dispose quickly of the remaining public lands. But Congress feared to make a bargain with a private corporation and consequently the bill failed. Although the bill failed of passage, yet the benefits of such an act had been brought to the attention of the Congressmen. Another factor which was responsible for the failure of the bill was the increasing changes in routes of commerce. Instead of following the natural trend of the

18. Ibid., p.41.
19. Ibid., p.40.
Mississippi, as traffic had formerly done it now was taking an east and west course. This change was caused by the opening up of the rich territory in the middle and far west and the transition from farming to manufacturing in the east.

Sidney Breese, immediately after becoming United States Senator from Illinois in 1843, introduced a bill in Congress asking for preemption rights for the Great Western Railroad Company to a portion of the public land through which the proposed road was to run. This bill received slight attention because Breese had little influence. When two years later Breese was appointed chairman of the Committee on Public Lands, he introduced another bill. This one also failed, through lack of support from the other Illinois representatives.

Several factors now entered in aiding Breese to attain his objective. The first was a motion adopted by the state legislature to instruct senators and representatives from Illinois to foster a law granting land to the state for railroad construction. Another factor was the election of the dynamic Stephen Douglas as Breese’s colleague. Douglas had always been in favor of a network of railroads in the state, but he opposed the preemption bill of Breese; first, because no branch to Chicago was provided for; second, because he felt

24. Douglas-Breese Correspondence, January 5, 1851.
that preemption rights were not sufficient to secure the necessary capital. Douglas favored a donation bill granting alternate sections of government land to the state for the construction of a railroad.

Anticipating the passage of the land grant bill, the Holbrook Company petitioned the state legislature for a renewal of its charter, and in February, 1849 the Great Western Railroad Company was reincorporated. This enactment of the legislature was opposed by Douglas, and due to pressure from the press and Douglas' faction the Holbrook Company surrendered the charter for a period of one year. This memorial was never renewed. But later when the Illinois Central Railroad Company was organized the Holbrook Company received one thousand shares of Illinois Central stock, about one-twentieth of the entire issue.

In the elections of 1849, General Shield was chosen as Breese's successor. He was in favor of the donation bill, thus removing the main source of opposition to Douglas' plan in the Senate. The press, especially the Chicago papers, also began a strong campaign for the land grant.

These factors combined with several compromises, which Douglas made with other Senators, were able to effect a passage

25. Ackerman, W.K.- Historical Sketch of the I.C.RR., p. 73.
27. Session Laws, 1849.
28. Letter Brayman to W.K. Ackerman, August 2, 1891.
29. Newspapers of the time, especially the Chicago Democrat.
of the land grant bill in the Senate. Douglas made the plan appealing to the east by extending a branch to Chicago; thus connecting the trade routes of the Mississippi, the Great Lakes, and the Gulf of Mexico with the east. By extending the proposed grant to the states of Mississippi and Alabama, he gained the vote of the south. He removed the opposition of the New England states by agreeing to support a change of tariff.

In the House the Illinois representatives had not been idle. Wentworth, Bissell, and McClernand had been working assiduously in creating favorable inclinations toward the bill. It was finally passed by the House and three days later signed by President Fillmore.

On September 20, 1850, Congress passed the act; granting to Illinois, Mississippi, and Alabama, land to be used in the construction of a railroad extending from Chicago to Mobile. By this grant the state of Illinois received alternate sections of public land designated by even numbers for six sections deep, on each side of the trunk and branches of the railroad. The selection of the land could be made from the even numbered sections to a distance of fifteen miles on either side of the track. Other specifications of the grant were that a railroad should be built extending from the southern end of the Illinois-Michigan Canal to a point at or near the junction of the

30. Land Grant- Appendix of Brownson's History of the I.C.RR.
32. Land Grant.
Mississippi and Ohio rivers, with branches to Chicago and
Dubuque, Iowa. Douglas was forced to change the northern
terminal to Dubuque to obtain the cooperation of the Iowa
representatives. The road was to be completed within ten
years and if this were not done, all unsold lands reverted to
the federal government. Besides the state paid to the United
States whatever it had received for lands already sold. Other
conditions were that the railroad be free from toll to the
United States for the transportation of troops and government
property. Compensation which would be made for carrying the
mails would be decided by Congress later. The bill, as the title
states, included a similar grant to the states of Mississippi
and Alabama.

This act of Congress was an important step toward the
present-day development of the United States. It was the first
of a series of acts whereby over 155,000,000 acres of public
domain were granted directly or indirectly toward railroad
construction. With the passage of the Illinois, Mississippi,
and Alabama Land Grant, the history of railroads in the United
States begins. Concurrently begins the history of a huge
expansion and development not only of the middle west but
more especially of the far west.

The land grant railroads also played a vital part in
saving the west to the Union. Such a policy of granting land

34. Land Grant to Illinois, Mississippi, and Alabama - Sept. 20, 1850.
35. Record of the Land Grants made to Railroads to be found
in the Newberry Library, Chicago, Illinois.
for railway construction stimulated the development of safe and adequate transportation in territory hitherto not possessing such means of transport. The railroads also gave value to the vast acres of land that were a burden upon the shoulders of the government. It is true that many pioneer settlements were made before the coming of the "iron horse", yet these were insignificant compared to the cities and towns which sprang up through the instrumentality of the railroads.

In 1852 a grant was made to Missouri and at the second session of Congress to Mississippi and Arkansas. Four years later, after several of the land grant railroads had begun to operate successfully, all reluctance to issuing large tracts of land was removed. During that one year grants were made to seven states. In 1862 a large grant was made to the Union Pacific Railroad Company, the first direct grant to be made to a private corporation. Previously, the grants were given to states which in turn issued charters to railroad companies and turned the land over to these companies.

Now that the state had the land grant the question arose how to dispose of it to the best advantage. The disastrous failures of the internal improvement railroad enterprises, as well as of early private efforts at railroad construction, were not forgotten by the people of the state. Now that a new means for improving the transportation facilities of the

state were presented to the government, it was besieged on all sides by proponents of "pet" plans. Stump and press teemed with advice as to the best mode of disposing of the land grant.

Four major plans presented themselves. The first was state construction of the railroad along the lines of the plan of 1837. Despite the former failure of this plan many were of the opinion that the three million acre grant would insure its success.

The second scheme was the bond holders plan. Certain eastern capitalists suggested that a company of bondholders be chartered with power to construct the railroad. Three dollars of bonds or four of stock were to be given for each dollar of cash invested. Such terms were too onerous to a bankrupt state, and the project never received serious attention.

A third plan was the completion the Great Western railroad under the charter of 1837. One of the clauses of this charter was that the state promised to surrender to the Great Western Railroad Company all public lands which it might receive during the lifetime of the charter. This charter had been revoked and then renewed in 1849. The renewal had been unfavorably received by many politicians and so the charter was suspended until the next session of the state legislature. Therefore when the legislature met, the Holbrook Company made every effort to defeat any bill repealing its charter. If they

38. Ibid.
were successful the land grant would automatically go to their company.

The last plan was to create a private corporation and turn the grant over to it with certain restrictions.

When the state legislature meet in 1851, many bill were presented in both houses, but no agreement could be reached. The land grant had been the vital issue during the preceding elections and each congressman came to Springfield with instructions to vote favoring his own district and faction. The selection of Breese as speaker seemed to give the Holbrook party the upper hand. But this was of short duration, for the Breese-Holbrook faction was not as powerful as it had been several years before. The legislators were especially opposed to it, and Douglas' leadership was enough to throw the Holbrook Charter out of further consideration. There is no knowing when any definite plan of utilizing the land grant would have been adopted had not outside interests intervened. Robert Rantoul of Massachusetts, representing a group of eastern capitalists, presented a proposition to the state government. This proposal in substance was: That the legislature create a corporation and surrender the land grant to it. In return for which the company would complete a railroad by July 4, 1854, and pay the state (blank) percent of the gross receipts.

The acceptance of this memorial was recommended by Gov.

39. Ibid. p. 34. Although many propositions were put before the legislature they all simmered down to these four divisions.
40. Brownson's History of the I.C.R.R. Appendix, Memorial of Dec. 28, 1850. Blank Left for the rate to be paid.
French in a special message, and on January 14, 1851 the first step was taken toward accepting the Rantoul proposition, when Ashel Gridly introduced a bill in the Senate, incorporating the Illinois Central Railroad Company. This bill met with the immediate opposition of the Holbrook interests. If they were successful in delaying its passage for the few remaining days of Congress, then the Holbrook charter would go into effect. Another important clause of the Gridly Bill which caused delay was the percentage to be paid to the state. The act specified ten percent but the Rantoul interests were willing to pay only seven.

James Morrison offered a substitute bill containing various amendments to the original. This new bill was immediately passed a large majority vote in both Houses. It incorporated the Illinois Central Railroad Company, as the Rantoul company was to be called and on March 19, 1851 the charter was accepted by the new company.

Among the more important provisions of the Illinois Central charter was the transfer of the federal land grant to the railroad company and the exemption of the property from taxation. In return the company was to pay seven percent of its gross earnings to the state in perpetuity. Another important clause made the governor of the state an ex-officio officer of the railroad company.

42. Ibid.
43. Ibid.
The granting of the Illinois Central charter by the state, marks an important epoch in the history of Illinois. It conferred valuable privileges but in return the state received numerous and unusual benefits. The act granting right-of-way to the railroad company through public lands, to a width of two hundred feet gave the railroad company a strip running the length of the state from the junction of the Mississippi and Ohio rivers to the southern end of the Illinois-Michigan Canal. Branches were specified to Chicago and Galena. The railroad also obtained the privilege of taking from the lands earth, stone, and timber for the construction of its lines. The most important concession to the railroad company was the granting of 2,595,133 acres of land in even numbered sections, and 3,473 acres in odd numbered sections thus forming a total of 2,598,133 acres.

The benefits which the state derived from these unusual concessions had such a bearing upon the welfare and future prosperity of the commonwealth that they cannot be enumerated in a few paragraphs. We may begin by recognizing the statement made by many historians; that the history of the Illinois Central is the history of Illinois.

46. These are the figures according to the valuation of the Interstate Commerce Commission. The General Land Office of the Illinois Central, however, reports the total acreage as 2,593,133. Cf. Corliss, C. J. - Land Grants to Railroads.
Starr Jr., J. - One Hundred Years of American Railroading, and Abraham and the Railroads.
Chapter II
Construction and Settlement

The development of the land grant divides itself into two divisions. First, the actual construction of the railroad and second, the sale of the land for farming and settlement. These two phases of railroad history in Illinois are interdependent, the construction of the Illinois Central railroad provided the necessary means of transportation the lack of which had retarded the settlement of the state. On the other hand, the first is dependent upon the second for the sections of the granted land which were divided into farms were the foundation upon which the Central railroad was built. Eastern capitalists would not have risked their money in an enterprise of a bankrupt state unless special privileges and firm security for their investments were given. The grant of nearly 3,000,000 acres of land gave the state a credit which otherwise it might not have obtained. Subsequent utilization of this grant brought the state out of its bankrupt condition. The ventures of the state in a system of internal transportation were the primary causes for its large debt. Now the land grant became a means of paying off this indebtedness without further risk to the financial status of Illinois.

The Illinois Central Railroad Company was organized in

1. Pease, T.C. - The Frontier State, Centennial History of Ill. VII.
New York and the main office remained in that city for many two years. Robert Schuyler was chosen first president. He had had a great deal of experience in railroad organization, having at one time or another been the leading director of several eastern railroads. His record was tarnished, when in 1853 he became involved in questionable proceedings in connection with the New York and New Haven railroad. As president and transfer agent of that company he made and over-issue of $2,000,000 worth of stock. This act ruined an otherwise illustrious career.

Robert Rantoul Jr., the man most instrumental in securing the Illinois Central charter, was most prominent of the company's early officials. The charter was very largely his work, as were the early financial policies of the Illinois Central Railroad Company. Rantoul's ability in the world of finance was so well recognized that he was mentioned for the office of Secretary of the Treasury in President Fillmore's Cabinet, but his death deprived him of that honor.

In 1853 Schuyler was succeeded by William H. Osborn. The Illinois Central railroad owes more to President Osborn than to any other person connected with it. At one time he was entrusted with complete control of the road, and his policies even during periods of depression were never condemned.

Simultaneously with the execution of the deed by Governor French, granting land to the Illinois Central Railroad

3. Ackerman, W. K., Historical Sketch of the I.C.R.R., gives sketches of all the early officials of the company, p. 57-60.
4, 5. Ibid., p. 27-36, 62-68.
Company from the state of Illinois, the company proceeded to execute a deed of trust to Morris Ketchum, John Moore, and Samuel Lockwood, conveying to them in trust all the land granted by the federal government. This deed was given as security to the state for the actual construction of the railroad and a security of the bonds which the company intended to issue.

The original plan of the promoters of the Illinois Central was to finance the construction of a railroad by means of bonds secured by a mortgage of the donated land. In accordance with this policy the railroad company issued bonds in various denominations, totalling $17,000,000 with 2,000,000 acres of the granted land as security. The remaining 595,000 acres were placed at the disposal of the three trustees the proceeds from which were to be used to pay the interest on the bonds issued and to meet the financial need of the company.

At the time bonds of the state of Illinois were selling at a heavy discount in the eastern states so that the Illinois Central saw in that quarter an unfavorable market for its securities. The alternative was to seek foreign capital. Accordingly, David Neal, first vice-president of the Illinois Central Railroad Company, went to Europe to secure funds for the Illinois project. He spent some time in England and

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6. Ketchum represented the railroad company, the other two were trustees of the state.
7. Ibid., p. 88.
8. Ibid., p. 68, 69.
Belgium and was able to obtain monetary aid from capitalists there. So successful was Neal that by February 1856 over 40,000 shares of Illinois Central Railroad bonds had been disposed of in Europe. Six months later this amount had been doubled, due principally to sales in Great Britain. Neal made a second trip to England and at Liverpool he negotiated a large shipment of iron-rails for the construction of the railroad. This purchase was very helpful in securing British cooperation in the financing of the Central railway. By 1864 over $12,000,000 of the company's bonds were held abroad and of this amount three-fourths were held by English investors.

These foreign investors did not remain idle. To obtain a larger return on their investments they aided the Illinois Central railroad in many ways; encouraging settlers for the company's lands; obtaining better and cheaper materials for the railroad; and promoting the Illinois Central advertising campaign.

The new Central railroad was to consist of 705 miles, crossing the whole state from north to south. Sectional rivalries were so intense for branches of the new road that the legislature had not been able to decide the route and left the choice to the railroad company, specifying only five points: Galena, Chicago, the southern terminus of the Illinois-

10. Annual Report-1876, 1856.
Michigan Canal, Cairo, and Dubuque. Threats, bribery, and litigation were employed to no avail in influencing the railroad's choice. The line was determined by its economic and engineering merits, being located with the purpose of including as much public land within the fifteen mile limit as possible. Opportunities for traffic were not overlooked also the minimum cost of operation and construction was an object in the choice. Expensive rights-of-way, long bridges, and extensive grading were undesirable expenditures. The route finally chosen was in the shape of a "Y" extending over 699 miles of Illinois territory. Generally speaking, it was straight with only three curves of small radius, the main line extending from Cairo to Freeport and on to Dubuque. Roswell B. Mason was put in charge of the whole project and to him belongs the credit of a successful management of the road during its infancy.

With the preliminary work completed actual construction was begun. To comply with the specifications of the charter, ground was broken on December 23, 1851 and work started from each terminal. Several seemingly insurmountable obstacles immediately presented themselves the foremost of which was lack of labor. Illinois was still an agricultural state. Farmers showed no inclination to take part in railroad construction and there was no superabundance of labor in the towns. What labor existed was static and could not be moved.

13. Ibid.
as construction progressed into distant counties.

Fortunately, conditions in Europe helped to rectify this situation. A wave of Irish and German immigrants, seeking political liberty and better living conditions, had started. These immigrants came looking for land and work. The Irish, especially, drawn from the peasant class, had been able to save just enough for their passage over. Attracted by the cheap lands, they came to the middle west. Many of them when they finally arrived in Illinois were so destitute that they were willing to do any kind of work. At certain times from six to ten thousand men were employed by the Illinois Central railroad and a large majority of these were immigrants. Much could not be expected from the foreigners, since such work was to them only a means to an end. They came here to continue farming and when enough money had been saved to buy a piece of land they left the railroad. But they had performed their share in supplying the labor necessary for the building of the road. Now they carried on the work of aiding the development of both the railroad and the state, by becoming purchasers of the railroad company's lands. After settling down many sent for their families and relatives, thus producing a continuous stream of immigrants into the state. This was especially true of the Germans, the Irish continued to work for the railroad and later in the factories, constituting a large part of the urban population.

Another obstacle which had to be surmounted was lack of 15
materials. The time for completing the road was limited and
practically no railroad material was made in this country. 16
It had to be all imported from Europe. There also were no
large construction companies in the state, making it necessary
to break up the work into twelve sections and invite bids for 17
each section. By October 1852 the entire road, excepting a 18
small section of fifty miles was under contract. Outside of
a few financial difficulties, which were bound to arise, the
work of construction went on very smoothly and by January
1855 the main line was completed. In September the Galena and 19
Chicago branches were ready for use.

Compared with present day railroads the Illinois Central
of that time was a very poorly constructed line. Still it
was a gigantic accomplishment. The largest railroad of the
day had been the New York and Erie, extending three hundred 20
miles. The Illinois Central more than doubled that length.
Its tracks ran through a veritable wilderness. They scarcely
passed through a dozen towns large enough to be on the map.
We shall see later how quickly this territory was populated.

15. According to the charter the main line had to be completed
within four years and the branches within six years.
17. Chicago Democrat- April 23, 1851.
Company to 1870, p.40.
The cost of building the best railroad in the west and the longest in the country was $26,568,017.61 or about $37,000 per mile. Of this amount approximately $21,000,000 was expended on roadway, buildings and materials.

With the completion of the roadbed and buildings, the company turned its attention toward its rolling stock and traffic. Since the main office was in New York the direct management of affairs was in the hands of the local superintendent. This important position was well executed in 1856, by George B. McClellan, later Commander in Chief of the Federal Armies during the Civil War. At first mixed trains were run at an average of five per day in each direction, but in 1870, with an increase in traffic, the mixed trains were taken off. Suburban service had been started out of Chicago some time before with regular trains to Hyde Park and Kensington. In 1856 the Adams Express Company was given a monopoly of the express business.

The Illinois Central Railroad Company was just getting organized and beginning to extend its business when all progress was arrested by the panic of 1857. A severe drought during the following year augmented critical conditions, a set-back which was not overcome until the heavy traffic of the Civil War put the railroad on a sure financial basis.

22. Ackerman, W.K.- Historical Sketch of the I.C.RR., p.43
23. Annual Report- 1858
25. Ibid
During the years of the war the Illinois Central was utterly unable to handle the traffic of the vicinity. The route had been built running north and south consequently the road was indispensable to the government in carrying men and supplies to the war infested areas. One of the conditions of the charter had been that the road remain free to the United States government, but a later agreement was made in which the government agreed to pay thirty-three and one-third percent of the regular rate to cover the cost of using the Illinois Central equipment.

This prosperity of the railroad company did not end with the war. The development of manufacturing in the east created a tremendous demand for middle western products and since the Illinois Central was the only existing railroad in the middle west, it was used as much for west to east traffic with Chicago as the chief terminus as it was for north and south traffic.

The construction of the Illinois Central had been an incentive to other railroad projects so that by 1870 there were 4,706 miles of track in Illinois. So well provided was the state with railroads that after the panic of 1873 new railroad construction was almost suspended. As a matter of fact, the panic and the resulting depression had been caused by over-investment in railroads and other forms of fixed capital.

When in 1866 another period of railroad expansion began in which Illinois had no share. Railroads were constructed in the new west of the Missouri river. Illinois was confronted by a far different situation, when fifteen railroad companies went into receivership. These companies were later bought up by the larger railroads and in this manner the Illinois Central acquired new lines. By 1917 the railroad had increased its mileage by construction, purchase, and lease to 4,825 miles, half of which were by stock ownership and half by outright purchase.

The second phase of the development of the land grant together with that of the state of Illinois was the sale of land to farmers and settlers. To systematize the selling of its lands the railroad company organized a land department. This department divided the grant into districts, then engineers were sent out to ascertain the quality of soil, whether timbered or prairie, and proximity to water. Only after this information had been obtained was the land thrown upon the market. Except for 107,617 acres which were conveyed to preemption claimants, who after having proven their claim could purchase the land at two and a half dollars an acre, sales were very slow. The country was new and quite a distance away from centers of population. Local purchasers had very little money for buying

29. Railway Age, 15; p. 8.
land. To stimulate buying, the Illinois Central undertook an extensive advertising campaign, both in the United States and in Europe. Rantoul issued an interesting pamphlet entitled; "Letter on the Value of Public Lands in Illinois". In this pamphlet he considered the comparative value of the lands in Illinois with those in other states. He ventured to predict the rapidity of settlement and estimated the returns which could be expected from an investment in the lands of the Illinois Central railroad.

The railroad company sent special agents to various European countries, printed pamphlets in different languages, and proposed other inducements all with the purpose of attracting settlers to Illinois. For a time these attractive inducements were scarcely heeded but later they began to produce results. Honorable Lawrence Heyworth of Liverpool visited Illinois in 1856. He was so impressed with the future value of the land that he purchased over a million dollars worth of real estate.

Heyworth was not the only one to speculate in Illinois lands. The construction of a railroad in potentially rich areas attracted numerous speculators. Residents, towns, and even whole counties fell victims to local promoters. The Graduate Act of 1854 provided that lands which had been on

33. The Illinois Central Railroad Company offers for sale over 2,000,000 acres of selected farming and wood lands, 1856. A Guide to the Illinois Central Railroad Lands, 1861.
Wright, J.S. - Proposition to Chicago Railroad Capitalists.
34. Ackerman, W.K. - Historical Sketch of the I.C.RR., p. 75.
the market from ten to fifteen years should be sold for a
dollar an acre, from fifteen to twenty years for seventy-five
cents and acre. A gradual reduction was made with twenty-five
cents for every five years. Land on the market for thirty or
more years was sold for twelve and a half cents an acre.
This act induced not only Europeans and Easterners to come
and settle in the pioneer states but it also attracted
heavier speculation. By 1856 practically all the government
land adjacent to the Illinois Central route, amounting to
nearly 3,000,000 acres, had been sold. It is reasonable to
suppose that most of it went into the hands of speculators,
considering the rapidity with which it was snatched up after
the passage of the Illinois, Mississippi, and Alabama Land Grant
and the Graduate Act.

Three types of speculators may be distinguished. The
first and most numerous were the small farmers who purchased
more land than they could utilize for many years. In the
second group were the business and professional men and
politicians, who invested heavily in land. The holdings of
the politician very often motivated the execution of his
public office. A third class was composed of the professional
speculators. These men organized companies, advertised their
lands, maintained local agencies, and often became competitors

37. Annual Reports- 1859, 1860 show that farmers were forced to
cancel purchases of land through inability to meet the
payments for large tracts of land.
of such large land owners as the Illinois Central.

These speculators were both a boon and a disadvantage to the development of the state. In the case of the politician his investments were beneficial to the state in so far as they induced federal aid in various local projects. The case of Stephen Douglas and John Wentworth are examples of this, both of whom were heavy investors in Chicago real estate. But on the whole, the holdings of the political speculator had a retrograding effect upon the development of Illinois. The politician could not advertise his lands for sale. As taxes mounted he eventually disgorged them upon the market, causing a general depreciation in real estate values.

The case of the professional speculator was somewhat different. He made the selling of land an efficient business, since he had to compete with the railroad company which paid no taxes. Until he had secured title to his land the purchaser of railroad lands had to pay no taxes. Such was not the case of the other purchaser. He not only had to pay a higher price for land but also received a tax bill the first year of purchase. But since the prices of the professional speculator were high the more substantial foreign buyers were attracted, thus bringing into the state a higher class of farmers.

One of the leading speculators of the third type was Solomon Sturgis, who held 100,000 acres of Illinois land.

38. Cf. Chapter VI.
Another was the Illinois Land Company, which at one time offered for sale 30,000 acres of Illinois lands.

Speculators played an important role in the development of Illinois. They preceded the settlers, purchased the choice locations and then sought to turn immigrants to their section. The speculators were foremost in advocating improvements and executed a strong influence in securing them. Their advertisements attracted settlers to the state.

Their activities were also a detriment to the growth of the state. By holding the best lands at high prices, the speculator forced the immigrants, who at that time were not very well provided with money, to move farther west, thus retarding the development of the state. The speculator often played a shady part in politics. Bribery and collusion were frequently used to obtain legislation favorable to him at the expense of others. To the speculator may be attributed the failure of the Internal Improvement plan of 1837, a fact which greatly retarded the development of the state.

What has been said about the professional speculator applies in general, to the activities of the Illinois Central Land Department. The Illinois Central was nothing more than a land-selling company. Ideas used by the Land Department were often employed by rival companies.

After a consideration of this wholesale buying and

40. Pamphlet- Illinois Land Company offers for sale 30,000 acres of land etc., 1855.
selling of land, come the sale to the small farmers. A similar method of sale was employed in nearly every case. It was not unlike the procedure used today in the sale of suburban lots. An agent of the company would take out a trainload of prospective customers to inspect the land. After a selection had been made, the transaction would be completed at the local agency. The average tract bought was from eighty to one hundred and sixty acres, and the range of price was very wide. Lands adjoining town sites or in close proximity of the road were priced higher and on shorter credit. Best farming lands could be purchased at six to twenty-five dollars an acre. The first year's interest of six percent had to be paid at the time of purchase, while the payments on the principal began only four years after purchase and extended through the next four years. The contract also stipulated that one-tenth of the tract purchased had to be cultivated and fenced.

As we have seen, the first foreign immigrants to Illinois came from Ireland and Germany. Attracted by the opportunity which the construction of the railroad offered, they eventually settled in Illinois. The Irish came first, an industrious but turbulent lot, causing dissension between employer and employee. As a consequence the Illinois Central tried to secure men with families. The Germans, who came later, were

a more docile people.

These early immigrants settled in the northern counties, being from northern regions they sought land with a moderate summer climate. Another reason was the hostility of the old southerners toward the Yankee and the foreigner. Inhabitants of the southern counties, a very homogeneous group, segregated themselves from the rest of the state. To bring a closer unity and harmony between the two separated portions of the state, was one of the reasons why Douglas had favored a central railroad. A third reason for the trend of population in the northern counties was the unsuitableness of the southern lands for the raising of wheat, the most remunerative staple of the state. Finally, the Illinois Central gave small encouragement toward settlements in the southern counties.

Immigration into the southern counties began during the Civil War, the Illinois Central railroad becoming a refuge for southern fugitives and negroes. Although these people came generally in a destitute condition and were not the best of settlers, yet they were customers for the southern lands.

The negroes were an element which the state from its very beginning refused to welcome. A constitutional convention held in 1862 had declared by a large majority vote against negro immigrants, but during the Civil War under federal

43. Early Advertisements of the I.C.RR. Co.
44. Cole, A.C. - The Era of the Civil War, ch. I and XIV.
policies negroes came into the state as "contraband". Any negro within the Union lines was given the status of a contraband and his master's claim declared forfeited. From that time on, large bands of negroes began to filter into the state, the Illinois Central railroad carrying from one to four carloads of blacks daily. Many Republicans welcomed these people while the Democrats took the opposite stand. Such a Republican policy led to the party's defeat in 1862, a fact showing that the state was opposed to admitting negro inhabitants. In 1865 the repeal of the black laws provided an open door for negro immigrants into Illinois. They were distributed throughout the state by the Northern Freedmen's Aid Commission. With these changes negro opposition in Illinois began to wane, although race riots sprang up here and there at regular intervals.

During the same decade European immigration, which had nearly ceased prior to the Civil War, became greater than ever. Almost every foreign element received an increase in population. This new influx of settlers into the state must be attributed to a great extent to the efforts of the Illinois Central Railroad Company. The charter specified that the railroad sell all its lands within a period of ten years. Therefore President Osborn saw that extreme measures must be taken to increase sales. He introduced many new ideas, the

45. Ibid., p. 330-338.
46. Ibid.
47. Ibid.
most noteworthy of which was securing agents of different nationalities to work among their own people. In spite of all the Land Department could do the railroad failed to fulfill this requisite and in 1874 the state brought suit against the Illinois Central railroad to compel it to sell the residue of its land. The case was brought before the Supreme Court which through Chief Justice Breese ruled in favor of the railroad company.

The Land Department made sure that the attractions of soil, climate, the natural resources of the state, relief from heavy taxation, and proximity to transportation facilities were brought to the attention of the emigrants. It aided the state in preparing its exhibits for the International Exposition at Paris in 1867. To induce Scandinavians to settle on Illinois Central land the railroad offered 1,000 acres of its land at a price reduced from twelve to six dollars per acre, for the purpose of securing the site of Augustana Luthern College on this land. A location in the vicinity of Paxton was finally selected and the college erected. In 1870 the Swedish population of Illinois numbered 36,000, with centers at Rockford, and Paxton. Norwegian emigrants generally passed through Illinois to settle in Wisconsin, Iowa, and Minnesota, but some came to Illinois and stopped in the vicinity of Chicago and Ottawa.

49. Advertising matter of the company.
51. Ibid.
German immigrants came from the northern part of Germany. They unlike the early Germans settled in the towns, Cairo and La Salle receiving the greatest numbers. Later these immigrants became leaders in industry.

Over 70,000 Germans, 33,000 Scandinavians, and 32,000 Irish settled in Illinois during the sixties. There were also a number of Canadians, Poles, and Italians not to mention the vast throngs coming from the various states, causing an increase in population of forty-eight percent, in spite of the fact that many men left to fight in the armies.

Illinois felt the march of the western migrations. The state lay directly in the path of the western pioneer and although many of the emigrants found Illinois the goal of their ambitions, many more passed on to take up habitation in the far west. These took with them not a few of the old settlers of the state. The Homestead Act of 1862 which was so beneficial in populating the far west not only greatly decreased immigration into Illinois but it also drew many settlers to lands across the Mississippi.

At the close of the Civil War the Illinois Central had completed its task of aiding the settlement of Illinois. During the period between 1855 and 1857 over one-third of the land grant had been disposed of. For this land the Illinois Central received an average of $12.10 per acre, the total sale

55. Annual Reports—1856, 1856, 1857.
amounting to 1,200,032 acres for $15,311,440. By the close of the sixties there remained approximately 450,000 acres of unsold Illinois Central land, of the poorer sort and situated in southern Illinois. At the close of the year of 1873 the company had redeemed all of its original $17,000,000 in bonds with money received in payment for land.

By 1890 the colonizing activities of the Illinois Central had entirely ceased. There remained in its possession 135,000 acres of farm land and 338 town lots. Even then the company was making every effort to dispose of this land as it required much care and attention. Records show that on June 30, 1930 the Illinois Central owned only 9,774 acres of land valued at $4,876,369, on the basis of adjacent land values, the most valuable property being 320 acres in the vicinity of the Calumet manufacturing district, south of Chicago.

On June 30, 1915 the Illinois Central Railroad Company issued a tentative valuation report on its land receipts. For 2,588,332 acres it had received $26,699,379. The expense which accrued in selling this land was estimated to be $2,508,143. Thus the Illinois Central received an average of $8.96 an acre for the land granted to it by the Act of 1851.

In return for such a monetary benefit the railroad in years between 1854 and 1900 had made between 40,000 and 45,000 individual sales. This figure alone means a great deal.

Annual Report - 1891.
Corliss, C. J. - Land Grants to Railroads.
Ibid.
Annual Report.
In showing the importance of the Illinois Central railroad in colonizing Illinois, the immigration activities of the company had brought from forty to forty-five thousand families to the state from all parts of the world; Canada, Great Britain, Germany, Sweden, and other European countries. Such an increase in population had intangible and unmeasurable effects, making possible a rapid expansion in agriculture and industry. The Illinois Central helped to make Chicago what it is today, the world's greatest inland city. It helped make Illinois the third state in population and wealth in the United States. Wild and desolate counties were transformed into rich farming and industrial areas by the iron horse.
Chapter III
Social Results

The charter of the Illinois Central railroad was a special one. It conferred valuable privileges, but in turn its donor received unusual benefits. The effects of the grant were immediately felt in every way—social, economic, financial, and political. A tremendous increase in population and its attendant effects was the most important result of the grant.

In the decade of the fifties and sixties the population of Illinois increased more than that of any other state in the Union. The gain for the first ten years was 860,481 and for the second ten years 827,940. The second figure would have been much greater except for the war. Illinois had at one time as many as 60,000 men in the army. Such a gigantic increase in the number of people carried with it innumerable changes. Uninhabited sections of the state received settlers, new towns and cities sprang up, villages became towns, and towns grew into cities. Greater and more pronounced was the transformation in the counties through which the Illinois Central passed. These counties in 1850 contained 255,284 inhabitants. Ten years later these same forty-nine counties had a population of 814,891 people.

2. Ibid.
3. Andreas, A.J.—History of Cook County, p.177.
Since the Illinois Central route had been chosen with the purpose of including as much public land within the fifteen mile radius as possible, the tracks ran through the wildest and most sparsely settled parts of the state. The entire route of seven hundred miles did not pass through ten towns large enough to be called such. But these areas were settled as soon as the railroad had made them accessible. The rich soil was brought into cultivation and the mineral resources were opened for exploitation. Early travellers had declared that the prairie could never be anything more than a desert but by 1870 it had become the granary of America. During the Civil War the Illinois Central was taxed to its capacity in carrying the grain of the prairie states.

The years between 1849 and 1856 wrought a tremendous change in Illinois. Western migrations had attracted the restless pioneer element to lands across the Mississippi river, and Europeans and northern Yankees were coming and settling in the northern and north central counties. In 1849 there were almost 15,000,000 acres of unsold government lands. Eight years later there were but 294,149 acres left. Of course much of this land found its way into the hands of speculators yet another large portion was sold to immigrants.

In the southern counties the growth in population was slow. The lands of the Illinois Central had received settlers

from the south, especially Tennessee, Alabama, and Georgia. But with the outbreak of the Civil War this immigration increased many times. Refugees came to live in Illinois bringing with them their families and some came with their whole household. It was a simple matter for the Missouri farmer to bring his family and cattle across the river and purchase land from the railroad.

The central counties of the state were developed entirely through the instrumentality of the Illinois Central railroad. For many years the railroad was the only means of transportation for the inhabitants of these counties. One could travel for miles without seeing any sign of habitation, but slowly settlers began to come in, first taking up the better lands in the west central portions of the state. Lands in the eastern parts were the last to be settled because they were swampy and therefore less conducive to farming.

Although the effects of the railroad upon farm life were not as pronounced as upon city life yet they were great enough to revolutionize farm industry. Where formerly the farmer grew just enough to provide for his own family, now that connections with neighboring and eastern markets had been established he raised a capacity crop. With the money he received for his produce he bought more land or improved his home, his farm, and his implements.
The farmer was no longer self-sufficient. He produced grain for the eastern states and, in turn, consumed manufactured goods from that part of the country. In other words, the Illinois farmer became an important part in the economic, social, and political structure of the United States.

The period immediately preceding the Civil War was one of the several setbacks which the railroad received during the time of its inception. In principal and interest the company had collected $12,598,083 on the sale of its land. Profits from traffic were increasing rapidly, until the outbreak of the war cut all this off as if with an ax. With cessation of immigration from Europe and the other states the demands for lands stopped. Corn and wheat and flour had become important commodities in the trade between the north and south and with a discontinuance of this trade prices began to drop. To augment these difficulties the bank issues in Illinois which were largely based on securities of the southern states became worthless with the declaration of hostilities, thus causing a shortage of money in the state. All these circumstances combined to make it impossible for the farmer to continue payment for his land.

To meet the difficulties the Illinois Central Railroad Company took a very radical step. It agreed to accept the farmers’ corn, at Chicago market prices minus the transportation

7. Ackerman, W.K. - Historical Sketch of the I.C.RR., p.91.
charges, in payment of contracts. The crop that year had been very good and every farmer was able to meet his payment. This act was very effective in tiding over both the farmer and the railroad company during the dark days of 1861. Corn which had been accepted in payment for land was later sold by the railroad to the government and in Europe at a large profit. Such a gesture on the part of the railroad also aided in creating a spirit of good feeling between the railroad and its debtors.

What produce the farmer did not give to the railroad company he was easily able to sell, the outbreak of the Civil War having created a strong demand for farm products, especially in those parts where the armies were fighting. All the grain that could be transported to the different centers found a ready market. Consequently according to the law of supply and demand prices rose. At one time corn sold for as high as a dollar and fifty cents a bushel. Hay and oats were correspondingly high.

With this abundance of products and the unusually heavy demand the traffic became so great that the Illinois Central was unable to supply enough cars to take care of it. The loss of north and south trade was compensated by the demands of the federal government for trains to transport men and munitions. The Illinois Central was the only railroad which

8. Ibid.
9. In 1861 there was severe drought in several European countries.
10. Annual Report- 1862.
could be used to carry supplies and soldiers to the western front. Consequently it remained for a great majority of the time in the employ of the United States government.

These were the days when the railroad company reaped a golden harvest. The years preceding the war had been lean ones and many times the Illinois Central had been on the verge of bankruptcy. Now there was a decided change. So heavy had been the demands upon the road during the war that after peace between the North and South had been declared the tracks were in an unsafe condition for traffic.

The development of agricultural communities stimulated the growth of towns. One of the most striking examples of the railroad's participation in the development of the state of Illinois was in the promotion of town sites. The mere erection of a railroad station was a sign of the beginning of a town. Stations were built approximately every ten miles and towns sprang up like mushrooms all along the Illinois Central line. It was obvious that with the construction of the road stations would become important as shipping and receiving points.

Construction of a freight and passenger station immediately attracted small tradesmen and mechanics. These were followed by the small timber mills and shops. Then came the erection of grain elevators and factories. Thus a town would come into being. With this industrial growth was

associated a social development, increase in population, extensive building, and the establishment of schools, churches, and other institutions.

Town growth along the Illinois Central route may be classified into four parts. Evolution of old towns into cities; the rise of new towns; growth of suburban centers; and an eventual decline of many of the old towns in favor of new ones.

Prior to 1850 there were on the Chicago branch of the Illinois Central railroad four towns worthy of the name: Bourbonnais, Spring Creek, Urbana, and Chicago. Twenty years later there had grown around the railroad stations twenty-eight towns and cities, ranging in population from 5,189 to less than a thousand. Chicago had a population of 298,977.

The outstanding example of urban growth was Chicago. This city's rise had never been approached in world history. In the sixties Chicago nearly tripled in size with an increase of nearly two hundred thousand people, about one-half of which were foreign born. While business conditions in other cities were very discouraging, Chicago kept on growing. Numerous buildings were erected and real estate speculation exceeded all bounds. The westward migrations performed their share in aiding the development of this lake metropolis.

Chicago's hotels were always crowded. While many of the

12. Gerhard, F.- Illinois as it is, 1857. Table on p. 417.
13. Ibid.
15. Ibid. Pease, T.C. - The Story of Illinois, p. 201.
emigrants moved on, others decided to stop and take habitation in the city. Those who decided to stop immediately began to participate in aiding the city's progress. Those who traveled farther west found Chicago a haven for procuring the necessary supplies for their journey and so through their purchases added to the prosperity of the city.

By 1860 Chicago had already taken the lead as a railroad center. Thirteen railways were connected with the city and over a hundred trains entered it daily. St. Louis had had aspirations of becoming the center of middle western trade and as long as the middle west depended upon the water highways for their principal means of transportation, St. Louis held the lead. But with the coming of the railroads the metropolis of Missouri was gradually forced to relinquish the leadership to Chicago.

Kankakee is the most striking example of town growth. It began in 1852 and in two years boasted of a population of 1200 people. By 1858 the number had increased to 3500. Associated with this overnight growth was the establishment of the various institutions which promote better and more progressive living. The old log cabin was gradually displaced by the frame structure, churches were built, primary and secondary schools opened up, and the standards of living were improved through contact with new settlers, leading to better

18. Gerhard, F. - Illinois as it is, 1857, Table on p. 417.
methods of business as well as of farming.

Another example of town growth was Mattoon, which sprang up at the junction of the Illinois Central and Terre Haute railroads. In four months the town of Mattoon stood where formerly not even a single settlers cabin could be found. Within a few years schools and churches had been established, not to mention the numerous stores and hotels which existed.

Similar changes occurred everywhere along the Illinois Central line. Small towns grew into cities and villages became towns. Bloomington had doubled its population by 1856. The new city already boasted of ten churches, seventeen schools and academies, seven mills, and eight factories. Its streets were impassable throughout the day, being thronged with farmers' teams, who had come to town bringing their produce for shipment.

A very interesting phase of urban development by the Central railroad is the growth of suburban or neighboring towns. One of these was West Urbana or Champaign as it was later called. West Urbana was established as a community adjoining the old town of Urbana. At first it was nothing more than a suburb, but because of its more advantageous situation as a railroad center it soon surpassed the old town in growth and size. Several years later it was incorporated as the city of Champaign.

19. Chicago Democrat, September 1, 1855.
20. Gerhard's Illinois as it is, 1857 contains a table giving condensed information on town development, p. 417-420.
The development of two of the suburbs of Chicago presents a different picture of suburban growth. On May 20, 1880 the factory of the Pullman Car Company was built on land adjoining the Illinois Central tracks. The erection of such a large factory and the opportunities for securing employment attracted many people so that in a short time the town of Pullman sprang up. Its progress was rapid but at no time was there any danger that Pullman would succeed Chicago as a metropolis.

Another suburb of Chicago, which developed through the instrumentality of the Illinois Central, was Hyde Park. In 1856 the community of Hyde Park laid out an addition and offered the lots for sale. To assist in this development the railroad company ran special suburban trains between Hyde Park and Chicago and offered liberal rates to visitors and prospective customers. Unlike Champaign, Hyde Park today is part of Chicago's south side.

By the sixties most of the new towns along the Illinois Central route had reached their peak and began to decline. They had been brought into being to meet the needs of the farmers of the vicinity for trade centers and their expansion was limited. As the towns became more numerous they had to divide the trade of the vicinity and thus began to decline. Today they are nothing more than shipping centers for the neighboring farmers.

22. Ackerman, W.K. - Historical Sketch of the I.C.RR.Co., p. 81.
Old towns, which the railroad found, it helped to develop into cities. Most noteworthy were Peoria, Springfield, Joliet, Quincy, and Cairo. Although not all contiguous to the route of the Illinois Central they were directly affected by the railroad. In the forties these places were only small trading centers with populations not exceeding several thousand. By 1870 most of them had over 20,000 inhabitants.

The story of the growth of these new cities is somewhat different from that of the towns. New towns were generally nothing more than colonies of people speaking the same language and observing the same customs. Colonies of Frenchmen were found at Nauvoo, French Canadians at Kankakee. Swede and Norwegians settled at Paxton and Rockford. Cities, on the other hand, were formed of an heterogeneous population. It was very difficult for the dignified southerners of Cairo to associate and live in common with foreigners and New England Yankees. Descendents of the New England Puritans and Methodists differed from the German and the Irish immigrant, especially in religious and political ideals. Much discord arose between the various groups, a striking example being the observance of the Sabbath. New Englanders were absolutely opposed to the sale of intoxicants on Sunday, but the European considered them a necessity in properly celebrating the holiday. Even the laws themselves became obsolete. Municipal regulations which had been applicable to a small town were inappropriate in

24. Cole, A.C. - The Era of the Civil War, Ch. I, XV.
Pease, T.C. - The Story of Illinois, p. 198-204.
governing a city of many thousand.

These towns suffered most from the lack of proper living conditions. Sewage and water systems were either entirely lacking or most insufficient. Board sidewalks and muddy roads were inadequate in serving as streets for the citizen's use in going about his daily business. An editorial in the _Springfield Journal_ ironically describes the wretched condition of its streets:

"They (hogs) amuse themselves by digging holes in the gutters some of them at the corners of the streets—some several feet deep—the one at the corner near the State House is probably three feet deep—into these they collect all the moisture of the neighborhood and stir up a most beautiful batter."

The railroads themselves produced a most difficult problem. Not every community could be reached by the Illinois Central. Those portions of the state through which the Central railroad passed were prospering by leaps and bounds and other counties seeing these favorable effects began to clamor for similar facilities. Persons, towns, and even whole counties were willing to cooperate in any railway construction scheme. Lands were donated and money loaned for railroad building, especially during the time of the "tax grab" act of 1869. This act permitted counties to deduct funds from the increased revenue derived from a rise in the price of land, and with this money subsidize railroads. Such an act did nothing more than

become an inducement for much aimless speculation. Eighty-six counties in Illinois subscribed $16,088,027 for railroad construction. As a consequence during the year 1871 more railroads were built in Illinois than at any other time, over 1,190 miles of tracks being laid. The state became so covered with a net work of rails that scarcely any part of it was twenty miles from a railroad. In fact eighty-five percent of the land was within four miles of one.

Such wild construction was entirely unnecessary. Tracks were laid in places where they were not required by the business of the community. Speculators taking advantage of the easily obtainable financial aid, often built roads with no intention of operating them but in the hope of selling out at a profit. Such proceedings eventually proved detrimental to the state. Other railroad companies which actually operated their roads took advantage of the people through the manipulation of rates and in discrimination between long and short haul. Towns and counties which owned a minority share of the stock were powerless to prevent shady dealings.

To make matters worse the act of 1869 was, in 1874, declared unconstitutional. Thus the burden of the subscribed bonds of the various localities had to be borne by the counties who had issued them.

27. Chicago Tribune, January 11, 1877.
30. Ibid.
Development of the territory tributary to the Illinois Central was not confined to material things. With the growth of towns and farms was associated an immaterial or spiritual growth. Churches, schools, colleges, and other institutions sprang up to meet the demands of an increasing population. Most striking examples of the Central railroad's participation along these lines were in the field of education. This aid was not given with the primary object of improving the mental and social calibre of the people. By making small concessions of land and railroad facilities to this and that locality the railroad company expected a large financial and traffic recompense.

In 1868 the question of a state university arose in the legislature. At the time, the Illinois Central had nearly 80,000 acres of unsold land in the vicinity of Champaign County. The railroad company realized that the establishment of the state university in that locality would be a big boon to its lands, and therefore as an inducement it offered $50,000 in freight transportation for the purpose of securing the university on railroad land. After much dickering the locality at Champaign was chosen.

The State Normal College was also located on Illinois Central land near Bloomington. As we have seen, the railroad company had induced the Swedes to establish Augustana College.

31. Ackerman, W. K. - Historical Sketch of the I. C. RR., p. 84.
upon Illinois Central land near Paxton. In 1875 this college was moved to Rock Island.

When considering the social advantage and disadvantage which the people of the state derived from the coming of the Illinois Central, it would be well to take into account the effect of the railroad upon the individual man as to rates, service, comfort in travel, and so forth.

The service given by the railroads varied. People learned to use the railroad as soon as it was built and early in 1853 stage lines were forced to discontinue their business. The following year coal burning locomotives took the place of wood-burners. This change promoted faster and more comfortable travel. Passengers were no longer put to the inconvenience of long waiting at regular intervals while the train took on wood for its engine. The abandonment of the wood-burning locomotives also removed the disagreeableness and danger of smoke filled cars and flying cinders.

When the Pullman Palace-Car was first put upon the Illinois Central tracks in 1878 the railroad company feared that passengers would fail to appreciate this improvement in travelling comfort. Sleeping cars had been used by the railroad for the last twenty years but the Pullman surpassed everything in travelling comfort. But the company's fears were unfounded for the Pullman, although its rates were higher, became popular.

34. Annual Report- 1854.
as soon as it was introduced. 35

Speed in travel was another important development. Today an average of thirty miles an hour is slow travel but in the fifties and sixties, when a traveller had been accustomed to spending three days and nights in a Fink and Company stage, riding from Chicago to Springfield thirty miles per hour was extremely fast travel.

The railroads also improved the mail service of the state. In 1850 there were 861 post offices in Illinois, very few of which enjoyed daily mail service. Delays were caused by impassable roads, washed out bridges, and broken down stages. The establishment of water mail routes removed many of these causes of delay but the railroads made possible the prompt delivery of mail. Letters from Chicago to New Orleans could be delivered in three days when formerly it had taken as long as three weeks.

As the railroads improved their service they extracted increased toll in the form of rates and charges. In the beginning rates were very reasonable and while varying according to circumstances, the maximum charge did not exceed three cents per mile. When the Civil War shut off the Mississippi river competition the railroads began to raise their rates. Eventually the canals fell into disuse and the railroads deprived of this second form of competition and

35. Ackerman, W. K. - Historical Sketch of the I. C. RR., p. 111
36. Alton Carrier, June 3, 1853 states that a trip from Chicago to Springfield was made in twelve hours.
37. Cole, A. C. - The Era of the Civil War, p. 40
encouraged by an increase in freight and passenger traffic, raised their charges still higher.

In 1865 the crisis came. Farmers could not pay a charge of twenty-five cents for hauling a bushel of wheat from Wenona to Chicago. They preferred to use the old and slower routes, thereby encouraging the reopening of the Mississippi and other water highways. Finally the state government took action with the passage of a series of "Granger Laws". These acts established a maximum charge per mile and abolished discrimination between the long and short haul.

Foreign elements which had been induced to come and live in Illinois were not a hundred percent boon to the welfare of the state. Foreign laborers were unwelcome to the old settlers, especially in the south. Railroad employees very often found it hard to adapt themselves to the social life of the community, language being the chief barrier. Neither could the German, Irishman, Swede, or any other European understand the American political system. He brought with him his own ideas of government and tried to foist them upon the early settlers. Immigrants from Europe were the first to introduce trade unions. A great majority of the late comers, particularly the Germans, were skilled workmen and through the unions sought to share the profits of industry.

40. Ibid. Distance between Chicago and Wenona is about 125 miles.
42. Examples of Communistic propaganda in the newspapers of the day, e.g. Chicago Tribune, August 22, 1877; March 24, 1879.
As early as the seventies Illinois had begun to change from an agricultural to an industrial state and these skilled foreigners were in great demand. With this expansion of manufacturing, frequent conflicts arose between employer and employee over wages and working hours. The factory workers sought to protect themselves through organization and in 1877 a group of craft unions joined forces. This organization in time became known as the Chicago Federation of Labor.

All growing labor agitation and discord culminated with the Haymarket riot in Chicago. On May 3, 1886 a clash occurred between strikers and workers at the McCormick Reaper Works, one of the strikers being killed and a number of people injured. As a result August Spies, editor of a labor paper—the Arbiter Zeitung and leader at the McCormick meeting called the people together that evening at Haymarket Square. During the meeting one of the speakers was accosted by the police and the listeners were ordered to disperse. As Captain Ward of the police was still speaking a bomb hurled by some unidentified person landed in the ranks of the policemen killing one of their number. During the ensuing havoc six other persons were mortally injured. Although no one could be proven as having been directly connected with the act, eight of the leaders were arrested and after being tried were sentenced to hanging on the opinion that their utterances

43. Chicago Tribune, December 2, 1877.
44. Zeisler, S.—The Anarchist Case, p. 9. Zeisler was attorney
were such as to lead to violence. Four of the accused were hung, one committed suicide in his cell, and the other three had their sentences committed to life imprisonment. In 1893 these three were pardoned by Governor Altgeld. The bomb hurled during the Haymarket meeting did more than break up the anarchist gathering; it broke the strikes which were spreading through the state.

Twenty years after the first iron-horse crossed the Illinois prairie a complete transformation had taken place in the state. Illinois was no longer composed of two homogeneous groups separated by the vast wilderness of the central counties. One-fifth of the population now lived there and their products formed one-fourth of those raised in the state. Prospering farms, towns, and cities had taken the place of the pioneer cabin and the lone prairie. There were on the Illinois Central route nearly a hundred towns and villages with populations varying from 200 to 12,000. The counties contiguous to the road already embraced over 600,000 people.

The construction of the Illinois Central railroad had been such an incentive to further railroad building that whole counties had gone bankrupt because of wild railway speculation. The panic of 1873 and the one of 1893, which had been brought about by over investment in railroads as

47. Ibid.
well as other things, taught the people a lesson. All later construction of railroads was confined to providing feeders and branches for the lines already existing.

In short the coming of the railroads turned the attention of the state of Illinois from little things. It made the pioneer state an important cog in the machinery of the United States.

Chapter IV
Economic Results

According to its charter the Illinois Central railroad was to pay into the state treasury seven percent of its gross earnings, which to date has averaged to over a million dollars annually. But the construction of the Central railroad meant more to Illinois than the payment of this money. There were inestimable economic benefits which the state derived from the land grant. The tremendous increase in population cannot be ignored when the economic phase of the development of Illinois by the Illinois Central railroad is considered. Large tracts of land were made available for agricultural purposes making Illinois the chief wheat and corn producing state in the Union. The Illinois Central also aided the growth of towns and manufacturing, which eventually transformed the state from an agricultural to an industrial community.

The total acreage of the state is about 35,459,200. In 1850 there were approximately 11,449,471 acres of unsold land in Illinois, so when the land grant was made one-third of the state was still public domain. By 1880 six-sevenths of the total acreage was private property, while the proportion of improved land rose from three-fourths in 1870 to over

four-fifths of the total area in 1890, there remained only small sections of unimproved land; a portion in the vicinity of southern Illinois, where the territory was heavily timbered. Another larger portion lay in the eastern counties, the ground there being too swampy for farming.

After helping to build up rural and urban communities the Illinois Central continued to serve them in various ways, thus aiding them to prosper and multiply. The railroad connected the upper Mississippi with the Great Lakes, establishing transportation routes from north to south. With Chicago as the center communication between the east, middle west, and the southwest was created. Although these connections helped the whole country the people of Illinois and more particularly of Chicago profited most.

Beside establishing routes of trade the Illinois Central made accessible the rich land of the state for settlement. The prairie soil as well as the mineral resources of the state were opened for exploitation. When Colonel Mason and his group of surveyors inspected the Illinois Central lands, they found most of the territory unsettled and its resources untouched. Twenty years later an entirely different picture greeted the traveller on the Illinois Central line.

General statements made concerning the social development of Illinois by the land grant railroad may be repeated when considering the state's economic progress. The Central railroad was a notable force in revolutionizing economic
practices in the state. It was a remarkable stimulus to the whole field of agriculture, bringing in new farmers whose demands for farms raised the value of land. When a means of getting stock and grain to market was provided, farmers were able to work their farms to capacity, becoming an integral part of the commonwealth, not a self-sufficient pioneer. The railroad introduced the practice of horticulture in the state, making possible the raising of perishable fruits and vegetables by providing quick transportation and ready markets. By establishing better communication between farmer and urban consumer, the railroad helped the former obtain better returns for his produce as well as lowering the price the latter had to pay for farm products. Formerly this difference had gone to cover the high cost of transportation.

Much credit is due the Illinois Central for encouraging cultivation of fruits and vegetables in the southern counties. When experimentation proved that certain localities of the state were admirably adapted to fruit and vegetable growing, the Illinois Central Company wasted no time in bringing this fact before the people. Possessing large amounts of land in the southern counties the railroad sought to hasten their sale by appealing to persons interested in fruit growing and truck farming. So great was the response to this appeal that the state was able to supply with fresh fruit not only its

4. Ibid.
own people, but also the neighboring states.

To meet the necessities growing out of the Civil War, the successful cultivation of Chinese sugar cane was begun. In 1861 about 1,500,000 gallons of syrup were produced. When the price of cotton reached a dollar a pound due to strained relations between the North and South, southern Illinois attempted to raise that staple. But the state could not compete with the southern planters and after the war the attempt was abandoned.

As the state progressed so did the railroads. In years prior to the Civil War, with Cairo and Chicago as centers, the Illinois Central replaced many of the principal routes of travel. The upper Mississippi was no longer the main highway of southern trade. In 1859 over 35,000 bushels of grain and 27,000 bushels of flour and large quantities of beef and pork left the Illinois Central depot at Cairo on their way south. Production of molasses and sugar was giving rise to a heavy whiskey trade. That year the Illinois Central railroad shipped north from Cairo 15,152 hogsheads of sugar and 6,686,560 pounds of cotton and wool. Of course all this trade was shut off by the clash of arms but it was almost immediately replaced by the heavy demands of the federal government for trains and the new east and west traffic.

5. Ackerman, W. R. - Historical Sketch of the I. C. RR., p. 92.
8. Ibid.
9. Ibid.
This new prosperity led to expansion which found expression in many fields, the development of farm machinery being the most pronounced. Many improvements had been made but the tilling of the soil was still a slow and burdensome operation. The Central railroad tried to foster improvements along these lines by offering three thousand dollars as a prize for the invention of an improved plow. This offer was made during the time of the International Exposition at Paris and thousands of inventors participated.

Due to several factors the demands for timber during the sixties and seventies increased. One of the principal users of lumber was the railroad, for the increase in track mileage created a demand for ties. Also the immigrants, who were coming in, needed lumber for building, fencing, and repairing. To the fruit and vegetable growers of the south the soft-wood forests of that district were an inexhaustable source of supply for making boxes, baskets, and crates in which fruit and vegetables were shipped to market.

Chicago in the seventies was an important distributing center for lumber arriving from the northern forests. At first waterways were the means of transporting this bulky commodity but as the woodmans' axes penetrated farther and farther into the forests of Michigan, Wisconsin, and Minnesota, land routes had to be found thus diverting much of the lumber trade from

The cutting of southern forests supplied local markets, where most of Chicago's timber trade had gone. By 1880 the lumber trade of Chicago was insignificant.

As early as the first decade of the twentieth century Illinois produced more than five percent of the nation's mineral wealth and in this respect was surpassed by only two states. Although climate, soil, and other physical features characterize Illinois as an agricultural state, yet its mineral wealth was and is of great importance. The total value of the mineral resources of the state up to 1917 averaged about one-third as compared to the agricultural production. When considering the development of mining in Illinois the work of the Illinois Central Railroad Company cannot be ignored. Beside making available for exploitation lands rich in minerals, the railroad took a hand in the operation of mines.

Coal and lead were the only two minerals exploited and these to a limited degree by the early settlers. The character of the pioneer may have been partly responsible for this lack of interest in developing the resources of the state, but the principal reason was a need of good transportation. With the coming of the railroads in Illinois a development of its mineral resources began. The connection between the two is as

12. Ibid.
14. Ibid. Graph on p.422.
close as that between agriculture and the railroads. Directly and indirectly the railroads took steps to encourage mining both upon its own and adjoining lands. Before the completion of its lines the Illinois Central employed John Foster, an eminent geologist, to investigate mineral resources of the region through which the railroad was to extend.

A beginning had been made around La Salle but the subsequent decade saw coal mines develop from Kane County to Cairo. New branches and feeders were tapping the coal fields. Even as late as the panic of 1907 considerable development in the coal fields of southern Illinois was taking place, the most important railroads being the chief operators. Some railroads bought coal lands and dug their own mines. Two of the heaviest investors in coal lands being the Illinois Central and the Big Four.

All through the later half of the nineteenth century mining in Illinois depended upon the growth of the railroads. In 1858 the railroads became the chief consumers of that fuel. When Illinois became an industrial state the rise of manufacturing created a new demand for coal. With the development of the steel industry coal became more than a commodity, it was vitally necessary in the production of steel and its by-products.

17. Bogart and Thompson - The Modern Commonwealth, p. 120.
Another step, which the Illinois Central took toward improving lands of the state and ultimately for its own benefit, was the draining of swampy areas. After all the lands of the railroad company were settled there still remained quite a large section of unused territory in the eastern counties. This was due not to any lack of transportation but to imperfect drainage. Land which was inundated during the greater part of the year attracted few settlers and since the Illinois Central was deriving a good profit from the sale of its other holdings President Osborn suggested that some of this money be expended toward improving these lands. In 1863 an appropriation was made for this purpose but the work was so great that only a beginning could be made. Other problems soon turned the company's interest to other projects.

The end of the Civil War found Illinois a strongly agricultural state. Although manufacturing was growing yet farm products of the state were the basis for this expansion, most of the industries depending upon agriculture. In 1870 factories existed only to satisfy local demands, but a foundation was being laid for an industrial commonwealth the development of which was witnessed within the next twenty years, when the state ranked third in manufacturing. An extended transportation system was one of the greatest factors in stimulating this progress, another was the war itself.

18. Bogart and Thompson—The Industrial State, table in the appendix, p. 482, also ch. XVIII.
A decided change in the economic status of the state took place during the last decade of the nineteenth century. Proximity to raw materials, notably coal, and an extensive network of railroads were bound to promote the development of manufacturing and this decade saw Illinois take its position as a first rank industrial state. It also saw the state concede its leadership in agriculture to Kansas, Nebraska, and the Dakotas, which became the leading wheat producing states. Corn had replaced wheat as the chief product of Illinois, for wheat like beef was a frontier product. Chicago was no longer the chief shipping point for lumber, but it still led as a grain and livestock market. In other words, agriculture in the United States had crossed the Mississippi River, and the middle west, especially Illinois was becoming industrial. Railroads were now doing for the trans-Mississippi states what they had done for the middle western states.

Chicago and Cook County had been the focus points of the railroads. Now they became the centers of manufacturing. Of the middle western cities Chicago ranked foremost in the manufacturing of iron products and farm implements. The Great Lakes being the principal route of iron ore traffic and Chicago as the chief lake port derived most of the profits of transportation. Since it was more profitable to manufacture near the source of raw material many steel foundries were

19. Ibid.
built in the vicinity of Chicago.

Quincy, the second ranking city in the state, while specializing in stove foundries, had a growing tobacco industry. Peoria's prosperity depended upon distilling. Such towns as Elgin, where the National Watch Company was located; Ottowa, which possessed the only glass factory in the west; and La Salle, which had a large zinc works, were prospering rapidly.

The transformation of Illinois from an agricultural to an industrial state, changed the development of towns. Trade centers which had depended upon farming began to decline and new manufacturing and mining towns sprang up. Galena and Cairo had reached the zenith of their greatness and were declining. The lead industry, mainstay of Galena, had reached a low level and the extension of the Illinois Central to Dubuque proved the ruin of Galena as a business center. All the merchandise of the upper Mississippi was now bound for Dubuque and not Galena.

Cairo, which was to have been such an important terminus of the Illinois Central, began to decline with the end of the Civil War. During the war it had been invaluable both to the railroad and the government as a transportation center and although its position at the junction of the Mississippi and Ohio rivers and the Illinois Central railroad, assured Cairo of a degree of importance, yet the town's growth was limited because of its unfavorable natural location. Tremendous amounts of money had to be spent in building levees and other
protections from the periodical rains and floods.\textsuperscript{21}

Just as soon as the railroads had completed the task of aiding Illinois in taking its position in the field of manufacturing and industry their expansion stopped. By 1890 the state had become so well supplied with railroads that it was most difficult to earn a satisfactory return from new investments. The old lines by improving their rolling stock and equipment were able to take care of the increasing demands which the growth of manufacturing created.

The heavy traffic of the Civil War had made the hastily constructed early lines unsafe for the transportation of such commodities as grain, coal, and timber. These bulky articles impressed the railroad companies with the need of very well constructed tracks and heavy rolling stock. Demands for speed and safety caused an improvement not only in equipment but also a reduction of curves and grades and the elevation of tracks. The use of switches and signals was an outgrowth of an increase in tracks, crossings, and trains.

Illinois is traversed by many rivers and streams, a condition which caused much delay in railroad transportation, until bridges were built. Two of the more important bridges of the Illinois Central Railroad Company were the Chicago river bridge and the Cairo bridge. The ordinance permitting the Chicago river bridge had been passed in 1862 but actual

\textsuperscript{21} Cairo, Past, Present, Author unknown, pub. 1861.  
\textsuperscript{22} Poor Manual- Report of the I.C.R.R., 1912.
erection was not begun until 1879 due to the strained relations between the railroad company and the city council over the lake front lands. This project, when it was finally completed, connected the Illinois Central grounds on the south side of the river with the property of the Chicago Canal and Dock Company across the river. Formerly a circuitous route had to be used in transporting commodities between the north and south sides.

Up to 1889 a transfer of freight had to be made by steamer between the Illinois Central and the southern lines but that year the Cairo bridge was opened forming a continuous rail route from Chicago to New Orleans. This bridge was a masterpiece of engineering, extending over three miles in length.

In 1856 the Illinois Central Railroad Company began operations with the original "Y" of 699 miles. To date it has increased to many times that figure forming a veritable network of rails in many states. In 1893 the Illinois Central purchased controlling interests in the Chesapeake Ohio and Southwestern and several affiliated companies. In 1869 it had leased the St. Louis, Alton, and Terre Haute, which in turn held by lease six other lines on Illinois. In recent years the Illinois Central has obtained an interest in the Big

Four System.  

This expansion associated with many other outright purchases and control of stock gave the Illinois Central a monopoly of traffic in the vicinity. The competition of the Mississippi river had been overcome. The Illinois-Michigan Canal had fallen into disuse as well as the Hennepin Canal, which had been opened up in 1907, but was never used. The Chicago Drainage Canal opened seven years earlier was used but only for barge traffic. Even the port of Chicago had become inaccessible to large freight steamers.

With this monopoly of commerce the Illinois Central, as well as the other railroads began to raise their rates. Of course this aroused merchants and farmers as well as manufacturers and finally resulted in legislation hostile to the railroad companies. The Interstate Commerce Commission began a vigorous regulation of rates and passes imposing a two cent rate per mile. This discord between the railroads and the people eventually saw Illinois give up its position as the leading railroad state in the Union in favor of the much larger and more rapidly developing state of Texas.

After 1900 the most important connection the railroads had in the development of Illinois was through the regulation and manipulation of rates. The coming of the Central railroad

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29. Annual Reports.
30. Centennial History of Illinois, v. 3, 4; ch. II, XV, XVI.
had made Illinois one of the granaries of the United States. Chicago as the principal market was deriving most of the profits of trade until an agreement made between the railroad companies and the warehouses threatened to divert grain trading from that city. A combination was formed and contrived to place a storage charge of two cents for twenty days' storage on every bushel of grain entering the city, whether it actually was in a warehouse or not. Another charge of from eight to ten cents per bushel was placed by the railroads on all grain shipped to elevators independent of their clique. Such actions not only diverted trade from Chicago they also hindered the growth of the flour milling industry in the city. The result was that demands for appropriate legislation were made and laws were eventually passed, the most effective of which was the establishment of a board of railroad and warehouse commissioners. This board was successful in partly eradicating most of the existing abuses that had come into existence during the rule of the railroads over the commerce of the state.

Another factor which for a time threatened to hinder the progress of Chicago as a grain market was the great fire. This fire destroyed most of the buildings of the city and caused a lack of storage facilities. As a consequence, grain traffic went on to other lake ports.

32. Chicago Tribune—April 16, 1871.
33. Chicago Tribune—July 4, 1871.
As the railroads combined to lower the status of Illinois as an agricultural state, they helped to raise its rank as a manufacturing commonwealth. Practically all the rails of the Illinois railroads in 1870 were of iron. The heavy traffic of the Civil War had proven that such construction was unsatisfactory, and in 1867 the Illinois Central had already begun to supplant iron rails with steel ones. Where formerly steel rails had to be imported from Europe now they were made in this country even in the Illinois Central's "back yard". The first steel rail made in this country was produced in 1865, in the Chicago Rolling Mill. Substitution of steel rails for iron ones permitted the carrying of heavier loads, consequently coal, grain, and other bulky products could be transported in larger quantities. This aided the railroads financially. It also helped manufacturing, since factory owners dealt with large quantities of raw materials and a quick supply was imperative.

Railroad improvements aided the city of Chicago as a meat packing center. Chicago had always been an important live stock market but only with the introduction of the refrigerating cars was the transportation of fresh meat made feasible. Today fresh beef shipments are made to points as far distant as Europe.

34. Annual Report- 1867.
35. Ibid.
36. Type of refrigerating car with its history in the office of Swift and Company, Chicago, Illinois.
The end of the World War saw the decline of the railroads not only in Illinois but throughout the United States. New forms of competition arose from several directions. Interurban lines took away many of the short hauls of passengers and freight. Railroad companies which had bought steamer lines were forced to sell these at the order of the Interstate Commerce Commission. Extensive hard roads and trucks began to supersede the railroads in the hauling of freight. An appreciable amount of passenger traffic is being taken away by the extension of bus lines. Transportation of mail by aeroplanes, because of greater speed, came into use and today not only letters but even passengers are using the air routes in travel.

We have seen that the importance of the railroads in considering the economic development of Illinois cannot be ignored. In 1850 the state was self-sufficient pioneer community of very little importance in the economic life of the country. Then the land grant was made by the Congress of the United States providing an inducement for railroad construction not only in Illinois but also in the south and middle west. The most important use of the railroads was to supply a means of transportation. Empty counties of the state were soon dotted with productive farms. Central markets were established around which arose cities and towns.

Railroads by inducing immigration and providing transportation tapped the rich natural resources of Illinois, giving to the state third rank in the development of its
When Illinois became an industrial state towns were no longer trading centers but important industrial communities. The railroads kept pace with this growth by improving their facilities for promoting faster and more dependable transportation of raw materials and manufactured articles. Since the industrial growth of the state depended so much upon the availability of a ready means of communication, the railroads could aid or impede this growth by regulating their rates and by discriminating in favor of one locality over another.

In general the railroads were the avenues along which the state of Illinois progressed. Operators of these railroads could hinder or encourage this advancement, and their cooperation can be inferred from an examination of the various laws and statutes which the state was forced to pass regulating the actions of these railroad companies.
Chapter V

Financial and Political Results

The financial results of the Illinois railroad land grant were fourfold. First, the national government derived certain benefits, second, the state, third, the railroad company, and fourth, the individual citizen of Illinois.

Of the 1,849,000,000 acres of the original public domain the United States government transferred 131,000,000 to the railroads. This land had cost the government approximately $6,157,000 or about 4.7 cents per acre. Of particular interest is the investment of the United States in the Illinois land grant. This grant gave to the state of Illinois nearly 3,000,000 acres of public land, which the state handed over to the Illinois Central Railroad Company. At the time the grant was made this land was valued by the government at $1.25 an acre. But for twenty years it had been on the market with no prospects of a sale even at a reduced price.

The Graduate Act of 1854 showed the actual valuation

2. Ibid.
4. Graduate Act - Land on the market from 10 to 15 years sold at $1.00 per acre, from 15 to 20 at $.75; from 20 to 25 at $.50; from 25 to 30 at $.25; from 30 or more at $.12 1/2 an acre.

Donaldson, T. - The Public Domain.
which the government placed upon its public domain. Senator Douglas stated the value of the land when said:

"These lands have been on the market for fifteen to twenty years, the average time is about twenty-three years; but they will not sell at the usual price of $1.25 per acre because they are distant from any navigable stream or market for produce. A railroad will make them saleable at double the usual price, because the improvement will make them valuable."

When the federal government made the land grant, it reserved to itself the odd numbered sections, thus retaining the same number of acres as it gave to the railroad company. For two years this land was taken off the market and when it was restored it brought from $2.50 to $7.00 an acre. The average price was $5.00 per acre. Sales were very good and by 1856 the title of the United States to practically all the land adjacent to the route of the Illinois Central railroad was extinct. From this sale the United States realized a profit of some $9,000,000.

These are the bare figures in dollars and cents of the return to the national government from its munificent policy of giving away so much land for railroad construction. The country derived and is deriving several more financial benefits. According to the charter the Illinois Central railroad was to carry the government's property "free from all toll or other charges". For some time a difference of opinion

existed as to the meaning of this clause. In 1876 the matter was finally brought before the United States Supreme Court, in the case of the Mississippi Railroad Company and the United States. Justice Bradley handed down the Court's opinion, interpreting this clause to mean that the tracks and the railroad were to be used by the government free of charge, but for the direct cost of transportation, that is the use of the rolling stock and other personal property of the railroad the government had to pay fifty percent of the regular rate. The total savings to the government from all the land grant railroads, in 1928 alone amounted to $4,500,000.

Another form of recompense which the national government received from the land grant railroads is in the reduction for the transportation of the mails. In 1876 Congressman Holman of Indiana injected in an appropriations bill a clause specifying that the land grant railroads should transport the United States mails over their road at eighty percent of the rate authorized to be paid non-land grant railroads. The total revenue to the United States from the Illinois Central Company in reductions on transportation of freight, passengers, and the mails, up to June 30, 1932, has amounted to $9,391,497.54 in Illinois and $1,447,417.66 in Iowa.

9. Ibid.
Of greater importance were the gains of the state. Beside a largely increased population of enterprising and productive citizens, the state derived from the land grant immense financial benefits, an increase in taxable property, and a heavy acquisition of trade and capital.

In 1851 the state debt was $16,627,609.91, a financially precarious situation which was realized by the people. The constitution, adopted in 1848, placed the state on a basis of strict economy. Salaries and expenditures were trimmed to the bone. The constitution also debarred the state from involving itself in any further government financed projects. At the time of the adoption of the new constitution the state faced a dilemma. If it endeavored to meet even the accumulating interest on its debt, the citizens would be forced to bear a heavy tax burden. If the debt was repudiated the state would have to suffer the consequent bankruptcy and total loss of credit. An insignificant start was just being made by practicing strict economy.

Such a condition deterred emigrants coming from other states and from Europe from settling in Illinois. They preferred the colder climate and harder soil of the northern states to the debt burden and high taxes of Illinois.

The land grant and subsequent construction of the Illinois Central railroad changed the entire picture.

Inducements of a ready means of transportation caused the settlers to ignore the financial situation of the state and immigrants began to pour in. With each purchase of farming land or town lot the amount of taxable property increased. Within five years the public domain of Illinois had all been converted into taxable real estate.

Beside bringing in immigrants the Central railroad attracted foreign capital into the state. Of the $17,000,000 worth of construction bonds issued $5,000,000 were immediately negotiated in London. By 1864 more than three-fourths of the Illinois Central bonds were held by English investors. All this foreign money was spent in Illinois to improve the state economically and socially.

Money began to flow in from the east through several channels, first from the sale of construction bonds. A second and more important way was, that the railroad caused to be put into circulation in the state sound eastern currency. Money was very scarce in Illinois and the Central railroad was forced to draw upon its reserves in the east, currency coming in from the Hartford banks with which the railroad employees were paid.

Growth of trade between Illinois and the south brought in much southern money. A situation which later proved disastrous, since with the outbreak of the Civil War the

14. Annual Reports.
15. Ibid.
Illinois farmers and even the railroad company faced a critical situation because the bank issues of Illinois were largely based upon now worthless southern securities.

The greatest financial return which the state receives from the land grant is the perpetual seven percent of the gross receipts paid by the Illinois Central into the state treasury. If the state had put aside the money which it received from the charter payments of the first thirty years, it could have repaid its whole debt.

As the state developed and railroad traffic increased these payments became larger. From the beginning of its operations to June 30, 1932 the Illinois Central Railroad Company has paid into the state treasury $83,963,740.73 of its gross receipts, not counting various other taxes imposed by the state, such as the school tax.

In 1928 the Illinois Central paid a charter tax of $3,137,996 which is a little less than the average payments for the last eight years. This amounts to $4,444 per mile for the original 705 miles. The tax paid on the other railroad property in the state amounted to $13,889,000, an average of $1,655 per mile. Thus with the help of the railroads the state was able to pay off its apparently unpayable debt without imposing any great tax burden upon its citizens.

16. Ibid.
19. Ibid.
20. Ibid.
The steady stream of money which the charter tax brings, does much to keep Illinois out of debt, strengthens its financial position and lightens the people's tax burden.

What profits has the railroad company made since it received the land grant from the state? A few shrewd eastern capitalists obtained a valuable and productive railroad, complete with rolling stock and equipment, worth $20,000,000. The Illinois Central Railroad Company also received approximately three million acres of land from the sale of which it has derived a net profit of $23,191,236. In all, these capitalists received an aggregate sum of some $45,000,000 without actually expending a single penny of their own money. For the railroad was constructed on bonds issued with two-thirds of the land grant as security. Another 250,000 acres were put aside to secure the interest. The remainder served as a contingent fund. A consequent execution of this plan presented the largest railroad in the country to its promoters as a bonus, which would grow every year if judiciously managed.

A fourth party, which benefited from the grant, was the citizen of Illinois. The influx of population raised the price of farms and a means of good transportation decreased the price the merchant had to pay for farm products. When the construction of the Illinois Central railroad began, improved farms could be purchased at from five to ten dollars.

an acre. The best farms of the state were valued at only ten to twenty-five dollars an acre. In 1890 the same farms brought from forty to one hundred dollars per acre. Settlers who bought Illinois Central land were well repaid for their investment. A farmer could realize a net profit of as much as a thousand dollars from a forty acre farm.

Similar rises in the price of urban property were taking place. Real estate in 1851 was assessed at $98,748,533. In 1873 the assessments amounted to $586,022,941.

While Illinois was a pioneer state the inhabitants of the southern counties dominated the politics of the state. But with the coming of the railroads and the influx of a new population of Teutons, Celts, Scandinavians, and Yankee, the balance of political power shifted to the northern and central sections. The newcomers were predominantly Republicans and Illinois was becoming a Republican state. This was first evident from the elections of 1856, when William Bissell, a former lobbyist and solicitor of the Illinois Central Railroad Company, was elected Republican Governor of Illinois by a plurality of over 5,000 votes. Both parties were still very strong for during the Lincoln-Douglas Campaign of 1856, the Democratic candidate was selected as the Illinois member

to the United States Senate. The political division of the state was realized by the candidates. Douglas saw the futility of campaigning in the north, Lincoln realized the same about the south.

The election of 1860, which brought a complete Republican victory, was the final step in converting Illinois into a Republican state. From that time Illinois began to take a predominant part in national politics. To the Illinois Central railroad belongs the most credit for aiding Illinois in attaining this position, for the construction and colonization activities of this railroad filled the uninhabited northern and central counties with settlers and voters.

Many of the famous names of our national history were in some capacity associated with the Illinois Central. Foremost is the name of Abraham Lincoln. Lincoln's first connection with the Illinois Central was as a lobbyist. What interests Lincoln represented is a matter of dispute. John G. Drennan, Attorney for the Illinois Central, in 1922 made the following statement concerning Lincoln's connection with the granting of the Charter:

"Lincoln appeared before the committee of the legislature of Illinois at the time it reported favorably the charter creating the Illinois Central Company, which charter as reported by the committee was passed by the Legislature, February 11, 1851. In 1904 we were able to establish

27. Starr, J. - Lincoln and the Railroads, ch. XIV.
Mr. Lincoln's connection with the granting of the charter of the Illinois Central through a statement obtained from Judge Antony Thornton, who at that time was the only living member of the legislature of Illinois which granted the charter. His statement declared that he had a distinct recollection that Mr. Lincoln was associated with Robert Rantoul Jr., one of the members of the first board of directors of the Illinois Central Railroad Company, to obtain the company's charter. Severe opposition was encountered for there were many legislators who looked with disfavor upon chartering a concern of such debatable value as a railway company. But Mr. Lincoln's eloquence prevailed.

A son of Robert Rantoul Jr., in speaking before the Massachusetts Historical Society in 1909, presents evidence to the contrary.

"I was visiting Washington in January, 1863, and saw Mr. Lincoln for the first time at a public reception in the East Room of the White House. When he got my card from the officer in attendance, he repeated the name to himself several times and then said: 'I wonder if you are connected with a lawyer of that same name who came to Illinois about 1850, to secure from our legislature the charter of the Illinois Central Railroad?' I told him that was my father. Upon which he burst forth with a great roar of laughter and much gesticulation, and said that he did all he could to stop it, but was not successful. He said he was retained by local capitalists who, although they could not then build the road as they had already been intending, were very unwilling that eastern capitalists should step in and secure a grant which would make it forever impossible for them to build a road. But they were defeated."

These are two examples of the many conflicting statements made by people qualified to speak about Lincoln's early relations with the Illinois Central railroad. In view of this conflicting evidence no definite conclusion can be drawn.

29. Ibid., p. 44.
But Lincoln's later associations with the Central railroad, in the capacity of an attorney, are an established fact.

John Drennan, who is an authority on the subject of Lincoln's relations with the Illinois Central Railroad Company, clearly explains Lincoln's position as lawyer for the Illinois Central.

Writing to John Starr, he says:

"My understanding is that Mr. Lincoln was continuously one of the attorneys for the Illinois Central Railroad Company from its organization until he was elected President. He was not a salaried attorney, but his employment, no doubt, was similar to that of our present local attorneys, say at Springfield, Illinois. An annual pass is given to them as a retainer. All of our business is referred to them in that vicinity, and when the services are performed, the usual fee is paid."

Of the many cases which Lincoln handled for the railroad, the McLean County Case was probably the most important. The county assessor had assessed the railroad company for taxes which the company refused to pay. Action was begun in the Circuit Court where the opinion went against the railroad. An appeal was made to the Supreme Court and the decision of the lower court was reversed.

This was a very important verdict. If the railroad had lost the case every county, city, and school district in Illinois through which the railroad ran could collect local taxes, considerably increasing the charter tax. Lincoln recognized

30. Pamphlet issued by the Illinois Central Railroad Company; Abraham Lincoln as Attorney for the I.C.RR.Co.
32. Ibid., p. 62. Lincoln as Attorney for the I.C.RR.Co.
the importance of the case which he had so successfully pleaded and therefore demanded a fee of $5,000, a very high charge for a country lawyer. The railroad company refused to pay him the amount and Lincoln was forced to litigation to collect it.

No sooner was Abraham Lincoln elected Chief Executive of the Nation, than he was again brought in contact with his old client, the Illinois Central Railroad Company. He was now in a position to repay past favors.

The Illinois Central railroad from the very beginning of the war had been an important thoroughfare in moving troops and supplies to the western front. The company's charter specified that government property should be carried by the road without charge. Therefore officials at Washington opposed payment for this transportation. The railroad, on the other hand, was unwilling to carry so much freight and thousands of soldiers without any recompense. Eventually the matter was brought to the attention of the President. A letter written by Quartermaster General M.C. Meigs to General Allen, Chief Quartermaster of the Western Department of the United States Army shows the adjustment made. The railroad company was allowed the usual rates, with a deduction of thirty-three and one-third percent on account of the land grant. This was somewhat less than the deduction fixed by the Supreme

33. Ibid. p. 74, contains a facsimile of Lincoln's statement of his claim, in his own handwriting.
An opinion handed down by the Court in October 1876 fixed the charge as fifty percent of the commercial rate.

Other historically famous names closely associated with the Illinois Central railroad were those of Stephen Douglas and George B. McClellan. The former had been very instrumental in obtaining the land grant from Congress, the latter had been local superintendent of the railroad, before he became Commander in Chief of the Union Armies.

Such names as those of Sidney Breese, often called, "The Father of the Illinois Central railroad"; John Wentworth, who worked assiduously in the House of Representatives in obtaining a favorable inclination toward the grant; And Governor James Dillusell, former solicitor of the Illinois Central and later its attorney, are outstanding in local political history.

A second and more important role which the Illinois Central company played in politics was through its influence upon leaders of our state and municipal government. The railroad which was so important in the economic and social life of the state possessed power in determining its government policies. Men were elected to public office who had business associations and interests and these connections often determined the execution of their political obligations.

There are examples of three of the state governors

36. Annual Report- 1856. Cf. ch. II.
who at certain times were influenced by the interests of the
railroads. Governor French, a land speculator, favored the
railroad interests to enhance the value of his lands.
Governor Bissell, another land speculator, had been a solicitor
and attorney for the Illinois Central Railroad Company. As
Governor, Bissell was censured by the newspapers for some of
his actions in dealing with the railroads.

Most significant is the career of Governor Joel Matteson,
who had financial interests in the Illinois Central Railroad
Company. First he was accused of using the railroads as an
influence and of colonizing voters to aid Douglas in the
elections of 1858 and 1860. In 1857 he was caught defrauding
the state in the refunding of its debts. In May and August,
1839 the Illinois-Michigan Canal trustees had issued ninety
day canal-scrip to the amount of $388,554. These certificates
had been redeemed by 1842, but in 1850 Jacob Fry, a canal
trustee, discovered that the scrip was being offered for sale
in Springfield. At the fund commissioners' office he learned
that a large sum had been funded and new bonds issued for
over $224,182. A senatorial inquiry revealed that Governor
Matteson had received $223,182 for canal-scrip which he had
presented. After an investigation the Governor was found

Pease, T.C. - The Story of Illinois, p. 209.
Ibid.
guilty and his property seized, from which was realized $238,000 to reimburse the state for the $255,000 decreed against him.

Under the charter the Governor of the State was made an official of the Illinois Central Railroad Company. He was empowered to pass upon the correctness of the accounts of the railroad, in order to determine the charter tax. With one or two exceptions these powers were never invoked prior to 1905, tacit assent being given to the semi-annual report of the railroad company.

In 1905 Governor Deneen was the first to realize his duty to verify the books of the railroad company. A careful investigation disclosed that many illegal schemes and devices had been resorted to by railroad company for the purpose of minimizing the charter tax and thereby defrauding the state of revenue.

Thereupon a bill was filed in the Supreme Court in 1907, for an accounting. The Supreme Court declined to take original jurisdiction and the bill was withdrawn. In 1909 an amended bill reached the Supreme Court from the lower courts. After two days of oral argumentation, one day being set aside for each of the parties involved, the Court handed down an opinion sustaining the contentions of the state, with one exception. The Court declared that since the Governors prior to 1905

had given assent to the company's reports, the state had no claim to short receipts prior to that date. By this decree, on the Illinois Central Railroad Company was laid the burden of proving that the semi-annual statements furnished to the Governor for the years 1905, 1906, 1907, 1908, 1909 were true and just in every respect.

A summary of the financial and political results will help to complete this synthesis. The Illinois Central railroad project illustrates the immense possibilities which the territory of the United States offered to constructive enterprises. It demonstrates how enormous benefits could be derived by all the parties involved without injury to any of them. The Congress of the United States gave away three million acres of land to the state of Illinois. The state handed this land over to an outside company of capitalists for the purpose of constructing a railroad traversing its territory. So far the bargain seems one-sided. But the construction of the railroad repaid the state and the nation by making possible a speedy sale of the public land of Illinois, at a price exceeding the original many times.

The gains of the state were stupendous. It received a large increase in population, a multiplication of taxable property, and an acquisition of capital from the charter tax. The railroad company received a valuable and productive road as a bonus for constructing the same road. Individual citizens

41. Illinois Central Case- Opinion of the Supreme Court filed October 28, 1910, together with history and synopsis of opinion.
were relieved of an impending tax burden and their wealth increased with the rise in value of real estate and farms. Accessible markets were supplied for buying and selling.

In the political field the activities of the Illinois Central were not so beneficial to the people of the state. Although many illustrious names were associated with the railroad, yet this fact does not mitigate the various collusions and shady dealings which were perpetrated between the railroad and lax public officials.

These actions combined with the other advantages which the railroad company tried to take from the people, in rates, rebates, and other forms of discrimination combined to develop a public sentiment which found expression in the adoption of restrictive laws, especially in 1871 to 1873. From that time on the railroads have been under the strict supervision of the Railroad and Warehouse Commission, the Utilities Commission, and the Interstate Commerce Commission.

Chapter VI
The Development of Chicago

The construction of the Illinois Central made Chicago the heart of the transportation system of the middle west. The function of the Central railroad in the development of Chicago was somewhat different from its participation in the progress of Illinois. Illinois grew as a rural and industrial commonwealth, while Chicago's growth was purely urban and industrial.

When the Illinois Central railroad received its charter and a railroad traversing the state north and south was assured, the question arose as to the location of the main line and its branches. The primary object which the state had in mind, when it began to agitate for a central railroad, was that this line should serve as a connection between the town of Galena, and the junction of the Ohio and Mississippi rivers. There it was to connect with the railroads of the south.

From the very beginning Chicago had taken the lead in railroad construction, a road having been extended to Galena, tapping the rich trade of the rapidly developing country. Friends of Chicago saw the necessity of connecting her advantageous lake and river location with the trade of the

southern states and the Mississippi river. To obtain the much coveted Illinois Central terminus they instructed their newly elected United States Senator to aid Senator Breese in obtaining the railroad land grant and to make Chicago the northern terminus. When the plan had been first drawn up by Breese and his colleagues, Chicago had been entirely ignored. Breese argued that the road should be planned according to the route of the internal-improvement system of 1837, on which the state had expended such large sums of money. But when the Central railroad plan was finally accepted, Douglas wrote in Chicago as the northern terminus.

The prevailing idea at the time was to connect Galena and Cairo. Thus all the produce of Illinois could be shipped south via Cairo and the Mississippi river. Douglas had another plan, which would favor not only Chicago but it would also commend itself to Congress as a work benefiting the whole country and not as a local enterprise of particular advantage to one state and city. His plan was to connect the Great Lakes with the Mississippi and the St. Lawrence with the Gulf of Mexico, as well as to join Chicago with the various railroads then projected or in the process of construction in the east. Douglas foresaw that only in this way could the votes of the 5

Congressmen be secured.

Beside the welfare of the various factions they represented

3. Douglas-Breese Correspondence, February 6, 1851.
4. Ackerman, W.K.- Historical Sketch of the I.C.RR., p.8
5. Ibid.
both Breese and Douglas had personal interests in securing their respective aims. In the case of Senator Breese it was the fulfilment of an ambition partly frustrated by the failure of the plan of 1837. Breese had been one of the incorporators and director of the Great Western Railway Company, whose construction had been brought to an end with the failure of the other government financed projects. He now wanted to grasp the opportunity to finish this work.

In 1847 Douglas moved to Chicago and that same year was elected to the United States Senate as Breese's colleague. Douglas foresaw the advantages offered by the position of this fast growing metropolis and began to invest in Chicago real estate. He secured lots on the lake front amounting to nearly one hundred acres. This property was located in the vicinity of Twenty-Second Street. Subsequently he purchased 2,872 acres of land around Lake Calumet, paying two dollars and a half per acre. In 1855 he contracted with the Illinois Central railroad for another 4,610 acres at ten dollars an acre, near his previous holdings. How Douglas disposed of all this property is a question not easily settled. The lake front land, situated at Thirty-Fourth Street and Cottage Grove Avenue, which for the most part consisted of a swamp, he donated for educational purposes. Upon this land the first buildings of

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7. Douglas-Breese Correspondence, February 6, 1851.
the University of Chicago were built.\(^\text{10}\) The profits, which Douglas derived from the sale of another portion of his lands, assisted him in financing the campaign of 1858.

Another factor influential in bringing a branch of the Illinois Central to Chicago was the press, especially the Chicago Daily Democrat. Its publisher, the Honorable John Wentworth, like many other politicians was interested in real estate. Wentworth saw the advantages which a branch of the Illinois Central would bring and employed his paper in presenting these advantages to the people.

John S. Wright was another man who worked assiduously in securing the land grant and the Chicago branch. Wright, who made and lost several fortunes in land speculation, was also editor of the Prairie Farmer. According to his own statement in 1848 he wrote and had printed and distributed, at his own expense, six thousand copies of petitions, which were sent to Washington with numerous signatures.

Chicago became the greatest railroad center in the world because of the efforts of such men. As a transportation center Chicago was bound to progress due to its waterway facilities alone, situated as it is at the southern end of Lake Michigan, where all transportation through the lakes, the Erie Canal, and the Illinois and Mississippi rivers would

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10. Lewis and Smith- Chicago, p.117.
11. Chicago Democrat, July 2, 1855.
14. Ibid.
terminate or pass. This same advantageous location was to aid Chicago in becoming a great railroad center. As is apparent from the fact that the city government did not spend a single penny to secure railroad facilities.

The railroads changed the routes of trade in the northwest. Where formerly produce was shipped down the rivers to Cincinnati, St. Louis, and New Orleans now it was carried by rail to Chicago and eastern markets. Practically all the important railroads converged at Chicago and none were through lines. In 1856 thirteen railroads centered or were connected with Chicago, providing one hundred and four trains daily.

Due to gradual decreases of water traffic the failure of St. Louis to become the chief market of the middle west was apparent, so that many called the Illinois Central the "St. Louis Cut-Off". In the summer of 1848 St. Louis tried to improve her harbor by altering the channel of the Mississippi with a dyke that would compel the river to flow on the west side of Bloody Island. When he learned of this, Governor French instructed the sheriff of St. Clair County to draw up a injunction against the St. Louis authorities and to enforce it with military force if necessary. The case was brought before the Supreme Court and Governor French's actions were sustained. Through a later compromise the work was completed.

15. McIlvane, M. - Reminiscences of Chicago during the Forties and Fifties.
16. Letter, Reynolds to French, June 17, 1854.
17. St. Louis Republican, May 8, 1851.
This case climaxed the rivalry between Chicago and St. Louis for supremacy in middle western trade.

The railroads not only supplanted the canal but even competed with it for the lighter freight, rounded out the process of a network of commercial routes, and thus gave Chicago the leadership of middle western traffic. The lead shipments from Galena no longer went via St. Louis but through Chicago. Trade from Minnesota, Wisconsin, and Iowa came to the lake port rather than down the Mississippi to St. Louis. In 1850 five-eights of the agricultural trade of St. Louis was drawn from Illinois. This city also supplied Illinois with three-fourths of its merchandise. The Missouri legislature had levied a tax of four dollars and a half on every thousand dollars worth of grain or foreign products sold in the state. All this vast income was now taken away by the change of trade routes to Chicago and Cairo.

During the Civil War Illinois progressed as never before, becoming the leading state in the production of wheat, corn, and hogs. This agricultural development did not leave Chicago unaffected. The grain dealers, the packers, and the farm implement manufacturers, as well as the real estate brokers profited by this wave of prosperity, amassing huge fortunes in a short space of time. With prosperity came easy credit, which led to further expansion. These factors combined

19. Ibid.
in the development of a great world metropolis.

Illinois took the lead in raising live stock, especially hogs. Most of this stock was shipped to Chicago, causing such an expansion of the meat packing industry that a new stock-yards had to be built, extending over 345 acres of land. In 1865 the Union Stock Yards and Transit Company was incorporated. Beside the extensive yards the company established a series of branch railroads, a bank, and a hotel.

Many of the drovers were opposed to this monopoly of the stock trade but with the help of nine railroad companies, which subscribed to $925,000 of the total capital of $1,000,000, the company was able to carry on business. In 1866 a group of men calling themselves the "Board of Live Stock Commission Men" attempted to convert the Chicago livestock market, the largest in the world, into a secret exchange by suppressing the reports on sales of cattle. In spite of the opposition of local newspapers, the board for a time was successful in buying live hogs at five to six cents a pound and selling pork, bacon, ham, and other hog products at double that price. Finally these various boards and cliques were abolished by law.

Illinois' ascendancy as the leading wheat and corn producing state had a strong influence upon the economical condition of Chicago. Shipments of flour and grain to the lake port necessitated the construction of great elevators.

20. A good account of the Chicago Stock Yards is given in Grand's History of the Union Stock Yards.
22. Chicago Post, December 27, 1865.
and warehouses. Demands for cars and warehouse space became so pressing that the railroad companies raised their rates to unprecedented heights. When new enterprises began business they found themselves unable to compete with established concerns on account of railroad discrimination. While old warehouses were taxed for space new firms went bankrupt.

In 1867 the Warehouse Act was passed in spite of the opposition of the railroad and warehouse lobbyists. The law provided for the regulation of warehouses, opened them for public inspection, and required railroads to deliver grain to the warehouse to which it was consigned. A clause was injected prohibiting "gambling contracts" and after the bill was passed many members of the Chicago Board of Trade were arrested for violating this law, but their prosecution never came up before the courts.

Another attempt was made to regulate the warehouses and railroads with the establishment of the Railroad and Warehouse Commission in 1871. The Commission was vested with power to require yearly reports, to examine the management and policies of the railroads and warehouses, investigate charges of unfair discrimination, and bring suit against a concern if it refused to cooperate. In 1873 an amendment to the act specified rates of charge for passengers and freight.

23. Laws of 1867, p. 177-182.
At first the Commission functioned very smoothly, but discord began to arise between the board and the companies under its supervision. Only few railroad companies responded with their reports, and all of them refused to abide by the fixed rates. In the courts the Commission also met with failure. A suit brought before Judge C.H. Wood against the Illinois Central in the Circuit Court of Kankakee for charging four cents a mile for passenger fare, instead of three as fixed by the Commission was won by the railroad company.

In return for its receipts of grain, cattle, and hogs, Chicago was shipping large amounts of farm implements to all parts of the state. In 1847 Cyrus McCormick, the inventor of the reaper, had moved to Chicago where he established his plant for the manufacture of farm machinery. His business grew so rapidly that it became a great influence in the economic life of the city.

Another product which was in great demand by the farmers was lumber. Enormous quantities of it came from Michigan and Wisconsin and were trans-shipped at Chicago to the rapidly expanding prairie communities. The largest portion of the lumber went over the Illinois Central to towns growing along its route.

This rapid growth of Chicago as an industrial city attracted population. A survey of the index shows a gradual increase up to 1852; a year later when the construction of

the Illinois Central was well under way, the population had nearly doubled. In the sixties Chicago nearly tripled in population, becoming the fifth largest city in the country, with over 300,000 inhabitants, nearly one-half of whom were foreign born. In 1866 when business was at a stand still, Chicago prospered. Buildings to the value of $700,000 were erected and real estate speculation knew no bounds. So great was immigration into the city that in spite of its one hundred and fifty hotels and tremendous building development the new-comers had difficulty in finding living quarters. In September 1855 over 2,700 buildings were in the process of construction.

THE LAKE-FRONT CONTROVERSY: The lake front of Chicago for a great length of time was occupied as a military post and became known as the Fort Dearborn Reservation. When in 1852 an ordinance was passed granting a portion of the lake front to the Illinois Central Railroad Company, the land was under the direct control of the Canal Commission and dedicated to public use.

When construction of the Illinois Central was begun one of the largest expenditures made was for procuring a right-of-way through Chicago. Mason Brayman and James Bissell presented a petition to the city council asking for a permit

29. Ibid.
30. Chicago Tribune, August 27, 1866.
to lay down tracks within the city limits, preferably along the lake parallel with Michigan Avenue. The Illinois Central tracks had reached the city from the south, extending from Calumet Station, now Kensington, to Fifty-Third Street, the southern limits of the city.

An ordinance was drawn up and presented to the common council of Chicago permitting the railroad company to construct its tracks along the lake shore to Twelfth Street, upon property which the company might buy from private owners. From Twelfth Street across Lake Park, sometimes called Park Row, to the Chicago river the ordinance granted a right-of-way three hundred feet wide. This right-of-way was to be not less than four hundred feet east of Michigan Avenue and parallel to it. Upon land lying between Randolph Street and the river the railroad was to erect its depot and other buildings.

In return for this grant the Illinois Central agreed to protect the shore of the city against encroachments of the lake with a breakwater constructed not more than three hundred feet from and parallel with the right-of-way. The city had made no attempt to protect itself from the waters of Lake Michigan and was losing much valuable territory through submersion by the waters of the lake.

At that time Michigan Avenue was the aristocratic street of Chicago and a plan of running a railroad parallel

32. Lake Front Case—Supreme Court of the U.S. No. 14,135, 14,414, 14,415, 14,416. Term 1891.
with it provoked strenuous opposition, especially from the rich property owners along the lake shore. On the other hand, the north and west side favored the construction of the tracks because they were not directly affected by the encroachments of the lake nor by the proposed railroad project. Yet they had been carrying more than their share of the tax burden in providing protection for the lake shore.

On December 29, 1851 the forces favoring the ordinance became strong enough to pass the franchise over Mayor Gurnee's veto. A few days later the vote was reconsidered and another franchise was offered to the railroad company by the city council. This second memorial the railroad directors refused to accept. They planned to build the road to the southern limits of the city and await further developments. A rumor that a cut-off from Joliet to Kensington would be made, thus diverting considerable traffic from Chicago, became so strong that the city council reconsidered its motion and the original ordinance was passed.

When construction was begun the shore line lay about two hundred and fifty feet east of Michigan Avenue at Randolph Street and a less distance at Park Row. This necessitated the construction of a trestle on piles driven into the lake bed, and such was the construction of the road.

34. Chicago Democrat, January 1, 1852.
35. Ibid., May 3, 15, 1852. Lake Front Case, Supreme Court of the U.S.- 1891.
until the fire of 1871, when the space between the shore and the tracks was filled with debris from the fire under the direction of the city.

North of Randolph Street the Illinois Central railroad tracks passed over a section of the Fort Dearborn addition, land then owned by the United States government. A right-of-way was claimed to this land under an act of Congress passed on August 4, 1852. This act gave right-of-way to all rail, plank, and macadamized roads passing through public lands belonging to the United States and incorporated by a state for ten years after its passage. The federal government claimed that the Fort Dearborn addition was not public land but land reserved for military purposes. As a consequence the Illinois Central was forced to pay $45,000 for their route. Later suit was brought for repayment of this money but the courts ruled in favor of the government.

In 1856 the Illinois Central received additional land from the city council obtaining permission to construct a breakwater and fill in a triangular space from the breakwater at Randolph Street to a point on the shore about seven hundred feet south of Randolph Street. By 1867 the Illinois Central land extended between Randolph Street and the Chicago river to a line 1793 feet east of Michigan Avenue. During the

37. Ibid., p.85. Title of Act.
38. Ibid.
40. Starr, Merritt - Chicago Lake Front Case, p.3.
ensuing controversy the theory was advanced that these grants of the city council were void and illegal.

The famous Lake Front Act of 1869 granted to the city of Chicago all title to property lying east of Michigan Avenue, north of Park Row, south of Monroe Street, and west of a line running parallel with and four hundred feet east of Michigan Avenue. The city by a three-fourths vote of the aldermen could sell or convey all this land, leaving a ninety-foot strip for Michigan Avenue. Proceeds of this sale were to be set aside, constituting a "Park Fund" to be used in providing or improving parks in the city.

Section Three of this act confirmed the right of the Illinois Central to property lying east of the land granted to the city. All rights of the state to lands constituting the bed of the lake and lying east of the breakwater and tracks of the Illinois Central for a distance of one mile, within designated limits, were granted to the Illinois Central Railroad Company.

Land lying between Monroe Street and Randolph Street was granted by the terms of this same act to the Illinois Central, the Chicago, Burlington, and Quincy, and the Michigan Central. For this later grant the three railroads were to pay the city eight hundred thousand dollars in four consecutive quarterly installments of two hundred thousand dollars each. A rider

41. Lake Front Case—Supreme Court of the U.S., 1891.
was added to the bill authorizing the common council of Chicago to quitclaim and release the railroads of all the land within a period of four months. If the council neglected to do so, the companies were discharged from the obligation to make the balance of their payments.

This act was accepted by the Illinois Central Company and the other railroads in July, 1870. It had been vetoed by Governor Palmer but had been passed over his veto, by a 52 to 31 vote in the House and 14 to 11 vote in the Senate.

Benefits derived by the people from this bit of legislation are well presented by William K. Ackerman in his Historical Sketch of the Illinois Central Railroad Company. He points out that the general assembly had reserved the power to regulate the rate of dockage. Ackerman states that the view taken by many of the senators and representatives was the strongest argument for the passage of the act. They believed that the state was simply utilizing its interests in the lands by constituting them a source of permanent income to the state and the city.

An opposite viewpoint is presented in Governor Palmer's message to the State Congress upon vetoing the bill. Governor Palmer claimed that the Lake Front Bill was passed contrary to the wishes of a large majority of the people of Chicago.
He pointed out that the area intended for depot purposes for which the railroads were paying $800,000 had a market-value of $2,600,000. He maintained that the act did not require the railroad companies to make any improvements on the submerged lands. He went on to state that the act was an attempt to divert the property to a use far different from that for which it was dedicated.

The Lake Front Act granted to the railroads two miles of lake frontage covered with water to a depth from ten to twenty-five feet. This was a choice bit of land, adjacent to the business center of a growing city and affording 70,000 lineal feet of dock. Governor Palmer predicted that the property in later years would be worth a thousand dollars a front foot.

On July 12, 1869 the three companies made the first of their quarterly payments to City Comptroller Walter Kimball, who received the money and deposited it in his own name since the city council had taken no action in the matter. On June 13, 1870 a resolution was passed refusing to recognize Kimball's act and to receive the money. The Chicago, Burlington, and Quincy and the Michigan Central withdrew their portions of the payment but the Illinois Central left its in the hands of a trustee for many years.

Before the expiration of the designated four months,

46. The Lake Front Case, Address of Merritt Starr, p. 5.
Thomas Hoyne and several leading citizens applied to the United States Attorney General to file a bill restraining the railroads from taking possession of the land set apart for their use. Presiding Judge Drummond handed down the opinion that the land had been dedicated for a particular purpose to public use and that neither the state nor city could divert it from that use.

The Act of 1869 was repealed by the Illinois State Legislature in April, 1873, with the passage of the "Act to Repeal an Act". The repeal act was assailed by the Illinois Central on the grounds: 1. That it impaired the validity of contracts. 2. That it interfered with vested rights. 3. That it violated the fundamental law which prohibited the release or impairment of any tax imposed on the Illinois Central.

The railroad company also claimed that it had spent $500,000 on improving the land given it in 1869. The state claimed that the Act of 1869 was void ab initio and that the Illinois Central had done nothing to reclaim the land since 1869.

In the United States Circuit Court, Judges Harlan and Blogett rendered decision confirming the Illinois Central's title to all lands north of Randolph Street and riparian rights south of Park Row. As to the vital question concerning the land between Park Row and Randolph Street, they decided that the land and harbor rights belonged to the city of

49. Ibid.
Chicago and the state of Illinois subject to the paramount authority of the United States, excepting a small portion of submerged land outside of the Illinois Central breakwater of 1869, between Monroe and Washington Streets, which had been reclaimed from the lake in 1873.

An immediate appeal was made to the Supreme Court of the United States for a review of the decision. The decree of the Supreme Court is embodied in the following statement of Justice Field:

"It follows from the view expressed, and it is so declared and adjudged, that the State of Illinois is the owner in fee of the submerged lands constituting the bed of Lake Michigan which the third section of the Act of April 16, 1869, purported to grant to the Illinois Central Railroad Company and that the Act of April 15, 1873, repealing the same is valid and effective."

This verdict culminated all litigation growing out of the Lake Front Controversy.

The outcome of this controversy and subsequent compromises and purchases, which the city made with the Illinois Central railroad and other parties, have enabled Chicago to make its lake shore the pride of the city. Upon this property the Century of Progress, World Fair of 1933 will be held. The beauty of the parks, boulevards, and island will be a wonder not only to the visitor, but also to the native Chicagoan. Of course there still remains the nuisance of smoke belching

50. Opinion of Judges Harlan and Blogett - Lake Front Case, Supreme Court of the U.S.
51. Starr, H. - The Lake Front Case.
locomotives and unsightly railroad tracks and freight cars. But the instrumentality of the Central railroad in protecting the many miles of shore line, an expensive and troublesome task, cannot be denied. Nor can anyone doubt, that the easy and uninterrupted entrance provided into the heart of the city by the Illinois Central, has been an important factor in the development of Chicago.
APPENDIX

(Abbreviations: C.P. Chicago Public Library; C.L. Crerar Library; N.L. Newberry Library; I.C. Illinois Central Archives.)

Annual Reports of the President and Directors of the Illinois Central Railroad Company to the stockholders. In the early reports the activities of the Land Commission are given considerable space; expenditures of the department, the amount, size, location, and price per acre of sale, methods of advertising, the agricultural and business conditions of the state. In the reports of the sixties less information is given, in those of the seventies still less, so the amount of useful material grows less with time. (I.C., C.L.)

Charter of the Illinois Central Railroad. Approved on September 20, 1850. (C.P.)

Act to Incorporate the Illinois Central Railroad Company. Approved February 10, 1851. (C.P.)

Sectional Map showing the location of over 2,500,000 acres of Illinois Central land.- 1861. (C.P.)

An ordinance for the establishment of Harbor District Number Three, the construction of a new passenger station by the Illinois Central Railroad Company. Secure park development, bathing beaches and provide for streets. (C.L.)

Encroachment upon the harbor of Chicago Illinois.

Letter of the Secretary of War, March 3, 1882. Gives a detailed but incomplete account of the controversy between the Illinois Central and the federal government over the harbor rights of Chicago. (C.P.)

Report of Honorable Breese from the Committee on Public Lands with a bill granting land to Illinois.- 1848. (C.L.)

Legal Document- Lake Front Case; Record Cases Nos. 14,135, 14,414, 14,415, 14,416. Supreme Court of the United States, Term 1891.

Term No. 768. The I.C.R.R.Co., Appellant vs. The People of the State of Illinois and the City of Chicago.

Term No. 374. The City of Chicago, Appellant vs. The I.C.R.R.Co. et al.

Term No. 975. The People of the State of Illinois, Appellant vs. The I.C.R.R.Co. and the City of Chicago. (C.P.)
Seventh Census, 1860, Ninth Census, -1870. (C.P.)


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Wright, J.S. - Proposition to Chicago Railroad Capitalists. (C.P.)

Douglas - Breese Correspondence. Appendix of Ackerman's Early Illinois Railroads. Consists of Letters exchanged between Douglas and Breese relative to the passing of the Land Grant. (C.L.)

Corliss, C.J. - Land Grants to Railroads, June 29, 1926. Contains valuable information on the benefits of land grant railroads to both the state and national governments, with special emphasis on the financial. (I.C.)

Gary, J. - The Chicago Anarchists of 1886. Judge Gary was the presiding judge at the trial of the Haymarket rioters. (C.P.)

McIlvane, M. - Reminiscences of Chicago during the Forties and Fifties. Contains material about Chicago not generally found. Chicago, 1909. (N.L.)

Zeisler, S. - Reminiscences of the Anarchist Case. Zeisler was attorney for the defense at the trial of the Haymarket rioters. Chicago, 1904. (C.P.)


Starr, M. - Address delivered before the Illinois State Bar Association at Peoria, January 24, 1894, on the Chicago Lake Front Case, contains an account of the case from the legal viewpoint. (C.P.)

Wright, A.W. - Extracts from the Early Chicago Railroads. Selected accounts from newspapers of the time. (C.P.)

Fergus Historical Publications; Volume 1-34, 1876-1890. Gives very valuable information on Illinois and the state's progress, especially useful are the following:

14. Patterson --------- Early Society in Southern Ill.
15. Arnold --------- Abraham Lincoln.
          Sheahan --------- Stephen Douglas.
23. Ackerman --------- Early Illinois Railroads.
24. Wentworth --------- Congressional Reminiscences.
28. Fergus Directory of Chicago. (C.P.)

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Foster, J.S. - A Guide to the Illinois Central Railroad Lands, 1861. (C.P.)

Illinois Central's answer to accusations made by promoters of a subsidy for inland waterways transportation, April, 1931. (I.C.)

Illinois Land Company offers for sale 30,000 acres of rich selected prairie land. (C.L.)

Abraham Lincoln as Attorney for the Illinois Central Railroad Company. Only two hundred copies were printed. (C.L.)

The Illinois Central offers for sale over 2,500,000 acres of selected prairie lands, 1855. (C.L.)
The Illinois Central offers for sale over 2,000,000 acres of selected farming and wood land, 1856. (C.L.)


Chicago the Source of Her Past and Future Growth. A paper read before the Chicago Historical Society, by William Bross, January 20, 1880. (C.P.)

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The thesis "The Illinois Central Railroad and the Development of Illinois," written by Martin J. Emill, has been accepted by the Graduate School of Loyola University, with reference to form, and by the readers whose names appear below with reference to content. It is, therefore, accepted as a partial fulfilment of the requirements of the degree conferred.

Dr. Paul Kiniery

Samuel K. Wilson, S. J.

May 10, 1933

May, 1933