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# RAILROAD TRANSPORTATION THROUGH PRESCOTT

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RAILROAD TRANSPORTATION THROUGH PRESCOTT

by

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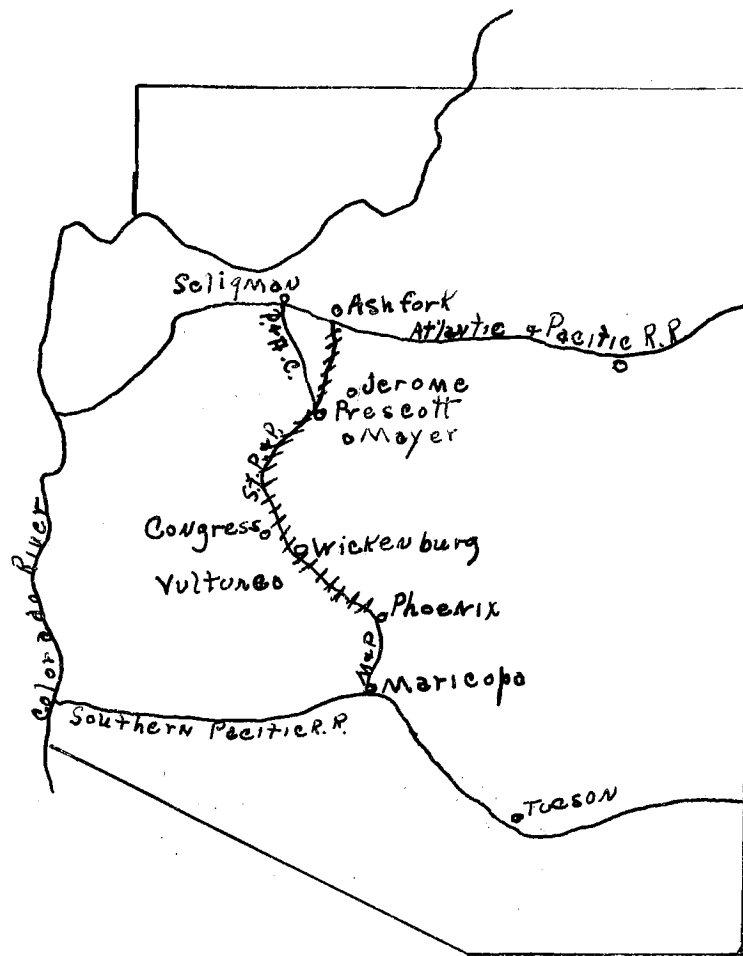
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ARIZONA - 1895

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## INTRODUCTION

Before the era of trans-continental railroad construction Arizona was recognized by its pioneer inhabitants as a land of potential wealth but by the world at large it was considered only as a barrier of mountains and desert which must, somehow, somewhere, be crossed before the resources of California could be linked with the riches of the east.

Eventually this barrier was conquered at two points; the desert lands along the thirty-second parallel were crossed by the Southern Pacific by 1880 and three years later the Atlantic and Pacific, now a part of the Santa Fe system, was completed across the rugged mountains of northern Arizona.

Almost before the trunk lines were completed across the territory the question of connecting north and south roads became the foremost thought in the minds of the men who hoped to build their fortunes on the resources of Arizona. No community was too small to have its own plans for a railroad and companies organized for the promotion of such roads sprang up like mushrooms in every town in the territory.

As territorial capital Prescott enjoyed its full share of these proposed roads, for each of which in turn the promoters tried to obtain aid from the public funds.

Of the roads projected for Prescott the first to go beyond the paper stage was the Prescott and Arizona Central.

This road was completed south from Prescott Junction on the Atlantic and Pacific to Prescott by January first, 1887. That it succeeded when other plans had failed was due to the fact that it was backed by a group of men who were interested in securing cheaper transportation for the United Verde mine. These men were able to secure for the Prescott and Arizona Central Railroad Company a four thousand dollar per mile subsidy issued by Yavapai County in the form of county railroad bonds.

To be sure this road did not prove to be as lasting as the bonds by which it was subsidized. While the road was in operation for over six years in which time it played a major part in aiding the development of Prescott and its surrounding mining regions it was by the turn of the century only a memory. Its equipment had disappeared, its mortgage bonds were worthless - but the county bonds had been validated by Congress in 1896 after their legality had been denied by the Supreme Court. Today we must face the fact that these bonds, which were funded into territorial funding bonds, will soon be matured while no fund exists with which to retire them.

Although the Prescott and Arizona Central proved to be of short life yet it was of great value to the region through which it was built in that it proved the practicability of railroad construction through that section of Arizona, particularly as a means of developing the mines. Its completion was followed by a lively mining boom. During this boom Joseph

Reynolds purchased the Congress Gold Mine. In a desire for cheaper transportation for this mine Reynolds built up an organization which eventually constructed the Santa Fe, Prescott and Phoenix railroad which forced the original road to Prescott into bankruptcy.

This was not accomplished without a long struggle. For two years, from 1889 to 1891 the Prescott and Arizona Central Company and the Congress Mine interests struggled for the economic and political control of a projected road which was to connect Prescott with Phoenix and which by means of the Maricopa and Phoenix railroad would form a link between the two major railroads of Arizona. The struggle was carried to the halls of Congress and then back to the territorial legislature. There a twenty-year tax exemption bill was passed to encourage railroad construction.

Reynolds died but his mine superintendent, Frank Murphy, carried on the fight and eventually a road was completed from Ash Fork to Phoenix in March of 1895.

The purpose of this paper is to give an organized and connected story of the two railroad companies which played so important a part in the development of Prescott and its nearby mining regions. An attempt will be made to show not only the economic and political forces which were back of the building of the Prescott and Arizona Central and the Santa Fe, Prescott, and Phoenix, but also some of the resultant development and problems growing out of their construction.

## CHAPTER I.

### TWO DECADES OF RAILROAD HISTORY IN ARIZONA

In October of 1863 an official party of eighteen politicians, chiefly "lame ducks",<sup>1</sup> traveling under escort of a company of Missouri cavalry from Fort Leavenworth and accompanied by an ox train of twenty-eight wagons left Fort Larned, Nebraska territory, for the newly created territory of Arizona. The party plodded forward over plains and mountains at the rate of twenty or twenty-five miles a day. No unfriendly Indians were encountered and everything went along very placidly during the early part of the journey. Then one evening someone drifted into camp with a copy of a Santa Fe paper, a paper which gave a glowing account of a recent gold strike in the San Francisco mountains. The gold fever seized the camp.

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1. Ben Wade and Ashley, the chairmen of the Senate and House committees on territories, respectively, told Charles F. Poston, Father of Arizona, that there were a number of members in the expiring Congress who, having failed at reelection, wished to go west and offer their services to the "Calcoots." If they were grouped they could get a bill for a separate territory through Congress. Poston was able to organize this group. An oyster supper was given the various lame ducks at which the entire personnel for the new government was arranged.---Sloan, R. E., History of Arizona, Vol.I, page 236.

No one from the chief politician, Governor Goodwin, down to the lowliest teamster escaped it.<sup>2</sup> Spurred on by dreams of sudden wealth the party pushed ahead with all possible speed toward the land of promise. Late in December of 1863 the wagon train crossed into Arizona territory and the formal organization of the territorial government took place on December 29.

After making a tour of all the settled parts of Arizona territory Governor Goodwin selected Prescott as the site of the first Arizona capital in May of 1864. This town was located on the east bank of Granite Creek. It had been started under the name of Granite but when it was selected as capital the citizens felt that it needed a new name befitting its honored position. After some discussion they decided to name it Prescott in honor of the famous historian of Aztec and Spanish American<sup>3</sup> cultures.

Prescott was located in a well timbered country which abounded in game of all sorts. It especially prided itself on being the first "American" town in Arizona Territory. It was for some time the only town in Arizona where one could see frame houses with glass windows, where the newspapers were printed in English down to the last advertisement, and where Protestant church services were held.

Because Prescott was the first capital and was founded under a national Republican administration all its chief citizens

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2. Ibid., page 288.

3. Ibid., page 294.

were from the east and were members of the Republican party.

Fort Whipple was established late in 1863 about fifteen miles northwest of the townsite but it was removed to a point a mile above Prescott the following year. The proximity of Fort Whipple gave the new town a much needed protection from marauding savages. Its presence through the period of Indian troubles also added to the social life and political prestige of Prescott.

The governor chose Prescott rather than Tucson as the territorial capital because he was not sure of a welcome in Tucson which was known as a hotbed of secessionists.<sup>4</sup> But the foremost reason for the choice of Prescott was the fact that it was the center of the gold country and all the men of the official party were anxious to go prospecting.<sup>5</sup>

Two means of east and west communication were established through Prescott in 1864, the Pioneer Pony express via La Paz to California and Duke and Company's Pony Express to California by way of Mohave.

It is of interest to note the conditions in Prescott before any railroad communication existed in Arizona. An itinerary for a trip from San Francisco to Prescott is found in the Railroad Gazetteer for October, 1869. It suggests that one desiring to reach Prescott in Arizona territory should take the steamer to San Pedro. From there he travels by stage to Los Angeles, San Bernardino, La Paz, and Wickenburg. There

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4. Sloan, R. E., op. cit., p. 294.

5. Ibid., p. 294.

the weary traveler must change to horseback for the final lap of the journey. The distance is given as 453 miles or about half what it actually is, while the time is eight days and the fare \$130.<sup>6</sup>

An old timer in the city, speaking of the same period, said one must count on from fourteen to twenty days from Prescott to Los Angeles, Albuquerque or Santa Fe, or thirty days to the states, while sixty days was a short time for mail to reach them from the slopes! He adds that very thin board was eighteen dollars a week, flour \$40 per hundred, apples a dollar each, while every drink or chew of tobacco cost a quarter.<sup>7</sup> When the Governor's mansion was built of logs in 1864 the nails used cost \$1.75 per pound and other materials cost in proportion to this so that the very ordinary building cost \$6000.

With such conditions prevailing it is no wonder that virtually every governor from the beginning of Arizona's history urged the legislators to take steps to develop the railroads, which were viewed as cure-alls for all troubles. The legislators willingly accepted all such suggestions from the Governors, doing everything in their power from the granting of high rates and fares to petitioning the federal government for land grants. In their efforts to aid railroad construction which was to end isolation, remoteness, and Indian troubles the territorial legislators were only seconding the actions of Congress which had been passing railroad legislation for over ten years before the territory of Arizona was established.

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6. Sloan, R. E., History of Arizona, Vol. II, p. 81.

7. Prescott Morning Courier, December 17, 1886.

Just after the Mexican War Congress, anxious to do everything in its power to speed the coming of the transcontinental roads, voted liberal appropriations to aid in their construction. In 1853 and 1854 it granted over a quarter of a million dollars for surveys of potential roads. While most of these were north of Arizona one group headed by Lieutenant A. W. Whipple went over much the same route as<sup>8</sup> that followed today by the Santa Fe.

Senator Benton, Missouri's famous statesman, led the agitation for a southern road. It was due to his efforts that Bartlett was ordered to make notes for a prospective railroad while he was serving as a Commissioner on the Boundary Commission that surveyed the national boundary line under the<sup>9</sup> terms of the Guadalupe Hidalgo treaty. Later there was a great deal of discussion as to whether the thirty-fifth or the thirty-second parallel offered the best path to the Pacific but the question was regarded solely from the angle of the easiest way to reach the coast. California monopolized the attention of the national government; and eventually it was the necessity of joining the new state with the older ones which built the transcontinental railways, thus reclaiming the desert, opening the west to settlement, and peopling the continent.

Of all the engineers who worked on surveys across Arizona only one, Major Maury, even considered the possibility

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8. Parish, T. E., History of Arizona, Vol. I, pp. 265-266.

9. Ibid., p. 265.



of Arizona freight. He thought copper mining might possibly furnish freight there some day but even he pictured it on flatboats on the Gila.<sup>10</sup>

Various roads were projected in the late sixties and early seventies. Of these roads the story of the Scott road or Texas Pacific is the most interesting. The Texas Pacific company planned to build across the southern part of Arizona. A land grant of the alternate sections for a strip eighty miles wide was obtained across the territory. Some construction work was done to hold the franchise. The road was called the "Tom Scott" road after its president by the pioneers. It failed to materialize because of lack of funds.<sup>11</sup> This was probably a blessing in disguise as far as Arizona was concerned for the domination of so much land by a railroad company would have greatly hindered agricultural development in the Salt and Gila River valleys.

The first evidence of the coming of a real road to Arizona territory was the request for a franchise made by the Southern Pacific in 1877. This franchise provided for both railroad and telegraph construction through the territory along the thirty-second parallel route. It granted very liberal rates, ten cents a mile for passengers and fifteen cents per ton per mile for freight. Action on the franchise was held up some time "for the reception of arguments." However Phineas Banning

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10. McClintock, James H., Arizona, the Youngest State,  
Vol. I, p. 288.

11. Ibid., p. 290.

of Los Angeles directed the Southern Pacific lobby in Tucson<sup>12</sup> very successfully and after considerable log-rolling the charter was granted October 8, 1878. It was at this time that C. P. Huntington, head of the Southern Pacific organization, set the value of an Arizona legislature at the low sum of forty-eight<sup>13</sup> hundred dollars.

The Southern Pacific tried to absorb the Scott land subsidy but failed. The road was built east from the coast to Yuma by the spring of 1877. There it was delayed some time by the government, which had given its permission to the bridging of the Colorado, but which then refused a right of way over the military reservation of Fort Yuma. Once this difficulty was adjusted construction across Arizona was easy. As much as twelve miles could be graded in a day on the desert sections. Tucson celebrated the coming of the railroad in March of 1880 and by the following September the New Mexico<sup>14</sup> line had been crossed.

The Atlantic and Pacific, built along the thirty-fifth parallel, was not completed across the territory till some three years later. It was not considered so important to the development of the territory since there were no large settlements along its route to be connected with civilization. In fact of the four or five largest towns along that road today, two, Holbrook and Winslow, were named for construction

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12. The capital was removed to Tucson for a time and then was taken back to Prescott.

13. McGlintock, James H., op. cit., p. 290.

14. Ibid., p. 297.

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engineers of the line. Construction was carried on under great difficulties due to the character of the country traversed. Supplies for the central divisions had to be freighted by wagon from Maricopa three hundred miles away. Maximum grades were encountered and only one natural advantage aided the company - there was plenty of timber for ties along the mountain sections.

16.

The Atlantic and Pacific did have a national land grant made in 1866 at the same time as the Scott grant and similar to it. That is the road was given every alternate section for forty miles on either side of the road. This fifty-five million acres of public lands made possible the construction of the road,<sup>17</sup> but it led later to a great deal of contention over taxes and leases.

The organization of the Atlantic and Pacific was entirely apart from that of the Santa Fe. It ran from Albuquerque, New Mexico to Mohave, California. The original company had been organized by Senator Benton's son-in-law, Fremont, in 1867. For years it did nothing but run surveys westward through New Mexico but its reorganization in 1879 lead to work being begun the following year. The corporation later experienced financial difficulties so great that it seemed about to fall under the control of the St. Louis and San Francisco system. When this<sup>18</sup> seemed eminent the Santa Fe determined to build into Phoenix.

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15. Sloan, R. E., History of Arizona, Vol. II, p. 69.

16. McClintock, James H., op. cit., p. 292.

17. Ibid., p. 289.

18. McClintock, James H., op. cit., p. 292.

Major Vaughn was sent east from Phoenix to scout out a connection near Silver City with the Santa Fe. But after some negotiations the Frisco system permitted the Santa Fe to acquire sole ownership of the Atlantic and Pacific. The transfer was<sup>19</sup> made in May, 1890.

No sooner were the trunk lines established across the territory than the successive governors began to herald the prosperity that would follow the construction of north and south lines. Since mine development was allied so closely with the general development of the territory the advantages were presented first from the viewpoint of the mine operators. Many known mines, said each successive governor's message, could not be profitably worked and many more were yet undiscovered because of inaccessibility. One of two things was necessary before many of the silver and copper mines could be operated, either the price of the metals must advance or railroads must<sup>20</sup> cheapen the cost of transportation. Ores had to be hauled over indifferent mountain roads any distance from ten to a hundred miles to reach a railroad and this expense made it impossible for ores of an average value of less than fifty<sup>21</sup> dollars a ton to be shipped at a profit. Supplies, fuel, mine timbers and machinery could not be taken to these inland mines without great expense. In 1885 Governor Trittelle spoke

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19. Phoenix Daily Herald, May 21, 1890.

20. Zulick, C. M., Report of the Governor of Arizona to the Secretary of the Interior, 1886, p. 4.

21. Wolfley, Lewis, Report of the Governor of Arizona to the Secretary of the Interior, 1889, p. 15.

of companies paying sixty dollars a ton for fuel.<sup>22</sup>

The mine operator was not the only one to be benefited by north and south roads however. The farmers of the Salt River Valley whose grain was stored unsold for want of a market, whose hay was rotting in the stack,<sup>23</sup> would be assured of a market in northern Arizona where supplies were then being imported from California and Kansas.<sup>24</sup> Hay sold in northern Arizona for from twenty to forty dollars a ton while Salt River farmers sold theirs, when they could, for five or six dollars. In turn they imported lumber from Washington territory or Texas for from forty to sixty dollars per hundred foot while two hundred miles north lumber sold for twelve to sixteen dollars per hundred foot.<sup>25</sup>

Everyone was to benefit by the fact that these proposed north and south roads would increase competition between the two main lines. The roads too, were to be more valuable in keeping down Indian uprisings than a dozen regiments of troops!

These governors were not entirely disinterested in thus stressing the territories' needs in the way of railroads. They were not only reacting to considerable pressure from those interested in schemes of personal aggrandizement but they themselves were often interested in the transportation problems of certain mines. Take for instance the report of Governor

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22. Trittle, F. A., Report of the Governor of Arizona to the Secretary of the Interior, 1885, p. 5.

23. Wolfley, Lewis, op. cit., p. 11.

24. Ibid., p. 9.

25. Ibid., p. 8.

Murphy in 1890 as he explains in glowing terms the general development that will result from a north and south railroad, remembering that he has himself invested considerable capital in one of the most likely of these schemes. He says, -

"One variety of products is tributary to the A. & P., another to the S.P., and it is absolutely necessary to the welfare of the country that they be interchanged. The people of the north, who are principally engaged in the production of precious metals and in lumber and stockraising, are forced to go abroad for their agricultural supplies, and pay a double price for them because they have no road to the rich valleys of the south where grain is stored unsold for want of a market, and the people of the southern valleys could, with the aid of a railroad get lumber and other timber, coal etc., in the north for about one half of what it now costs them. The consequences are that the great natural resources of the country can be only partially developed. Mines cannot be worked and made productive, which, with cheaper supplies, would yield riches, and the other industries of the neighborhood are comparatively retarded." 26

All this propaganda made easier the promotion of numerous lines, several of which received county subsidies. Not all the projected north and south lines succeeded. Some never advanced beyond the paper stage; others were failures, or died in construction.

Prescott as the territorial capital and the center of a rich mining district fostered its full share of the numerous roads projected in the territory. Manuel Ravenna, a member of the second legislature, induced that body to incorporate the La Paz and Prescott Railroad Company, of which he was the head. The legislature petitioned Congress to donate every alternate quarter-section of land along the proposed line. Later the Prescott, Phoenix, Tucson and Sonora Railroad Company was formed which was to operate as far south as Guaymas. Then the extension

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26. Murphy, H. C., Report of the Governor of Arizona to the Secretary of the Interior, 1890. p. 10.

of the Utah Southern was considered, though no definite plan  
seems to have been held for the crossing of the Grand Canyon.<sup>27</sup>  
Nor does this exhaust the roll of Prescott's proposed roads.  
After the building of the Atlantic and Pacific the prospects  
seemed brighter and in 1883 an act to subsidize the Prescott  
and thirty-fifth Parallel Railroad Company to the extent of  
\$200,000 was passed by the twelfth legislative assembly.<sup>28</sup> The  
thirteenth legislative group passed "An act to aid in the con-  
struction of a railroad in Yavapai County" which resulted in  
the construction of the long hoped for road.

The first successful linking of the main roads was not  
effected until 1895 when the Santa Fe, Prescott, and Phoenix  
was built from Ash Fork to Phoenix where it connected with the  
Southern Pacific by means of the Maricopa and Phoenix line.

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27. McClintock, James E., op. cit., p. 298.

28. Session Laws of the Twelfth Legislative Assembly, Act 62,  
p. 150.

## CHAPTER II

### THE PRESCOTT AND ARIZONA CENTRAL RAILROAD

The history of Prescott is closely bound up with that of the nearby mines. These mines were responsible for the choice of Prescott as the first territorial capital; their gold, silver and copper brought wealth to her citizens, and one of these mines, the United Verde, was responsible for the construction of her first railroad.

The United Verde claim was located in 1877. The old prospectors have told many picturesque yarns of the days when it was just a prospect.<sup>1</sup> Eventually it was bought by Governor Frederick A. Tittle and he started its development. In 1882 F. F. Thomas visited the region and, believing that he saw great possibilities for future development, he obtained an option on the mine. He went east for capital and in 1883 he organized the United Verde copper company with James A. McDonald as president and Eugene Jerome as secretary and treasurer. He returned to the territory and soon a fifty-ton furnace was installed and work begun on a large scale. The town of Jerome was laid out near the mine.

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1. One old prospector claimed to have sold it for a burro; another for a quarter of venison; another for a one-eyed mule; still another for a few plugs of tobacco. From James, C. W., Arizona the Wonderland, p. 195.



But when copper went down to seven cents a pound the mine could not meet expenses, especially since freighting to the Atlantic and Pacific by fourteen-mule teams from a mine which could hardly have been in a more inaccessible region had to be included in production costs. At one time the miners threatened to destroy the works because they had not been paid. Even with men of considerable money and influence in its organization the mining company was in a very difficult position. Something had to be done to lower expenses if the stockholders were to reap the golden harvest they had been led to expect. The most feasible "something" seemed to be a railroad so located as to cheapen transportation on coke and copper bullion. A railroad from the Atlantic and Pacific to Prescott would not be the most satisfactory solution of the problem but the haul to the proposed road would be only about one-third what it then was. Besides it seemed to be the plan most likely to succeed.

It was realized that roads were seldom built by local capital but the promoters hoped that a local organization might interest eastern capitalists and also obtain beneficial legislation. On May 10, 1884 the Central Arizona Railroad Company<sup>2</sup> was organized at Prescott largely through the activities of Governor Tritt. This company caused surveys to be made, had the country mapped, and otherwise gathered information which would be of material value in constructing the hoped for road.

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E. History of Arizona Territory with Illustrations, p. 253.

In fact it claimed to have expended from six to eight thousand<sup>3</sup> dollars in this work. Governor Tritt had donated more than anyone else to this fund but Bashford, Head, Ellis, Butler, and Buham had also contributed. They hoped, of course, to be reimbursed for these expenditures when the road was built.

The company instigated the railroad meeting held in Prescott February 26, 1885 in which the subsidy question was<sup>4</sup> discussed. Company members told that group that a road from Prescott to the Atlantic and Pacific would have at least a \$300,000 business the first year and double that the second. This trade would be in bringing in groceries, provisions, mining machinery, coke, coal, and various other sorts of supplies. It would take out ore, bullion, beef, mutton, wool, and hides. Thus an appeal was made for the support of stockmen and merchants as well as mine operators.

Some opposition to railroad legislation was encountered. It was suggested by some that any subsidy bill should leave the question to a vote of the taxpayers since the legislature had no right to impose tax burdens on the people of a county<sup>5</sup> without the consent of the taxpayers. The members of the Central Arizona railroad company opposed having the subsidy granted subject to such a plebiscite. These company members knew that the people had been told that the road was most needed by the owners of mines who required it in order to work

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3. Prescott Weekly Courier, June 12, 1885.

4. Weekly Arizona Miner, February 27, 1885.

5. Prescott Weekly Courier, January 23, 1885.

their deposits cheaply and expeditiously. The stockraisers, freighters, and farmers had been shown how they could do very nicely without a road even though some of them would derive profit from it.<sup>6</sup> Everything considered a popular vote was something to be avoided. On the other hand the company suggested that the road would probably cost \$15,000 per mile while some of it would cost six times as much as the paltry subsidy suggested. Those most interested in railroad construction feared the meeting was not considering a subsidy large enough to influence Eastern financiers.

After several hours of heated discussion it was decided that Yavapai legislative members might sponsor a bill in the coming session which would provide a \$4000 bonus for a standard or \$3000 for a narrow gauge road. Influenced perhaps by the Pima difficulty over railroad bonds the meeting voted that the bill should be drawn so that no bonds should be issued till the proposed road was completed and in active operation.<sup>7</sup>

The territorial legislature of 1885 was referred to by journalists and historians in a variety of ways, most commonly perhaps as the "thieving thirteenth." The charges of extravagance and graft brought against it were not without considerable foundation.<sup>8</sup> There were at that time twelve members

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6. Prescott Weekly Courier, January 23, 1885.

7. Construction stopped on the Tucson Narrow Gauge as soon as the bonds were received.

8. "----Extravagant with funds collected and to be collected, still it was for public institutions and much needed reforms. They were cursed by the press yet later generations have been able to soften their recklessness by the splendid, far reaching results which they obtained." Sloan, R. E., History of Arizona, Vol. II, p. 48.

in the council and twenty-four in the house. There were only ten counties at this time, but the northern and southern districts each elected a member, making the twelve for the council. When the legislature convened a caucus was held in which seven of the council decided to hold together on all important legislation and to allow nothing that would interfere with their respective interests. The southern district under the control of the Southern Pacific stood for no anti-railroad legislation; Yavapai and the northern representatives were pledged to no removal of the capital; Mohave wished anti-Mormon legislation; Yuma came in on no removal of the penitentiary; Cochise wanted no county division; and the other county for a cause not now remembered.<sup>9</sup> The house was not quite so well controlled. Still as the session continued favors were handed out in turn to all the counties. To Phoenix was given \$100,000 for an insane asylum; to Tempe, \$5000 for a normal school; to Yuma generous appropriations for the penitentiary; to Pinal county \$12,000 for a bridge; Pima county wished the capital but was forced to be content with a University; to Yavapai and Maricopa counties<sup>10</sup> was given authorization to grant bonds to railroads.

Needless to say not all the citizens of the territory nor all the legislators themselves were happy concerning these moves. However Governor Tritttle was evidently in complete sympathy with the policies of the thirteenth legislature.

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9. James, George W., Arizona the Wonderland, p. 225.

10. Ibid., p. 226.

In an address to the twelfth Assembly he had said, "The withholding of the use of public money is not always a proper economy. The expenditure made to give the people increased comforts and greater conveniences and which enable them to acquire wealth more rapidly is always proper legislation."<sup>11</sup>

Governor Trittles also showed his approval of the north and south railroad legislation when in 1885 he wrote,

"I would suggest for the consideration of Congress that the government aid in the construction of these roads by granting to the companies constructing them such of the public lands as are available for this purpose within reasonable boundary limits along the lines proposed-----"<sup>12</sup>

Mr. Ainsworth, president of the council, introduced bill number 81, an Act to aid in the construction of a railroad in Yavapai County, and it was passed March 12, the final day of the session.

This act required that payment be made at the rate of three thousand dollars per mile for a narrow gauge road of not less gauge than thirty-six inches or at the rate of four thousand dollars per mile for a standard gauge road. The bonds would bear seven percent interest and would run for thirty years. The road must be completed to Prescott by January 1, 1887, although the company could take its own time from there on south.

This act provided that any person or corporation who had completed ten miles of this road should apply to the Board of Supervisors for the county bonds. After the Board had inspected

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11. Arizona Journal-Miner, March 11, 1886.

12. Trittles, F. A., Report of the Governor of Arizona to the Secretary of the Interior, 1885, p. 18.

the completed unit it was to issue and deliver the bonds with the exception of \$1000 per mile which was to be retained until the city of Prescott was reached.<sup>13</sup> Thus the desires of Yavapai tax payers as suggested in the railroad meeting were partially complied with. And whenever and as often as ten more miles along the route were completed these proceedings were to be duplicated.

Because the Central Arizona Railroad Company had maps worked out for a road so routed as best to serve the interests of its members the subsidy act rather definitely described the route to be followed, -

"Commencing at a point on the line of the Atlantic and Pacific Railway at or near Chino station in said Yavapai County, Arizona Territory, and running thence by the most practicable route to the city of Prescott in said county, thence south from the city of Prescott by the most practicable route, crossing the Hassayampa River, as near as practicable, or by the head of Turkey Creek and Battle Flat-----." 14.

The description of this route shows that the framers of the act planned that this road should join the Maricopa county road, also provided for by the thirteenth legislature at the county line, thus forming a continuous road from Prescott to Phoenix. It also indicates that company members were interested in mines southwest of Prescott.

Those interested in railroad construction in Maricopa County were divided into two rival camps. One company had been formed with the approval of the Southern Pacific Company

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13. Arizona Session Laws of the 13th Legislative Assembly, 1885.  
Act 81, sec., 1, p. 195.

14. Ibid., sec., 3, p. 195.

which wished county aid in the construction of a road from Phoenix south to Maricopa, located on the main line of the Southern Pacific. Another group favored building north from Phoenix to join the Yavapai county line which was to be built south through Prescott from the Atlantic and Pacific.

The legislative members from Maricopa county were also divided in their allegiance. Representative Porter worked for the Maricopa and Phoenix road. Representative Armstrong seems to have wavered between the two plans while Councilman Todd worked consistently with the Yavapai members for the subsidy which would make possible a railroad connecting the two county seat towns. It was he who introduced an Act to aid in the construction of a certain railroad in Maricopa county. This bill provided for a \$3000 per mile subsidy for a standard gauge road to the northern boundary of Maricopa somewhere in the vicinity of Wickenburg along the most practicable route.

DeForest Porter gained possession of this bill because<sup>15.</sup> his constituents were opposed to it. He created a scene in the house by refusing to produce it. Then he absented himself from the house while the battle raged. As the last day of the session had arrived the doorkeeper was sent to bring Mr. Porter before the bar of the house but that gentleman soon reported<sup>16</sup> that the representative from Maricopa was too ill to attend. As the bill could not be located a substitute measure was rushed through both council and house in the closing hours of the session.

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15. McClintock, James H., Arizona the Youngest State, Vol. II, p. 334

16. Arizona Journal of the 13th Legislative Assembly, 1885, March 12, p. 961.

Porter had been largely instrumental in pushing through an act to aid in the construction of a certain railroad between the city of Phoenix and the Southern Pacific railroad. This act was not subject to a referendum of the county taxpayers as was the other Maricopa county bill mentioned above. Though it contained a time limit for the completion of the road it provided liberally for exemptions of time caused by delays should the United States government be slow in granting permission to cross the Indian reservations or should suits started in the county delay construction. Then, as the lobby back of this bill were afraid that the County Supervisors might not carry out their part in the transaction, a supplementary act was rushed through on the final day of the session providing for a board of Railroad Commissioners authorized to act for the county supervisors in case they procrastinated too long. The Maricopa and Phoenix company, which later proved to be dominated by the Southern Pacific had succeeded in procuring what seemed to be fool proof legislation.

It was not only the fact that they favored the Maricopa and Phoenix road which led the Southern Pacific interests to oppose the subsidizing of a road north from Phoenix. They had no wish to be brought into competition with the Atlantic and Pacific. Before the legislature met the people in southern Maricopa county were told by newspapers friendly to the organization planning to build south that a railroad north was entirely

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17. This act carried a \$200,000 subsidy to a specified company.  
18. Arizona Session Laws of the 13th Legislative Assembly, 1885, Act 78, Sec. 1, p. 184.



out of the question. Ten thousand dollars a mile or two million dollars would not be sufficient to build it, to say nothing of the rolling stock and cost of maintenance! <sup>19</sup> The people were further asked to believe that one freight train in three months could easily carry all the freight in and out that could be used or produced in the entire section. A local road built through such a barren, mountainous country would never pay. The people of Maricopa should not be led astray by such a visionary scheme but should work for a road to the Southern Pacific and so gain a road that would do them some good!

Since the advocates of the road north were promising that their road would bring lower freight rates to the Salt River Valley, President Crocker announced a cut in fares and freight rates on the Southern Pacific. Then he promised that his company would again go into the matter of freights and rates in so far as the Salt River Valley and Maricopa county were concerned. By July he was able to announce a twenty percent reduction on all freight from San Francisco to Maricopa, Tucson, and Benson. <sup>20</sup>

Of the three bills under discussion, that for a road to Yavapai from the Atlantic and Pacific south to the county line; for a road from Maricopa to Phoenix; and for a road from Phoenix to the northern line of Maricopa County; that for the road from Phoenix to the northern Maricopa line was the only one which provided that the bonds could not be issued without the consent of the people expressed in a special election. The Board of

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19. Weekly Phoenix Miner, February 12, 1885.

20. Weekly Phoenix Miner, May 14, 1885.

Supervisors were to call the special election within ninety days after the passage of the act. In the notice of the election the people were to be told the exact amount of the bonds and the terms under which they would be issued.<sup>21</sup> But the opponents of the bill, that is, those interested in building south were afraid to trust the question to a vote of the people. As one newspaper editorial put it, whenever a group of citizens are about evenly divided, and a third party is really interested, a little graft puts it over. And anyway voting is not fair since it allows the riff-raff to decide the question!<sup>22</sup> The Supervisors were persuaded not to call an election within the ninety days stipulated in the act and so the proposition was retired to the background for some four years. Then it was brought forward in an attempt to show Congress why a railroad subsidy in Maricopa county would not be affected by the Harrison Act.<sup>23</sup> This act was, to quote its official title, "An Act to prohibit the passage of local or special laws in the territory of the United States to limit territorial indebtedness and for other purposes."

Although a group of home speculators were nursing the scheme it was understood that local capital could not construct the road. Several companies were rumored to be considering the proposition but by June the field had narrowed down to two groups of capitalists who seem to have divided the support of Yavapai citizens rather evenly.

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21. Arizona Session Laws of the 13th Legislative Assembly, 1885, Act 56, Sec., 9, p. 264.  
22. Weekly Phoenix Miner, February 12, 1885.  
23. United States Revised Statutes, Sec., 1889.

One group was known as the Minneapolis syndicate. Wilson and Hamilton, wealthy Minnesota men, came to Prescott early in June of 1885 to inspect the country for the railroad.<sup>24</sup> N. O. Murphy and Dr. F. K. Ainsworth met them at the railroad and escorted them to Prescott. A company, the Arizona Central, was organized with a capital of \$3,300,000 to build a railroad one hundred and twenty miles in length.<sup>25</sup> This group planned to construct a narrow gauge road and they also planned on a branch to Jerome. Many objected to this plan because it would necessitate reloading of freight before it could be shipped over the standard gauge tracks of the Atlantic and Pacific. Within a week a second company was organized, The Central Arizona, with a capital of \$1,875,000.<sup>26</sup> This group came out strong for a standard gauge and it backed T. S. Bullock who in turn was backed by New York capitalists. This group was sometimes referred to as the New York syndicate. By way of strengthening his position Bullock at once put some twenty men at work on construction. He offered the old Arizona Central company \$5000 in first mortgage bonds for its maps, books, and other supplies, but the offer was rejected as insufficient. As some of the original company favored the Minneapolis and some the New York group it was decided that these aids should be made

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24. Prescott Weekly Courier, June 5, 1885.

25. The incorporators and directors were Major C. M. Wilson and George F. Hamilton of Minneapolis, and N. O. Murphy, H. M. Van Arman, F. K. Ainsworth, W. Ellis, Calwater, Beas and Carpenter, all of Prescott.--Prescott Weekly Courier, June 12, 1885.

26. This road had on its board of directors C. P. Head, L. Bashford, H. Richards, A. Eaff, C. W. Beard, A. J. Butler, and W. N. Kelly.

accessible for purposes of information to any earnest company who would in good faith commence the construction of a road, suggesting, however, that when the first ten miles was completed the builders could if they saw fit pay the original company what had been expended.<sup>27</sup> Bullock claimed that he had never been able to use these helps as it had been a matter of "first come, first served," with the Minneapolis group.

Wilson and Hamilton also had a group in the field working on a survey. Soon they were ready to file a profile of the first ten miles but were informed that this was not permissible until twenty miles of survey were completed. Meanwhile Bullock's men were complaining that this group of rival workmen were deliberately zigzagging a course back and forth across their line of construction to such extent as to seriously impede progress. They even went so far as to ask to be supplied with guns and ammunition with which to drive away these tormentors.<sup>28</sup> Throughout the struggle Bullock had the advantage of the backing of the Atlantic and Pacific people.

Meanwhile the struggle between the two companies for the right to build this particular seventy miles of road had attracted the attention of transcontinental railway companies of the east. Officials in these companies decided that there must be enough profit in the road for both the promoters of the road and themselves. They planned to get their share by increasing freight

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27. Prescott Weekly Courier, June 12, 1885.

28. Arizona Weekly Miner, July 3, 1885.

rates on supplies needed in the construction of the new road. The Atchison, Topeka, and Santa Fe Company had promised some two years before to haul iron and other necessary supplies at a very low rate. Since that time it had gone into a pool and rates had been raised. Officials of the Santa Fe Company explained that owing to their agreements with other roads they were barred from giving the projectors of the proposed Prescott branch the lower rates. The question was a serious one as it made a difference of at least a hundred thousand dollars in the cost of the road.<sup>29</sup> They "advised" Bullock to unite with his opponents. On July 16, Colonel Nutt of the Atlantic and Pacific notified Governor Trittelle that the consolidation of the Bullock and Minnesota syndicates had actually taken place.<sup>30</sup> Whatever the nature of this consolidation may have been the names of the Minneapolis capitalists do not appear again in the story.

Some difficulty was experienced before the new organization could reach an agreement with the railroad companies of Prescott. At last in November the board of the Arizona Central was reorganized. Ellis, Carpenter, and Murphy resigned, while Trittelle, Butler, and Kelly were elected to fill their places.<sup>31</sup> The new board of directors proceeded immediately to acquire all right of way to which they were entitled by law from the United States and from the Atlantic and Pacific railroad company.

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29. Prescott Weekly Courier, September 11, 1885.

30. Ibid., July 17, 1885.

31. Ibid., Nov. 27, 1885.

Bullock bound himself to complete the first ten miles by May 1, 1886 and to be in Prescott January first, 1887. In return the company was to issue and deliver to him \$775,000 in first mortgage bonds, \$775,000 in second mortgage income bonds, thirty-three thousand shares of the entire capital stock and a contract to deliver to him when received by the company four thousand dollars per mile of the bonds of Yavapai County.<sup>33</sup> At the annual meeting of the stockholders held November 5, 1886, of the thirty-three thousand shares Bullock represented thirty thousand and one hundred.

Opposition over freight rates lasted so long that Prescott citizens began to wonder if the Santa Fe wished to build the road itself, - if so they were ready to grant them the subsidy. A committee was chosen to go to Topeka, or if necessary to Boston, to find out what the difficulty that stood in the way of construction really was. However the trouble was ironed out with the assistance of President Mutt of the Atlantic and Pacific. The Santa Fe and other transcontinental companies agreed to take mortgage bonds in payment of charges for freight over their roads on the condition that the capital stock be reduced from 33,000 to 12,000 shares.<sup>34</sup> This reduction was voted

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32. Thomas Seaman Bullock came to Arizona from Indiana as a mining prospector. He became a railroad builder and received financial backing from Seligman and Company, a banking firm in New York City. He was only thirty-two at the time he built the Prescott and Arizona Central. He later built the Monterey and Mexican Gulf Railway and several others. Considered by some to be a fly-by-night promoter, yet the majority of Prescott's Citizens seemed to have felt that he never had a square deal.

33. Arizona Journal-Miner, Nov. 6, 1886.

34. Prescott Weekly Courier, Nov. 12, 1886.

at once by the Arizona Central Company.

E. M. Jerome, secretary and treasurer of the United Verde Copper Company was elected president of the new company. The vice president was ex-governor Trittle who had resigned his political office when a Democratic administration came into power in Washington. After his resignation he engaged himself in assisting to negotiate the county and railroad bonds. His acquaintance-ship with such men as General Strong, President of the Atchison, Topeka, and Santa Fe; General Winslow, President of the St. Louis and San Francisco; and Colonel H. C. Nutt, President of the Atlantic and Pacific, with whom Trittle had once carried on a land business in Des Moines, Iowa, made him of considerable assistance.

Railroad construction did not begin until well into July in 1886. Bullock, assisted by company members, exerted his best efforts toward consummating arrangements for its construction. W. N. Kelly and other company members had been able to iron out the major difficulties growing out of the struggle between the two groups for control, but two obstacles to progress remained.

One was the opposition some secret, some open, of certain

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35. The board of directors included E. Bashford, Prescott merchant; W. E. Hazeltine, Cashier of the Bank of Prescott where the finances of the road were handled and a man personally identified with the mining interests of the region; Governor Trittle; E. M. Jerome of New York City; W. N. Kelly and F. J. Butler, business men of Prescott; George Manchester of Boston, representing the Atchison, Topeka, and Santa Fe; Colonel Nutt, representing the Atlantic and Pacific; and Edgar Smith of Williams, Arizona, representing the St. Louis and South Eastern.

ranchmen who had become wealthy, or hoped to do so, by utilizing the resources of the country. These cattle men feared that the railroad would bring in settlers. They knew that these settlers would take up the fertile valley lands first. They would confine the springs and inclose the pastures. They would, no doubt, fence their lands with barbed wire, a type of fencing that was just becoming popular and which the ranchmen still considered a dangerous nuisance which should be legislated out of existence. 36

The second and greater obstacle was that there had been a falling off of confidence in territorial bonds in the eastern money markets. This led, of course, to some difficulty in arranging the finances of the new road since these finances were to come from the sale of county and railroad bonds to eastern capitalists. Upon the electoral victory of the Democrats in 1885 Governor Trittle resigned and a democratic governor, Zulick, was appointed by Cleveland for the territory. Arriving as he did when the stories of the thirteenth legislature's freehanded appropriations of funds collected and funds hoped for were still common topics of conversation and of unfavorable press criticism it is not surprising that Governor Zulick accused the preceding administration with reckless extravagance. He reported that taxes were excessively high in the territory and that the debt had been unwisely increased by special legislation.

The calling of the attention of Congress to the situation



brought about the Harrison inquiry into territorial finances and the attention of the Associated Press was directed to the alleged condition of bankruptcy existing in the territory.<sup>37</sup>

Territorial bonds which had been in demand at a premium were no longer desired by investors, even at a considerable discount.

It was at this time that the Harrison Act limiting territorial indebtedness and forbidding special legislation in territorial legislatures was passed. Although the Harrison Act was in later years the basis for a great deal of contention over the validity of these bonds at this time no one seems to have seriously questioned the validity of the Yavapai bond issue. However some Democratic papers did suggest that Congress intervene and annul acts of the thirteenth legislature whereby the expenses of the territorial government were increased without adequate benefits.

The difficulties caused by this unpleasant publicity had the effect of drawing the various groups in Prescott more closely together. Citizens there had decided that the Prescott and Arizona Central was their only hope for a railroad and so they wished to do all in their power to arouse confidence in the county bonds. A large number of citizens issued a formal signed statement to the railroad company on the 28th of November, 1886 in which they pledged themselves to purchase county bonds at least to the value of \$75,000 and they attached affidavits that they were respectively worth twice the amount of the value

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37. Arizona Journal-Miner, November 11, 1886.

of the bonds which they promised to purchase. To this they further added certified copies of their respective assessments. They promised to place no obstacles in the way of the Board of Supervisors in the issuance of the bonds. Then in an effort to still further intensify their conviction that the bonds were good investments for outsiders they added the following pledge to the statement:

"That we will by our moral suasion and personal influence, at all times, uphold and maintain the said bonds, issued under said act, and the legality thereof, and of their issuance, and of the right of the railroad company to have and receive the same." 38

General Manager, D. B. Robinson, of the Atlantic and Pacific announced that Prescott Junction, ten miles east of Chino Station, would be opened as a regular billing station on July twelfth, 1886. Actual construction began in a few days. By November first the fourth ten-mile section had been completed, accepted, and the bonds issued.

Between August fourth 1886, and December thirty-first, 1886, the county of Yavapai issued two hundred and ninety-two bonds of the par value of \$292,000 payable to the Prescott and Arizona Central Railway Company. These bonds were taken east. There,

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38. Wilson Papers.

39. Dates of bond issues. From Arizona Report of State Treasurer, 1922, page 114.

1. August 4, 1886,	\$30,000	5. Dec. 1, 1886	\$30,000
2. Sept. 20, 1886,	30,000	6. Dec. 14, 1886	30,000
3. Oct. 11, 1886,	30,000	7. Dec. 24, 1886	30,000
4. Nov. 4, 1886	30,000	8. Dec. 31, 1886	82,000

backed by the unqualified endorsement of the group which would ultimately have to pay them, they were sold for a valuable consideration. Two hundred three bonds were purchased by Kitchen and Company of New York City, who received interest on the same regularly until January first, 1894.

After the construction work had begun Bullock stated that he could not complete the road unless Prescott citizens would buy up a considerable number of first mortgage bonds at par. The opposition claimed that Bullock had demanded the purchase of \$50,000 in bonds and later they stated that over \$43,000 was actually contributed in bonds and services. His friends insisted however that Bullock received only \$17,000 from this source. By 1889 these bonds could have been purchased from the original investors for forty cents on the dollar. The road did issue its own bonds to the amount of \$750,000. These were floated but a second issue of the same amount was never realized on.<sup>40</sup>

The iron used on the road was much lighter than that used by the main roads. Much of it was second hand material purchased from the Atlantic and Pacific. That company had purchased it to use for side tracks but had found it too light and had replaced it by heavier iron. About one fourth less ties were used than on the trunk line roads.<sup>41</sup> The rolling stock was antique and the major portion of it was only leased from other companies. However, though the road was not first class it compared very favorably with the contemporary branch lines of its time.<sup>42</sup>

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40. McClintock, James H., op. cit., Vol. I, p. 300.

41. Prescott Morning Courier, Oct. 9, 1890.

42. Judge Fattee in interview.

A few days before the road was to be completed the two locomotives of the company were disabled by unknown vandals. The Trittle had her pipes blown out and the Hassayampa had oil poured on her cab and was then set on fire.<sup>43</sup> All of her wood-work was burned. This left Mr. Bullock without any engine, the work of construction was stopped and the mails delayed. But for this the road would have been completed several days earlier. An engine was borrowed from the Atlantic and Pacific to complete construction and draw the first train into Prescott.

The road was completed by January first, 1887. Governor Zuliak drove the last spike gilded for the occasion into the final tie, painted with stripes of red and white in honor of the gala day. Civic societies, the troops from Fort Whipple, fire companies, and all the citizens for miles around gathered to give the largest celebration ever witnessed to date in Prescott. The honorable Sumner Howard, Governor Zuliak, and several others spoke. Bullock when called upon for a speech said briefly that he had promised them a railroad - and now they had it!

By the close of February the station agent at Prescott was able to report an average daily shipment of one load of freight and an average daily arrival of two car loads.

The completion of the road was accompanied by a mining boom in the various mining regions in Yavapai. Naturally those interested in mines south of Prescott wished the railroad advantages extended to them. However by the terms of the act

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43. Arizona Champion, Jan. 1, 1887.

of 1885 the builder was given the privilege of choosing his own time to continue on south. In 1887 and again in 1889 Bullock petitioned the legislative Assembly for the right to change the plans for the proposed road so as to follow the Black Canyon route. He claimed the route outlined in the Act was impractical as it traversed a country over which construction would be very expensive. He also tried to show that a Black Canyon road would serve more mining regions than would one built down the Hassayampa. The interests who favored the original plan were strong enough to prevent these petitions from having any influence.

In 1889 Superintendent Jones of the Prescott and Arizona Central stated that an estimate had been made showing that it would cost from \$20,000 to \$70,000 per mile or about \$475,000 to build the first thirteen miles on the proposed route. Opponents of the company declared that the engineer, J. W. Robinette, had spent all of three days on the survey which he had made from a buckboard. Further they stated that the one most expensive mile on the Atlantic and Pacific, a road that had been notoriously difficult of construction, had cost only \$75,000 and it had included tunnel construction. These opponents were sure that \$10,000 a mile would be a very liberal estimate of costs.

Bullock had by this time become engaged in the construction of the Monterey and Mexican Gulf Railway and this may explain in part his lack of interest toward a continuing of the Prescott road.

The need for cheaper transportation for the United Verde Mine had led to the organization of the Central Arizona Railroad Company, purely local in its membership. This company exerted the pressure which caused the thirteenth legislative assembly to grant a liberal subsidy for the construction of a railroad from the Atlantic and Pacific to Prescott and from there on south to the county line. This subsidy was the direct cause for the organization of a new railroad company, the Prescott and Arizona Central, in which Bullock was the chief shareholder. While Bullock built the desired road as far as Prescott he was able to accomplish this because those interested in the United Verde and other mines gave him their whole-hearted support. Among other things they helped him to dispose of the county subsidy bonds on favorable terms.

Indirectly, by opening up the country around Prescott to investment, the Prescott and Arizona Central had caused the development of a powerful mining company which in the fuller development of its interests, a development which the company considered as requiring control of a railroad south from Prescott to Phoenix, was to bring ruin to Prescott's first railroad. This ruin was so complete that by the late nineties all that remained of the Prescott and Arizona Central was a washed and weed-grown roadbed.

### CHAPTER III

#### THE STRUGGLE FOR CONTROL OF A PRESCOTT-PHOENIX ROAD 1889 - 1891

The completion of the Prescott and Arizona Central in January of 1887 greatly accelerated the development of southern Yavapai County. However after the first flare of enthusiasm for the new road began to wane factions again developed, if indeed they had ever ceased to exist, which were opposed to the Bullock interests. By 1889 a struggle had begun for the control of a north and south railroad which would connect the county seat towns of Prescott and Phoenix. The major parties to this struggle which was to absorb the attention of the political and commercial interests of Yavapai and Maricopa counties for the following two years were the officials of the Prescott and Arizona Central Railroad Company and the group of men who had become interested in the development of the Congress Gold Mine. A third organization, the Southern-Pacific Company, was a negative party to this struggle in that its chief interest was in preventing either of the principle contestants from achieving success. The Southern Pacific had an ally in this struggle in the Maricopa and Phoenix Railroad Company.

Further examination will indicate what the conditions were which caused the organization of the Congress Gold Mine to precipitate this long struggle for political and economic control of the proposed road. In the preceding chapter it was noted that Bullock was not willing to build south-west from town along the route stipulated in the legislative act of 1885 while on the other hand those interested in the Martinez and adjacent regions were not willing to permit the route to go to the south-east from Prescott. Within three months after the completion of the Prescott and Arizona Central, Joseph Reynolds, a well known millionaire steamboat and railroad man of St. Louis, visited the territory in search of good mining investments. After some time spent in looking over the field he was about to withdraw from the section feeling that he was being victimized<sup>1</sup>. Then Frank M. Murphy induced him to remain<sup>2</sup> by interesting him in the Congress Mine. This mine was<sup>3</sup>

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1. Arizona Journal-Miner, February 6, 1892.
  2. Frank M. Murphy according to one authority started his business career as a salesman in a store. He became a mine promoter and was interested in many Yavapai mining projects. Two of the more important sales of mining property which he promoted were those of the Congress Mine to Reynolds and of the United Verde to Senator Clark. As superintendent of the Congress Mine he was largely responsible for its success. In 1901 he was president of the Prescott National Bank; President of the Santa Fe Prescott & Phoenix Railroad; and was interested in many mining and business projects around Prescott. He later spent the greater part of his fortune in buying up and trying to unwater the Tombstone mines. Five years and millions were spent but the attempt failed entirely.
  3. The mine was purchased from Messrs. Robbins, Gaben and Earle and though the purchase price is unknown, \$30,000 changed hands at the beginning of the sale. Judge R. E. Sloan in his Memories of an Arizona Judge says the mine proved to be a great producer of gold in its day.



located in the Martinez district about fifty miles southwest of Prescott where the Date Creek mountains open out into the Martinez plains. It contained a large body of ore in the form of sulphurets rich in gold, and near it were several untried veins which might upon working prove to be of great value. After a test run the mine was purchased by Reynolds, better known as Diamond Jo, who retained Murphy as superintendent. Plans were made for the extensive working of the mine and for the first time in the history of Yavapai County there were not enough miners or pack animals to supply the demand.

Reynolds went east to purchase mining equipment. He shipped out a twenty stamp mill with power for forty stamps. The construction of a substantial mill, company store, and other buildings showed that the company had faith that operations would continue for years to come. The successful development of this property helped to establish confidence in the mineral resources of the country and lent impetus to the flow of capital to this region.

The ore was rich and abundant, but even so the profits were considerably reduced by the long haul to Prescott. Eighteen ox teams and fourteen mule teams transported the ore over rough mountain roads, taking from four to six days to a trip. This coupled with a high freight rate from Prescott out to the Atlantic and Pacific led Reynolds and Murphy to consider railroad construction. Again in the history of Yavapai a rich mine

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4. Arizona Journal-Miner, March 17, 1887.

5. Ibid., January 27, 1890.

in need of cheaper transportation had fostered the idea of a railroad.

It was rumored that the road proposed by Reynolds would run from Prescott to Phoenix via the Congress and Vulture mines<sup>6</sup> but nothing was said at this time of connecting the proposed road directly with the Atlantic and Pacific. Rather Reynolds expected to build a road on south from Prescott to Phoenix which would be a continuation of the existing Prescott and Arizona Central.

For some time in fact Reynolds considered the possibility of having Bullock transfer to him the unused portion of the Yavapai County railroad subsidy granted by the territorial legislature of 1885. By the terms of the legislative act a subsidy of \$4000 a mile was to be granted for a road from the Atlantic and Pacific to the southern line of Yavapai County. As Bullock had built a railroad only as far south as Prescott part of this subsidy had never been qualified for and it was this unused portion which Reynolds hoped to have transferred to his road. Some question was felt as to whether the \$4000 subsidy would hold if some company other than the Prescott and Arizona Central should continue the road. Northern and eastern Yavapai were opposed to any group continuing the road with the aid of a subsidy which would add some \$400,000 more to the railroad bond debt of the county. The Arizona Champion suggested that it might be well to spend any further county money available for

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6. The Vulture Mine was owned by Senator Tabor of Colorado.

railroad construction on the Mineral Belt Road which was under construction from Flagstaff to Globe and which had received no county money.<sup>7</sup>

The Congress Mine interests busied themselves in an effort to arouse public opinion in favor of a road sponsored by Reynolds. This effort was made at both Phoenix and Prescott but the greater opposition seems to have been encountered in the latter city, where it came from two sources. Not only as was indicated above did many, especially the large tax payers, feel that all further expense should be avoided, but many who favored construction felt that Bullock should be the one to build the road.

In April Isaac Stoddard, owner of the Ora Bella Mines in the Bradshaw district, appeared before the Maricopa County Supervisors and explained how they could obtain southern Yavapai business for Phoenix merchants by building a short piece of wagon road north from Phoenix to the county line. Thus they could wrest from Prescott and the northern railroad the business of the southern Yavapai county mines. The report that the Maricopa Supervisors intended to act on this suggestion brought the statement from the Prescott Morning Courier, a paper friendly to Bullock, that Prescott could not afford to lose this trade to the southern town when a few thousand dollars would hold it fast.<sup>8</sup>

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7. Arizona Champion, (Flagstaff), November 22, 1888.

8. Prescott Morning Courier, April 24, 1889.

Presumably the few thousand dollars were to be used in extending the railroad on south from Prescott.

There is no evidence to show that this action on the part of Mr. Stoddard was instigated by Mr. Murphy but it was not long before Murphy was making use of similar propaganda concerning a loss of trade to Phoenix to further his cause. In this case he was protesting against the \$3.50 per ton rate for ores maintained by the Prescott and Arizona Central. Murphy stated that he had various interests in Prescott but that if lower rates could be obtained from Phoenix then he would have to freight his ore to that town as he could not let his company suffer. The Chamber of Commerce of Phoenix was doing all in its power to urge this change so that Phoenix merchants would get the trade of the Congress mining camp. The Maricopa and Phoenix railroad was willing to grant generous terms from Phoenix out to the Southern Pacific road. It was a longer haul to Phoenix but level roads and cheap food for horses made freight charges there no higher than to Prescott. Not only would the ore shipments be lost to the Prescott and Arizona Central but the indirect loss through the loss of trade to Prescott merchants would be a sizeable item to consider. Mr. Jones of the Prescott and Arizona Central conceded that \$2.50 was a reasonable rate for ore but said that the Atlantic and Pacific refused them a satisfactory rate on cattle! Hence ore was to make up the difference.

Early in May the Yavapai Development Company was formed. Ostensibly it was for the purpose of speeding up development of the country in every possible way. Incorporated with a capital stock of \$100,000 it was to sell mines, build hotels, light plants, and ditches.<sup>10</sup> They also discussed building a narrow gauge mining road to various mines so that ores of low grade could be worked profitably. A reduction plant was suggested<sup>11</sup> as it would help to make this second class ore pay. In order to start this business off it was suggested that every mine owner should donate from one to ten tons of ore to the company. Reynolds and Murphy backed this company of which Murphy was a director. It is probable that they hoped in this way to win the support of various mining interests in the community. They also felt that the activity produced by the company would attract outside capitalists to the region.

Whether or not the Yavapai Development Company had much influence is an open question but the mining properties were developed considerably in the following year. By 1890 over twenty good mines were under operation in the Prescott district. Three mines, owned by the mining firm of Phelps Dodge and Company, largest dealers in metals in the world, were running heavier forces than ever before; the Yarnell property, on the line proposed for the Reynold's road was operating on a bigger scale; the Peck mines and the Old Tiger, mother vein in the

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10. Ibid., May 9, 1889.

11. Ibid., May 9, 1889.

Bradshaw mines, once abandoned, were opened again, as were numerous others which had long been idle.

In Prescott the Journal-Miner owned in part by F. N. Murphy began an open attack on Bullock's road. All these factors, Reynold's activities in Maricopa county, the railroad projects of the Development Company, and the attitude of unfriendliness amounting almost to open hostility of the Board of Trade which was presided over by R. H. Burnister, a Murphy partisan, culminated in the summer of '89 in the tariff war.

The Atlantic and Pacific company had an agreement with the Prescott and Arizona Central under which the latter company was allowed double mileage, or double the rate on all classes of goods.<sup>12</sup> This was satisfactory while it was in effect but the Prescott and Arizona Central company complained that its share in the rates was not sufficient and early in April, 1889, this company published a new tariff schedule to go into effect on the twenty-fifth of the month.<sup>13</sup> The proposed new rates would add ninety dollars on a car load of sugar, canned goods or other heavy goods, sixty dollars on flour, thirty five dollars on grain, - certainly a heavy cut to figure out of a merchant's profits.

At once Prescott merchants and mine operators were on the

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12. Arizona Journal-Miner, July 23, 1889.

13. The new rates on third, fourth, and fifth class goods were to be forty-five cents per hundred pounds and on first and second class goods fifty-two cents per hundred pounds from Prescott Junction to Prescott, while the Atlantic and Pacific rates would remain the same.

defensive. They foresaw ruin for themselves, the county, and the railroad. The merchants stated that they were already in close competition with other towns from which they had recovered large portions of trade since the coming of the road had reduced shipping costs, and that material advances in rates would force them out of the race. Presumably they were talking of competition with towns on the Atlantic and Pacific, but some of the rivalry was with Phoenix which obtained its supplies over the Southern Pacific and the Maricopa and Phoenix. A Phoenix paper commented on a freight train leaving that city for the Boaz mining camp - a camp forty-five miles from Prescott and over eighty miles from Phoenix, showing that there was an actual basis for the claims of Prescott merchants.

The Prescott Board of Trade attempted to handle the situation. In June four members of this board<sup>14</sup> met with Bullock to consider prorating tariff charges on goods received on the Prescott and Arizona Central so that competition with other localities would be possible. They had but slender hope of gaining any material concessions but Bullock, very gracious and conciliatory, agreed to correspond with the Atlantic and Pacific directors, suggesting reasonable revision. Nothing came of this, and as a final proposition the Board of Trade offered to pay the difference in rates, saying in effect, "Collect your thirty-nine cents from the merchant, we will pay the extra thirteen cents you demand and you will have your fifty-two cents." This

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14. Namely Burnister, Murphy, G. W. Sines, and Gardner.

proposition was evaded by Bullock.

Early in July the secretary of the Board notified all members of the proceedings. After some discussion it was decided that the committee on railroads and transportation should communicate with Mr. Biassell of the Atlantic and Pacific at Albuquerque and notify him that Prescott shippers would receive and ship all freight to and from Prescott at Ash Fork. All signers of the agreement to boycott the local road were notified to discontinue shipments on July 23. This agreement, signed by every shipper in town except two or three small concerns, stipulated that all goods would be shipped for six months by wagon train to Ash Fork. Further they agreed to forfeit one thousand dollars for any breach of this contract. Many of the men who signed this agreement had been friends of Bullock and had subscribed to the bonds which were now worth forty cents on the dollar.

The Atlantic and Pacific seemed to favor the wagoning plan. They may have hoped to freeze out Bullock and purchase his road. However this seems unlikely since at this time the road was experiencing financial difficulties too great to warrant further expansion. It may be that it was already falling under the domination of Santa Fe officials who were on friendly terms

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15. Ibid., July 10, 1889.

16. Ibid., July 10, 1889.

17. Arizona Weekly Journal-Miner, July 17, 1889.

Arizona Champion, July 20, 1889.

18. Prescott Morning Courier, July 15, 1889.



with Murphy.

During July of 1889 a notice to freighters appeared in the daily paper which called for bids for all freight transportation between Ash Fork and Prescott for a six-month period. The local representative of the Prescott and Arizona Central, W. B. Jones, issued this statement,

"Mr. Bullock and his people, while loath to be forced to defend themselves against any portion of the community in which they feel so deep and friendly an interest, are, nevertheless, determined to be guided now, as they have in the past, by the first law of nature, self-preservation."

In fighting the boycott to the bitter end they would give the Government the necessary ten day's notice and then run only two trains per week. The passenger rate would be raised to ten cents per mile and new business houses would start which would be in sympathy with the railroad. No action would be taken however, until the first wagon train left town.<sup>19</sup>

A local livery stable proposed running a daily line of stages to Ash Fork and it was suggested that the payment of interest on the railroad bonds might be withheld if no daily trains were run.<sup>20</sup> The railroad company's threat was effective however. Some of those who had signed the freighting agreement had planned to express goods in and they were the ones who would be hard hit by the running of only two trains per week.

At the last minute a compromise was reached. The feeling

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19. Arizona Journal-Miner, July 23, 1889.

20. Ibid., July 22, 1889.

seemed to die down quickly but the Prescott and Arizona Central had reached its zenith. Its organization was on the defensive for the rest of its short period of existence.

In the task of working up enthusiasm for his proposed road Reynolds met with his greatest success in Phoenix where great dissatisfaction was felt toward the Southern Pacific and where farmers were particularly anxious to tap the northern Arizona markets. In April Maricopa county had held a railroad meeting in which it was voted to petition Congress for the right to subsidize a railroad north to Prescott.<sup>21</sup> In order to understand why such action was necessary we must go back to certain territorial and national legislation of 1887.

Mention has already been made of the fact that the demand for territorial bonds had fallen off at that time because of the publicity of the Harrison inquiry. When the territorial legislature met in 1887 it undertook to do what it could to remedy the situation. A general funding act was passed for the purpose of liquidating and providing for the existing indebtedness of the territory and such future indebtedness as might be lawfully acquired. This legislation was confirmed with slight modifications by Congress in 1890. The act provided for a board of loan commissioners composed of three territorial officers, the governor,<sup>22</sup> the auditor, and the secretary. This board should issue negotiable coupon bonds for payment of existing indebtedness when

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21. Ibid., April 29, 1889.

22. United States Statutes at Large, 51st Congress, 1889-1891, Vol. LXVI, par. 2039, Sec. 1.

such could be done at a lower rate of interest and to the benefit of the territory.<sup>23</sup> The act applied not only to territorial indebtedness as such but also under certain conditions to that of counties, municipalities, and school districts. The boards of supervisors in the counties and the proper officials in the other areas were to report their bonded and outstanding indebtedness and upon the official demand of these authorities the loan commissioners were to provide for the redeeming or re-funding of the county, municipal, or school district indebtedness.

The territorial board of equalization or if they failed to act the Territorial Auditor should determine the rate of taxation, in addition to all other taxes authorized by law, which should be levied in the different counties of the territory to carry out the provisions of the act and should certify the same to the county board of supervisors. Every tax levied under the provisions of this act was to be considered as a lien against<sup>24</sup> the property assessed.

The funding bonds issued were to have been for fifty years with the privilege of payment in twenty years, but the territorial legislature altered the twenty year payment provision so that the bonds would run for fifty years. The reason given for this was that conditions were so different in the east from those in the territory that in order for Arizona to get money at low interest it was absolutely necessary that the bonds should run for a long

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23. Ibid., par., 2040, sec. 2.

24. Ibid., par., 2047, sec. 9.

period. The territory could not dispose of a short time bond. In 1891 Governor John N. Irwin visited eastern money centers in an attempt to sell some of these bonds. He experienced so much difficulty that it was felt that further legislation might be necessary before the bonds could be placed.

The total indebtedness of the territory in 1890 was approximately \$5,400,000, or about twelve percent of the assessed valuation.<sup>25</sup> This high percentage was due to the fact that property was assessed far below actual values. Railroads for example were assessed at only \$7000 per mile, including all rolling stock and all other property.<sup>26</sup> The counties preferred to await the natural increase in properties and values that would come with development and thus provide for payment of indebtedness without any increase in taxation rates.

The Funding Act provided that all the existing indebtedness, no matter how great might be funded together with warrants issued for any necessary and current expenses up to the close of 1890, but precluded any future increase in indebtedness in excess of the limit prescribed by the Harrison Act.<sup>27</sup>

The Harrison Act limited indebtedness in any national territory to one percent of the assessed value of taxable property as shown by the last general assessment. No political unit within a territory was ever to become indebted for any

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25. Murphy, H. O., Report of the Acting Governor of Arizona to the Secretary of the Interior, 1891.

26. Wolfley, Lewis, Report of the Governor of Arizona to the Secretary of the Interior, 1889, p. 5.

27. United States Statutes at Large, op. cit., par. 2055, sec. 15.

purpose to an amount exceeding four percent of the value of its  
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taxable property.

When Reynolds asked Maricopa County to subsidize a railroad from Phoenix north to the Yavapai line he did so under conditions very different from those existing when previous groups had asked for and received grants similar to the one he asked for. In the past it had been deemed sufficient for the counties to receive permission to subsidize roads from the territorial legislature. Now there was the funding act and back of it the Harrison Act to prevent any such easy raid on Territorial funds. Two of the provisions of the Harrison Act are of particular interest in explaining this situation.

"That no territory of the United States now or hereafter to be organized or any political or municipal corporation or subdivision of any such territory, shall hereafter make any subscription to the capital stock of any incorporated company, or company or association holding corporate powers, or in any manner loan its credit or use it for the benefit of any such company or association or borrow any money for the use of any such company or association." 29

and

"That no law of any territorial legislature shall authorize any debt to be contracted on behalf of such territory except in the following cases: To meet a casual deficit in the revenues, to pay the interest upon the Territorial debt, to suppress insurrections or to provide for the common defense." 30

Because of this situation the citizens of Maricopa County petitioned Congress in 1869 for the right to subsidize a road from Phoenix north to the county line. Ninety-five percent of the voters, representing ninety-eight percent of the property,

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28. United States Revised Statutes, Sec. 1869.

29. Congressional Record, 49th Congress, 1st Session, Vol. 17, part 6, p. 5525.

30. Ibid.

exclusive of the property of competing railroads, voted for the subsidy.<sup>31</sup> The act petitioned for named Reynolds as the exclusive recipient of this grant. However his franchise remained exclusive only if he fulfilled certain obligations. If he failed in these he must turn over his maps and all his rights to the group of Maricopa citizens who had given the project financial backing.

Reynolds asked \$100,000 in cash and a \$4000 per mile subsidy from Maricopa county. He offered to interest other outside capital in the project. Phoenix citizens agreed to raise the \$100,000 by private subscriptions for which they were to receive first mortgage bonds. They also agreed to give the subsidy bill backing.

Mr. S. W. Kretsinger of Chicago represented Reynolds in Washington while the Maricopa subsidy bill was under consideration. Maricopa county sent Mr. J. M. Murphy of Phoenix to explain to the house committee on territories that Maricopa County was not asking any modification of the Harrison act which limited county indebtedness to four percent of the property valuation and prohibited special legislation. That act exempted from its operation all territorial acts in force at the time of its passage. The railroad subsidy could be classed as coming under that exemption. The Yavapai act of 1885 had no time limitation and was still in force and a branch had been built already to Prescott. Its further construction had only been delayed

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31. Murphy, N. O., Report of the Governor of Arizona to the Secretary of the Interior, 1890. p. 11.

until the time limitation for the Maricopa Act of 1885 could be extended so that the original design of the lawmakers of that period could be carried out. And the Harrison Act expressly protected the execution of the real intention of the territory for grants previous to its passage.<sup>32</sup>

The lobby back of the bill was powerful enough to secure its passage and late in the spring Congress voted to permit Maricopa County to grant about \$300,000 in bonds to aid a north and south road. The friends of the bill waited to see what President Harrison's attitude would be before rejoicing over the victory.

Their uneasiness over the president's attitude proved only too well founded. He vetoed the bill giving as his reason the statement that it would increase the debt of Maricopa county too much. Thus he protected the people even when they had no desire of such protection. The news of the veto was received in Phoenix with a great deal of excitement. There the citizens declared that the action of the president had killed the city and they talked of burning him in effigy.<sup>33</sup> Reynolds and his partisans felt that the Southern Pacific officials were at least partially to blame for the veto. The Southern Pacific felt no desire for competition in the fertile Salt River region. They knew it to be inevitable, but hoped to stave it off as long as possible and they feared the subsidy would hurry it. The

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32. Phoenix Daily Herald, April 11, 1890

33. McClintock, James H., Arizona the Youngest State, Vol. I, p. 301.

Company had long experience with the use of a legislative lobby, having used one to good advantage in obtaining the franchise for their road. Some enemies even went so far as to see a sinister meaning to the charge that C. P. Huntington had "donated" liberally to the fund for the Cape May cottage which had recently been donated to Mrs. Harrison, connecting this with the president's veto.<sup>34</sup> The deed to the cottage, presented by "unknown subscribers," was presented to the president's wife<sup>35</sup> the same day the Senate passed the subsidy bill.

The defeat was not conceded as final. Reynolds even wrote an Arizona friend that if necessary the old bill could be<sup>36</sup> passed by more than a two-thirds majority. The House Committee on Territories was instructed to prepare a new subsidy bill which would get around the president's objections yet still provide for the \$4000 per mile grant to the county line for Joseph Reynolds and give permission to build from there to the Atlantic and Pacific.

The attention of the legislators was divided now however by the introduction of two other bills concerning a Phoenix-Prescott road; a division which was probably the very reason for their introduction. Senator Mitchell proposed a limit on taxation for five years after completion for a road to be constructed by the Maricopa and Phoenix, a road controlled by the Southern Pacific.

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34. Prescott Morning Courier, July 12, 1890.

35. Phoenix Daily Herald, June 7, 1890.

36. Prescott Morning Courier, June 28, 1890.



Senator Davis, by request, entered a bill authorizing Maricopa County to issue \$4000 per mile for a distance of not over forty-five miles for a road to form part of a continuous line from Prescott to Phoenix, - Bullock, Charles Goldman and William Kelly being named as trustees. None of the subsidy was to be issued till the road was completed, which must be done by January, 1893, and then the county was to receive a like amount of paid-in-full, non-assessable stock.<sup>37</sup> This act was clearly drawn to show what Bullock considered the weaknesses in the Reynold's bill.

In a statement to the Arizona press Bullock explained his opposition to the Reynold's subsidy bill on four points. First it was inimical to his vested rights and interests as it gave Jo Reynold's name as sole trustee and gave him the exclusive right to build the road and claim the subsidy, thus excluding other corporations from competing for the same. Second, it incurred no definite obligations upon Reynolds to build the road through from Phoenix to Prescott so that it would make Bullock's line the connecting link with the Atlantic and Pacific. Third he considered the time for completion too extended. His fourth grievance was concerning the method by which the subsidy would be paid. It provided for the deliverance of county bonds to Reynolds at the completion of every ten-mile unit. Bullock argued that Reynolds could collect all the subsidy and then stop construction, when his mining interests, located only a

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37. Ibid., December 26, 1890.

few miles north of the county line, were tapped.

Bullock suggested an amendment to remedy each of these points in his bill. As suggested above he wished three other men named in the bill as co-trustees of Reynolds; namely, himself and two disinterested tax-payers and representative citizens, one from Yavapai and one from Maricopa county. Second, he proposed that the road should be built by the shortest route, which would throw the road considerably east of the Congress townsite. A third amendment, very similar to this, aimed to limit payment of subsidy to \$180,000 or for only forty-five miles of road. The Reynolds route covered from 80 to 100 miles. None of this subsidy was to be paid until the road reached Prescott. And he added a fifth article that the road should be commenced as soon as the bill was passed and must be completed within two years.<sup>38</sup>

Early in the following year Bullock had a second bill introduced, this time in the house, which provided for the extension of the Prescott and Arizona Central, then seventy-four miles long, one hundred and four miles farther to Phoenix. The road was to be exempt from taxation for twenty years. It also contained mention of Yavapai bonds provided for in the territorial bill of five years previous which had not been used. Evidently he had by this time given up any hope or reaching a compromise with Reynolds.

Bullock professed to be ready to commence construction as

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38. Ibid., December 15, 1890.

soon as this bill was passed. He told Prescott citizens that he would establish all headquarters such as shops, roundhouses, general offices, and all things necessary for division quarters in their city. He did not expect these buildings to be exempt from taxation. He suggested that his project would bring enough taxable property into the county to offset anything done to help him, and added that some arrangement might be made whereby no bonds would be called for until the road had reached the Maricopa<sup>39</sup> line.

All three groups were active in lobbying for their interests, though Bullock and Reynolds were more active than the Southern Pacific people. An attorney for the Reynolds group was unwary enough to state before the Senate committee that Bullock had no means and could get none with which to build and equip a<sup>40</sup> road.<sup>41</sup> Some of the committee doubted this statement and they wrote to J. and W. Seligman and Company of New York, bankers, inquiring concerning the financial standing of Bullock. The bankers in reply suggested that since Bullock had built upwards to 250 miles of railroad in the past eighteen months they could see no reason for his not being able to build 130 miles more in Arizona. And further they stated that in the past two years he had had business dealings with them amounting to nearly nine<sup>42</sup> millions. Seligman & Company were holding a great many Prescott

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39. Ibid., January 28, 1891.

40. Ibid., December 2, 1890.

41. At this time Bullock was constructing a road which granted a \$14,500 per mile subsidy. This subsidy was being paid in six percent Mexican silver bonds that sold almost at par on the London market.

42. Ibid., December 15, 1890.

and Arizona Central Railroad bonds, a fact which may help to explain why they backed him so decidedly. The bankers' letter was published verbatim in friendly territorial papers which played up the story in such a way as to arouse sympathy for Bullock.

Bullock assured the citizens of Maricopa that he only awaited their summons to complete the road. He assured them that he would have built to the county line when the road had reached Prescott had he not found the route outlined in the Yavapai subsidy bill to be impracticable and expensive because it followed so mountainous a line. He stated that he had attempted to have remedial legislation passed at the last two sessions of the legislature which would change the route to a less expensive one. He had no success but intended to again broach the subject at the next session, urging a change in the existing subsidy bill so that he could select his own route and exempting<sup>43</sup> from taxation for twenty years that part built without a subsidy. Although he felt morally entitled to the benefits of the subsidy on south he would not ask advantages over any other corporation or individual. He would like to build down through Maricopa County, following the shortest route not over forty-five miles in distance, or \$180,000 in subsidy. He proposed to build through the Bradshaw district, opening up not one but fifty available mining camps and passing through the most populated and heaviest worked mining districts in Yavapai and Maricopa. Thus he

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43. Ibid.

promised great commercial advantages to the Salt River valley and corresponding revenue to the railroad by opening up a direct connecting line and breaking the monopoly of the southern road. At least some Maricopa citizens were converted by Bullock's propaganda methods for the Tempe Times, organ of farmers and fruit growers in Maricopa County, contained an editorial endorsing his road. It said he had no land or mining schemes to bolster up but that with him it was purely a business matter of increasing the traffic on his road. "Give him the subsidy and you will have a north and south road, transversing the largest and richest mining regions in the territory and at a cost of about \$100,000 less than Reynolds agrees to build it for."<sup>44</sup>

Bullock carried his fight to eastern papers in an effort to discourage capitalists from showing interest in the proposed Reynold's line. In the spring of '91 the Financial News referred to the railroad movement as one calculated to depreciate the value of the Prescott and Arizona Central bonds, and denounced the entire movement as a fight against Mr. Bullock. Other New York and Boston papers contained articles that suggested it would only parallel an existing road.

The Prescott Morning Courier, decidedly pro-Bullock, further divided public opinion by suggesting that the counties could not afford to build a road to benefit all Arizona. The task of a linking north and south road which would make the

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44. Ibid., December 30, 1890.

people more homogeneous, develop great resources, and give the federal government a highway for military and other purposes was one which might well receive territorial or even national support.<sup>45</sup> As to Yavapai, it should expend all its efforts on wagon roads to tap the various mining districts.

In reply to Bullock's suggestions concerning the proposed route Diamond Jo said, "I am not particular who builds the road so we get it, and will not obstruct any other enterprise that might be started. Of course I want to see the road go by the Congress Mine and it has been reported by our engineers that it is the most feasible route."<sup>46</sup> As to the suggestion that the bill should demand immediate construction of the road, he stated that had the subsidy bill passed Congress and escaped a veto, fifty miles would already have been completed.

Furthermore, one of Reynolds' first moves had been to negotiate with Mr. Bullock for the purchase of his road.<sup>47</sup> Should the new road lead to the abandonment of the old one, he added, Bullock would still have nearly \$500,000 from the county, over \$20,000 per mile in mortgage bonds for a large portion of which he had received close to par, and all this for a road which had cost him not over \$6000 to \$8000 per mile. Further, a large portion of his equipment had only been leased and could be returned to the owner.<sup>48</sup> It was rumored that Reynolds had

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45. Ibid., January 7, 1891.

46. Arizona Journal-Miner, Prescott, February 9, 1891.

47. Ibid., June 11, 1891.

48. Ibid., June 16, 1891.

offered to assume the mortgages and give Bullock \$100,000 in cash for his road. This would have amounted in all to \$1,550,000 or over \$20,000 per mile.<sup>49</sup> Representatives of the Reynolds' interests claimed that little real advantage would accrue to the ownership of the line. They said that the roadbed was not one on which a substantial road could be built. Its course wound about in such a way as to get more mileage so that the proposed route of the new road was fifteen miles shorter. The ties were one foot short of standard and the rails were half weight.<sup>50</sup> Actually the Bullock road followed by far the better route. There was less grade to be overcome and no such bridge was required as that over Hells Canyon on the Ash Fork road.<sup>51</sup> Regarding the statement that the new road was unnecessary Reynolds claimed there was no place in the United States where the necessity of a railroad was so great, or where there was such promise of absolute certainty for returns from the investment required as this presented. Local traffic would be sufficient to pay all operating expenses.

Prescott citizens who were following the movement closely because they saw in it great possibilities for future wealth and development began to fear that the continued struggle between these two factions would ruin all possibilities of immediate construction, and so they exerted themselves in an effort to bring about a consolidation of interests. Late in 1890 a mass

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49. Ibid., July 22, 1891.

50. Ibid., June 18, 1891.

51. Interview, Judge Patten.

meeting was held at which a committee was chosen to correspond with Reynolds and Bullock and see what settlement could be made. This committee presented five questions to Mr. Bullock which he answered promptly and precisely.

First they asked what guarantee for the construction of the road would be required of Jo Reynolds or any other person contemplating its construction as a consideration for the transferring to them of his interest in the unearned subsidy for the construction of the road south of Prescott. Bullock replied that he would require a deposit of \$100,000 in the hands of some reputable bank or trust company in New York as a guarantee that the road would be commenced within sixty days and be completed between Prescott and Phoenix within three years.

Then the question was asked as to when and in what manner the transfer of Bullock's interests would be made should such guarantee be given. To this Bullock replied that he would assign all his rights, titles, and interests in the unearned portion of the subsidy when the required deposit had been made. This assignment should rest in the hands of the bank or trust company with whom the money was deposited, together with instructions to deliver the bonds to the parties building, as fast as they were received from the county.

In reply to a question concerning what rates for the transportation of materials would be given the builder or builders during the period of construction it was stated that all rolling stock and construction material would go from Prescott Junction



to Prescott for what it would actually cost to haul it. Questioned as to the establishment of a schedule of fare and freight rates with regard to prorating after the completion of the proposed road, Bullock agreed to enter into a pooling rate with the new company whereby each company would take its portion according to the number of miles it had.

In conclusion the committee asked what restrictions, if any, would be placed on the necessity of the new road connecting with the Prescott and Arizona Central at Prescott, and forbidding its extension to the line of the Atlantic and Pacific in consideration of the granting to it by Bullock of the unearned subsidy. The reply to this was that certainly no consent could be given  
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to the paralleling of any part of his line.

This correspondence was submitted to Mr. Reynolds. He was asked to notify the committee to what extent the terms were acceptable to him for the general interest and information of the public. Perhaps Reynolds preferred to carry on whatever negotiations he held with Bullock at first hand, and in all probability he was determined by this time to run his own line through to the Atlantic and Pacific. At any rate he refused to commit himself. He said he was only a trustee for the citizens, or some of them, of Phoenix and had never himself intimated that he would build a railroad. He reminded them that he had promised to interest some parties who would aid in building the road, and that in this he had achieved considerable success. He

did not consider himself at liberty to make any arrangements with Mr. Bullock toward a consolidation, but he was at liberty to resign his trusteeship to any party to whom the committee consented whenever he was reimbursed for the money he had spent in the matter thus far.<sup>53</sup>

Meanwhile, weary of waiting for Congressional action the Arizona railroad interests substituted the indirect method of tax exemption for the direct method of a subsidy to aid railroad construction. And so they transferred the struggle for railroad legislation back to the local legislature where pressure could be more easily exerted. Oakes Murphy, acting governor, with a ten-thousand dollar interest in the north and south railroad projected by Reynolds could be depended upon to do everything possible to "boast his pet railroad scheme."<sup>54</sup>

The public was told that while the railroad itself would contribute nothing to the public treasury it would bring farms, mines, and towns which would pay its way. With new towns and settlements worthless land would become of value and the tax roll would be increased. Thus tax exemption for railroads would not cause the counties to lose anything.

It was called to the attention of the public that mortgages were already exempt from taxation and mines nearly so. Then why not the railroads?<sup>55</sup> Then the exemption bill showed no favors to any particular group but offered an open field to all.

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53. Ibid.

54. Prescott Morning Courier, August 29, 1890.

55. Phoenix Gazette, February 4, 1891.

Thus those favoring construction by Bullock or the Southern Pacific could not logically object to the proposed measure. Since it applied to no particular road the exemption might interest those in other sections of the territory.

Those taxpayers who were opposed on general principles to any legislation which hinted at the granting of a subsidy were reminded that railroad aid given in the form of tax exemption would leave no burden of unpaid subsidy bonds on the future taxpayers of the territory. <sup>56</sup> It was argued that by such exemption the counties would lose nothing, since the money it would cause to be spent would come from the money markets of the East and not a cent then taxed in Arizona would be affected by it. It would clearly be a means of getting into Arizona millions that were tied up in eastern banks which would never be brought there otherwise.

Various bills were presented in the sixteenth legislature providing for varied periods of exemption from five to twenty years in duration. One, at least, provided that official records should be kept of what the taxes would amount to so that if at any time in the twenty years, all requirements were not complied with the entire accumulation of taxes would be due at once. Another bill was presented in which the length of the time exemption depended upon the cost of construction. It was felt that those opposed to north and south construction were fostering

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56. Arizona Republican, March 11, 1891.

the project to tack rates and fares legislation to the tax exemption bill. This caused considerable trouble as it had a tendency toward making friends of the east and west roads<sup>57</sup> fight those working for north and south lines.

On March 16 Governor Irwin signed a very liberal tax exemption bill entitled, "A Bill to Encourage the Construction of Railroads within the Territory of Arizona." This bill granted exemption from taxation for a period of twenty years to roads built according to its provisions. The roads must be public carriers running daily trains. The act was not to be interpreted as applying to changes made in the routing of existing roads.<sup>58</sup>

Three corporations at once professed a desire to make use of the new legislation. In July of the previous year Colonel Masten of the Maricopa and Phoenix had stated that he had purchased the franchise and right-of-way of the old Arizona Central (a paper road from Maricopa on north) and that his road would be extended to the northern boundary of the county and as much farther as possible within eighteen months. By 1891 it was the Southern Pacific, which for some time had been suspected of controlling the Maricopa and Phoenix, that filed for construction north. The next year the permanent grade stakes were set for some distance north of Phoenix and C. P. Huntington announced that his company meant business. He stated that his road would not interfere with the Santa Fe, as it would follow the Black

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57. Phoenix Miner, February 26, 1891.

58. Murphy, N. O., Report of the Governor of Arizona to the Secretary of the Interior 1891, p. 11.

Canyon route to connect with Bullock's road. It would open a rich mining belt, serving the Crowned King, the California, Carger, Gray Eagle, and Peck, all old producing mines and would tap another rich group in the Big Bug area.<sup>59</sup> And his road would also open up beds of rock salt and salt peter lying along the Verde.

Nothing ever came of these plans. A Phoenix daily suggested that the whole idea was a phantom gotten up by Colonel Masten of the Maricopa and Phoenix who resurrected the ghost of the Arizona Central in order to defeat the railroad proposition. It was claimed that Masten knew that a north and south road would be good for the people but would cut in on his profits.

L. H. Wilson filed a statement of intention to construct a road from a place known as Point of Rocks, some nine miles north of Prescott, to Phoenix in behalf of the Prescott and Arizona Central Corporation. This road was to be extended via Agua Fria and the big bug region. From Prescott to Bradshaw it was to be a narrow gauge, drawing the \$3000 subsidy from Yavapai County.

Articles of incorporation for the Santa Fe, Prescott and Phoenix railroad company were filed at Phoenix in May, 1891. They provided for a road from Ash Fork on the Atlantic and Pacific through Prescott to Phoenix. The board of directors consisted of D. B. Robinson, general manager of the western division of the Atlantic and Pacific Railroad; W. A. Bissell, traffic manager of the Atlantic and Pacific; Earnest M. Diekey, Administrator of

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59. Branches from the S. F. P. & P. eventually served most of these mines.

the estate of Diamond Jo Reynolds and president of the Congress Gold Mining Company; William G. Lyon and O. W. Kretzinger, members of the bar in Chicago, and W. C. Bashford of Prescott.<sup>60</sup> Work was to commence within sixty days and be completed within three years.

Two years had elapsed between the appearance of Diamond Jo Reynolds before the railroad meeting in Phoenix when he asked for a subsidy for his proposed road and the final filing in that same city of the articles of incorporation for a company to construct the desired road. In those two years time Reynolds had died and the task of directing the efforts of the Congress Gold mine interests had passed to Murphy. The effort to obtain a subsidy had failed but tax exemption had been substituted. The preliminary struggle was over and now the more difficult task of obtaining financial backing for the road had to be faced. This was a task which was to tax the courage, resource and business acumen of Frank Murphy during the panic years of the early nineties.

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60. Robinson was chosen president; Dickey, treasurer; and Murphy, secretary.

#### CHAPTER IV

#### THE SANTA FE, PRESCOTT AND PHOENIX RAILROAD

It has been said that no enterprise has been so peculiarly the fruit of Arizona capital, energy, and brains as the building of the Santa Fe, Prescott and Phoenix.<sup>1</sup> While there is considerable foundation for this statement it needs amplification. It was due almost solely to the efforts of the two brothers, Frank and Oakes Murphy,<sup>2</sup> that construction was begun, and once begun their best efforts were required to keep the project alive. The building of this road was made the more difficult because it was carried on during the depression which began in 1893 and which continued nearly four years, dying out with the presidential election of 1896. The Santa Fe, Prescott and Phoenix was the only piece of independent road building which was financed and constructed during these trying years.<sup>3</sup>

Reynolds had fulfilled the promise he had made the Maricopa County citizens in which he had pledged himself to interest other capitalists in the project. But in 1891 Reynolds had made a trip up to the Congress mine on a raw March day. Due

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1. Portrait and Biographical Record of Arizona, p. 1027
  2. Arizona Journal-Miner, January 6, 1893.
  3. Sloan, R. E., Memories of an Arizona Judge, p. 154.

to exposure suffered on this journey he contracted pneumonia and in a few days was dead. When he became convinced that he would not recover Reynolds had asked Murphy to accompany his body back home. But Murphy after coming as far as Prescott Junction with the funeral party decided that the press of business connected with the new road and the mine was so great that he could not spare the time for the trip east.<sup>4</sup> So he remained in Arizona where he could divert all his energies toward ironing out the difficulties of reorganization and re-alignments caused by the death of his chief.

Perhaps the chief problem which Murphy faced after the death of Reynolds was that of securing financial backing for the railroad. In June he and Mr. Dickey, administrator of the Reynolds' estate, addressed a railroad meeting held under the auspices of the Prescott Board of Trade. They spoke feelingly of how Diamond Jo Reynolds had wished to build the road and how they were filled with a desire to carry out his wishes.<sup>5</sup> Incidentally it seemed that Chicago capitalists, General Robinson of the Atlantic and Pacific, and the officers of the Santa Fe were also anxious and willing to aid them in paying tribute to Reynolds' memory. At any rate they were willing to continue their support of the project which was to be carried on under the supervision of F. N. Murphy.

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4. Arizona Journal-Miner, March 3, 1891.

5. Prescott Morning Courier, June 8, 1891.



It was at this same railroad meeting that he told the citizens of Prescott that surveying for the road had commenced and that it would be a fitting gesture if Prescott would give depot grounds and a right of way along Granite Street and have them ready to transfer to the company.<sup>6</sup> It was estimated that all this would cost the townsmen some fifteen to twenty thousand dollars. The citizens were reminded of the fact that when the Prescott and Arizona Central was built Reynolds had asked them for fifty thousand dollars and the inference was made that the people should compare for themselves the cost of the two roads to the town.

Fortunately for Murphy he had won the support of a small group of capitalists before the panic of '93 began. The support of these men he held by sheer force of character until the road was completed.<sup>7</sup> One of his most ardent admirers among these capitalists was Simon Murphy of Detroit, a distant relative. Simon Murphy was one of the early lumbermen who made a fortune by exploiting the virgin timber lands of Michigan and Wisconsin. He afterwards added to his riches by fortunate speculations in<sup>8</sup> out over lands rich in iron deposits.

The fact that the great Detroit seed firm of Bowen and Perry already had large property interests in the Salt River Valley made it easy to hold their interest in this project.<sup>9</sup> M. K. Fairbanks, Chicago millionaire, was one of the four owners

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6. Prescott Morning Courier, June 8, 1891.
  7. Sloan, R. E., op. cit., p. 154.
  8. Ibid.
  9. McClintock, op. cit., p. 294.

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of the Congress Mine. He also owned the Providence Gold Mine  
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in the Big Bug district southeast of Prescott. Many others  
had a part in the work of financing the road. Marshall Field  
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and Robert Lincoln of Chicago, C. W. Kretzinger and Jay Norton  
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also of Chicago, and Robert McCurdy of Youngstown, Ohio,  
were all more or less interested. The cooperation of Phil  
ARMOUR, Norman B. Reams, and Boise Penrose was also an aid  
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in this work.

Showing that the road would control the traffic of central  
Arizona, Murphy was able to secure the support of high officials  
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in the Santa Fe system. These men, one of whom was E. P.  
Chaney, were interested however as individuals rather than as a  
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company. The new road would of course prove a valuable feeder  
to the Atlantic and Pacific which by this time was under Santa  
Fe control.

The Southern Pacific officials adopted an attitude very  
different from that of the Santa Fe executives. This unfriendly  
attitude of the southern road is perhaps best explained by a  
statement made by Mr. Stubbs, fourth vice-president of the  
Southern Pacific. When asked about freight rates on construction

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10. The other owners were E. B. Cagle of Prescott, C. D. Aimes,  
and F. H. Murphy, Mr. Reynolds left F. Murphy a substantial  
interest in the mine in his will.  
11. Interview, Judge Pattee.  
12. Sloan, op. cit., p. 154.  
13. Portrait and Biographical Record of Arizona, p. 1027.  
14. McClintock, op. cit., p. 294.  
15. Ibid.  
16. Interview, Judge Pattee

material for the Santa Fe, Prescott and Phoenix, Mr. Stubbs said that his company could hardly be expected to go very far toward aiding in the construction of a competing line such as Murphy's road would certainly be when completed.<sup>17</sup>

Murphy made the most of the friendly attitude of the officials of the northern road. He even went so far as to cause Colonel D. B. Robinson, general manager of the Atlantic and Pacific, to be elected as the first president of the new railroad.<sup>18</sup>

During the panic days Murphy was repeatedly ordered by his backers to stop all construction work on the road. He invariably reacted to these orders in the same way. He would first let another contract. Then he would pack his bag and set out for the east to raise enough money to meet the new contract.<sup>19</sup>

Upon reaching Detroit Murphy would go at once to call on his kinsman Simon J. Murphy. This old man would always ask if Frank had come for more money ending with, "Its no use. Not a damn cent! When are you going to hold your meeting? Tomorrow night? Well, I'll be there."<sup>20</sup> And he was always there, seated close to Frank and with his hand cupped behind his ear in an attempt to hear every word. At the close of Frank Murphy's talk Simon Murphy would always speak up - quickly, before anyone

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17. Phoenix Daily Herald, March 22, 1890.

18. Arizona Journal-Miner, November 21, 1891.

19. Glean, op. cit., p. 154.

20. Ibid., p. 155.

else had a chance to say anything with, "What did you say was my share, Frank?" And with this to start the discussion Frank was always able to meet the contract.

Frank Murphy spent nearly five millions managing the financial interests of the Santa Fe, Prescott and Phoenix. He was always immensely proud of his part in this project which he considered the most worthwhile of his many activities.<sup>21</sup> But with all his business ability he was unable to complete the financing of his road without again becoming involved in a great political struggle. He had encountered serious difficulties when word reached the eastern money markets that railroad subsidy bonds issued by various Arizona counties had been declared void. This news made it practically impossible to interest anyone in Arizona railroads under any conditions.

Frank Murphy decided that the only solution to the problem was to have these bonds legalized. He attempted to bring about their validation with the help of his brother, Charles M. Murphy, who was a man of force and influence in a political rather than an industrial way.<sup>22</sup>

It would be useless to attempt to understand the struggle to legalize the railroad bonds if one did not go back and learn something of their early history. The story has been told in the preceding chapter of how the Arizona legislature passed a general funding bill in 1887 which was approved with slight

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21. Interview, Judge Patten.

22. Sloan, op. cit., p. 156.

modifications by Congress in 1890. Great advantages were to accrue to the territory as a result of the funding of the debt. First of all interest was reduced. The interest on the outstanding warrants was in nearly every instance ten percent, while the average rate paid on all indebtedness, territorial, county, and otherwise was eight percent. The funding at five percent meant a considerable saving for the territory. A second value was that the territory, the counties and the municipalities would be placed in the future on a cash basis.

But with all these advantages there were very serious problems connected with the funding of the debt. Not the least important of these problems was that which dealt with the railroad bonds. Railroad subsidies had been authorized by two territorial legislatures. In July of 1883 Pima County, acting under authority of an act of the 12th Legislative Assembly had issued 150 bonds of the par value of \$150,000 to the Arizona Narrow Gauge Railroad Company. In 1886 the county of Yavapai issued 292 bonds of the par value of \$292,000 payable to the Prescott and Arizona Railroad Company pursuant to an act of the 13th Legislative Assembly. The same assembly authorized the county of Maricopa to issue 200 bonds of the par value of \$200,000 payable to the Maricopa and Phoenix Railroad Company.

A fourth party was drawn into this controversy by the formation of Coconino County out of territory theretofore included within the county of Yavapai. This division was the result of a long and bitter struggle between the citizens of

the northern and those of the southern part of that county. A bill to create Coconino county with its county seat at Flagstaff had passed both the house and the council in 1889 only to be vetoed by Governor Wolfley. Those favoring county division had advanced the argument that Yavapai was too large for efficient administration.<sup>23</sup> The opposition was caused by the inability to arrive at a satisfactory compromise on the division of the county indebtedness which at that time amounted to ten percent of the taxable property. Southern Yavapai spokesmen claimed that the proposed division of debt and property would increase their indebtedness to fifteen percent while lowering that of the northern county to four percent.<sup>24</sup>

It was not until 1891 that the act to create the county of Coconino was finally approved. At that time Coconino issued 153 seven percent bonds of the par value of \$152,975.50 payable to the mother county. These bonds covered one third of the total indebtedness of Yavapai county, less \$25,000 which was estimated to be the value of the county improvements of Yavapai at that time. Of the indebtedness assumed by Coconino \$97,333.33 went to pay her third of the Prescott and Arizona Central railroad bonds. This debt was not assumed without some bitterness since Coconino citizens felt with considerable justification that they were paying for an improvement which never had been

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23. The fight of 1889 for division of Coconino County cost \$25,000. - Arizona Journal Miner, Apr. 11, 1889.

24. Arizona Journal Miner, Apr. 11, 1889.

and never would be of any benefit whatsoever to them but which had been of immense value in the development of Prescott and southern Yavapai.

In March of 1892 the Board of Supervisors of Yavapai County, acting under advice from the district attorney of that county voted to report the railroad bonds to the loan commission<sup>25</sup> for funding. Twenty-seven of the bonds had already been taken up and paid by the Yavapai treasurer at the time of the creation of Coconino County from the sale of the bonds Coconino paid to<sup>26</sup> Yavapai. Forty-five more were funded by the territorial loan<sup>27</sup> commission during the period from 1892 to 1894. All of the bonds issued by the County of Coconino and 198 of the Maricopa bonds were also funded prior to 1894. At this time the validity of all the county railroad bonds became questionable as a result of the decision of the Supreme Court in the case of Lewis vs. Pima County in which the bonds issued payable to the Arizona Narrow Gauge Railroad Company were involved.

This suit was an action brought first in the district court in behalf of the bondholders to enforce the payment of the interest on the Arizona Narrow Gauge bonds. The case was carried to the Supreme Court of the territory and then to the Supreme Court of the United States. All the justices concurred in the opinion which concludes with these words, "We are compelled to hold that the bonds in question create no obligation

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25. Book E, minutes, Wilson Papers.

26. Arizona, Report of State Treasurer, 1922, p. 115.

27. Wilson Papers.

against the county which a court of law can enforce." <sup>28</sup>

Since in this case the power of the territorial legislature to authorize counties to incur certain indebtedness, among others the indebtedness evidenced by the railroad bonds, the effect of this decision was to cause all railroad bonds issued by the previously mentioned counties to be held void. The Funding Commission therefore refused to fund the bonds of Pima and Yavapai counties on the grounds that the bonds had been issued without lawful authority. Cocconino in turn brought suit against Yavapai to recover the bonds it had issued to cover its third of the railroad indebtedness. Railroad bonds were bought up in New York and elsewhere for fifteen cents on <sup>29</sup> the dollar. The Murphy brothers were accused by their political <sup>30</sup> enemies of having been among the heavy investors in these bonds. It is certain that they were among those most responsible for causing them to be validated.

The question of the payment of the bonds was a closed one unless the payment should be favorably considered by the respective counties by which the bonds had been issued and some proceedings initiated for their payment. And just such action was taken by a powerful minority group in Yavapai County headed by Frank Murphy.

A petition circulated in Prescott by two of Murphy's henchmen and signed by a large number of Yavapai citizens

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28. Lewis vs. Pima Co., 155 U.S. page 53.

29. McClintock, History of Arizona, Vol. I, p. 299.

30. Prescott Morning Courier, Sept. 15, 1896.



requested the 15th Legislative Assembly of the territory to memorialize Congress to pass such legislation as necessary to validate any obligations of the Arizona counties. In the petition it was said that the repudiation considered was based on purely technical grounds and would most seriously affect the credit and standing of the people of the territory as well as work great hardship on the present innocent holders of the bonds. The Territorial Assembly gave Frank Murphy the privilege of the floor to defend the memorial. He said he knew the effect it would have in financial centers where any suspicion of repudiation would be fatal to the credit of the territory. Although he represented a corporation deemed antagonistic to the Prescott and Arizona Central yet he wished to validate its bonds.

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The petition was favorably received and the memorial was sent to Congress. The preamble of this memorial declared that the bonds referred to "had been acknowledged by the payment of interest thereon as it fell due," and further alleged that the repudiation of such indebtedness as had been created would most seriously affect the credit and standing of the people for honesty and fair dealing and bring them into disrepute. Then too, these acts had led to the investment of large sums of money within the territory which had contributed greatly to its development and growth. Therefore Congressional action was requested for the purpose of protecting the holders of all bonds

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31. Arizona Gazette, March 21, 1895.

32. Pima County had paid no interest on its Railroad bonds.

issued under the authority of acts of the territorial legislature.

Oakes Murphy was the Arizona delegate to Congress who engineered this legislation through successfully. He was elected on a split ticket. Herndon ran on the Democratic ticket and the celebrated Bucky O'Neil on the Populist ticket.

Congress viewed the memorial favorably and its terms were included in a bill entitled "An Act to extend the time for funding Arizona's indebtedness." The county of Pima later alleged that the title of the bill passed June 6th, 1896 was such as to conceal not only from the people of the county of Pima but from the members of Congress as well the real interest that underlay the movement. The bill of 1890 had limited the application of the funding act to debts contracted previous to December 31, 1890. In 1894 the act was amended by Congress so that all warrants, certificates and other evidence of indebtedness issued after December 31, 1890 for the necessary current expenses of the territorial government might be funded, together with all warrants issued for such purposes up till December 31, 1895 - and from that time on no indebtedness in excess of the limits prescribed in the Harrison Act would be legal. Now the Act of 1896 further extended the time wherein the Harrison Act might be disregarded until January 1, 1897. It extended this time limit not only for the territory but for counties, municipalities and school districts as well.

The second section of the bill bore evidence of the persuasive powers of those interested in railroad construction

who desired Congress to validate invalid bonds in order to  
establish credit for other railroad securities in New York. <sup>33</sup>

To quote from the words of the bill itself,

"All bonds and other evidence of indebtedness heretofore issued under the authority of the legislature of said territory as hereinbefore authorized to be funded are hereby confirmed, approved, and validated, and may be funded as in this act provided, until January 1st, 1897, but nothing in the act shall be so construed as to make the Government of the United States liable or responsible for the payment of any of the said bonds." <sup>34</sup>

In this way was the value of Arizona's railroad bonds established and with the reestablishment of faith in these bonds it again became possible to solve satisfactorily the problems connected with the financing of the Santa Fe, Prescott, and Phoenix railroad.

Barry of Phoenix was chosen as chief engineer of the new road in order that the Salt River Valley people would feel that they had a personal interest in the project. <sup>35</sup> Construction was begun on January 22, 1892. The first dirt was turned at Phoenix but construction was of necessity carried on from the Ash Fork end of the line. It had been impossible to make satisfactory arrangements with the Southern Pacific people for the transporting of materials. Naturally no such difficulty was experienced with the Atlantic and Pacific since that road was now a unit in the Santa Fe system, and various Santa Fe officials were interested in the Murphy road.

Transportation contracts had been made between the Atlantic

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33. Congressional Record, Vol. 45, part 8, p. 6226.

34. United States Statutes at Large, 54th Congress, 1895-1897, Ch. 359, Sec. 1 & 2.

35. Phoenix Daily Herald, January 14, 1890.

and Pacific officials and the Santa Fe, Prescott and Phoenix company under which the latter road was to carry the freight from Ash Fork to Prescott for a period of thirty years and construction was speeded up by the fact that the time limit for the commencement of this contract had almost been reached. The Santa Fe system began to bill all its goods to Prescott via Ash Fork and Prescott merchants, friendly to the new road, began ordering their shipments of goods via the new road some time before its completion to that city. This naturally resulted in goods of all sorts piling up at Ash Fork. The scarcity of several articles, notably of grain, hay, potatoes and oil, was experienced and flour was not over abundant. Still by careful managing there was enough of everything to tide things over until the tracks were laid into Prescott in April of 1893. No, not enough of everything. The bartenders watched the diminishing supply of beer uneasily. At last thirst triumphed over loyalty to the new road and a carload of beer, originally billed through Ash Fork, was sent in via Seligman.<sup>56</sup>

In January of 1895 it was heralded that the historical old Wickenburg stage route would soon pass away for ever. Supervisor George who for five years had been operating stage lines to Prescott by both the Black Canyon and the Congress routes must have been one Phoenix citizen who was not overjoyed by the completion of the new railroad. Mail contracts and a monopoly on

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56. Seligman is the town of Prescott Junction; even the name of the town established at the junction of Bullock's road with the Atlantic & Pacific was changed by the Santa Fe.

the north and south passenger and transport traffic had been bringing him rich returns on his investment.<sup>37</sup>

By March of 1895 the Santa Fe, Prescott and Phoenix road had reached Phoenix. Between Prescott and Phoenix it passed through the towns of Congress and Wickenburg, where the ore from the Vulture Mine was brought in from some eighteen miles south.

The last two blocks down Jackson Street into the depot at Phoenix were laid very early in the morning. So early was work begun that citizens were awakened by the clang of the sledges on the steel rails. This unusual proceedings was the result of a rumor that an attorney for the Maricopa and Phoenix Railroad intended to get out an injunction restraining the rival company from laying track along Jackson Street.<sup>38</sup>

Phoenix formally welcomed the coming of the Murphy road on February 28, 1895, with great enthusiasm. Many railroad notables and several of the financiers who had invested heavily in the road were present for the celebration. A highlight in the gala proceedings was a speech by Thomas Fitch who had been the orator at the celebration fifteen years before when Tucson welcomed its first railroad.<sup>39</sup>

The Santa Fe, Prescott and Phoenix had not been a cheap road to build by any means especially the northern part of the line. The southern part, however, was easy and cheap to build. The road was well equipped. A contemporary paper tells of ten

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37. Arizona Gazette, March 2, 1895.

38. Arizona Journal-Miner, February 28, 1895.

39. McClintock, op. cit., p. 294.

new passenger coaches, beautifully decorated, beautifully made,  
and equipped with all the modern improvements!<sup>40</sup>

Several branch lines were built to serve as feeders to the north and south line. One of the most interesting of these was that to the United Verde Mine.

In 1892 Major Robinette, the engineer who had been doing survey work for the Prescott and Arizona Central visited Prescott and let it be known that he was there for the purpose of seeing that work was begun immediately by that company on the Jerome branch.<sup>41</sup> Bullock evidently hoped by this move to be able to retain the support of Senator Clark of the United Verde mine.

But Murphy also was bidding high for the support of Clark. As commissioner from Arizona to the New Orleans Exposition, Frank Murphy had met William A. Clark of Montana and had succeeded in interesting Clark in the United Verde Mine. Some time later through Murphy Clark purchased the controlling interest from Frittle and his associates. He paid somewhere between two and three hundred thousand dollars for the mine and the most conservative estimate of the returns from this investment would be a  
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hundred million.

Claiming that Clark owed him twenty thousand dollars as a commission for arranging for the purchase of the mine Murphy

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40. Arizona Journal-Miner, Feb. 19, 1895.

41. Prescott Morning Courier, Feb. 26, 1892.

42. Sloan, op. cit., p. 153.

sued Clark. The territorial supreme court set aside the decision of the trial court for a technical error. Then Murphy abandoned the case for business reasons connected with the support of his road.<sup>43</sup>

In 1893 when the Santa Fe, Prescott and Phoenix had reached Granite Creek a side track was built to afford the United Verde better accommodations. From this point a twenty-six mile narrow gauge was built by Senator Clark,<sup>44</sup> connecting Jerome Junction with Jerome. The road curved about in a picturesque fashion, in fact it was said to be one of the most winding roads in the world. Travelers on the United Verde and Pacific claimed that one could shake hands with the engineer on several of the curves.<sup>45</sup>

Another branch line ran from Congress up to the Congress Mine, a distance of about four miles.

In 1898 the Prescott and Eastern was built to Mayer in the Big Bug region. A particularly fine type of onyx was quarried extensively near Mayer.<sup>46</sup> It is of interest to note that this line solved the transportation problem of the Providence Gold Mine which was owned by Fairbanks. The Prescott and Eastern Company was legally an independent road.<sup>47</sup>

Another road went over the Bradshaws to Poland in 1902.

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43. Ibid., p. 154.

44. Sloan, R. E., History of Arizona, Vol. II, p. 78.

45. Interview, Judge Patten.

46. Mayer is on the Black Canyon road.

47. Interview, Judge Patten.

The Poland tunnel added considerably to the expense of this road. It was built primarily because of the Murphy interests in the Poland mines. This branch was built by Grant brothers. Greeks were used for the labor on this road and their periodic aprees furnished considerable excitement for the contractors.<sup>48</sup>

In 1904 another branch was built south to Crowned King, in the interest of cheap transportation for the Crowned King Mine. When the mine failed this road was abandoned and the track was torn up. Today a gaunt station standing at the head of an involved switch back, together with the clearly marked line of the old roadbed are all that are left to remind one of the heavy and valuable traffic which the road once enjoyed.<sup>49</sup>

The Poland and Congress mines are not important today. The Congress reached its high peak in production about 1899 or 1900.<sup>50</sup> By 1906 it was going down fast.

The legislature was in session when the Santa Fe, Prescott and Phoenix was completed into Phoenix. Murphy became a tireless lobbyist throughout the session for the project of changing the state penitentiary. It was to be moved from Yuma to Prescott because it was cruel and inhumane to keep prisoners in such a climate as Yuma provided. Then he figured out a detailed account of just how \$3018 would be saved yearly in sheriff's mileage if the prison were moved to Prescott.

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48. Ibid.

49. Sloan, op. cit., p. 79.

50. Interview, Judge Patten.



Incidentally the railroad and town in which Murphy had heavy investments were to profit by the change.

Murphy did his best but the Southern Pacific lobby was stronger than that of Murphy's. The Southern Pacific lobby was able to convince Maricopa members that they would lose the capital if Yuma lost the penitentiary. Further, the Southern Pacific openly threatened to crush those who dared to vote for prison removal.<sup>51</sup> Needless to say the prison remained in Yuma. Prescott citizens brought up the question in 1897 and again in 1899 but never again was the question pushed as decidedly as in 1895. By 1901 Prescott was not even interested in the penitentiary question unless it was to be thankful that it had never been brought to that city.<sup>52</sup>

While Murphy did lose in the attempt to have the prison removed to Prescott he was able to win the contract for carrying the major portion of the Phoenix mail. Postal inspector Waterberry who brought this news to Phoenix in March of 1895 stated that one whole day would be saved on the transportation of the eastern mail by this change in routing.<sup>53</sup>

Because the Prescott and Arizona Central had a better grade than that of the proposed Ash Fork route and because possession of the road would enable the Murphy road to do business from the time of its organization the Santa Fe, Prescott and Phoenix had tried to buy out the Bullock interests.

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51. Arizona Journal-Miner, March 22, 1895.

52. Interview, Judge Patten.

53. Arizona Daily Gazette, March 9, 1895.

After long negotiations Bullock finally decided to accept the proposition of the rival company. Early in December of 1891 he cabled from London that he would dispose of his road for whatever General Manuel of the Santa Fe thought right. This was a confusing statement since Manuel had endorsed the previous proposition in which Bullock had been offered all the new road felt it could possibly pay for his interests. But Bullock had delayed too long. When the Santa Fe, Prescott and Phoenix organization made their proposition to Bullock they had also established a time limit for its acceptance.<sup>54</sup> When Bullock's cable arrived the contract had already been let for the construction of the first unit from Ash Fork and so no agreement was then possible. Perhaps this explains Bullock's statement that as he paid no interest on his bonds he could make more on his road while the other was being constructed than the sum offered for the purchase of his interests.<sup>55</sup>

Bullock continued to pay taxes, from twelve to fifteen thousand dollars a year, until 1891. When the Santa Fe, Prescott and Phoenix was completed into Prescott the Santa Fe billed all goods into Prescott by way of Ash Fork. Because of the resultant loss of traffic to the Prescott and Arizona Central that company's service became so intermittent that the line came to be known in sarcasm as "Old Reliable."<sup>56</sup>

In August of 1893 Sidney D. Fushman brought a court action to have a receiver appointed for the road. He claimed that his company had executed a deed of trust to secure an issue of

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54. Daily Arizona Journal-Miner, December 7, 1891.

55. McClintock, op. cit., Vol. I, p. 300.

56. Ibid.

\$774,000 first mortgage bonds on the Prescott and Arizona Central railroad. On these bonds Bullock had never paid any interest. Fushman claimed that in the six months previous to the bringing of the suit business had fallen off and the property had seriously deteriorated in value. The road was out of repair and the company did not have sufficient funds to operate and repair the road. Fushman also stated that the value of the road had fallen till it was not worth over \$15,000 and that if the road was not already insolvent it was in imminent danger of becoming so.

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W. N. Kelly, merchant and mine owner of Prescott, was appointed receiver for the road. Various difficulties developed to complicate Kelly's task of winding up the affairs of the road. On the seventeenth of August the Atlantic and Pacific, a unit of the Santa Fe system, brought suit against the Prescott and Arizona Central for \$13,119.62 for passenger tickets, demurrage on cars, labor and so forth. These credits had been obtained during the period between July, 1886 and March, 1888. No part of interest or principle had ever been paid although on May 1, 1890 the defendant promised in writing to pay.

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The following year, 1894, Governor Hughes' report to the Secretary of the Interior contained a notice to the effect that the Prescott and Arizona Central was no longer being operated, its business having been absorbed by the Santa Fe, Prescott and Phoenix.

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57. Prescott Journal-Miner, Aug. 2, 1893.  
58. Daily Arizona Journal-Miner, December 7, 1891.  
59. Hughes, L. C., Report of the Governor of Arizona to the Secretary of the Interior, 1894, p. 25.

Various rumors were heard in Prescott concerning projects in which the rails, engines and other property of the defunct road might be utilized. One such rumor was that President Bullock might tear up the track and use it to build south from Flagstaff to Phoenix and Yuma.<sup>60</sup> Some time in the nineties the road did pass entirely out of existence. The rails were probably taken to California to be used by Bullock in another speculative road.

When the railroad passed out of existence the bonds issued by the railroad company became valueless. They were selling for no more than half price by the fall of 1893. In October of that year a bloc of these Prescott and Arizona Central bonds were featured in the account of the scandal connected with the failure of the Madison Square bank. President Blount of the wrecked bank had purchased \$100,000 of these bonds from a down town broker at half price. He had then sold them to the bank at face value. He had also used Prescott and Arizona Central bonds, together with other bonds as worthless,<sup>61</sup> to serve as collateral for a personal loan of \$80,000.

With the completion of the Murphy road into Phoenix in 1895 that city was started on a period of rapid development which lasted for years. The Salt River Valley also enjoyed the low rates on hay and other farm produce which it had been promised. The long hoped for north and south road did aid appreciably in the development of Maricopa and Yavapai counties.

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60. Arizona Gazette, March 31, 1895.

61. Arizona Journal-Miner, October 30, 1893.

It also proved a profitable investment for everyone interested in it.<sup>62</sup> But in the process of financing the new road an action had been taken which brought up a problem which Arizona is still confronted with. I refer to the question of the county railroad bonds.

In 1895 the Murphy brothers had been largely instrumental in obtaining the legislation which validated the railroad bonds. And the holders of county bonds who had purchased them for as low as fifteen cents on the dollar at once demanded that they be funded into territorial five percents. Of the 220 outstanding Yavapai bonds 203 were in the possession of Kitchen and Company of New York City. With so many of the bonds thus accounted for it would seem that the accusation made by enemies of the Murphy brothers to the effect that they owned large numbers of these bonds was without grounds for proof.

A great deal of opposition was shown by both Coconino and Yavapai taxpayers toward the validating of the bonds. They felt the petition and memorial in favor of the bill was the work of special interests and they hoped in some way to prove that the funding bill passed by Congress was not applicable to the Prescott and Arizona Central bonds.<sup>63</sup> The Board of Supervisors of Coconino requested the Loan Commission not to fund the bonds to the end that the applicability of the act might be tested in the courts.<sup>64</sup> A few days later the Yavapai Supervisors took

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62. Sloan, R. E., Memories of an Arizona Judge, p. 155.

63. Judge Samuel L. Patten who came to the city of Prescott in the late nineties says the people did not realize what the petition was all about, and what its results would be for them. They only had a hazy idea that it was some scheme devised to make it possible for the new railroad company to finance its road. This rather vague idea was held even by many who signed the petition.

64. Wilson Papers.

like action.

By the terms of the funding act of 1890, county, municipal, or school district indebtedness might be funded upon official demand of the proper authorities. In the case of the county this authority would of course be the Board of Supervisors. In March, 1892, Governor Murphy, acting Chairman of the Territorial Loan Commission had written the Yavapai supervisors calling their attention to the fact that they had the power to refund the railroad bonds at a lower rate of interest. Upon the advice of the District Attorney the Yavapai Supervisors duly notified the Chairman of the Commission of their willingness to refund the bonds. \$45,000 of the bonds were refunded at this time.

After the action taken by the board in August, 1896, by which the Commission was directed not to refund the railroad bonds the Supervisors feared that the resolution of March 1892 might be construed as a demand on the Loan Commission for the funding of these bonds. In view of this possibility they resolved to revoke this resolution. They voted to expunge it from the county records to the end that no evidence would remain of any demand ever having been made for the refunding of the Prescott and Arizona Central bonds.

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On October fifth the representatives of Kitchen and Company appeared before the Yavapai supervisors asking that body to annul all of its former actions, which had been antagonistic

to the reporting of the bonds for funding as provided by law. The Board was persuaded to refer the question of the validity of the bonds to the district attorney. He gave the opinion that in view of the Congressional action of June 6th, 1896, the bonds were valid liabilities and that the board should report them for funding. "Solely because of such action upon the part of Congress, and for no other reason" the Supervisors requested the issuance of territorial bonds to replace the railroad bonds.  
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As soon as this act became known various citizens requested the board to stop the action if possible until they and other citizens of the county could be heard before the board. The opposition aroused by these citizens was sufficient to cause the supervisors to notify the loan commission that they rescinded their action of November 18th.

In view of this fact and also because Secretary Bruce was absent from the meeting of the Commissioners, action was delayed by the Loan Commission. The next April the commissioners again refused to fund the bonds on the ground that the bonds were illegal and the county had refused to make an official demand for such action.  
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In September, 1897, demand was again made upon the Loan Commission for the funding of the bonds. It was claimed that once the County Supervisors demanded the funding of the bonds as they had done on November 18th, the Commission then and

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66. Wilson Papers.

67. Wilson Papers, Inc. Book 3, p. 50.

there asquired jurisdiction and the duty imposed upon it by the said act of Congress was mandatory. As to any question of the validity of the bonds the United States Supreme Court had ruled in the case of National Bank vs. Yankton that Congress "May make a void act of the Territorial Legislature valid and a valid act void."<sup>68</sup>

The Commission immediately noted that Territorial funding bonds be issued to Kitchen and Company to the amount of \$260,641, the total value of the 203 railroad bonds plus seven percent interest. The last of the Yavapai bonds was funded<sup>69</sup> February 20th, 1904.

The funding of the bonds was facilitated by the change in administration. The question of bond repudiation was the major one in the territorial elections of '96. In their party platform the Democrats of the territory wrote in an endorsement of Governor B. J. Franklin in his refusal to fund some \$500,000 of railroad bonds.<sup>70</sup> The Republicans felt that if McKinley was elected he would appoint as Governor a man who would fund their railroad bonds. In this supposition they were correct. Governor Franklin was replaced by Myron E. McCord who was a Republican and a friend of F. N. Murphy. There was also a new Secretary, so that two of the three members

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68. National Bank v. Yankton, 101 U.S. 1046. Co-op. ed.

69. Dates for funding Yavapai bonds:

45 in 1893      16 in 1903

203 in 1897      1 in 1904

70. Prescott Morning Courier, September 20, 1896.



of the commission were changed.

One of the most important results of the Yavapai railroad bond struggle was that it tended to validate the Pima County railroad bonds.<sup>71</sup> These bonds with the accrued interest amounted to about three hundred and eighteen thousand dollars by 1904. At this time a "Bill for the Relief of Pima County, Arizona" was introduced in the House of Representatives. A statement was presented to the Committee on claims pointing out the differences between the Yavapai and the Pima bonds. Yavapai had enjoyed a railroad for some years which had been of great service in developing the agricultural and mining resources of that region. Pima County had never had anything from her bonds. Pima County officials had always opposed the issuing of the bonds while Yavapai had for years recognized the validity of its bonds by the appropriation of funds to meet the annual interest thereon.

It was felt that Congress should have considered these differences in conditions when the memorial instigated by Yavapai County was presented in 1896.

"The people of a territory from the very nature of its political organization have a right to rely on the fullest protection in any Congressional action imposing obligations upon the taxpayers"<sup>72</sup>

and therefore Pima County taxpayers should have been protected by a careful inquiry into the validity of the bonds in question.

While the Pima relief bill failed it doubtless was a factor in the agitation which caused Congress to make a grant

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71. F. H. Murphy always insisted that he never intended to influence the Pima bonds in any way by his memorial. -Judge S. L. Pattee, Interview.

72. Wilson Papers.

of one million acres of federal lands to the new state

"for the payment of bonds and accrued interest thereon issued by Pima, Yavapai, Coconino, and Maricopa counties, which said bonds were validated, approved, and confirmed by the Act of Congress, June 6, 1896." 73

Territorial representatives had asked for and had even persuaded the House of Representatives to pass a bill appropriating three times as much land. This three million acres of land was to be used for the payment of all indebtedness, territorial, county, and municipal, in addition to the large grants for schools and other purposes. This was something unprecedented in the entire history of state making.

The Act was amended by the Senate which could see no reason for the United States paying the county or territorial debts. The Senate did agree however that there were certain bonds for which the United States was morally obligated to pay and these were the bonds, issued by the counties to aid railroads, which had been declared void by the United States Supreme Court. Senator Beveridge, speaking for the Senate Committee, which considered this bill said that after these bonds had been declared void railroad promoters or those interested in building railroads persuaded Congress to validate these invalid bonds in order to establish credit for any other railroad securities in New York or other money centers. So while the House bill appropriating three million acres of land for indebtedness could not be approved a million acres

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73. United States Statutes at Large, 61st Congress, 1909-1911, Vol. XXVI Ch. 310, sec. 25.

should be appropriated for the payment of the particular bonds upon which Congress by this Act had set its seal of approval. <sup>74</sup>

The State of Arizona by Act of May 20, 1812 created a temporary administrative body known officially as the State Land Commission to handle the various lands granted. This group pointed out the necessity for a permanent State Land Department. It suggested that the work be centralized under one organization but that the work should be segregated into logical divisions each of which should be presided over by a Commissioner. <sup>75</sup>

The act providing for a permanent organization was approved June 26, 1915. Thirteen permanent funds were created, six for education, six for State Institutions, and one for the County bonds.

This last mentioned fund, made up of the income monies received for the sale or lease of the lands of this million acre grant has been second in size only to the common school fund. <sup>76</sup> The monies in this fund were to be expended as follows-

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74. Congressional Record, part 8, Vol. 4, p. 8226, 61st Congress.  
75. Report of the State Land Commission, 1912-1914, p. 164.  
76. Reports of the Land Commissioners, 1921-1932.

Total Receipts from fund			
'21 -	\$58,389.06	'27 -	\$ 57,496.68
22 -	69,951.12	28 -	79,770.71
23 -	106,710.49	29 -	64,090.99
24 -	59,267.04	30 -	63,601.02
25 -	63,175.03	31 -	53,021.48
26 -	57,496.68	32 -	46,265.87

"First, to the payment of current interest on the bonds; second, to the reimbursement of the several counties for all interest accrued and paid thereon since date of issuance; third, to retire the said bonds when due." 77

When there was not enough money in the fund to pay the interest then the Board of Supervisors for the counties mentioned in the Bill should assess sufficient taxes to complete the sum. When the fund exceeded the interest it might be used to reimburse the counties in such proportion<sup>78</sup> that the amount due each bore to the sum available. When all the interest paid by the counties had been refunded then the surplus over the interest would go to a redemption fund.

By 1922 the sale and lease of these lands had produced a fund in excess of \$235,000. The State Auditor and the State Treasurer did not comply with the request made November 24, 1920 by the Treasurers of the four counties concerned for the apportionment of this fund for they contended that a sinking fund should be established toward the ultimate payment of the bonds. Since the counties' claims were based on the provisions of the public land code they were able to secure from the Supreme Court of Arizona an order that refunds be made.

At no time since 1922 have the fees been below the amount of the interest. In fact various amounts have been paid back<sup>79</sup> to the counties every year since 1922. However, the amount

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77. Revised Code of Arizona - 1928, par. 3022.

78. Percentage due counties:

Pima	-	20.35 %
Yavapai	-	30.42 %
Cocconino	-	17.22 %
Maricopa	-	32.01 %

from Report of State Treasurer, 1922.

79. Letter from office of State Treasurer.

due the counties in 1922 amounted to \$1,003,286.43. Of this \$231,180.01 was interest paid prior to funding and \$769,259.78<sup>80</sup> the interest subsequent to funding.

By the terms of the land code this must all be paid before a fund is created to pay the principal, which, though less than the amount due counties for interest payments, amounts to \$868,805.82.<sup>81</sup> Thus it would seem that the county bond question is one that will be with us for many years to come.

80. Summary of Amounts due each county:

	<u>Interest Paid Prior to Funding</u>	<u>Interest Paid Subsequent to Funding</u>	<u>Other Items</u>	<u>Amount due counties</u>
Pima	\$ 37,080.00	\$ 167,094.55	\$ 2,846.64 <sup>X</sup>	\$ 204,124.55
Maricopa	64,115.69	254,224.88		321,187.21
Yavapai	90,818.83	214,448.69		305,267.42
Cocconino	39,215.49	133,491.76		172,707.25
Totals -	230,180.01	769,259.78	2,846.64	1,003,286.43

Arizona, Report of State Treasurer, 1922, page 111.

X 2 bonds never presented for funding.

81. Principal and interest funded by territory on original Railroad bonds to be retired from county Bonds Land Fund after counties are reimbursed for the amounts of interest paid by them.

	<u>Principal R. R. Bonds</u>	<u>Interest Funded by Arizona</u>	<u>Total Amount Bonds</u>
Pima	\$ 150,000.00	\$ 168,275.29	\$ 318,275.29
Maricopa	198,000.00	11,550.00	209,550.00
Yavapai	194,866.67	45,146.69	238,813.36
Cocconino	97,333.33	3,833.84	101,167.17
Totals	640,000.00	228,805.82	868,805.82

Ibid., p. 111.

### CONCLUSION

Those concerned with the history of Arizona have long since accepted as axiomatic the statement that, in Arizona, politics are controlled by the mining interests. Certainly the mining companies were the dominating forces back of the construction of the railroads built to Prescott. In the development of conditions beneficial to their industry the mining interests found it necessary to obtain transportation facilities for shipping ores to market.

The United Verde Mining Company secured the legislation which gave a county subsidy amounting to \$292,000 to the Prescott and Arizona Central Railroad Company. This Company completed a road from Prescott Junction, on the Atlantic and Pacific, to Prescott in January, 1887.

Later another group of men interested in the Congress Gold Mine were able to obtain tax exemption legislation which proved of great value in the construction of the Santa Fe, Prescott, and Phoenix railroad. This road was completed in March of 1895, from Ash Fork to Phoenix.

When the interests of the Santa Fe, Prescott and Phoenix clashed with those of the Prescott and Arizona Central the former road won a complete victory. The older road soon disappeared entirely - today it is so nearly forgotten that some historians writing of Arizona's early transportation problems

ignore it entirely. But it has left a heritage that cannot so easily be ignored. That is the problem of the county railroad bonds yet unpaid. These bonds made possible Prescott's first railroad which proved the feasibility of railroad development for the region around that city. Thus Yavapai's original investment in railroad bonds was of undeniable value in the development of its industries. It was the fact that the railroad thus subsidized was not permanent which led to the bonds being contested later. Certainly the situation was not one which could have been foreseen in 1885 when the subsidy was voted.

Today there are but two railroads in Arizona, the Southern Pacific and the Santa Fe. But between the building of these two pioneer roads and the situation of today there have been numerous short lines constructed by various companies. The history of each of these roads is involved and interesting, none more so than that of the two roads in which the city of Prescott was so vitally interested.

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#### Interview

Judge Patten, of Tucson, Arizona, resident of Prescott during the late nineties.

#### Letter

Cox, W. M., State Treasurer, to the author, March 3, 1934.