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The Blue Ridge Railroad: Letters of Mr. George A. Trenholm and Mr. William Gregg on That Subject - Accession 1208 - M575 (628)

Blue Ridge Railroad

George A. Trenholm

William Gregg

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THE
BLUE RIDGE RAILROAD.

LETTERS
OF
MR. GEORGE A. TRENHOLM

AND
MR. WILLIAM GREGG

ON THAT SUBJECT,

RE-PRINTED FROM THE
EDGEFIELD ADVERTISER, CHA. LESTON COURIER AND
CHARLESTON MERCURY.

CHARLESTON:
PRINTED BY WALKER, EVANS & CO.,
3 Broad and 101 East Bay Streets.
1860.

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[From the Edgefield Advertiser.]

THE BLUE RIDGE ROAD.

It is with pleasure that we place the following letter before our readers. It comes from that distinguished gentleman, Hon. G. A. Trenholm, of Charleston, whose opinion on the subject in question we hold as high authority. The annexed note accompanying this communication, will explain why it was sent to us for publication :

“MY DEAR SIR : I received, some days ago, a letter from Col. Mobley, to which the enclosed would be a suitable reply, but having had inquiries addressed to me from other quarters on the same subject, I take the liberty of addressing the reply to you, that as general and extended a use may be made of it as circumstances may require. I have a great aversion to appear in print, but do not feel at liberty to indulge it at the expense of a good cause, and, therefore, leave the question of publication to your judgment and discretion.

“Yours respectfully,

G. A. T.”

CHARLESTON, April 4.

Dear Sir : You state that an impression has gone abroad, that if the Blue Ridge Road is continued, the State tax on negroes will soon be increased to \$5 *per capita*, and that this belief has been adopted on the authority of Mr. Gregg.

The opinions of this gentleman, on all practical subjects, are always listened to with attention by the public, nor am I disposed, on the present occasion, to treat them with levity. At the same time, we should all have a suitable respect for our own understanding, and not be willing to yield our convictions implicitly to the control of mere authority, or shut our eyes against the perception of plain absurdities, through blind respect for their imputed authors.

What was really said by Mr. Gregg in his speech at Edgefield

Court House, in November (if that is the occasion referred to), was, that if the road should cost \$12,000,000, the tax on negroes would be raised to \$2 50—not \$5, I believe. Before proceeding to examine the correctness of this opinion, we will briefly review one or two other statements made by the speaker, in order to show how little safety there is in accepting, without examination, the information or reasoning even of the most practical and experienced.

Speaking of the Erie Railroad, of New York, he alleged that it had cost \$40,000,000, and the shares being now at \$5 each for \$100 paid in, it followed that this great work was worth, in the estimation of the public, only five per cent. on \$40,000,000, or no more than \$2,000,000. What are the real facts in the case? They are as follow: That the road cost \$34,000,000; that being built with \$10,000,000 of subscribed capital and \$24,000,000 of borrowed money, it follows, when the shares will still sell at \$5, that, in the opinion of the public, the road is worth the entire sum of \$24,000,000 of mortgage debt, and \$500,000 of the subscribed capital in addition. In this there is nothing conjectural, for there came from England, in September last, commissioners, clothed by the English stockholders with power to advance more money if necessary to extricate the Company from existing embarrassments. Here is a mistake, then, on the part of Mr. Gregg, of \$6,000,000, in stating the cost of a work whose history is to be found in every newspaper in the country, and an error of \$22,000,000 in estimating its present value, effected through a deduction, of which the fallacy is conspicuous enough to arrest the attention of the merest tyro in figures. It is true that the stockholders have lost nearly their entire capital, but this is the result of errors and vices that do not attach to the administration of a single railroad at the South. This is bad enough, but he who undertakes to enlighten the public mind on this topic, should at least possess the faculty of discriminating between a loss of \$8,000,000 or \$10,000,000 and one of \$38,000,000.

There cannot be a more striking exhibition of inaccurate statistics and fallacious reasoning than this, unless it should be the following: Mr. Gregg, in the same speech, declared with the utmost solemnity, and made the declaration, he said, on his responsibility, that when Bangs & Co. were dismissed from the Blue Ridge Road, *one million of dollars* had already been wasted,

thrown away, and utterly lost by the Company, through mislocation of the road, work imperfectly done, and losses attendant upon the failure of Bangs & Co. Now, the question to be asked is, how much had the Company spent up to the period of Bangs' dismissal? Of the sum expended up to that time, \$1,000,000 had been lost; how much, then, had been expended? The proposition can hardly be stated with gravity, and logic is literally put out of countenance, by the very absurdity and drollery of the entire problem. The total sum expended by the Company for construction and all other purposes, up to the day of Bangs & Co.'s dismissal, was \$680,000. And Mr. Gregg gravely alleged that *out of this sum* at least \$1,000,000 had been wasted and utterly lost!

The simple truth is, that substantially not a dollar had been wasted or lost in any way whatever. To point out these extraordinary blunders is no impeachment of Mr. Gregg's candor; it simply reveals the extreme inaptitude of some minds for matters of calculation, and the danger of implicitly following their guidance in questions involving the use of figures. Those, therefore, who have adopted the belief that the tax on negroes may be raised to \$5 each, to meet the requirements of the Blue Ridge Road, should examine the question for themselves. Have they considered how many negroes there are in the State? The number is about 400,000, and a tax of \$5 each would produce a revenue of \$2,000,000; whereas the interest on \$12,000,000, the extreme limit of Mr. Gregg's most extravagant conjecture, is but \$720,000. But \$2 50 was the tax with which we were threatened, not \$5. Let us submit this also to the test of a rational examination. The first point to be determined is the cost of the road. Mr. Gregg says it will be \$12,000,000; but I submit that this being avowedly a mere conjecture, and coming from one so extremely infelicitous in the solution of arithmetical problems, is really entitled to no consideration whatever, when opposed to the estimate of an engineer of the highest reputation, based upon such data as the actual careful survey of the entire line, and the exact admeasurement of all the work to be done. This estimate is \$7,725,000, and it may be cited in proof of its accuracy, that the work already accomplished, amounting to one-third of the whole, is entirely within the limits of Col. Gwynn's estimate. This should be conclusive as

to the remainder, for every description of work is embraced in the progress already made.

The total cost then being.....	\$7,725,000
And the amount already expended to 1st November, 1859, according to President's report, being.....	2,594,000

There remains to be expended to accomplish the work.....	\$5,131,000
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The total resources of the Company (Report, page 7,) are stated at.....	2,909,000
To which must be added the new State subscription of.....	310,000
The Tennessee State aid.....	640,000
The endorsement of the State already granted.....	1,000,000
	<hr/>
	\$4,859,000

From this sum must be deducted the amount realized and expended.....	2,594,000
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Leaving this amount.....	\$2,265,000
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still available for the work, provided funds can be secured sufficient for its completion. Deducted from \$5,131,000, this leaves a deficiency of \$2,866,000, as the sole existing obstacle to the completion of this great work, and the fruitful cause of all the clamor and violence with which its further progress is opposed. The patriotic and reflecting citizen should ponder these plain truths. That a noble enterprise, conferring great dignity upon the State, and promising large contributions to the general wealth of her citizens, has been undertaken under the approving judgment of all her leading men. That \$2,600,000 have already been expended upon its construction, economically and effectively, accomplishing *one-third* of all the work to be done. That \$2,265,000 more are pledged for its continuance, and, finally, but \$2,866,000 being now necessary for its completion, the weak, inconstant, and ignoble proposal is seriously made to sacrifice the \$2,600,000 already expended, renounce the benefit of the \$2,270,000 conditionally secured to the Company, and abandon the whole enterprise. Can any conduct be conceived better fitted to express to the world the admission of our own decrepitude and impotency, than this weak abandonment of a

great purpose, deliberately adopted, and perseveringly conducted to the very door of success?

But to return to the question of taxation. The existing deficiency in the resources of the Company has been seen to be \$2,866,000. Of this amount it is proposed to raise about \$1,000,000 on the Company's mortgage bonds; and it will be admitted on all hands that there ought not to be any difficulty in accomplishing this; but the adversaries of the road choose to insist that if the State take another step she will have to shoulder the whole enterprise. To put the matter in its worst aspect for the tax-payer, let the calculation be made on this basis. The entire sum of State contribution then would be as follows:

First State subscription.....	\$1,000,000
Second State subscription.....	310,000
State endorsement.....	1,000,000
Existing deficiency.....	2,866,000
	<hr/>
	\$5,176,000

But the interest on the first subscription having been charged upon the Bank of the State, does not fall on the Treasury, and is not implicated in the question of taxation; that sum must, therefore, be deducted..

1,000,000

\$4,176,000

And the interest on the endorsed bonds would be paid by the Company; this, therefore, must be stricken out also.....

1,000,000

\$3,176,000

It will be seen, that the calculation proceeds upon the supposition that the earnings of the Company will do no more than defray the current expenses, and pay the interest on this \$1,000,000 of bonds. However preposterous such a supposition may be in the face of such accumulated testimony to the contrary, let it be adopted for the purpose of giving every possible weight to this only objection of taxation. We thus have a sum of about \$3,000,000, of which it is said the interest will devolve upon the State, and will have to be provided by taxation. At 6 per cent. the interest would amount to \$180,000, and if the proposal were to raise the entire sum by an augment-

ation of the tax on negroes, you see that 45 cents *per capita* on 400,000 negroes would produce the required amount. Added to 95 cents, the present tax, it would make \$1 40, which is very far from \$2 50, and still more remote from \$5.

But who proposes to raise the tax exclusively from negroes? And why should all other property be exonerated? This is not contemplated by any one. And if equally distributed, therefore, the result would be as follows: The whole amount of taxes raised last year was \$635,524; an addition of \$180,000 would require an increase of about 30 per cent. in the rates. On 95 cents, the present tax on negroes, the increase at this rate would be 28 cents, and the total tax \$1 23—less than one-half of the lowest sum named.

This is evidently the worst that can happen, even if the prediction of the adversary is adopted, and no income be allowed to the road. But every reasonable thinker will repudiate so monstrous an idea. He will admit that the road must have a considerable revenue. He will concede to its friends and supporters the reasonableness of believing, as they do believe, that with \$1,000,000 more of subscription from the State, and \$1,000,000 more of endorsement, they will be able to raise the remaining \$860,000 on the credit of the Company, and the Company paying the interest on its own bonds; for the performance of which its ability may fairly be inferred from the experience of every Southern road, the State would be left to provide the interest on only \$1,315,000, or \$78,900. This would require an increase of 12½ per cent. on last year's tax, or about 12 cents additional on every negro, and in proportion on other property.

It would be great presumption to insist that these expectations will be exactly fulfilled; a want of candor not to admit the fallibility of all human judgment, and the disappointments to which the best founded expectations of men are exposed. But the fallibility of his judgment is not an argument against the exercise of all reason. And those who will agree to dismiss prejudice from our counsels, and allow reason her legitimate authority, will perceive that the plain, practical and common sense view of this matter is the one here presented. And if they are willing to admit, as all should be, the possibility that the State may be obliged to do somewhat more than is stated; that she may be called upon to advance somewhat more of the

annual interest until the resources of the road are fully developed, they will be as ready to concede that in the progress of time these resources will be multiplied and enlarged, as in the case of every railroad in this great and growing country, and the State amply repaid for her courage and munificence.

You ask, how long the taxation to be imposed will endure? The reply is very simple. The Bank of the State, from its annual gains, can pay \$300,000 of public debt every year; at this rate, the entire sum of the proposed subscription could be extinguished in eight years; and with the payment of the principal would, of course, be terminated the taxes imposed for the interest.

Your obedient servant,

G. A. TRENHOLM.

[From the Charleston Courier.]

BLUE RIDGE RAILROAD AND MR. TRENHOLM'S
LETTER.

KALMIA, May 7, 1860.

Messrs. Editors: My attention has been called to a letter from George A. Trenholm, Esq., copied into your journal from the *Edgefield Advertiser*, on the 21st ult., in which Mr. T. criticises (rather sharply, I think,) on a speech delivered by me at Edgefield Court House, on sales day of November last.

It was addressed to a meeting composed of not exceeding one hundred gentlemen, and was soon after published in your journal of 19th November last, to which paper I beg to refer the public.

A republication of that speech would be as good a refutation of Mr. Trenholm's statements as I could desire, but that may not be done; therefore I beg that you will publish what I have to say on the subject.

Had Mr. Trenholm taken the trouble to refresh his memory by a reference to my speech, perhaps his harsh and unjustifiable remarks would have been modified, for there is certainly nothing in it to form a data for his long array of incorrect figures. How far Mr. T. has deviated from the common rules of propriety, in this matter, I leave the public to judge. I quote the following from Mr. T.'s letter :

“CHARLESTON, April 4, 1860.

“*Dear Sir* : You state that an impression has gone abroad that if the Blue Ridge Road is continued, the State tax on negroes will soon be increased to five dollars *per capita*, and that this belief has been adopted on the authority of Mr. Gregg.

“The opinions of this gentleman, on all practical subjects, are always listened to with attention by the public, nor am I disposed, on the present occasion, to treat them with levity. At the same time we should all have a suitable respect for our own understanding, and not be willing to yield our convictions implicitly to the control of mere authority, or shut our eyes against the perception of plain absurdities, through blind respect for their imputed authors.

“What was really said by Mr. Gregg in his speech at Edgefield Court House, in November, (if that is the occasion referred to,) was that if the road should cost \$12,000,000, the tax on negroes would be raised to \$2 50, not \$5, I believe. Before proceeding to examine the correctness of this opinion, we will briefly review one or two other statements made by the speaker, in order to show how little safety there is in accepting, without examination, the information or reasoning even of the most practical and experienced. Speaking of the Erie Railroad of New York, he alleged that it had cost forty millions of dollars, and the shares being now at \$5 each for \$100 paid in, it followed that this great work was worth, in the estimation of the public, only five per cent. on \$40,000,000, or not more than \$2,000,000. What are the real facts of the case? They are as follows: That the road cost \$34,000,000; that, being built with \$10,000,000 of subscribed capital and \$24,000,000 of borrowed money, it follows, when the shares will still sell at \$5, that, in the opinion of the public, the road is worth the entire sum of \$24,000,000 of mortgage debt, and \$500,000 of the subscribed capital in addition. In this there is nothing conjectural, for there came

from England in September last commissioners clothed by the English stockholders with power to advance more money, if necessary, to extricate the Company from existing embarrassments.

“Here is a mistake then, on the part of Mr. Gregg, of \$6,000,000, in stating the cost of a work whose history is to be found in every newspaper in the country, and an error of \$22,000,000 in estimating its present value, effected through a deduction, of which the fallacy is conspicuous enough to arrest the attention of the merest tyro in figures. It is true that the stockholders have lost nearly their entire capital, but this is the result of error and vices that do not attach to the administration of a single railroad at the South. This is bad enough, but he who undertakes to enlighten the public mind on this topic, should, at least, possess the faculty of discriminating between a loss of \$8,000,000 or \$10,000,000 and one of \$38,000,000.

“There cannot be a more striking exhibition of inaccurate statistics and fallacious reasoning than this, unless it should be the following: Mr. Gregg, in the same speech, declared with the utmost solemnity, and made the declaration, he said, on his responsibility, that when Bangs & Co. were dismissed from the Blue Ridge Road, *one million of dollars* had already been wasted, thrown away, and utterly lost by the Company, through mislocation of the road, work imperfectly done, and losses attendant upon the failure of Bangs & Co. Now, the question to be asked is, how much had the Company spent up to the period of Bangs’ dismissal? Of the sum expended up to that time, \$1,000,000 had been lost; how much, then, had been expended? The proposition can hardly be stated with gravity, and logic is literally put out of countenance by the very absurdity and drollery of the entire problem. The total sum expended by the Company, for construction and all other purposes, up to the day of Bangs & Co.’s dismissal, was \$680,000. And Mr. Gregg gravely alleged that, *out of this sum*, at least \$1,000,000 had been wasted and utterly lost!

“The simple truth is that, substantially, not a dollar had been wasted or lost in any way whatever.”

Now, I deny that I expressed any opinion on that occasion about coming taxation. I stated to the meeting my reluctance to say anything on the subject. The following is what I did say. I alluded to Mr. Memminger:

“One of the great leaders of the Blue Ridge party has stated in a speech that a debt of a million will add to the tax on negroes eighteen and three quarter cents a head. According to his calculation a debt of two millions will add thirty-seven cents, four millions seventy-five cents, eight millions, one dollar fifty cents, and *twelve millions* (my estimate for the cost of the road) two dollars and twenty-five cents a head, and everything else in the same ratio.”

Here follows what I said about the Erie Railroad. If I had to say it over again, I do not see that it would be necessary to change the language, which was as follows:

“Many are troubled about this million we have already invested in the Blue Ridge Road; to such I would say, the money will not be entirely lost. We will have an additional road in South Carolina. But suppose it is to be lost; better so, than to do worse. The State of New York loaned her bonds to the Erie Railroad; that company applied for additional aid. It was proposed to give her the four millions that the State might wipe her hands and be clear of the concern. By some means the amount necessary to build it was raised. The road cost thirty-three millions, and the stock is now only worth five cents on the dollar. You will all agree with me that the State of New York made a lucky escape, by giving up as lost the first four millions she had loaned.”

The State of New York gave up a debt of three millions, (not four,) and attached a condition to the gift, that the Erie Railroad should be extended to the lakes. So might South Carolina now do; give up what she has put in, provided that individuals and private corporations, will go forward and complete the enterprise.

I have it now from good authority that the New York and Erie Railroad cost thirty-five millions three hundred and twenty thousand nine hundred and seven 19-100 dollars (\$35,329,907 19). It is about double the length of our Blue Ridge Railroad, and passes over a country, the surface of which is of a very similar character. That accounts for Mr. Trenholm's apology for its great cost, which very far exceeded the first estimates, and cost double per mile what the Blue Ridge is estimated to cost.

We at the South, in the estimation of Mr. T., are more prone to good management than the people of the North. Mr. T., in

speaking of the New York and Erie Railroad, says: "It is true that the stockholders have lost nearly their entire capital, but it is the result of errors and vices that do not attach to the administration of a single railroad at the South." He might very correctly have added, except in one instance, in the employment of a gentleman to locate and lay out the Blue Ridge Railroad, who was not a professional scientific engineer, and then the employment of Anson Bangs & Co., to build it.

I repeat that the State of New York acted wisely, and so will our State if she follows her example.

Mr. Trenholm is mistaken in supposing that the English committee came over to proffer additional loans to disembarass the New York and Erie Company. The truth is this: That company were unable to pay the interest on their bonds. The English bond-holders became alarmed and sent agents over here to investigate matters, with authority to advance money if their debt could be secured by it. They found the Erie Railroad and its concerns in great confusion and embarrassment, certain bondholders having commenced proceedings against them to enforce the mortgage trusts, and a receiver of the property was appointed. The English creditors went away without doing anything, and the matter is not yet settled.

As Mr. Trenholm has shown himself to be so liable to errors in setting forth and criticising my statements, it is nothing but fair that I should examine his figures and expose the errors into which he has fallen.

Mr. Trenholm states, with the utmost gravity, that the engineer's estimate for the completion of the Blue Ridge Railroad, is seven millions seven hundred and twenty-five thousand dollars (\$7,725,000), when it is in fact, eight millions six hundred and ninety-one thousand six hundred and seventy-seven dollars (\$8,691,677).

I quote from Major Gwynn's Blue Ridge Report, 1856, page 16, and from Judge Frost's Report, 1858, page 18. Mr. Trenholm, like a desperate failing man, is willing to grasp at phantoms; he knows that the public have no confidence in the enterprise, and will not supply another dollar of individual capital. He knows as well as I do, that the State of Tennessee has furnished no substantial aid—nothing but a loan—and, in desperation, he makes the best exhibition of affairs he possibly can, to prove that the State of South Carolina can do what no

other State or set of men have ever done; that is, build a badly located railroad through a mountain country, one hundred and ninety-five miles long, without money or the risk of loss.

In order to make as good a showing as possible, he sets out with figures, not real, but such as will suit his purpose. He leaves out Mr. Gwynn's estimate of nine hundred and sixty-six thousand dollars, (\$966,000,) for machinery, which everybody knows to be as essential an element in a railroad concern as the iron rails of the road, or part of the establishment that money must be provided to purchase, before the road can work, and properly belongs to the estimate of cost.

As it seems to be so necessary, in order to bolster up public confidence, to prove that miracles are to be performed in this great enterprise, it is surprising that some of its friends have not set up the plea that it is unnecessary to add the cost of *iron rails* to the estimate.

Mr. Trenholm, in another part of his letter, makes the bold assertion, that up to the failure of Bangs & Co., "not a dollar had been wasted or lost in any way whatever." I have often stated, in private conversation, that the Blue Ridge Railroad Company had lost, in one way and another in the first three years of its operations, by the employment of Anson Bangs & Co., their failure and after consequences, at least a million of dollars. In the absence of positive information on that head, which is, of necessity, kept from the public, we are obliged to resort to presumptive evidence. No one blames the president or engineer of the road for withholding from public view such facts, nor am I disposed to blazon them forth in the public journals. But when a director of the concern, who is presumed to be familiar with all the facts, steps forward to hold up opinions, that I have expressed, to ridicule and contempt, it becomes necessary for me to defend myself. And, however unpleasant it may be to bring to view, or disparage the efforts, of a *friend* who has passed away from the scenes of earthly action—an honest, true, and faithful man—I am bound to say, that the Blue Ridge Company employed an engineer who had not the advantage of a scientific education, and who was utterly unfit for the task of locating and building a complicated mountain railroad, or for the management of such an adroit set of swindling contractors as the Blue Ridge Company represent Anson Bangs & Co. to have been.

Now, notwithstanding Mr. Latrobe's examination and report, from information that I have gathered from engineers on the work, and those who have spent much time about it, the impression has been made on my mind, that if Maj. Gwynn had taken charge when the work was commenced, he would have saved the Company, by a more judicious location, from four to five hundred thousand dollars; some estimate it much higher. But I am willing to throw this aside, and take up facts which have transpired. It is an opinion, however, that I have a right to express.

Mr. Trenholm has certainly forgotten that the Blue Ridge Company have just come out of a very vexatious and costly lawsuit with Anson Bangs & Co., in which the Company attempted to show that Bangs & Co. had swindled them. One might come to the conclusion, from Mr. Trenholm's letter, that "*not a dollar was lost*" in this suit at law, and that charges against Bangs & Co. are altogether untrue.

With a memory so treacherous, Mr. Trenholm should be careful how he writes or speaks on such grave matters, implicating the integrity of other men. I presume he also forgets what Maj. Gwynn said, in his Report of 1856, about the work that Bangs & Co. had done up to the time of their discharge. They had worked out of solid rock one hundred and sixteen feet of the Stump House Tunnel, and had performed the work in such a bungling manner, "as to exhaust nearly as much time, and require nearly as great an expenditure of money, to enlarge and trim it into shape, as would have been required for its entire excavation." (See Gwynn's Report, 1856, p. 9.) According to Mr. Trenholm's statement, *not a dollar was lost* in that operation, although Bangs & Co. have been paid within ten per cent. of the full amount of work done.

In Maj. Gwynn's report, November, 1856, he states that the work which Anson Bangs & Co. had done, and the Company had paid for, so far as time was concerned, had not advanced the work towards completion a single day, although it had been going on for three years; and time has since proven that much of it was done and paid for five years before it was needed. The loss of interest, at 7 per cent., on a half million, for four or five years, is nothing, *actually nothing*, where the *State's money* is to be expended. Anson Bangs & Co. went away indebted to the Blue Ridge Company, twenty-eight thousand five hundred

dollars, for money advanced, leaving no other security but the stocks and bonds of the Company. Let me ask Mr. Trenholm what he will give for that debt? and whether there is not a loss of a single dollar there? Any estimate of cost beyond what is stated by the engineers must, of necessity, be presumptive; based on past experience, and the failure to approximate to cost in other instances, where the works have not been more complicated than the one in question.

So may it be said of losses and waste of money by mismanagement; such matters are not usually set forth in reports of presidents and engineers. Indeed, if I were the president of a road that had to be built on credit, I should cashier an officer for making such exposures, and it should not be expected of Mr. Trenholm, a Director, to bring discredit on the Company by making exposures of mismanagement, and consequent losses, and, were he not so positive in his assertions, and so harsh towards others who differ with him, we might make many allowances.

That the Blue Ridge Company have lost largely by the contract with, and after failure of Anson Bangs & Co., no one can doubt, and, I think, a million of dollars an extremely moderate estimate. I recollect well, in 1854, how positive Mr. Trenholm and others were about the ability and practicability of Bangs & Co., to carry out to completion this enterprise. They were impatient almost to rudeness towards those who expressed doubt at that time. It was then a private enterprise, to be accomplished with no further aid than a million of State subscription and a loan of a million on certain conditions. Now, on the plea of embarrassments growing out of the failure of Bangs & Co., they are unable to comply with the conditions attached to the loan, and openly admit that millions more will be required from the State, and she must become principal owner of the work, or lose all that she has put into the concern, and yet Mr. Trenholm states that, up to the failure of Bangs & Co., "not a dollar had been lost in any way whatever." As my estimates, or predictions, about the cost of the Blue Ridge Railroad runs somewhat ahead of the engineer's estimates, I will undertake to elaborate this point. In the first place, there is scarcely a public work on record, so far as my reading extends, that has not exceeded the first estimates. The South Carolina Railroad, when completed, fully embanked, with a new coat of iron one hun-

dred and thirty-six miles long, cost millions, and was sold for two and a half millions of dollars. They have added one hundred and four miles, making two hundred and forty miles of road, in a flat country, with only four bridges on wooden legs, and that Company have invested in property seven millions of dollars, and are not fully ready for work yet.

Who would have believed, when the road from Charleston to Hamburg was sold to the Cincinnati Company, that four millions and a half more would have been expended in adding a road to Columbia and Camden, and making the necessary outfit. For the Charleston and Hamburg Road had only cost its original proprietors for building and re-building, and re-ironing, the sum of two millions of dollars.

The Central Railroad in Georgia, through a level country, cost eight millions, and is not ready yet to accommodate a large business.

The estimates for putting Graniteville in operation was two hundred thousand dollars (\$200,000). Knowing how apt men were to be deceived by estimates, I insisted on raising three hundred thousand dollars (\$300,000). We had our fine stone walls built, and all materials found by the contractor for four and a half dollars (\$4 50) a perch, and made all our lumber at a cost of four to four and a half dollars a thousand. Canals and earth banks at eight cents a yard. Exercising all possible economy, the establishment cost before it was ready to work, two hundred and ninety-seven thousand dollars, (\$297,000,) and to put it in its present complete state, the cost has run up to three hundred and forty-seven thousand dollars (\$347,000.)

How often do we see the architect's estimate for building churches, colleges, and other public buildings, fall short of the amount necessary to complete such buildings? There is scarcely a respectable private dwelling erected anywhere that has not cost a sum far exceeding the first estimate; and so prone have I found the most skilful builders to err in their estimates of the quantity of material required to build a dwelling, that I have set a rule to work by, and advise all who consult me to adopt the same; that is, after a builder makes out his bill for lumber, bricks, and other materials, just add twenty-five per cent. for waste, then fifty per cent. for the whole amount, and the result has generally been, that when the work is drawing to a close, there will not be material enough left to build a

hen-house. Acting according to these rules, and judging from long experience, I early predicted a large outlay on the State Capitol.

In 1856, when I was a candidate for the Legislature, each candidate was called on for his views with regard to public policy. In answer to which call I issued a printed circular, in which I spoke of the Blue Ridge enterprise as one that would end in disaster; I spoke also of our folly in the commencement of such an extravagant outlay in a State Capitol, and predicted that it would ultimately cost a million and a half, if not two millions of dollars. The circular was popular, but that portion of it which related to the State Capitol was considered a wild and extravagant prediction; some of my friends advised me to suppress it as far as possible, and have a new one printed. Simply reducing the probable cost of the Capitol to a million or a million and a half, I did suppress it as far as possible, and had a new one printed with the proposed alteration; even this was considered an exaggeration.

I was met on the stump by a candidate, then a member of the Legislature, that so denounced it, stating that he was on the State Capitol Committee, and *knew* that the cost could not exceed eight hundred and seventy-five thousand dollars (\$875,000,) and that the Bank of the State would pay out of her profits every dollar of it. What has time developed? Including the three hundred thousand dollars wasted by the first Commissioners, with the interest paid on the State Capitol Bonds issued for that work up to last November, the State had expended on the work over two millions of dollars, (\$2,000,000.)

Four hundred thousand dollars (\$400,000) were appropriated by the last Legislature, and four hundred more will be called for next winter, and the roof is not yet on the house. And yet no man pretends to doubt the integrity, practicability or scientific skill of our architect, or distrust the fidelity and good management of the Commissioner in charge; yet all men must have come to the conclusion by this time, that the cost of the State Capital is to exceed the largest estimate of the architect two millions, (\$2,000,000), fully fifty per cent.

Some of the most eloquent pleaders before the Legislature for State aid for the Blue Ridge Railroad, who now try to show that the Bank of the State is able and willing to pay the bonds, (principal and interest,) which may be issued for that work,

were foremost in the ranks of the anti-bank party in 1848 and 1850, and were equally as zealous and powerful in their appeals to the Legislature to prove that the Bank of the State was rotten to the core, and that for every dollar which the Bank professed to have paid of the public debt, the State had furnished her with two dollars to pay with. Such men cannot be regarded in the light of statesmen, but mere politicians, special pleaders.

In the absence of a wish to create distrustful doubts in the minds of men with regard to all estimates for the cost of public works, or for a moment to distrust the well known skill of Maj. Gwynn, who has charge of the Blue Ridge Railroad, I think all prudent men ought to look forward to a much larger sum for the completion of this work than the estimates of its sanguine and anxious friends.

The subject of taxation is a matter of deep interest to us all—it is one of great complication, about which we may hold disputations till doomsday without arriving at satisfactory conclusions. High or low, taxes must of necessity be governed by the profligacy or economy of our rulers.

The reckless and extravagant spirit manifested of late years in South Carolina, is certainly calculated to alarm all reflecting men. Millions of dollars in State bonds are now placed at the finger's end of our politicians, to be thrown *ad libitum* into any enterprise that eloquent orators may set forth as feasible.

The Bank of the State of South Carolina, which only a few years ago was regarded by a large class of our prominent men as a monster that was sooner or later to bankrupt the State—an institution, which a large majority of our people thought, as a measure of public safety, should be wound up in 1870, is now pointed to as our guardian angel, under whose wings the State may safely shelter, and be guarded against the embarrassing difficulties that our politicians are warned against, by those who are looking forward and see storms and breakers ahead.

I have looked at the Blue Ridge enterprize in all its aspects. I have nothing to move me, nothing to bias my judgment for or against it; have never been so situated as to aspire to the position of *Commission Agent to sell the bonds or purchase the iron*; I am not the holder of any mountain land along the line of road, to be enhanced in value by its extension; I am not a stockholder in the Greenville Railroad, or any other railroad that will be a recipient of income from freight or passengers to

come over the Blue Ridge Road. I reside on one side of Edgefield, where I am so far out of the way as to be beyond the reach of persuasive pleaders, who are able to show that the completion of the Blue Ridge Railroad will create branches, to pass by the doors of many of our leading men living on the extreme sides of the district, as well as in the centre.

Allow me, in conclusion, to say to such men that the State will never consent for that work to be tapped by a branch leading towards Augusta, and away from the capital of South Carolina. And it would be positive treachery for those who control the Blue Ridge Road, to allow any road to connect which would carry the trade away from that road, thus paralyzing the interest of a large class of influential men—stockholders in the Greenville Railroad—who have labored so faithfully for State aid to the Blue Ridge Road. And now, in conclusion, let me say that Mr. Trenholm is like all other advocates for State debt—he brings forward the State Bank, which is to hold us harmless. That institution will have quite enough to do to pay out of her profits the principal and interest of the State Capitol Bonds, and which is as much as her most sanguine friends can expect her to perform during the next thirty years—quite long enough ahead to anticipate the income of an institution that may be wound up long before the time expires.

I would suggest, also, that we have projected railroads through many sections of our State, which are to be built with private capital, intending only to ask the State to loan her bonds for as much as will purchase the iron rails; bonds which will be secured by a pledge of private property, and which will be paid without a resort to the Bank of the State. South Carolina will be far better employed in that way than exhausting her credit by building railroads in Georgia, North Carolina and Tennessee.

Editors who have published Mr. Trenholm's letter, will, I hope, do me the justice to give a place to this reply.

Very respectfully,

WILLIAM GREGG.

[From the Charleston Mercury.]

THE BLUE RIDGE RAILROAD AND MR. GREGG.

Mr. Gregg, in his letter of the 7th inst., replying to my remarks on the statement made by him, at Edgefield, to the effect that the Erie Railroad had cost \$40,000,000, of which \$38,000,000 had been lost, supposes I was ignorant that this statement had not been repeated in the published speech. But this was not the case, I had the published speech before me, and was quite aware of the omission. Judge Frost, in his reply to Mr. Gregg, on that occasion, had pointed out this extraordinary error, and it was impossible to persist in the effort to maintain what was so clearly untenable. In the meantime, however, these supposed objections to the Blue Ridge enterprise, like the exaggerated report of what had been said on the subject of taxation, had doubtless found their way into the channels of private discussion, and in endeavoring to show that the objections urged against this enterprise are not to be accepted, no matter from what quarter they came, without investigation, it was certainly quite fair to point out errors of fact, and of reasoning, so grave as these were, on the part of its chief opponent.

It is no less a mistake to suppose I am an apologist for the great cost of the Erie Railroad; I believe, on the contrary, that this has been occasioned by the most wasteful extravagance and folly. Nor does it effect the question at issue, that the road should have cost \$35,000,000, as now stated by Mr. Gregg, and not \$34,000,000. What was demonstrated by Judge Frost and myself was, that the road had not cost \$40,000,000, and that \$38,000,000 out of the forty had been lost. To this there is no reply, nor can any be made.

Neither is any explanation offered of the great inaccuracy exhibited in calculating the predicted increase in the tax on negroes. The ratio of increase is imputed to Mr. Memminger; and on this basis Mr. Gregg alleges that what he did say was, that twelve millions (his estimate for the cost of the road), would "add \$2 35 a head to the tax on negroes, and everything else in the same ratio."

I will say nothing here of the unreasonableness of insisting upon an estimate so purely conjectural, as to be unsupported by

a single element of calculation, nor of the obvious error of charging to the State the interest on the entire cost, when it is plain that more than \$2,000,000 will certainly be derived from other sources. But taking the elements of calculation furnished by Mr. Gregg himself, I will submit them to the test of the most simple analysis :

The interest on \$12,000,000, at six per cent.....	\$720,000
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Add \$2 25 per head to the present tax on 400,000 negroes, and you have.....	900,000
This is an addition of one hundred and thirty-seven per cent. on the present tax of ninety-five cents, and "everything else in the same ratio," would yield the following sum, viz : Total Tax from all other sources than negroes, in 1859, \$262,000 ; one hundred and thirty-seven per cent. on this sum.....	360,000
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	\$1,260,000

So that even upon the basis assumed, there is plainly an error of \$540,000 in computing the tax required to defray the interest on \$12,000,000 !

But what reason is there in thus insisting continually, without any proof, and upon mere unsupported conjecture, that the road will cost \$12,000,000 ? The most reliable evidence is adduced that the cost will not exceed \$7,725,000 ; and it would be an unreasonable tax on the patience of the public to discuss the possible accuracy of what is obviously a mere vague impression. Mr. Gregg says that in this estimate the cost of equipping this road is omitted ; of course it is. The equipment will be paid for out of the income, as the business of the road is developed. In this country such is almost the universal practice ; and so far is this from having been disingenuously done, as intimated by Mr. Gregg, the cost of the equipment will be found deducted in the President's report, and the reasons for the deduction fully explained.

But suppose such were not the case. Suppose it were necessary to make some provision of capital for this object. How can they who insist that this road will not get any business, insist, at the same time, upon the outlay for an equipment equal to the demands of the South Carolina Railroad ? Those

who maintain that this provision is essential must admit that the road will have an income of \$1,500,000, and if this is conceded the argument is abandoned, and the road should be built without delay. Mr. Gregg involves himself continually in such contradictions as this by the unreasoning character of his opposition.

He resists, for example, with the greatest energy, the loan that is asked of South Carolina, and at the same time describes the aid of Tennessee as a most unsubstantial thing—"nothing but a loan." He exclaims that the legislature is besieged by our applications for money, and yet declares that our efforts are directed to "prove that the State of South Carolina can do what no other State or set of men have ever done; that is, build a badly located railroad through a mountain country, one hundred and ninety-five miles long, without money or the risk of loss." The State, according to this account, is importuned for money to build the road, and she is urged to comply on the plea that it can be built without money. He declared that one million of dollars had been wasted and lost up to the time of Bangs & Co.'s dismissal. His allegation is met by the proof that only \$680,000 had been expended up to that date; and, by the declaration that "substantially not a dollar had been lost." Is this extraordinary misapprehension on his part, and the plain impossibility of his erroneous supposition frankly admitted? Not at all. He takes the declaration literally that "not a dollar was lost," and proceeds to show that the company have had an expensive law suit since Bangs & Co.'s dismissal. That interest has been lost on the work they did by the lapse of time, although this unfortunate delay is chiefly chargeable to those who, like himself, have opposed and retarded the progress of the work.

He sets down as a loss the sum of \$28,500 advanced to Bangs & Co., upon the security of the company's bonds, though not a dollar of it can be lost, and the only effect is to pay for so much work in cash in lieu of paying in bonds bearing seven per cent. interest.

He charges Mr. Lythgoe with incompetency, and maintains that the road has been badly located, in flat contradiction to the opinions of Mr. Latrobe, Mr. Crozet, Mr. Fisk and Major Gwynn, four of the most distinguished and successful civil engineers in the United States, and in support of his opinion offers

not the least particle of proof. And so fixed and inexpugnable is the determination to believe that one million of dollars was lost through Bangs & Co., it is quite in vain to urge upon his attention the impossibility of losing \$1,000,000 out of \$680,000. "Notwithstanding Mr. Latrobe's examination and report," he says, in spite of Mr. Crozet and Fisk, the impression made on his mind is, that "if Major Gwynn had taken charge when the work was commenced, he would have saved the Company, by a more judicious location, from four to five hundred thousand dollars."

Does Mr. Gregg suppose that a mere impression made on his mind, is to outweigh, in the public estimation, the deliberate judgment of such men, formed after a careful examination of the location of the road? It is derived, he says, "from engineers on the work, and those who have spent much time about it." Who are they? Why not give their names to the public? For what is said on one side, the names of men of the highest reputation are given. Name, then, the engineers who contradict them, who say the road is badly located, and give the impression, by their statements, that so large a sum could have been saved by a different location. May not Mr. Gregg have been practiced upon from the obvious susceptibility of his mind to impressions of this character? Does he not lay himself open to imposture by cherishing the belief "that losses and waste of money by mismanagement, are not usually set forth in reports of presidents and engineers;" and by the declaration, that if he were "the president of a road that had to be built on credit, he would cashier an officer for making such exposures." Such opinions would materially incline one to put confidence in information derived from other than official sources. The most superficial glance at the reports of the president and engineer of the Blue Ridge Road, would have convinced him—of what the public generally is, I am sure, thoroughly persuaded—that these gentlemen are incapable of practising the reticency he suggests; and that there is nothing in the past history or present condition of the work of which the public have been kept in ignorance.

The only losses sustained through Bangs & Co., which Mr. Gregg can succeed in establishing, viz: the loss in interest and the loss by one hundred and sixteen feet of tunnelling imperfectly executed—are explicitly set forth by those officers in their reports. But how far do those go towards establishing a loss of

\$1,000,000 in the expenditure of \$680,000? Yet Mr. Gregg perseveres, unsupported by any proofs whatever, in this declaration: "That the Blue Ridge Company have lost largely by the contract with, and after the failure of, Bangs & Co., no one can doubt, and I think a million of dollars an extremely moderate estimate."

It will be seen that it is still only a thought—an impression. There is no effort to establish it as a fact. The blind determination to believe this monstrous incongruity, conceals entirely from Mr. Gregg's perception the fatal consequences it entails upon another belief that is equally ineradicable from his mind. He asserts, with the greatest intrepidity that the road will cost \$12,000,000, and when it is demonstrated by actual measurement, and the most exact computation, performed by a gentleman whose veracity and science are not to be called in question, that one-third of the entire work has been accomplished, and that this one-third has cost \$2,600,000, Mr. Gregg forthwith insists, that at least \$1,000,000 of this sum was wasted, and consequently that this one-third, with proper economy, would have cost only \$1,600,000.

Now, see to what result this inevitably leads. If Mr. Gregg is correct, and the remaining two-thirds can be accomplished at a proportionate cost, it follows irresistibly that, instead of \$12,000,000, the entire cost of the road will not exceed \$4,800,000. Thus, like two divisions of a badly organized and ill-governed army, groping their way in the dark, these two bewildered propositions, falling upon each other in the gloom, and supposing they have encountered the common enemy, are utterly destroyed by the energy of their mutual assault.

These are the plain and inevitable efforts of prejudice. Yet Mr. Gregg supposes that he is entirely free from prejudice, and thinks his impartiality established by the statement that he is not employed by the Company in the sale of bonds, or the purchase of iron; and that he owns no mountain land along the line of road. How can any one's impartiality be established in this way? One who could be made a friend by such consideration, would as easily be made an enemy by being denied the price of his friendship. His disclaimer, therefore, proves nothing. But it was entirely superfluous, for no one conscious of his own purity would suspect another of being swayed by the presence or absence of such considerations.

G. A. TRENHOLM.