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GRADUATE COLLEGE

FROM THE CRESCENT CITY TO JAGUAR HILL: NEW ORLEANS' BUSINESS
INTEREST IN THE TEHUANTEPEC NATIONAL RAILROAD OF MEXICO,
1849 – 1861

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A THESIS APPROVED FOR THE
DEPARTMENT OF HISTORY

BY



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To His Majesty King George the Fourth
C. L. "Pete" Sarsal Jr. (1785-1845) and John M. Sarsal (1800-1860)
for installing in this the enduring legacy of Sarsal.

To Inez Hotz Sarrat (Méresy), Edward A. Gordon Sr. (Paw Paw),
C. L. "Pete" Sarrat Jr. (Péresy), and Mary Eleanor Camp Sarrat (Honey)
for instilling in me an enduring love for history.

During the research process, I was fortunate to have met and worked with
numerous individuals over the past few years. I would like to thank my advisor
advisor Dr. Sterling Evans for his constant support and guidance, and for his
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introducing me to the rich and vibrant world of Latin American history.

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Introduction

On 23 January 1907, General Porfirio Díaz, President of the Republic of Mexico, returned to the port of Salina Cruz, on the Pacific coast of his home state of Oaxaca for a grand ceremony. According to Edmund Otis Hovey, an American geologist sent to cover the events for the American Geographical Society of New York, Díaz, with grand fanfare and a sea of spectators, “touched the electric button that set in motion a travelling steam crane which transferred from the steamship *Arizonian* ... to a waiting freight car [a] bit of cargo.”¹ The next day, the freight attached to the presidential train built specially for the ceremony, traveled the one hundred and twenty-five miles across the Isthmus of Tehuantepec to the port of Coatzacoalcos, Veracruz, on the Gulf of Mexico. Here, with another ceremonial flick of the wrist, “the goods were put into the [waiting] American steamer *Louis Luckenbach*” for conveyance to New York City. Though the ship would later be remembered for being among the first American ships sunk by German U-boats in 1914, on this day, the *Louis Luckenbach* had the honor of officially marking and opening Mexico’s newest engineering feat, the Tehuantepec National Railroad.

Having been completed only a few months before under contract with the British engineer Sir Wheetman D. Pearson, the Mexican government hoped that the Tehuantepec line would bring enormous foreign commerce to the country and “compete successfully with the Panama Canal,” still seven years away from completion.² The government's ambitious dreams of wealth initially seemed plausible,

¹ Edmond Otis Hovey, “The Isthmus of Tehuantepec and the Tehuantepec National Railway,” *Bulletin of the American Geographical Society of New York*, Vol. 39, (1907), 78, 80.

² *Ibid.*

for example between 1907 and 1914 the contractor running the route earned nearly \$18 million dollars in profit. But, just three years after the Panama Canal opening in 1914, the railroad's accounting books turned to red -- a situation it would never overcome.³ Much like the previous nine organizations that had attempted to build at different times a plank road, a canal, a railroad, and a ship-railway (see Figure 4) over the course of the nineteenth century, the Isthmus of Tehuantepec had bankrupted those who attempted to conquer it.

Although a small number of scholars of various historiographic schools have explored the history of the Tehuantepec transit route, most have done little beyond constructing a basic narrative of the events, making no considerable effort at analyzing the reasons for the repeated failure of the project. Despite significant interest expressed in the route at various times by U.S. presidents and senators, the U.S. Navy, business leaders, and prominent engineers, the ultimate triumph of the Panama Canal has led some scholars simply to dismiss the Tehuantepec project as being neither economically or technologically feasible.⁴ Others, looking beyond this simplistic analysis have concluded that the project's ultimate failure lay in the diplomatic and political strife

³The argument could be made that the railroad never operated profitably. According to Hovey, the Mexican government invested nearly \$30 million in gold in the Pearson project. Statistical figures derived from table provided in Matthias Sebastian Meier, "History of the Tehuantepec Railroad," PhD dissertation, University of California, 1951, 267.

⁴ See John H. Coatsworth, *Growth Against Development: The Economic Impact of Railroads in Porfirian Mexico*, (DeKalb, IL: Northern Illinois University Press, 1981); Noel Maurer and Carlos Yu. *The Big Ditch: How America Took, Built, Ran, and Ultimately Gave Away the Panama Canal*. (Princeton, NJ: Princeton University Press, 2011); Eli N. Evans, *Judah P. Benjamin: The Jewish Confederate* (New York: The Free Press, 1988); David McCullough, *The Path Between the Seas: The Creation of the Panama Canal, 1870 – 1914*. (New York: Simon and Schuster, 1977); John Mason Hart, *Empires and Revolution: The Americans in Mexico since the Civil War*. (Berkeley, CA: University of California Press, 2002).

between the United States and Mexico throughout the period.⁵ However, a sustained look at the available documentation, both those that these historians have analyzed and others that have only recently come to light, reveal a more complicated story. While diplomacy and politics clearly played a role in the outcome of the Tehuantepec National Railway, the reasons for its ultimate failure lay not in lack of engineering skill or the indecision of governmental officials, but rather in the organization and operations of the various companies involved and external factors beyond their control.

In order to demonstrate the validity of these claims, this thesis will focus on the formation and conduct of two New Orleans, Louisiana-based companies that attempted to construct, initially a canal, but ultimately a railroad across the Isthmus from late 1849 until the start of the U.S. Civil War. Beginning their efforts shortly after the American victory in the U. S.-Mexican War (1846 – 1848), the leaders of these companies hoped to capitalize on the need to connect the land gained in California, under the treaty of Guadalupe-Hidalgo, with the East Coast and the ever expanding American belief in Manifest Destiny. Coined in 1845 by the New York journalist John Louis O'Sullivan in an article promoting the annexation of Texas, the term Manifest Destiny came to denote the widely held belief that the expansion of America's territory to the west was not only inevitable, but a providential fate. For the advocates of this ideology, America had both the right to expand its borders and a duty to spread the principles of its constitution throughout the continent and the world.⁶

⁵ See Miguel Covarrubias, *Mexico South: The Isthmus of Tehuantepec* (New York: Alfred A. Knopf, 1946); Meier, "History of the Tehuantepec Railroad,"; J. Fred Rippey, *The United States and Mexico*. (New York: F. S. Crofts & Co. , 1931); Robert R. Russel, *Improvement of Communications with the Pacific Coast as an Issue in American Politics, 1783 – 1864*, (Cedar Rapids, IA: The Torch Press, 1948).

⁶ Robert W. Johannsen, "Introduction" in Sam W. Haynes and Christopher Morris eds., *Manifest Destiny and Empire: American Antebellum Expansionism*, (College Station, Texas: Texas A&M Press,

Following the discovery of gold in Coloma, California, in 1848, the demand for easy transit between the East and West Coasts reached a fever pitch and Americans looked to several inter-oceanic routes between the isthmuses of Panama and Tehuantepec to meet their needs. Realizing the economic and political limitations of filibustering, the act of invading a friendly nation with private military forces in an effort to undermine the ruling party, the directors of the New Orleans companies turned to the U. S. government for help in establishing legitimate rights of transit.⁷ As the first instance of American investment in a foreign project of this magnitude, however, the efforts of these groups highlight the complexities of conducting international business during the mid – nineteenth century, as well as the deficiencies within the organizational structure of their operations. While at varying times it seemed that these efforts might ultimately succeed, a multitude of issues, ranging from War in Europe to the poor management of available funds, resulted in sustained failure.

1997), 3; for more on Manifest Destiny see: Bruce Cumings, *Dominion from Sea to Sea: Pacific Ascendancy and American Power*, (New Haven, Connecticut: Yale University Press, 2009); Thomas R. Hietala, *Manifest Design: Anxious Aggrandizement in Late Jacksonian America*, (Ithaca, New York: Cornell University Press, 1985); Frederick Merk, *Manifest Destiny and Mission in American History: A Reinterpretation*, (New York: Vintage Books, 1963); Walter Nugent, *Habits of Empire: A History of American Expansion*, (New York: Alfred A. Knopf, 2008) and Richard Slotkin, *The Fatal Environment: The Myth of the Frontier in the Age of Industrialization, 1800-1890*, (Norman, Oklahoma: University of Oklahoma Press, 1985).

⁷ Robert E. May, “Manifest Destiny’s Filibusters” in Hayes, 149; for more on filibustering see: Robert E. May, *Manifest Destiny’s Underworld: Filibustering in Antebellum America*, (Chapel Hill, North Carolina: University of North Carolina Press, 2002) and Charles H. Brown, *Agents of Manifest Destiny: The Lives and Times of the Filibusters*, (Chapel Hill, North Carolina: University of North Carolina Press, 1980).

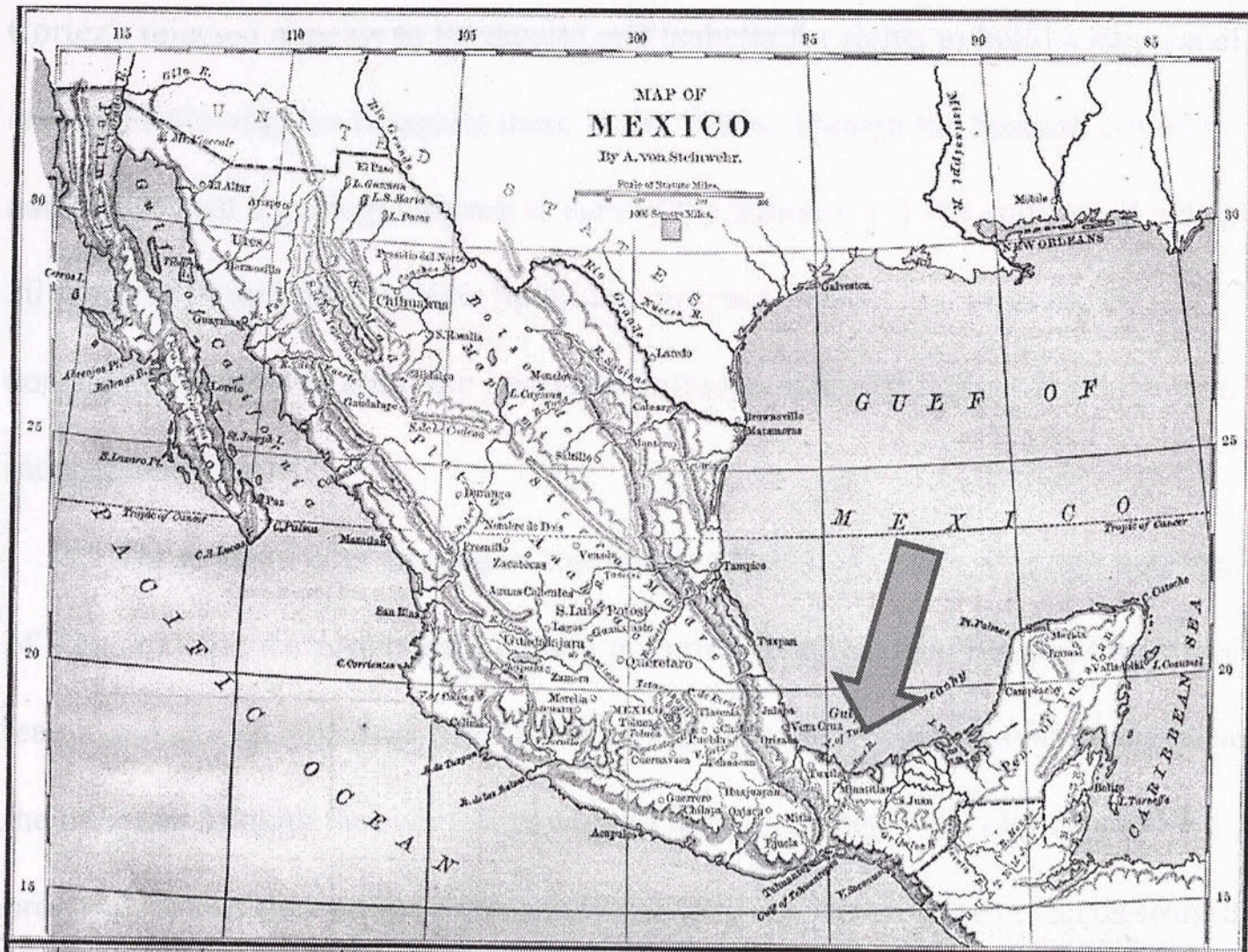


Figure 1. Map of Mexico Showing Isthmus of Tehuantepec from A. Von Steinwehr, *Intermediate Geography* (Cincinnati, Ohio: Wilson, Hinkle & Co., 1870), Courtesy of FCIT.

Early Attempts to Bridge the Isthmus of Tehuantepec

Efforts to establish communication between the Atlantic and Pacific Oceans across the Isthmus of Tehuantepec have been ongoing since pre-Columbian times. Archaeological evidence suggests that indigenous peoples living along the isthmus maintained extensive land based trading networks between the two coasts starting in the sixth century BCE.⁸ European interest in Tehuantepec as a path between the seas began with the explorations of the region by Christopher Columbus in 1502 and Hernán

⁸ For more information on pre-contact Tehuantepec see: Robert Norman Zeitlin, "Prehistoric Long Distance Exchange on the Southern Isthmus of Tehuantepec, Mexico," PhD dissertation, Yale University, 1979.

Cortéz's rejected appeals to Ferdinand and Isabella for rights to build a ship canal across it following his conquest there in the 1520s. Though the Spanish colonial authorities sent a geological team to survey the isthmus in 1774 and issued a decree on 30 April 1814 authorizing New Spain to construct a canal, no one made any considerable effort to build the necessary infrastructure until after Mexico gained independence in 1821.⁹

Three years after signing of the Treaty of Córdoba, officials from both the state of Veracruz and the provisional central government of Mexico commissioned survey teams to make recommendations for the establishment of commercial transport across the isthmus. Though the two teams worked independently, they advocated identical proposals. First, they advised that the Coatzacoalcos River, which extends from the highlands of the State of Veracruz to the Gulf of Mexico, should be dredged wide enough for flat boats to be able to navigate to the confluence of the Alaman (Malatengo) River. From here, they stipulated, a plank road should be constructed through the Chivela Pass in the state of Oaxaca, which rises only 700 feet above sea level, to the Pacific coast at Salina Cruz. Acknowledging that this proposed system would only be practical for a short time, both teams advocated the construction of a railroad along the same path.¹⁰ Although the surveyors estimated that the cost of the project would be less than ten million pesos, because of the ongoing fiscal crisis in Mexico, the newly christened Mexican government shelved the plan.

⁹José De Garay, *Survey of the Isthmus of Tehuantepec, executed in the years 1842 and 1843, with the intent of establishing a communication between the Atlantic and Pacific Oceans, and under the superintendence of a scientific commission*, (London, England: Ackermann and Co., 1844), 1 -3.

¹⁰*Ibid.*, 13 – 14.; Engineers surveying the isthmus in the 1870s would find out this 700 ft. estimate was far too low.

Interest in the Tehuantepec route did not reappear until 1 March 1842, when Don José de Garay, the First Officer of the Ministry of War, appealed to the newly reestablished head of state, General Antonio López de Santa Anna, for permission to open communications over the Isthmus.¹¹ On the following day, Santa Anna, in recognition of Garay's position within the government, approved the measure and issued a decree that conceded to Garay the exclusive rights for construction. Though forced to conduct the survey of the route at his own expense, upon approval, the grant allocated a number of significant concessions to Garay. First, the Mexican government would purchase, then release to Garay, ten leagues of land on either side of the line of communication.¹² Within this territory, Garay would be allowed to establish worker colonies and conduct commerce freely. Upon completion of either a railroad or a canal, Garay would then maintain the right to collect tolls for its usage for fifty years, of which he would be required to pay one-fourth to the Mexican treasury. After such time had passed, the federal government would then obtain ownership of the transportation system.¹³ In an effort to hasten construction, Santa Anna ordered Garay to complete the survey and begin construction within twenty-eight months or risk forfeiture of the claim.

Recognizing the vast profits to be made and not wanting lose the good graces of Santa Anna, Garay quickly hired an Italian-born engineer Gaetano Moro. After forming a survey team and securing the necessary provisions, Moro set out from

¹¹Ibid., 2.

¹² Ten leagues is approximately 34.5 miles.

¹³ Garay, 2.

Mexico City on 30 April 1842 for Zanatepec, a small pueblo on the Pacific coast of the state of Oaxaca.¹⁴ After spending nine months mapping the Isthmus and facing every hardship imaginable, Moro returned to Mexico City from Coatzacoalcos, Veracruz, with his report in hand. Unlike previous surveyors who believed that a railroad would be the best way of moving commerce across the isthmus, Moro advocated a ship canal with one hundred and fifty locks.¹⁵ Though he expressed concern over the lack of available labor and raw materials in the region, Moro believed the whole operation could be completed for the delusional sum of £3,380,00 or \$13,520,000 at the 1840 exchange rate; a sum that would later be proven to be woefully optimistic.¹⁶ Having received the results of the completed the survey ahead of schedule, Garay wrote Santa Anna's Minister of Foreign Affairs and Home Department, J. M. de Bocanegra, requesting the land allocations guaranteed to him under the terms of the 2 March 1842 grant.¹⁷ Although Bocanegra's office secured these provisions and more, including the free labor of over three hundred convicted felons, by October of 1843, Garay could not secure enough capital to begin construction and the project once again fell stagnant.¹⁸

Despite breaking the terms of his contract, Garay once again applied for and received an extension of the original grant until July of 1846, taking advantage of the

¹⁴ Ibid.

¹⁵ Jose de Garay, *An Account of the Isthmus of Tehuantepec in the Republic of Mexico; with proposals for Establishing a Communication Between the Atlantic and Pacific Oceans, based upon the survey and reports of a scientific commission*. (London, England: J.D. Smith and Co., 1846), 82 – 86.

¹⁶ Ibid., 91.

¹⁷ J. J. Williams, *The Isthmus of Tehuantepec: Being the results of a survey for a railroad to connect the Atlantic and Pacific Oceans, made by the scientific commission under the direction of Major J. G. Barnard, with a resume of the geology, climate, local geography, productive industry, fauna and flora, of that region*, (New York, NY: D. Appleton & Company, 1852), 170 – 172.

¹⁸ Ibid., 175.

chaos that plagued the Mexican presidency during this period.¹⁹ Realizing that he could never fully fund his project solely with Mexican capital, Garay traveled to London in early 1844, where he hoped to attract foreign interest. While there, Garay and his agents were able to make inroads with several parties based on the promise of increased trade with the Orient. European interest in the proposal, however, waned with the opening of hostilities between the United States and Mexico in May of 1846.²⁰ Faced with the looming July deadline, Garay returned to Mexico City to plan his next move.

Despite the disruptions in Mexico caused by the U.S. – Mexican War (1846 - 1848), in November of 1846, the ever resourceful Garay secured a renewal of his grant for two years from the newly proclaimed conservative president José Mariano Salas. With this in hand and seeing no future in the project, Garay approached agents of the Manning and Macintosh Company, a British financial firm based in Mexico City, with an offer to sell his transit rights on the isthmus.²¹ Urged on by the shrewd British diplomat and co-owner of the company Ewing C. Mackintosh, who generated the majority of his wealth through investments of dubious nature throughout Latin America, the firm bought the concession from Garay in June of 1847.²² Tied up in the negotiations to end the war with the United States, however, the Mexican Congress did

¹⁹ The interim Mexican President Valentín Canaliz, an ally of Santa Anna, granted this extension to Garay. After once again fighting off his liberal attackers, Santa Anna appointed Canaliz as interim president from October 1843 to July 1844. The Presidency of Mexico changed hands over twenty times from the first time General Santa Anna seized power in 1833 until the start of the U.S.–Mexican War in 1846.

²⁰ Meier, 16, 20-21.

²¹ Edward B. Glick, *Straddling the Isthmus of Tehuantepec*, (Gainesville, FL: University of Florida Press, 1959), 10.

²² Meier, 23.

not address the transfer of the concessions from Garay to Manning and Macintosh until September of 1848. Though the members of Congress ultimately ruled the transaction legal, the actions of Manning and Macintosh, in relation to the grant, before and after this ruling, would prove to be controversial.

and later the United States...
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Realizing that finding...
early 1849, the British...
where they hoped to...

Private...
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among other things, the...
across the...
constructed, still...
various locations along...
construct a ship canal...

Coasts of the United States...
Nicaragua, Honduras, and...
defeated Mexican government...

¹⁹ *Ibid.*, 25.
²⁰ U.S. diplomats had attempted to create...
twenty negotiations to end the U.S. - Mexican...
²¹ The American...
Panama to the Isthmus of Tehuacapan...
Happy...
...

Chapter 1: The Establishment of New Orleans's Stake in Tehuantepec

With no intention of developing transportation across the Isthmus of Tehuantepec, over the course of 1848, Manning and Macintosh worked in conjunction with José Garay in several attempts to sell the concession to at first British Parliament and later the United States Congress.²³ Although some U.S. lawmakers expressed interest, Northern opposition in Congress prevented the drawing of a bill of sale.²⁴ Realizing that finding a government to purchase the grant would be hard to come by, in early 1849, the British financiers turned to the private citizens of the United States, where they hoped to capitalize on a growing awareness of trans-isthmian routes.

Private interest in the United States for the Tehuantepec concession grew in the months following the signing of the Treaty of Guadalupe Hidalgo, which granted, among other things, the U.S. the Mexican State of California. Fearing that “a railroad across the mountains to the west of the Mississippi would be difficult to construct, or if constructed, still more difficult to operate,” North Americans speculators looked to various locations along, what they referred to at the time as, “The American Isthmus” to construct a ship canal or railroad to shorten the travel time between the East and West Coasts of the United States.²⁵ Among the sites identified were the Isthmuses of Panama, Nicaragua, Honduras, and, most importantly, Tehuantepec. Figuring that the freshly defeated Mexican government would be more willing to negotiate, American investors

²³ Ibid., 25.

²⁴ U.S. diplomats had attempted to obtain rights to develop the Isthmus of Tehuantepec during treaty negotiations to end the U.S. – Mexican War. This will be discussed further later.

²⁵ The American Isthmus, geographically speaking, ran roughly from the present day country of Panama to the Isthmus of Tehuantepec; Rippey, *The United States and Mexico*, 47.

looked to acquire the Mexican isthmus cheaply. In fact, although eventually declined, Congress authorized Samuel Trist, the leading American negotiator at the peace talks to end the U.S. – Mexican War, to negotiate \$15,000,000 for American transit rights across Tehuantepec. Ultimately, this drive to establish trans-isthmian transportation reached its fever pitch following the arrival of news about the discovery of gold in California Territory in late 1848.²⁶

Arriving in New York City to sell the grant in January of 1849, not surprisingly, the British company almost immediately found a buyer for their proposal. On 5 February, Manning and Mackintosh sold the Garay concession to Peter A. Hargous, a prominent New York-based international commodities trader with business connections in New Orleans and Mexico, for an unknown amount.²⁷ Almost immediately, Hargous, hoping to capitalize on his investment, sent an agent to Mexico to hire one hundred Mexican laborers to begin preparations for construction of a carriage road on the isthmus.²⁸

Perhaps sensing the battle ahead, however, Hargous appeared before the United States Senate three days later to promote the advantages of the Tehuantepec route and ask the senators for diplomatic support in ensuring that the Mexican government complied with granting him the concessions.²⁹ In response, on 20 June 1849, the

²⁶ “Highly Important from Washington. The Policy of the Cabinet Disclosed. Foreshadow of the President's Message,” *The Weekly Herald* (New York), November 17, 1849; Rippey, 48 - 49

²⁷ *Ibid.*, 49; several historians have speculated on the amount, citing sources of dubious origins. They range from as little as free to three million Mexican Pesos, with the most cited number being \$25,000 U.S. Dollars.

²⁸ “Mr. Hargous,” *Philadelphia Inquirer*, February 27, 1849.

²⁹ Rippey, 50.

Secretary of State, John Clayton, wrote Nathan Clifford, the U.S. ambassador to Mexico, a letter instructing him to defend Hargous by any means necessary.³⁰ In turn, Clifford wrote the Mexican Minister of Relations warning him that if the Mexican government annulled the Garay grant solely on the reason that American citizens had obtained it, that “the measure could not fail to be regarded by the President of the United States as proof of a disposition wholly at variance with the existing pacific relations between the two countries...” In response, the Mexican minister assured Clifford that any decisions made on the Garay conventions would be carried out with no prejudice based on who held on to the grant, but would be done by the letter of Mexican law with no outside influence. In an effort to cool the relations, Clayton ordered his diplomats in September of 1849 to negotiate a treaty with Mexico, which would guarantee Hargous’s rights to Tehuantepec, while also calming Mexican apprehension by establishing the neutrality of the isthmus.³¹

While negotiations between the United States and Mexican ministers settled into deadlock in Mexico City, Hargous set out by the summer of 1849 on a propaganda campaign that he hoped would attract investors to his claim. He solicited articles about the advantages of the Tehuantepec route in every major newspaper along the East Coast, from Boston, Massachusetts, to Washington, D.C., and in the major cities of the South including New Orleans and Charleston, South Carolina. In an effort to draw attention, Hargous proclaimed that the workers he had hired were constructing a carriage road and that it would be ready by the end of April, 1849. With no real sense

³⁰ Glick, 11.

³¹ In Rippey, *The United States and Mexico*, 50.

that the Garay treaty would be upheld by the Mexican Congress, Hargous's efforts were clearly a bluff, but nonetheless they brought a near national awareness of the possibility of a Mexico-based interoceanic route.

While initially Hargous's concession did not create any real interest in potential financiers, Matthew Maury, a well-known naval officer who would later resign his commission to help establish the Confederate Navy during the Civil War, called for a general railroad convention to meet in Memphis, Tennessee, on the 23rd of October 1849.³² The event organizers dispatched letters to the governors of all the states asking them to appoint delegates to represent their state's interest at the convention. While officially Maury pitched the convention as a forum for discussing the various proposals for connecting the newly established California Territory with the East, in actuality, he used the platform as a means of drumming up support for his own proposal, an overland transcontinental route running from Memphis to San Francisco.³³ Despite the focus of this meeting on these terms, Don José de Garay, now a confidant of Peter Hargous, delivered a speech outlining the advantages of the Tehuantepec route. Then, the convention attendees voted on a resolution asking Congress to survey the route and keep it in consideration for the mail service contract.³⁴ More importantly, however, it attracted the attention of conventioners from the South's largest and most prosperous city, New Orleans.

³² Unknown, *Minutes and Proceedings of the Memphis Convention, Assembled October 23, 1849*. (Memphis, Tennessee: Enquirer, 1850), 1.

³³ *Ibid.*, 3.

³⁴ *Ibid.*, 18 – 20.

On the night of 17 November 1849, a few weeks after the conclusion of the events in Memphis, a group of prominent New Orleans businessmen and politicians met in private to discuss the Tehuantepec project. Among those in attendance were Duncan F. Kenner, a wealthy cotton planter and state senator who served as the namesake for Kenner, Louisiana, J. D. B. DeBow, publisher of a national agriculture and technology periodical; and Pierre Soulé, a French-born Louisiana-based diplomat, who became known for his support of the annexation of Cuba. With almost no hesitation, this group of men elected Judah P. Benjamin, the state representative for the district, to lead the deliberations.³⁵

Benjamin was born a British subject in August of 1811 on the Island of Saint Croix in the Caribbean into a family of Sephardic Jews. At the age of three, his family immigrated to Wilmington, North Carolina, where Benjamin began his studies, before ultimately settling in Charleston, South Carolina. Ten years later, at the age of fourteen, he enrolled in Yale College, in New Haven, Connecticut, where he studied law. Expelled from the school for unknown reasons in 1828, Benjamin moved to New Orleans, where he clerked for a local law firm and eventually passed the bar in 1833. Working as a commercial lawyer, Benjamin made a name among the business community and eventually gained a seat in the Louisiana State House of Representatives.³⁶

³⁵ J.D.B. DeBow, *DeBow's Review*, August 1858, vol. 25, 232.

³⁶ Evans, *Judah P. Benjamin*.



Figure 2. Wilson, Judah P. Benjamin, (Courtesy of the Louisiana State Museum).

On the next day, 18 November 1849, DeBow published in the New Orleans paper *The Daily Picayune* an article outlining, for the first time in the Crescent City newspapers, the proposed Tehuantepec Route. Having realized the night before that “the Isthmus of Tehuantepec [would] doubtless, through the energy and enterprise of our citizens, be selected as one of the great transit ways between the waters of the

Atlantic and those of the Pacific,” he thought it necessary to relay the “natural advantages” of the route to the citizens of New Orleans.³⁷ Drawing on information he received in “kindness” from Mr. T.C. James who had traversed the isthmus in May of 1849 to survey José de Garay’s proposed railroad route, DeBow described Tehuantepec in a picturesque fashion. According to James, upon arrival at the mouth of the Coatzacoalcos River from the Gulf of Mexico, his ship first passed a sand bar, which he guessed would allowed ships with a twelve foot draft to pass “without difficulty.” Immediately on the other side, James and the ship’s crew were greeted by an “old Mexican” river pilot who guided them past the “safe” and “commodious” harbor upstream for a distance of eight leagues to the first inhabited pueblo, Minatitlán.³⁸ By James’s assessment, this village of approximately seven hundred inhabitants served as the port for small vessels engaged in the mahogany, hides, tallow, beeswax, and “*frijoles*” trade with neighboring state Veracruz. Continuing up river for another eighteen leagues, James reached the small town of Almagro, which marked the “limit of navigation for larger vessels. Here, James’s party transferred to a light draught steamer on which they ascended another twenty leagues upriver to the Paso Sarabia at the source of the Coatzacoalcos River. At this point, James’s team crossed the six-thousand foot high “great *Cordillera*” or Sierra Madre Mountains that divide the isthmus. Instead of being forced to climb the mountains, James identified three passes, which jut through the mountains allowing for easy passage. One named El Barrio, one

³⁷ “The Tehuantepec Route,” *The Daily Picayune* (New Orleans), 18 November 1849, 2.

³⁸ *Ibid.*; One league equals approximately 3.45 miles. So in this case, they traveled approximately 27.6 miles.

called the Tarifa, and finally the Chivela Pass, which Moro and Garay selected for the construction of their canal and railroad. "Easily" passing the mountains by Chivela Pass, James rode on for another ten leagues, through the "beautiful open plains" of Oaxaca, to the "fine city" of Tehuantepec on the Pacific Coast. Even though the stream on which the city of seventeen-thousand inhabitants sits on was "too narrow, rapid and unfit for navigation," it opened up into a "protected" harbor, with "good anchorage and much safer than at Panama."³⁹

Despite the exaggeration and inaccuracy of James's and by extension DeBow's description, the publication of the article successfully struck a chord among the business elite of the Crescent City.⁴⁰ According to a publication looking back on early New Orleans' interest in project in the *DeBow's Review* from August of 1858, within a week of the article's publication, "anxious" businessmen flocked to the members of the committee seeking to invest in the formation of a company to develop the isthmus.⁴¹

New Orleans and the Debate Over the Garay Concession

In January of 1850, Peter Hargous, having received news about the article in the *Daily Picayune* from a business associate in the city, traveled to New Orleans to seek out investors. He could not have arrived at a better time. Just a week prior, Benjamin and the other major investors, feeding off the excitement in the city, had sent a request to the Mexican government seeking an agreement for the construction of a railway.⁴²

³⁹ Ibid., 3

⁴⁰ James describes the journey as being 56 leagues long for an approximately thirty mile overestimation.

⁴¹ J.D.B. DeBow, *DeBow's Review*, August 1858, vol. 25, 232.

⁴² Williams, *A Survey of the Isthmus of Tehuantepec*, 282; "Tehuantepec Railroad," *The Daily Picayune*, January 3, 1850, 2.

Consequently, when Hargous approached Benjamin with a concession already in hand, the negotiations went rather quickly. On 18 April 1850, after two months of negotiations, Hargous and the New Orleans investors entered into contract to capitalize on the Garay Grant.⁴³ Under the terms of the contract, the New Orleans businessmen elected Benjamin as the Chairman of a new company to be formed to complete the project: The Tehuantepec Railroad Company of New Orleans (TRCNO). In order to secure permission to the Garay grant, they agreed to raise nine million dollars in capital and repay Hargous, with interest, an initial five-hundred thousand dollar loan he agreed to give the company, with which they were to begin advertising. Additionally, they were to issue Hargous three million dollars of capital stock certificates. Finally, in a move that has called some historians to question the contract between Hargous and Manning and Macintosh, Hargous also forced the company to agree to pay the British investors the sum of five- hundred thousand dollars to settle their claims to the Garay conventions.⁴⁴

After settling on terms with Peter Hargous, the company wasted no time in getting started. On the very night that they signed their agreement, the board of directors traveled to the newly established capital of Louisiana, Baton Rouge. Here, they approached the freshly inaugurated Democratic Governor, Joseph Marshall Walker, and asked him to call a special session of the Louisiana Legislature to approve the company charter. Having just run against one of the members of the board, Duncan F. Kenner, a

⁴³ Ibid., 37.

⁴⁴ Williams, 280 – 281; Meier, *The History of the Tehuantepec Railroad*, 37.; See Robert C. Schade, *Mexico's Tehuantepec Canal Controversy: A Lesson in American Diplomacy*, (Mexico City, Mexico: Self Published, 1999).

Whig, for the Louisiana Governorship, Walker politely refused. Without an official license in hand, the board returned to New Orleans to plan its next move.

In early May 1850, Benjamin and Hargous travelled to Washington, where they met with Secretary of State John Clayton to discuss the formation of TRCNO. While Clayton initially seemed apprehensive about the company, since they did not have a state-approved charter in hand, he saw an opportunity. Hoping that the creation of the TRCNO might reinvigorate the stalled negotiations between Mexico and the United States over the Tehuantepec, Clayton ordered his diplomats to inform their counterparts about the recent development. In conjunction, they were to submit an official petition from Hargous and Benjamin asking for permission to begin operations on the isthmus by conducting a survey.⁴⁵ This, they believed, would demonstrate the seriousness of Hargous's intentions.

At the end of May, 1850, the U.S. attaché in Mexico, John Lecher, reported to Secretary of State Clayton the preliminary results of the negotiations he had conducted with his equivalent in Mexico. As Clayton had hoped, the report of the formation of the TRCNO brought new life to the negotiations. However, not everything went according to plan. As part of his report, the U.S. ambassador to Mexico included a preliminary copy of a treaty that would settle the disputes over Tehuantepec.⁴⁶ Although the agreement satisfied Clayton's desire for a neutral Tehuantepec, the Mexican delegation insisted on a number of stipulations that stood in direct contrast of his other demands

⁴⁵ William M. Burwell, *Memoir Explanatory of the Transunion and Tehuantepec Route Between Europe and Asia*, (Washington, D.C.: Gideon & Co., 1851), 31.

⁴⁶ George Ticknor Curtis, *Life of Daniel Webster*, Vol. 2, (New York, New York: D. Appleton, 1889), 548.

and put a hamper on Hargous and TRCNO's claims to the Garay Grant.⁴⁷ First, while they agreed to the neutrality of the territory for ten leagues on either side of the line of communication, the United States could only intervene to protect the impartiality of the territory if Mexico asked for assistance. Second, they insisted that if the American company were to head the construction of the Tehuantepec railway that Mexican commerce would move at a cheaper rate than the equivalent goods from the United States. Finally, the Mexican delegation insisted that the terms of the treaty be open to all recognized nations, as long as they agreed to its requirements.⁴⁸ Essentially, if Hargous and Clayton agreed to their terms, the United States could not maintain monopolistic control of the means of transportation.

A few days later, after Hargous and Benjamin agreed to operate under these terms, Secretary Clayton telegraphed the news to the American diplomat, who in turn relayed the information to José de María Lacunza, the Secretary of Foreign Affairs for Mexico. After consulting with the liberal Mexican President, José Joaquín de Herrera, on 2 June 1850, Lacunza ordered the Mexican council in New Orleans, O. L.

Dabelsteen, to issue the company a universal passport for the "sundry" engineers necessary to complete the survey.⁴⁹ In addition, he sent letters to the Governors of Oaxaca and Veracruz to inform them of the arrival of survey teams from New Orleans and ask them to help not hinder their operations.

⁴⁷ Rippey, *The United States and Mexico*, 52 – 53.

⁴⁸ *Ibid.*

⁴⁹ Williams, 282.

Satisfied with the Mexican government's cooperation, Clayton decided that it would be best to continue the negotiations on the other terms of the proposal on more amicable grounds, requesting only that the United States be granted the same transit rights as the Mexican government. After several weeks more of discussion, on 22 June 1850, Ambassador Letcher and Secretary Lacunza signed a final draft of the treaty. While not all the provisions that Clayton had hoped for were present, he felt confident that the United States Congress would ratify the treaty.

Before he could officially present the agreement, however, on 9 July 1850, President Zachary Taylor died from a sudden illness. Within a week, Vice President Millard Fillmore ascended to the Presidency and a newly appointed Secretary of State, Daniel Webster, took over the treaty deliberations. For the more conservative and nationalistic Webster, the treaty negotiated by Letcher was unacceptable. The inability for the U. S. military to intervene in Tehuantepec and the weakening of Mexico's support for the Garay Concession worried the new Secretary. Despite his concern, however, Webster did not have time to deal with Tehuantepec. Immediately after assuming office, Webster, who had just left a Senate seat for his new position, found himself still inundated with leftover domestic policy issues. Teamed with a growing diplomatic crisis with the Austrian Empire, Webster could do nothing more than to table the copy of the Letcher agreement.⁵⁰

⁵⁰ Curtis, 466. Domestically, Webster committed himself to the filing of "advice" to Congress at the debated the provisions of the Compromise of 1850. Internationally, Webster faced diplomatic backlash after the United States granted asylum to Lajek Kossuth, the leader of the Hungarian Uprising of 1848.

The Trastour and Barnard Surveys

With the diplomatic issues at rest, for the time being, and the official passport obtained, TRCNO officials continued the process of organizing a survey expedition back in New Orleans. Efforts to secure an engineer to conduct an assessment of the isthmus began shortly after the public formation of the TRCNO. On 30 November 1849, members of the board of directors approached the local chief of the U.S. Corps of Engineers in New Orleans, a Colonel Turnbull.⁵¹ They offered him \$5,000 and a profit share option, if a railroad based on his survey were complete, but he declined citing his official duties. On 1 December he advised the board members to contact headquarters in Washington with their proposal. The board, however, voted to delay negotiating for a survey until they could secure a grant from the Mexican government guaranteeing them the rights to construct a line of transit.⁵²

On 18 April 1850, the same day they acquiring the Garay convention from Peter Hargous, Bernard Fallon, secretary to the board of directors of TRCNO, wrote a letter to President Zachary Taylor requesting the services of a surveyor from the Corps of Engineers. A week later, Taylor sent a letter to Judah Benjamin offering the services of Major John G. Barnard, but stated that nothing could be done until the end of the rainy season on the isthmus.⁵³ Anxious for information which they could use to advertise the project and possibly weary of spending the enormous sum of money necessary to pay Major Barnard, the board decided to accept the services of a local engineer, P. E.

⁵¹ P.E. Trastor vs. J.P. Benjamin, et. al., Louisiana Supreme Court No. 4192 (1856), 2.

⁵² Ibid.

⁵³ Ibid., 3-4.

Trastour, to survey part of the isthmus – a decision that would later come back to haunt them.

Although Gataeno Moro, while working for Garay, claimed to have found a suitable port on the Pacific coast at Boca Barra, clearly raised doubts about the suitability of the site had been raised to Hargous by Garay.⁵⁴ So on 6 June 1850, TRCNO offered a contract to Trastour to survey the Pacific Coast and find a suitable harbor for operations with the same terms offered to Col. Turnbull. Agreeing to these terms, Trastour departed a week later for the isthmus. As predicted by Barnard in his refusal to travel to the isthmus during the rainy season, a plethora of problems delayed Trastour's four-member team including everything from disease to slippery river banks.

⁵⁵ Despite these issues, in October of 1850, Trastour reported back to the board his preliminary opinion on a Pacific-side port. Concurring with the opinion of Garay, he suggested that the harbor at Boca Barra offered "little room for error" and suggested that the company look to a small harbor at Salina Cruz, which he believed could be improved.⁵⁶

Relieved by the news of a suitable harbor on the Pacific coast, TRCNO officials made the final preparations for a complete survey of the isthmus. They ordered Trastour to stay put and wrote Major Barnard asking him to send his final estimate of costs to complete the project. Barnard believed that it would cost close to \$30,000 to complete.⁵⁷ This was an exorbitant amount, considering they only offered Trastour \$5,000.

⁵⁴ Garay, 82.

⁵⁵ P.E. Trastor vs. J.P. Benjamin, et. al., Louisiana Supreme Court No. 4192 (1856), 30.

⁵⁶ Ibid.

⁵⁷ Ibid., 51.

However, the board agreed after raising \$900,000 in subscriptions from the elite of New Orleans based on Trastour's findings.⁵⁸ With everything in order, Barnard hired a team of specialists, including a physician and a hydrologic engineer, and made his way to the Crescent City, arriving in early November 1850. Here, they gathered the necessary provisions and on 10 December 1850, Major Barnard and his crew departed for the mouth of the Coatzacoalcos River aboard the steamship *Alabama* – a journey that the local *Daily Picayune* hoped would “attract general notice from abroad and redound the glory and aggrandizement of our city.”⁵⁹

Arriving on Christmas Day in Minatitlan, Barnard and his team began work immediately. He sent a team led by W. G. Temple of the United States Navy's Hydrologic Department to survey the Coatzacoalcos River and a party led by his chief assistant John J. Williams to survey the Chivela Pass. As each party left, he reminded them of their mission. The TRCNO officials tasked Barnard with not only identifying and surveying a proposed line of communication, but also a detailed examination of the local flora and fauna, the availability of building materials and labor, local disease, and ultimately an estimated cost of completing the project.⁶⁰ With this information, they hoped to paint a clear picture of the isthmus and the “practicability” of the route.

⁵⁸ “The Tehuantepec Committee,” *The Daily Picayune*, November 14, 1850, 2.

⁵⁹ “Tehuantepec Survey,” *The Daily Picayune*, 3 December, 1850, 2.

⁶⁰ Williams, *A Survey of the Isthmus of Tehuantepec*, 4 – 5.

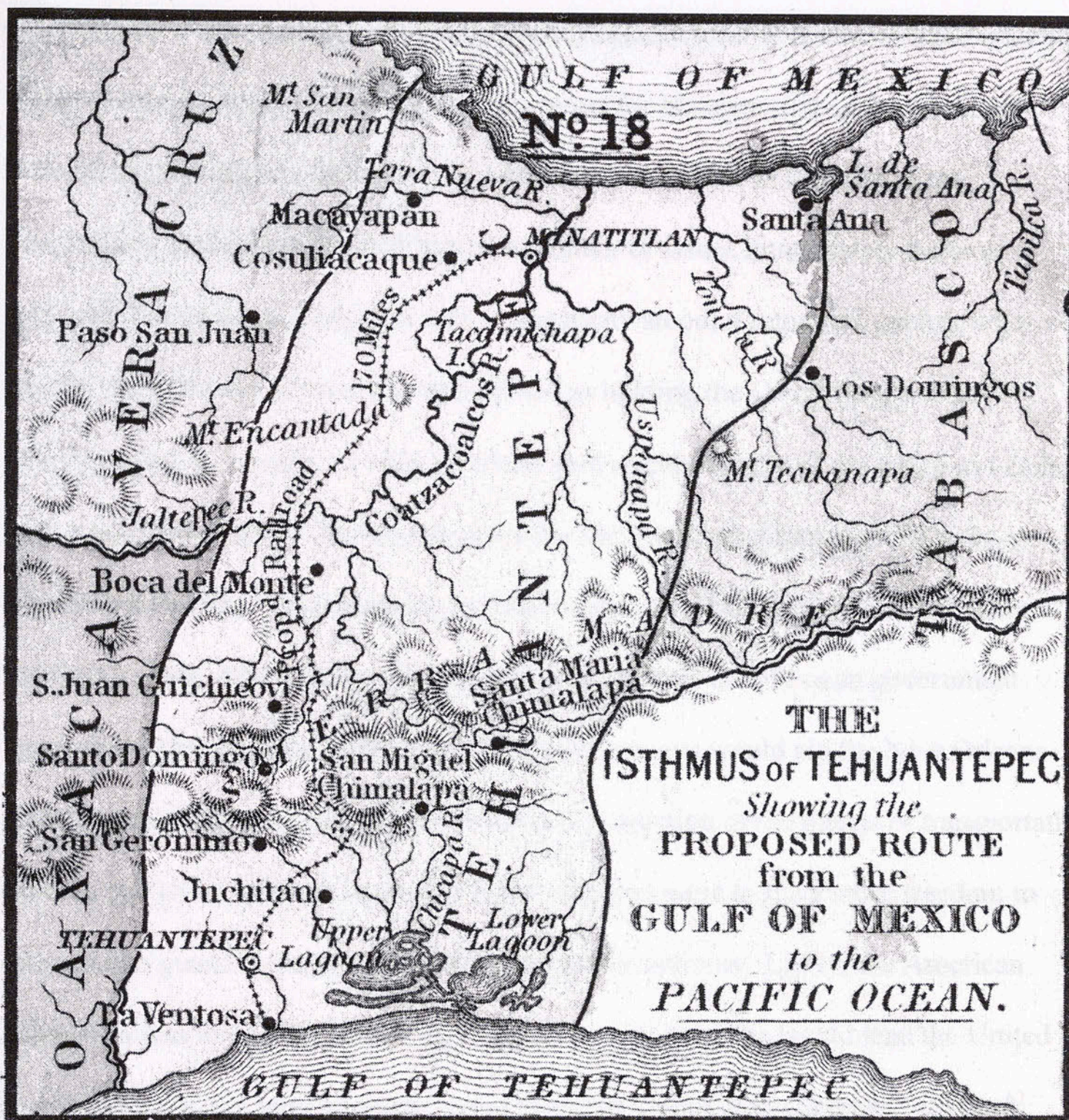


Figure 3. Map Showing Isthmus of Tehuantepec in 1852 Demarcating Major John Barnard's Proposed Railroad Route (Courtesy of FTIC).

Webster's Confrontation with Mexico

Back in Washington, in September of 1850, both houses of Congress passed a series of legislation in an attempt to cool relations between the Southern slave states and the Northern Free States, in what became known as the Compromise of 1850. With the passage of these five bills and the temporary easing of tensions in Europe, Webster

could finally begin dealing with foreign policy issues closer to home. In late September, Hargous, hoping to secure more favorable terms for his operations, sent a letter to Webster requesting him to review the Letcher agreement.⁶¹ In the eyes of the conservative and nationalistic Webster, a number of issues immediately became apparent. The most pressing was that, as the treaty stood, it remained unclear who exactly the Mexican government recognized as holding the Garay Concession. Consequently, in January of 1851, Webster sent a revised copy of the treaty to Letcher with a note ordering his diplomat to press the Mexican delegation to recognize “American citizens” as holding the exclusive rights to all of the “original provisions” of the Garay grant. Additionally, they were to demand that the Mexican government “guarantee” that both the federal and local governments would aid the New Orleans-based company in every way possible in the construction of the means of transportation. Further, the U. S. Military and other representatives were to have more freedom to intervene to guard the interest of Americans on the isthmus. Lastly, the American delegation was to convey that refusal to adhere to these terms would lead the United States to forfeit any remaining payments from the Treaty of Guadalupe-Hidalgo.⁶²

The threat from Webster arrived at a turbulent time in Mexico. The same week that Webster sent his revised copy of the Letcher treaty to his diplomats, a new Mexican president, Mariano Arista, took office in Mexico City. Webster’s provocative language struck at the very core of Mexico’s enduring problem since the conclusion of the U.S.-Mexican War: a crushing national debt. Upon learning of the terms described

⁶¹ Curtis, *The Life of Daniel Webster*, 542.

⁶² Curtis, 542 – 543.

by the American delegation to his new Secretary of Foreign Relations M. de la Rosa, Arista called in the American diplomat for a conference in which he charged the Americans with trying to undermine the sovereignty of the Mexican state.⁶³ He contended that if the United States and Mexico were going to come to an agreement on the Tehuantepec issue, the American diplomatic team would have to recognize the right of Mexico to decide who would operate on the isthmus and what rights would be granted to them.

Realizing that Webster's aggressive tactics threatened to reignite a war between Mexico and the United States, President Millard Fillmore (who had ascended to the presidency following Zachary Taylor's death in July of 1850) called on him to back down and soften his demands. Based on the requests of the Mexican and American presidents, the diplomats drew a new treaty and signed and submitted the results to their respective countries on 25 January 1851. While the new agreement recognized TRCNO as holding the rights to the Garay convention, it required the company to submit to the Mexican Council at Washington a formal request for the rights, which would be granted to them upon approval of the treaty by both the Mexican and American Congresses. On 18 February, Hargous accepted the terms of the new agreement on behalf of the New Orleans based company and signed the formal request at the Mexican Council. Webster then submitted the treaty to the United States Congress where it received unanimous approval.⁶⁴

⁶³ Victor Alba, "Reforms," in W. Dirk Raat, *Mexico: From Independence to Revolution, 1810 – 1910*, (Lincoln, NE: University of Nebraska Press, 1982), 139 – 142.

⁶⁴ Burwell, 32-33.

The reaction of the Mexican Congress to the convention, however, contrasted markedly. Echoing the sentiments of the new Arista administration, the Mexican Senate tabled the treaty on the grounds that it gave too much control over the development of the isthmus to the "imperialist" American government.⁶⁵ Further, not only would the Mexican Senate not approve the convention between the two countries, but that it would investigate the validity of the Garay Concession. Dismayed by this result, on 30 April 1851, Webster formally protested this decision of the Mexican government and once again advocated for the right of the New Orleans company.⁶⁶ However, with his ability to threaten the Mexican delegation removed by the orders of President Fillmore, there was nothing more he could do.

Four days later, on 2 May 1851, the Mexican Senate concluded its investigation and formally proclaimed the Garay Concession invalid, basing the position on several key issues. First, the Senate claimed that the original grant given by General Santa Anna to Garay in 1842 to be illegal on the grounds that under the provisional status of his presidency, all acts of government completed under his term should have been submitted for approval before the Constitutional Congress before April 1, 1845; something Garay failed to accomplish. Second, though Garay did receive a renewal of

⁶⁵ Minister of Foreign Affairs of Mexico, *Statement of the Rights and Just Reasons on the Part of the Government of the United Mexican States for Not Recognizing Either the Subsistence of the Privilege Granted to D. Jose Garay, For the Opening of a Line of Communication Between the Atlantic and Pacific Seas, Through the Isthmus of Tehuantepec, or the Legality of the Cession Which He Made of Said Privilege to Citizens of the United States of North America*, (New York, NY: Pudley & Russell, 1852), 36-37.

⁶⁶ Curtis, 543.

the contract under the presidency of Mariano Paredes in 1846, the Senate declared this invalid, once again, because of the temporary status of the government.⁶⁷

In turn, since Garay had no formal and valid claim to a concession, when he entered into contract with Manning and Macintosh in 1848 he did so purely on the speculation that he would be able to receive a grant from the entering Herrera government. Consequently, the grant in possession of the New Orleans company was nothing more than a piece of speculation.⁶⁸ If the American company wanted to do business on the isthmus, it would have to receive a valid concession from the Mexican government.

After receiving a decidedly hostile response from Hargous claiming that the Mexican Senate could not legislate itself out of its legal obligations, the Mexican government took bolder measures.⁶⁹ On 15 May, under orders from President Arista, the Governor of Oaxaca, Benito Juárez, commanded his officials to detain all Americans on the isthmus, outside of those participating in the Barnard Survey, for improper entry into the country. This number included sixty – five passengers who had recently arrived at the port of Ventosa aboard the TRCNO owned vessel *Gold Hunter*.⁷⁰ A few days later, in support of the president's initiative, the Mexican Congress passed another resolution, which voided the passports of the Barnard survey team indefinitely. President Arista, in turn, ordered the North American engineers to leave immediately,

⁶⁷ Minister of Foreign Affairs, 22, 3, 6.

⁶⁸ Ibid., 18.

⁶⁹ "Tehuantepec Railroad Company. To the Stockholders!" *The Daily Picayune*, May 16, 1851, 2.

⁷⁰ "Important from Mexico. Sixty-Five Americans Imprisoned," *Boston Evening Transcript*, May 16, 1851, 1.

and sent a company of soldiers to the various points on the isthmus to prevent their return.⁷¹

Failure of the First New Orleans Attempt to Construct a Railroad

The barring of Americans from the ports of Tehuantepec effectively ended any hope of the Tehuantepec Railroad Company of New Orleans of completing a carriage road, railway, or any other type of transportation system, for that matter, during this early period. Contrary to the continued interpretation of historians, who have systematically condemned the “treacherous” Mexicans with illegally denying American citizens their due rights, the blame for failure on the Isthmus of Tehuantepec in the period from 1849 to 1853 lies wholly in the hands of Americans.⁷² As TRCNO correctly argued in protest to the Mexican Senate’s invalidation of the Garay Concession, at several times during this period, the Mexican government showed active support for the grant. In choosing to discuss its terms in treaty negotiations with American officials and issue passports to TRCNO engineers to conduct a thorough survey of the isthmus, Mexican officials clearly demonstrated their willingness to support the American led development of Tehuantepec.

This position changed, however, with the rise of the nationalistic Secretary of State Daniel Webster. His demonstrated willingness to be aggressive diplomatically, inspired the avaricious business men of New Orleans to seek “better” conditions for themselves. In turn, the Mexican government reacted defensively. With the memory of fighting the imperialist Americans for nearly two years during the U.S.–Mexican War,

⁷¹ Minister of Foreign Affairs, 33.

⁷² See Covarrubias, *Mexico South*, 150; Meier, *The History of the Tehuantepec Railroad*, 255; Rippey, *The United States and Mexico* 61 – 66; and Russel, *Improvement of Communication*, 86 – 87.

just a few years prior, close at hand, how could the actions of the American diplomats and members of the TRCNO be interpreted as anything less than hostile? While the United States and Mexico would continue to negotiate the treaty for the remainder of Arista's term, with the return of General Santa Anna to his final turn as President following a military coup d'état in early 1853, all hope faded. Though Santa Anna had originally granted the Garay Concession, his firsthand experience in battling Americans sealed his support for its 2 May 1851 nullification.

As damning as this all may seem, TRCNO faced significant issues beyond international diplomacy, which undermined its chances for success. Chief among these were its internal politics and the planning of operations.

After spending nearly six months exploring the isthmus, John Barnard (chief surveyor for TRCNO) returned to New Orleans in early June 1851, to report his findings to TRCNO officials. Upon hearing the initial findings, the board of directors commissioned John Jay Williams, the Principal Assistant Engineer for the survey team, to compile the various reports and publish them in manuscript form. The board, fully convinced of its right to the Garay Concession, hoped that the publication would bring potential investors' attention back to the isthmus, following the recent diplomatic debacle.

After seven months of dedicated work, on 10 February 1852, Williams published his book with D. Appleton & Company, a major trade press in New York City. Far from a work aimed solely at reporting Barnard's scientific findings, TRCNO clearly paid for the book's publication for the purposes of advertisement. While Williams claims in the preface to the volume that he had refrained from "all gratuitous

expressions of opinion...,” there are a number of inconsistencies with his report that become apparent when it is cross-referenced. Perhaps the most blatant of these discrepancies is his official estimate of the cost of construction. Despite noting in his reports that the construction of the railroad would face “at least” a seven-hundred-foot rise in elevation through the Chivela pass in Oaxaca, Williams put the total cost of construction at \$7,847,900 or \$56,000 per mile of track .⁷³ This is lower than the estimated cost of producing a canal, as proposed by Garay’s survey just ten years earlier.⁷⁴ It was even cheaper than the cost of constructing the flat run Boston to Worcester railroad, which by Williams’ own estimation cost almost \$13,000 per mile of track more than his proposed railroad in Tehuantepec.⁷⁵ Either Williams completely forgot to calculate in the additional cost of operating overseas and at steep grades, or he purposely underestimated his cost in an attempt to attract investors to the project.

In addition to markedly skewing the estimated costs, the TRCNO publication reveals an unrealistic portrait of the labor situation in Tehuantepec. Despite the contemporary surveys from Garay and others, which reported the necessity of importing workers to the region for a lack of local inhabitants, Williams describes 61,000 persons residing in the region, of which the majority were Zapotec Indians, whose “value...as laborers in the construction of works, or as cultivators in the field, there can be no question.”⁷⁶ As numerous contemporary newspaper articles reported, however,

⁷³ Williams, 56.

⁷⁴ Based on the 19th century gold standards exchange of 4.85 US dollars per 1 British Pound Sterling. Garay estimated his canal would cost \$18, 430, 000.

⁷⁵ Williams, 78.

⁷⁶ Garay, 115; Williams, 227.

Zapotecs from the Isthmus of Tehuantepec rebelled in 1847 and took control of much of the isthmus. This state of chaos remained in effect until the fall of 1853 when the state of Oaxaca was able to muster a large militia from various neighboring states to quell the rebellion.⁷⁷ Either Barnard's teams got lucky and avoided any confrontations with armed bands of Indians, or he had purposely disguised his results to give the illusion to potential investors that this was a viable project.

Similar to these impediments, Williams' report of the "sanitary" conditions of the isthmus are disingenuous. In an effort to bring an air of legitimacy to the report's claims, Williams delegated the task of writing on the sanitary and medical condition of the isthmus to a Dr. Kaveleski, the personal surgeon to P.E. Trastour. After interviewing many of the inhabitants along the Coatzacoalcos River, including a group of French settlers "who had resided there for twenty-two years," Kaveleski determined that on the Gulf side of the isthmus, not one case of yellow fever had ever occurred and the only fevers present resulted from the dietary inadequacies experienced by the native peoples.⁷⁸ Further, in the whole time that Trastour's party spent in the area, Dr. Kaveleski witnessed "not one bout of sickness."⁷⁹ On the other side of the isthmus, the more isolated and mountainous Pacific Ocean area, however, Kaveleski reported that they began to run into problems; nearly every member of the survey team became ill. While initially, Kaveleski assumed it might be a deadly bout of Typhoid, he eventually realized their sickness resulted from a lack of adequate provisions. After happening

⁷⁷ Patrick J. McNamara, *Sons of the Sierra: Juárez, Díaz, and the people of Ixtlan, Oaxaca, 1855--1920* (Chapel Hill, NC: The University of North Carolina Press, 2007), 30.

⁷⁸ Williams, 174.

⁷⁹ *Ibid.*

upon a grove of plantains, which provided the lacking nutrition, the surveyors once again returned to health. Much like the Gulf of Mexico half of the isthmus, Kaveleski argued that the Pacific side was free of disease. So long as visitors drank from the abundant fresh water springs on Tehuantepec and ate sufficient amounts of food, they faced no chance of becoming ill.⁸⁰

Although this portrayal of the isthmus as an area free of disease helped bolster support for the Tehuantepec project from investors, the reality was quite different. According to a 1907 U.S. Sanitary Commission report on the health conditions of the Tehuantepec National Railway, tropical diseases, though not necessarily endemic to the isthmus, circulated with a high level of infectivity on Tehuantepec when present.⁸¹ While Yellow Fever, Malaria, and other mosquito-borne diseases generally required large population centers in order to become epidemic, the environmental conditions of the isthmus allowed for the perpetual presence of these viruses.⁸² For instance, the sanitary commission reported that extensive “swampy areas” surrounded the city of Coatzacoalcos, which allowed for mosquitoes to breed. This, teamed with the port’s “proximity to and daily intercourse with places infected with yellow fever,” led the U.S. Sanitary Commission to classify the area on the same level as Veracruz, a city that suffered much epidemic disease during the nineteenth century.⁸³ At Salina Cruz, on the

⁸⁰ Ibid., 176, 179.

⁸¹ “Sanitary Conditions at Coatzacoalcos and Salina Cruz, Mexico” *Public Health Reports*, Vol. 33, No. 16, (April 19, 1907), 459 – 460.

⁸² J. R. McNeill, *Mosquito Empires: Ecology and War in the Greater Caribbean, 1620-1914*, (Cambridge, England: Cambridge University Press, 2010), 40-41.

⁸³ Ibid., 141-142; “Sanitary Conditions,” 463, 459.

Pacific-side of Tehuantepec, the commission found that while the city's isolation from other population centers protected it from yellow fever and other mercurial diseases, the small city saw historically approximately 800 cases of malaria annually. The sanitary commission concluded that these high levels of malarial fever resulted from the city's twenty-five inch annual rainfall and ninety-six degree average temperature, which facilitated large mosquito populations.⁸⁴ Even if the sanitary conditions on the isthmus contrasted between the 1850s and the 1900s, Dr. Kaveleski's and by extension J. J. Williams' claim that the Isthmus of Tehuantepec presented no signs of disease was dubious at best. While the manipulation of data related to the estimated costs of construction, the labor situation, and the sanitary conditions on the isthmus temporarily boosted public support for TRCNO's efforts, the company's creative accounting would ultimately come back to haunt them after receiving another chance at developing the Isthmus in 1857.

⁸⁴ Ibid., 466-467,

Chapter 2: The Second New Orleans Attempt on Tehuantepec, 1853 – 1861

While the diplomatic, political, and organizational problems faced by the New Orleans company in early 1853 posed significant risk to their efforts to develop Tehuantepec, the board of directors and Peter Hargous did not give up the fight. Though they had no hope to persuade General Santa Anna in Mexico or for President Millard Fillmore in the United States to come to their aid, serendipity seemed to be on their side.

On 4 December 1853 Santa Anna issued a decree to the Mexican people declaring himself *Su Alteza Serenísima* (His Serene Highness) and the “Perpetual Ruler” of Mexico.⁸⁵ In Mexico City and the surrounding states, Santa Anna’s announcement faced little opposition from the Conservative urban elite and his loyal national army, but in the Northern and Southern states rebellion brewed. In the short time since he landed in Veracruz on 1 April 1853 to take the helm of the Mexican government once again, Santa Anna had done much to isolate himself from these peripheral areas. His selling of more land to their North American enemies with the signing of the Gadsden Purchase in December of 1853, his declaration of support for and refusal to tax the Catholic Church, and the threat to send in federal troops to squash local indigenous insurrections in the Yucatán, the Sierra Gorda, and other areas, were viewed by the local Liberal elites as direct threats to their grip on power.⁸⁶ In response, on 4 March 1854, Colonel Florencio

⁸⁵ Will Fowler, *Santa Anna of Mexico*, (Lincoln, Nebraska: University of Nebraska Press, 2007), 301; Irving Levinson, *Wars within War: Mexican Guerrillas, Domestic Elites, and the United States of America, 1846-1848*, (Fort Worth: Texas Christian University Press, 2005).

⁸⁶ Mark Wasserman, *Everyday Life and Politics in Nineteenth Century Mexico: Men, Women, and War*, (Albuquerque, New Mexico: University of New Mexico Press, 2000), 102 – 103. For more information on the Caste War see Terry Rugeley, *Yucatán’s Maya Peasantry and the Origins of the Caste*

Villarreal, the leader of the militia in the State of Guerrero, under orders from General Juan Alvarez, issued the *Plan de Ayutla*, declaring war on the government of Santa Anna, which in their view threatened the civil liberties of the Mexican people. Over the next year and a half, Santa Anna fought a bloody campaign to squash the insurrectionists, without success. In August 1855, he formally abdicated the presidency and left Mexico City. Though Santa Anna appointed General Mariano Salas as his successor, the Mexican Congress rejected his appointment and declared itself loyal to the Plan de Ayutla. By the end of the year, the liberal governor of Puebla, Ignacio Comonfort, rose to the presidency.

With the ascension of the Mexican Liberals back to the seats of power, the Mexican government once again found the Tehuantepec issue on its agenda, oddly enough much from a chance encounter. Following the fall of President Arista in early 1853, a faction of Mexican Liberals, headed by the Governor of Oaxaca Benito Juárez, fled into exile to New Orleans. While documentation of his activities in the Crescent City have not been found, based on later actions, it seems at some point during his stay, Juárez and his associates meet with Benjamin and Emilie La Sére, a member of the board of directors for the TRCNO. In these deliberations, Benjamin and La Sére must have discussed the benefits of the Tehuantepec venture; as Juárez maintained great interest in the project for the remainder of his political career.⁸⁷ Consequently, when Benito Juárez's close confidant Ignacio Comonfort ascended the Mexican presidency

War, (Austin, Texas: University of Texas Press, 1996) and Terry Rugeley, *Rebellion Now and Forever: Mayas, Hispanics, and Caste War Violence in Yucatan, 1800 – 1880*, (Stanford, California: Stanford University Press, 2009).

⁸⁷ See Box 2 of *Judah P. Benjamin* Collection, American Jewish Historical Society, folder 2.

following the fall of Santa Anna in 1855, Judah Benjamin and Peter Hargous saw the opportunity to make another attempt at developing the Isthmus of Tehuantepec. Despite their enthusiasm, three major obstacles threatened to derail their efforts before they even got started.

The first of these problems was the completion of a railroad across the Isthmus of Panama in December of 1854. Having started construction under the leadership of three New York investors in 1850, the Panama Railroad Company, after nearly five years, \$6,000,000 and six thousand lives lost to disease and accidents, opened the railroad to passenger service on 16 January 1855 at a cost of \$25 per person.⁸⁸ For Hargous and Benjamin, the opening of the railway not only threatened to draw investor and government attention away from Tehuantepec to Central America, but it also highlighted for potential investors their severely underestimated costs of operations. For the sake of TRCNO, however, the Tehuantepec route maintained one major advantage over the Central American routes; through the isthmus, the distance between the East Coast of the United States and California was five days-journey faster and over one thousand miles shorter.

In March of 1854, Peter Trastour, the New Orleans-based surveyor with whom TRCNO had contracted to survey the Pacific coast of the isthmus in 1851, brought a lawsuit against Judah Benjamin and the trustees of the TRCNO in the 4th District Court of Louisiana. Trastour sought \$116,546.72 in back pay for services rendered.⁸⁹ He argued that Benjamin and Bernard Fallon, then Secretary to the Board of Directors of

⁸⁸ "The Panama Railroad," *Alexandria Gazette* (Virginia), February 19, 1855, 2.

⁸⁹ P.E. Trastor vs. J.P. Benjamin, et. al., Louisiana Supreme Court No. 4192 (1856), 1.

TRCNO, had agreed in 1851 to pay him \$5,000 and cover any associated expenses for the purposes of conducting the survey and that upon his return from the isthmus, they contracted with him for the balance to produce a set of charts based on his findings to be used by John Williams in his publication of his findings. Benjamin, a member of the Louisiana Bar and acting as council for TRCNO, countered that while he and Fallon had verbally agreed with Trastor to the compensation beyond the \$5,000 and expenses guaranteed in writing, the board of directors never authorized them to do so. Further, even if the verbal contract could be held as binding, one of the requirements agreed upon by both parties was that everything depended on the success of the company. Since TRCNO's efforts ended in failure following the dismissal of the Garay Concession by ruling of the Mexican Congress in 1852, the contract should be held void. Finally, since Fallon produced receipts from the company records showing that they paid Trastour the contracted \$5,000, plus a multitude of expenses, then his claims could be seen as nothing more than "extraneous."⁹⁰ Though a jury in 1854 voted in favor of Benjamin and his company, in May of 1856, the Supreme Court of Louisiana agreed to hear the appeal of Trastour in its upcoming session.

For TRCNO, Hargous, and Benjamin in particular, this now high-profile case had the potential to disrupt severely future prospects. The amount of money being asked for by Trastour exceeded all the income the company had been able to generate through subscriptions in 1851 and 1852. Beyond this, however, since Trastour directly named Benjamin, Hargous, and various prominent New Orleanians involved with the project as defendants, the case had the potential to damage their public reputations and harm the

⁹⁰ Ibid, 172.

image of the project that TRCNO had worked to promote. Of these men, perhaps Benjamin had the most to lose. In 1852, the Louisiana Legislature voted for Benjamin to represent the state as the junior senator in the U. S. Senate. If the court found him to be negligent, it might have disrupted his reelection bid slated for the end of 1857. Though the Supreme Court of Louisiana eventually upheld the ruling of the lower court in January of 1857, it greatly influenced the way that Benjamin and Hargous would deal with future contract agreements.

Mexico Along with the Panama Railroad and the Supreme Court case, Benjamin and his associates also had to contend with a new claimant for the right to construct transportation across the Isthmus of Tehuantepec. Just two weeks after it dismissed the Garay Concession in May of 1852, the Mexican Congress passed legislation authorizing President Mariano Arista to find and promote a Mexican-based company to develop transportation on the isthmus.⁹¹ Acknowledging the desperate situation faced by the treasury department, Arista decided to award the contract on a competitive basis. He called on speculators to submit proposals with a detailed budget and the project with the best design with the least cost to the federal government would be granted the concession.⁹²

Colonel Albert G. Sloo Immediately after this announcement, Colonel Albert G. Sloo, an American transportation prospector from Cincinnati, Ohio, submitted a proposal to build a canal across the isthmus. Having acquired a concession from the U.S. Senate to deliver mail between California and the East Coast via the Isthmus of Panama in 1851, and having

⁹¹ Meier, 58.

⁹² Ibid., 59 – 61.

read Williams's report, Sloo hoped that the completion of a means of transportation across the Isthmus of Tehuantepec would shorten the distance for his operations.⁹³ Upon receiving his application, Arista, fearful that Sloo might be operating as an agent of TRCNO, rejected his proposal claiming that it did not adequately open investment opportunities to Mexican backers. Not willing to give up, Sloo used his contacts in Mexico to help align his operations with a group of Mexican investors also interested in the project and they incorporated themselves as the Mixed Company. Sloo and his Mexican promoters resubmitted their proposal for a canal, and this time emphasizing that they maintained no connection with TRCNO. They even went so far as to offer to pay for the defense of the Mexican government out of their own pockets if Benjamin and Hargous decided to pursue any further legal action. After nearly six months of reviewing the various proposals submitted, on 5 February 1853 the Mexican Congress conferred the Tehuantepec concession to Sloo and his Mixed Company.⁹⁴

Under the terms of the concession, Sloo and company were granted the rights to the line of transportation for fifty years. They would have exclusive navigational rights on all waterways and be entitled to all profits made from the venture, with the exception of six percent. Unlike the Garay Grant, however, no concession would be made to Sloo for the lands surrounding the line of transit and they would only be able to hold for the terms of the contract the lands for one league on both sides of the surveyed route.

Additionally, in order to secure these measures, the Mexican government required Sloo to pay a \$300,000 "loan" to the Mexican government, which would be repaid with

⁹³ Ibid., 61.

⁹⁴ Ibid., 61 – 63.

interest upon completion of the railroad or canal, and \$50,000 a month until the total payment reached \$600,000.⁹⁵ Within three years of signing the contract, the Mexican Congress demanded that a plank road be constructed from the terminus of the Coatzacoalcos River to the Pacific Ocean and within seven years of the completion of this road, a railroad or canal needed to be completed.⁹⁶ In addition to having to adhere strictly to this time table, the concession forbade Sloo's company from maintaining any sort of military force, and stipulated that the only persons allowed to live along the isthmus could be the workers and administrators. This was intended to relieve President Arista's legitimate fear of filibustering.⁹⁷

Upon hearing about the signing of the Sloo contract in early May of 1853, Hargous filed a complaint with the newly appointed Secretary of State William L. Marcy. In his letter, Hargous demanded that the president of the United States object to granting of the transit right on Tehuantepec to Sloo on the grounds that the agreement violated his legal rights.⁹⁸ Though President Franklin Pierce's administration ignored his request and approved the signing of the contract, the ever-resourceful Hargous did not have to wait long for the opportunity to lay claim to the Sloo agreement.

Sloo and his co-investors, unable to raise the necessary \$300,000 among themselves to secure the grant, turned to the Mexico City based British investment

⁹⁵ "Further Particulars of the Tehuantepec Grant to Mr. Sloo," *The Sun* (Baltimore), February 23, 1853, 1.

⁹⁶ "The New Tehuantepec Contract," *The Daily National Intelligencer* (Washington, D.C.), March 1, 1853, 1.

⁹⁷ *Ibid.*

⁹⁸ Hargous to William L. Marcy, May 7, 1853, U.S. Congress, *Senate Executive Documents*, 35 Congress, 1 Sessions, Doc. 72.

house of F. de D. Falconnet for a secured loan.⁹⁹ Falconnet agreed to the request on the condition that he be granted a lien against the contract in case of non-payment and gave Sloo and his company six weeks to muster their first interest payment. With the money in hand, Sloo's agents signed the concession and the Mixed Company immediately began making preparation on the isthmus to construct the required plank road. For reasons unknown, however, Sloo and the Mixed Company, who had recently chartered the company in New Orleans, failed to meet their first financial deadline despite having counted among their stockholders " [m]any of the most influential and respectable citizens of New Orleans."¹⁰⁰

Falconnet, sensing that he made a poor investment, on 2 June 1853, informed the Mexican government that Sloo had failed to make payment and demanded that the privileges of Sloo's contract be turned over to him, to which the Mexican authorities did not respond. While he continued to petition for his rights and with no intention of carrying out the terms of the agreement, Falconnet began searching for a replacement capital investor. In April of 1855, Hargous approached Falconnet and the two drew a formal contract for the cession of the privilege pending the transfer of \$600,000, which Hargous completed immediately.¹⁰¹

After forwarding a transcript of the agreement between Hargous and himself to the Mexican authorities, in November of 1855, Falconnet finally received an answer to

⁹⁹ Mr. Bellange to Mr. Gadsden, March 31, 1856, U.S. Congress, *Senate Executive Documents*, 35 Congress, 1 Sessions, Doc. 72, 33.

¹⁰⁰ James DeBow, "Tehuantepec," *DeBow's Review*, February 1, 1857, XXII, 193; Mr. Conclink to Mr. Marcy, May 14, 1853, U.S. Congress, *Senate Executive Documents*, 35 Congress, 1 Sessions, Doc. 72, 32.

¹⁰¹ Bellange to Gadsden, 33, 34.

his prior request from the newly appointed Mexican President, Juan Alvarez. While the Mexican government happily recognized Falconnet as the sole owner of the Sloo Grant, fearing a repeat of the Garay Concession disaster, it rejected the contract negotiated with Hargous. Angry at the actions of the Mexican government, in March of 1856, Hargous' attorney forwarded a letter to the American ambassador in Mexico, James Gadsden, requesting that he intervene on behalf of his interest.¹⁰²

Receiving no response from Gadsden, Hargous wrote Judah Benjamin seeking his advice. Attempting to use his position to influence the actions of State Department, Senator Benjamin wrote President Franklin Pierce in June of 1856 requesting that he recognize Hargous' legal position and help him in his diplomatic dilemma. After investigating the matter, however, Pierce ordered the State Department to make no "interference in the case with a view of influencing the actions of the Mexican government" in regards to the Tehuantepec question.¹⁰³ Although for the rest of 1856 both Benjamin and Hargous continued to press the U. S. government to come to the aid of "men of capital and enterprise," in their efforts to advance the economic interest of the country, President Pierce refused to budge on his position.¹⁰⁴

Dissatisfied with the U. S. refusal to act on their behalf, in early March 1857, Benjamin and an entourage of TRCNO officials traveled to Mexico City to negotiate directly with the Comonfort administration, which Benjamin believed could be

¹⁰² Ibid.

¹⁰³, William L. Marcy to Judah P. Benjamin, June 27, 1856, *Judah P. Benjamin Collection*, American Jewish Historical Society, New York (Here after, JPBC, AJHS), folder 2.

¹⁰⁴ Mr. Bellange to Mr. Forsyth, November 12, 1856, U.S. Congress, *Senate Executive Documents*, 35 Congress, 1 Sessions, Doc. 72, 37 – 38.

persuaded with the right financial incentive.¹⁰⁵ In a strange twist of events, however, the Mexican Foreign Minister ruled against the previous administration decision and informed Benjamin that Sloo rightfully held the concession and that any negotiations on the contract would have to go through him. Disgruntled, Benjamin returned to New Orleans in early April to news, which further dampened TRCNO's prospects. He learned that while away in Mexico, his colleagues in the U.S. Senate had voted to suspend all negotiations on treaties in regards to Tehuantepec. Further, during a meeting in June of 1857, President James Buchanan (who had taken office in March of 1857) informed Benjamin that the political risks were too great for the new administration and that they had resolved to no longer pursue Tehuantepec as an official option for the inter-oceanic route, abandoning all claims to the project. Fearing all would be lost, Benjamin successfully convinced the President, however, to avoid his proposed plan of action on the matter and allow him to negotiate a truce with Sloo with an eye to forming one solidified company.¹⁰⁶

Despite his best efforts to avoid dealing with Sloo and his company, who he believed had no legitimate right to the Tehuantepec Concession, Benjamin's experience with negotiating with Mexico earlier in the decade made him realize that without the help of the U. S. government, there could be no hope of accomplishing TRCNO's mission. Having already invested nearly \$250,000 of his own personal funds, Hargous reluctantly agreed.¹⁰⁷ In a memorandum to the major stock holders of the TRCNO on 14

¹⁰⁵ Benjamin to Hargous, April, 10, 1857, *JPBC*, AJHS, folder 2.

¹⁰⁶ Benjamin to Hargous, July, 3, 1857, *JPBC*, AJHS, folder 2.

¹⁰⁷ Peter Hargous, "Memorandum," July 14, 1857, *JPBC*, AJHS, folder 2.

July 1857, Hargous informed his “esteemed” audience that desperate times had forced him to abandon all claims to both the Sloo and Garay concessions and negotiate with the Mixed Company. With no ability to raise the necessary capital to fulfil the obligations of their contract, the Board of Directors for the Mixed Company readily agreed to disregard their claims and combine forces with Hargous and Benjamin under a new company charter. Though the board had ultimate say in managing the company, A.G. Sloo viscerally opposed their proposed compromise and promptly filed an injunction against his former company in federal court, which a magistrate promptly dismissed.¹⁰⁸ Despite these circumstances, Sloo vowed not to go down without a fight.

The Louisiana Tehuantepec Company

Two weeks later on 29 July 1857, the combined board of directors from the Mixed Company started by Sloo and the Tehuantepec Railroad Company of New Orleans signed a new charter forming the Louisiana Tehuantepec Company (LTC). With \$10,000,000 of stock on hand and the approval of President Buchanan, Emelie La Sére, the newly elected President of LTC, and Judah Benjamin, acting attorney for the company, traveled to Mexico City to negotiate a new concession with the Comonfort administration. In their possession, they carried a letter addressed to the U.S. Envoy to Mexico John Forsyth from Secretary of State Lewis Cass providing him instruction on how to proceed in dealing with the Tehuantepec situation. According to Cass’s reading of the events, Sloo no longer had a right to the concession having violated the terms of his contract when he failed to complete construction on a plank road in the summer of

¹⁰⁸ Mr. Cass to Mr. Forsyth, July 17, 1857, U.S. Congress, *Senate Executive Documents*, 35 Congress, 1 Sessions, Doc. 72, 44 – 45.

1856¹⁰⁹. While Cass recognized that the Mexican government might be willing to overlook this deficiency, he explained to Forsyth that because of the utter importance of the opening of the Tehuantepec route to the United States, the Department of State should provide aid to the company most likely to complete the project. Because of Sloo's inability to raise funds, Cass ordered Forsyth to negotiate a treaty with his Mexican counter on behalf of the Louisiana Tehuantepec Company. Although he requested that Forsyth not budge on any terms that would ultimately harm the company, Cass left the ultimate negotiation of terms to his discretion.¹¹⁰

After nearly a month of negotiations with the Mexican government, on 3 September 1857, President Comonfort issued a decree voiding all other claims to the Tehuantepec grant and issued a new concession to LTC. Under the terms of the agreement, LTC received the rights of transit across the isthmus for sixty years with exclusive privileges to operate on the Coatzacoalcos River. In addition, unlike previous concessions, the Mexican government agreed to abandon the requirements for a lighthouse in Acapulco and a company funded steamline between Veracruz and the city of Coatzacoalcos.¹¹¹ Further, the American company would have the right to utilize any resources necessary for construction, including the hiring of local labor and the harvesting of wood from public lands. In exchange, the Mexican government would

¹⁰⁹ Ibid., 44; For more on Lewis Cass see: Willard Carl Klunder, *Lewis Cass and the Politics of Moderation* (Kent, Ohio: Kent State University Press, 1996), and Sterling Evans, "The Element of Racialist Thought in U. S. Expansionism: A Case Study of Lewis Cass on Annexation and Manifest Destiny Surrounding the Mexican-American War" in *Silva Rerum: A Collection of Scholarly Papers to honour professor A. Pernal*, (Lviv, Ukraine: National Academy of Sciences of Ukraine, 2007).

¹¹⁰ Ibid., 48.

¹¹¹ Benjamin to Hargous, August 30, 1857, *JPBC*, *AJHS*, folder 2.

take a fifteen percent cut of the operating revenue and free transit rights across the isthmus.¹¹²

Although Benjamin considered these terms to be generous, other aspects of the agreement went against his wishes. In order to take possession of the concession, the Mexican government required LTC to assume all debt from previous ventures, totaling nearly a million dollars. Additionally, the grant stipulated that while the company would be given the lands needed to operate on the isthmus, they would receive no other land concessions from the government. Finally, although Benjamin initially thought that he would be able to secure a seventy-five year lease agreement, Comonfort would not approve anything more than sixty. For Benjamin and La Sére, these deficiencies in their negotiations could only be attributed to one thing: “treachery” on the part of Forsyth!¹¹³ While Forsyth would eventually deny these allegations, a review of the available documentation reveals that it might not be that far-fetched.

Unbeknownst to Benjamin and La Sére at the time, also aboard the steamer from New Orleans to Veracruz to begin negotiations in early August was Pierre Soulé, a former U.S. minister to Spain and a personal friend of Albert Sloo. Recognizing that his position as a former diplomat would aid him in his task, Sloo hired Soulé to travel to Mexico to protect his rights to the grant.¹¹⁴ Though he journeyed there as a private citizen, upon his arrival in Veracruz on August 5, 1857, Forsyth’s personal secretary

¹¹² Ibid.

¹¹³ Benjamin to Hargous, September 4, 1857, *JPBC*, AJHS, folder 2.

¹¹⁴ Pierre Soulé to N. R. Jennings, July 23, 1857, in John Moore, ed., “Correspondence of Pierre Soule: The Louisiana Tehuantepec Company,” *The Hispanic American Historical Review*, Vol. 32, No. 1, (February 1952), 62 – 63.

met Soulé and accompanied him to Mexico City, where the U. S. Legation provided him with room and board. While such hospitality would not be unheard of between members of the diplomatic corps, over the course of several meals with the American ambassador, Soulé convinced Forsyth to introduce him to President Comonfort and, at least according to a complaint filed by Benjamin with President Buchanan, Soulé persuaded Forsyth not to act to the benefit of the Louisiana Tehuantepec Company.¹¹⁵ While Soulé ultimately failed to dissuade the Mexican government from issuing a concession to the LTC, his dealings in Mexico and later accusations against the company in New Orleans's newspapers had a detrimental effect on LTC's ability to generate income.¹¹⁶

Regardless of these problems, for the first time since getting involved with the Tehuantepec affair, Senator Benjamin, Peter Hargous, and now the Louisiana Tehuantepec Company, held undisputable and legitimate rights of transit to the Isthmus of Tehuantepec.

In October of 1857, Benjamin returned to New Orleans from Mexico to spearhead LTC's efforts in raising subscriptions to fund their operations. While he hoped that the company's new concession would aid him in courting investors, he instead found himself dealing with the first of a series of crises that would hinder LTC's operations. On 24 August 1857, as Benjamin and La Sére made their final preparations for Mexico, the New York City office of Ohio Life Insurance and Trust Company,

¹¹⁵ Benjamin to Hargous, September 4, 1857; Pierre Soulé to N. R. Jennings, August 17, 1857, in Moore, 65.

¹¹⁶ Moore, 69 – 70.

which held a large stake in western railroad securities and other eastern banks, ceased operations setting off the first worldwide economic crisis, the Panic of 1857. By December, several major eastern banks had closed their doors and numerous large railroad companies were liquidating their assets and laying off workers.¹¹⁷ Although the crisis mainly affected the Northern States and Europe and for the most part spared the South, its origins in the “decline in Western land and railroad investments and the consequent stress on securities brokers and banks in eastern cities ...”ensured that a port city like New Orleans and a project focused on the building of a railroad, would feel its effects.¹¹⁸

Despite their difficulties in raising funds, in late October of 1857, LTC hired René Edward De Russy, a Haitian-born colonel in the United States Engineers Corps, who had made a name for himself designing and supervising the construction of coastal defense fortifications, to oversee the company’s operations on the isthmus.¹¹⁹ In early November, after several weeks of assessing the state of affairs along Tehuantepec, he reported to the board of directors that with a ten thousand dollar investment, he could have a carriage road constructed in time to begin carrying passengers and commerce during the upcoming dry season. The board at once approved and voted to raise thirty thousand dollars immediately to fund construction and charter steam boats for

¹¹⁷ Timothy J. Riddiough and Howard E. Thompson, “Déjà Vu All Over Again: Agency, Uncertainty, Leverage and the Panic of 1857,” *HKIMR Working Paper*, No. 10, (April, 2012), 1 – 2.

¹¹⁸ Charles W. Calomiris and Larry Schweikart, “The Panic of 1857: Origins, Transmission, and Containment,” *The Journal of Economic History*, Vol. 51, No. 4, (December, 1991), 1.

¹¹⁹ Benjamin to Hargous, November 4, 1857, *JPBC*, AJHS, folder 2.

operations on the Coatzacoalcos River.¹²⁰ However, the financial situation of the country delayed any action.

After soliciting several banks and potential investors and receiving no good news, in January of 1858, Senator Benjamin returned to Washington to see what he could muster through his political dealings.¹²¹ Using his position in the U.S. Senate to his advantage, Benjamin set up a meeting with the Postmaster General of the United States in effort to draw a contract to move mail between the East and West coasts across the Isthmus of Tehuantepec. He hoped that by securing such a measure the company would more readily secure the necessary loan to finish construction of the road on the isthmus.¹²² Benjamin faced several problems, however. Because the company could not afford to purchase its own steamships to move the mail from New Orleans to the mouth of the Coatzacoalcos River and from the Pacific side of the isthmus to San Francisco, it would need to contract with a steamship company to move the goods for them. In March of 1858, Benjamin struck a deal with William H. Daridge of the Pacific Mail and Steamship Company, in which they agreed to move LTC mail for free the first year in exchange for a continued contract.¹²³

After several months of negotiation with the Postmaster General and “all day and all night” sessions in Congress over the ongoing Kansas statehood bid, on 8 June 1858, Benjamin finally secured the mail contract that he hoped would turn around their

¹²⁰ Ibid.

¹²¹ Benjamin to Hargous, January 20, 1858, *JPBC*, AJHS, folder 2.

¹²² Ibid.

¹²³ Benjamin to Hargous, March 24, 1858, *JPBC*, AJHS, folder 2.

fortunes.¹²⁴ Under the bill passed by Congress, the United States government agreed to pay LTC \$286,000 for one year in exchange for running a twice monthly express mail run between New Orleans and San Francisco. At an estimated eighteen-day travel time, Tehuantepec would be the fastest available service.

With his new bargaining chip in hand, in early July, Benjamin returned to New Orleans once again to labor at the company's financial situation. Convinced that the company's stock should not be opened to the general public until after the first successful run across the isthmus in order to bolster confidence, Benjamin approached several banks in the city seeking a loan. As he had predicted, the mail contract projected financial solvency and with little effort he secured several advances for the company totaling \$62,000.¹²⁵ With funds finally in the coffers, LTC purchased a small river cruiser in New Orleans to move passengers and goods on the Coatzacoalcos River and on July 20, sent it on its way to the isthmus, hoping it would arrive in about a week. Although able to secure insurance on the vessel, in a letter to Hargous on the same date Benjamin expressed apprehension about the sea worthiness of the vessel.¹²⁶

Although the company had been able to raise sufficient money to begin construction on the isthmus with the series of loans, LTC continued to operate on an extremely limited budget. After a review of the company finances with Fallon in July of 1858, Benjamin determined that the company owed nearly two million dollars in bonded debt to various financial houses and close to five hundred thousand dollars to

¹²⁴ Ibid.; Benjamin to Hargous, June 8, 1858, *JPBC*, AJHS, folder 2.

¹²⁵ Benjamin to Hargous, July 20, 1858, *JPBC*, AJHS, folder 2.

¹²⁶ Ibid.

Peter Hargous.¹²⁷ On top of the heavy debt burden, the company only had on hand thirty six thousand dollars after paying the workers on the isthmus and purchasing mules for their use. With so little money in the bank, the board of directors voted in early August to open up the company stock to the public, but one problem persisted. For the first time since 1853, the Crescent City faced a yellow fever epidemic.¹²⁸ With as many as one hundred people dying daily in the city, most of the men who could afford to invest in the Tehuantepec company had fled the city.¹²⁹ If the company financial situation were not strained enough, on 21 August, just one month since commissioning the river vessel into service, Benjamin learned from company representatives in Tehuantepec that it had been lost at sea in a storm while operating in the Gulf of Mexico.¹³⁰ If the company had any hope of long term success it would not only need to find secure financial footing, but also receive the cooperation of Mother Nature.

Despite their continued financial plight, LTC pressed ahead with making preparations for the first transfer of passengers and mail across the Isthmus of Tehuantepec. With a scheduled date of 1 November, in early September, 1858, Hargous began advertising in New York City and New Orleans for passage aboard his steamboat, the *Quaker City*, to the Atlantic side of the isthmus. Meanwhile, John M. Bell, a politician and member of board of directors for the LTC, traveled to San Francisco to promote the passage on the Pacific side via a steamer from the Pacific Mail

¹²⁷ Benjamin to Hargous, August 19, 1858, *JPBC*, AJHS, folder 2.

¹²⁸ J. S. MacFarlane, "Remarks on Yellow Fever," *The Sunday Delta* (New Orleans), August 15, Vol.2, Issue 38, (1858), 2.

¹²⁹ *Ibid.*; Benjamin to Hargous, August 19, 1858.

¹³⁰ Benjamin to Hargous, Telegraph, August 21, 1858, *JPBC*, AJHS, folder 2.

Steamship Company.¹³¹ On the isthmus, the company contracted a group of bridge builders out of Pensacola, Florida, to help complete the carriage road, and workers began constructing guest houses that would host passengers in their journey across the land.¹³² If all went according to plan, Benjamin hoped that a successful launch of the mail and passenger service across the isthmus would turn the company's fortunes around and bring in some much needed revenue and public exposure.

As the launch date approached in mid-October and construction neared completion on the isthmus, at least as far as the company knew, Benjamin wrote Hargous with the latest news from the Crescent City.¹³³ Though the company could successfully report over a hundred committed travelers between the two coasts, the ongoing and intensifying yellow fever epidemic in New Orleans forced the board to delay the launch date "by a few days." Thousands, not hundreds, were now dying in the city and most families had experienced at least one death; including Judah Benjamin who suspended his work for a week in early October to attend the funeral of his twenty-four-year old nephew in Belle Chase, Louisiana. However, the delayed start date was not LTC's only difficulty. After receiving word from Mexico that the mission to obtain subscriptions to the company had failed miserably, Benjamin determined that the company only had approximately ten thousand dollars in cash assets. With such limited resources, Benjamin begged Hargous to send a \$20,000 loan to the isthmus to ensure smooth operation.¹³⁴

¹³¹ Benjamin to Hargous, September 13, 1858, *JPBC*, AJHS, folder 2.

¹³² Benjamin to Hargous, September 3, 1858, *JPBC*, AJHS, folder 2.

¹³³ Benjamin to Hargous, October 21, 1858, *JPBC*, AJHS, folder 2.

¹³⁴ *Ibid.*

On 27 October 1858, just a few days behind schedule, Hargous' steamer, the *Quaker City*, left New Orleans carrying the first shipment of mail and customers to the isthmus.¹³⁵ At the last minute, the company decided to send only twelve passengers, as only one of its three newly purchased river cruisers had successfully arrived at the Coatzacoalcos. Despite this minor issue, "everyone" in the city was in high hopes for the company's success and they eagerly awaited the arrival of the first set of passengers from San Francisco.¹³⁶

Two weeks later, Benjamin and the Louisiana Tehuantepec Company received the news that they had been waiting for. However, not everything had gone as smoothly as hoped. Upon arriving at the mouth of the Coatzacoalcos River, the *Quaker City* had run aground on a sand bar. Although its captain, Robert Shulfeld, reported no damage to the boat, the passengers and the mail had to be unloaded in heavy seas.¹³⁷ From here, the journey to the terminus of the river went smoothly, but the carriage road had not been fully constructed, forcing the customers to endure a thirty-five mile journey through the mountains on mule back.¹³⁸ Finally, when they arrived at the Pacific side of the isthmus to send their clients and cargo along to San Francisco, they discovered that the Pacific Mail and Steamship Company had dropped off no East Coast-bound customers or mail. While everyone present eventually found their way to their final destination, it became apparent to the company that if they had any hope of competing

¹³⁵ Benjamin to Hargous, October 26, 1858, *JPBC*, AJHS, folder 2.

¹³⁶ *Ibid.*

¹³⁷ Benjamin to Hargous, November 10, 1858, *JPBC*, AJHS, folder 2.

¹³⁸ *Ibid.*

with the Panama Railroad, which posted a \$1,000,000 profit in 1856 by Benjamin's calculation, they would need to smooth out these kinks.¹³⁹ Nevertheless, the news of a successful journey raised hopes in the city and Benjamin reported to Hargous that upon arrival of the news, the LTC posted eighty shares of stock valued at between thirty-seven and fifty-five dollars apiece.¹⁴⁰

Over the next several months, the LTC began running regular service between New Orleans and San Francisco, with the first set of New York City-bound passengers arriving in the Crescent City on 21 November 1858. In an effort to streamline operations and rid the company of its burdensome relationship with the Pacific Mail and Steamship Company, in January of 1859, Senator Benjamin submitted a bill to the United States Senate requesting the allocation of funds to purchase for the company two steamships for operation in the Gulf of Mexico and between San Francisco and Acapulco.¹⁴¹ Justifying the expenditure on the Tehuantepec mail contract and the speed of service between the two coasts, on 7 January and 18 January the bill easily passed the Senate and House respectively.¹⁴²

With the ships on order and a renewed hope for the success of their operations, Benjamin switched his attention to focus on customers' comments about their experience on the isthmus. By Benjamin's account to Hargous on January 16, 1859, Isthmian travelers from San Francisco had begun to filter through Washington singing

¹³⁹ Ibid.

¹⁴⁰ Ibid.

¹⁴¹ Benjamin to Hargous, January 7, 1859, *JPBC*, AJHS, folder 2.

¹⁴² U.S. Congress, *Congressional Globe*, 35th Congress, 2nd Session, 1859, no. 17, 257 – 258, 415.

the praises of the Tehuantepec route and “unanimously” calling on Congress to support only this route for future development, bringing much fear to the directors of the Panama Railroad.¹⁴³ Reports from the isthmus indicated that “soon” the carriages would run straight through on the isthmus and that so much buzz had been stirred about the advantages of the Tehuantepec route that steamship companies were starting to charge a premium to drop passengers off at the mouth of the Coatzacoalcos River.¹⁴⁴

While by Benjamin’s account everything on the isthmus seemed to be going rather smoothly and getting better with time, not everyone who traveled along the route agreed with the sentiments he expressed. On March 28, 1859, the *New York Times* published an editorial from the prominent lawyer and local politician, John K. Hackett, about his experiences of taking the Tehuantepec route.¹⁴⁵ According to Hackett, he left San Francisco with 132 other passengers aboard the steamer *Golden Age*. All was well, he continued, until they were within a few hours ride of Acapulco. After consuming large quantities of whisky provided by the company, one of his fellow travelers fell over the side of the boat and drowned before any effort could be made to save him. The next day after arriving in port, LTC officials sent out two metal skiffs to retrieve the passengers and their baggage and though they made it safely to shore he feared for his safety as they “careen[ed] violently” in the heavy seas. After checking their bags and confirming all their paperwork at the “rudimentary” office of the company, they proceeded down the relatively smooth road, past the city of Tehuantepec, until they

¹⁴³ Benjamin to Hargous, January 16, 1858, *JPBC*, AJHS, folder 2.

¹⁴⁴ *Ibid.*

¹⁴⁵ John T. Hackett, “The Tehuantepec Route,” *The New York Times*, March 29, 1859, 3.

reached a series of sharp inclines. Over the next few hours, every quarter of mile, the passengers were forced to exit the carriages and walk, as the horses could not pull both the weight of them and their baggage up the elevations. They did not arrive at the “hotel,” which consisted of a series of huts with hammocks, until the next morning at 6:00 am. After a few hours of sleep, company officials woke and fed the travelers and informed them that for the remainder of the trip they would proceed on horseback. After another two days of travel, they arrived in Minatitlán, only to discover that their passage aboard the *Quaker City* to New Orleans and eventually New York City would be delayed by two days. Though Hackett did not explicitly denounce the Tehuantepec route, he called on passengers to “learn something of value from an old Californian.” Despite the fantasies being relayed to Benjamin and the other members of the board, the situation on Tehuantepec still seemed to be dire.¹⁴⁶

If bad publicity were not enough to dampen the company’s future prospects, LTC’s financial affairs threatened to close its doors for good. In late January of 1858, Fallon wrote Benjamin in Washington to inform him that the board of directors had determined that the company teetered on the brink of bankruptcy and that without another advance of \$5,000 from Peter Hargous in the near future, they would not be able to make payment on their obligations.¹⁴⁷ After Benjamin assured Hargous that the problems were temporary and not systemic and that his recent reelection win to the Senate would help ensure their future success, Hargous agreed to the transaction in

¹⁴⁶ Ibid.

¹⁴⁷ Benjamin to Hargous, January 28, 1859, *JPBC*, AJHS, folder 2.

February of 1859.¹⁴⁸ Though operations continued to run smoothly on the isthmus for the remainder of the year, especially after receiving the two steamers from the Department of the Navy in March, several more times, through May of 1859, Benjamin called on Hargous to pay off bond holders or purchase necessary items for the company; all being met with reluctant approval.

Despite Hargous' undying devotion to the Tehuantepec project and high regard for the management of Judah Benjamin, things took a sharp turn for the worse in late May 1859. In a letter addressed to the senator at his home in New Orleans, Hargous announced to Benjamin that his company and main source of revenue, Hargous Brothers, had filed for bankruptcy.¹⁴⁹ While it is difficult to pinpoint all the factors that contributed to the failure of Hargous' business, clearly his expenditures in relation to Tehuantepec did not help his financial situation. With their main money line now severed and the signing of new subscriptions to the business coming to a near standstill, the Louisiana Tehuantepec Company began defaulting on its obligations. In early June, creditors seized one of the company's new steamers and just a few days later filed suit against Hargous in federal court for non-payment.¹⁵⁰

In an effort to rectify the situation, Judah Benjamin announced to the board of directors and Peter Hargous that he would travel to Europe to meet with various financiers in an attempt to secure a line of credit.¹⁵¹ Arriving in London in August 1859, Benjamin immediately went to press with a pamphlet announcing the advantages of the

¹⁴⁸ Benjamin to Hargous, February 13, 1859, *JPBC*, AJHS, folder 2.

¹⁴⁹ Benjamin to Hargous, June 5, 1859, *JPBC*, AJHS, folder 2.

¹⁵⁰ *Ibid.*

¹⁵¹ *Ibid.*

Tehuantepec route over the Panama Railroad and the opening of subscriptions to the Louisiana Tehuantepec Company.¹⁵² Although Benjamin's proposal stirred some interest from various wealthy investors in London, including the director of Morgan, Peabody & Company, the predecessor organization to J. P. Morgan, they remained wary of investing in the project for a variety of reasons.¹⁵³ First, many of the investors expressed concern over the instability of the Mexican state. Following the passage of the Liberal-backed Constitution of 1857, the Mexican government once again found itself dealing with a military uprising, in what became known as the War of the Reform. Following the forced exile of President Ignacio Comonfort in 1858, the leaders of the two political factions of the country both claimed the Mexican presidency: former governor of Oaxaca Benito Juarez, for the Liberals, and army general Félix Zuloaga, for the Conservatives.¹⁵⁴ This lack of definitive leadership stirred a growing fear among London-based financial houses that the Mexican government would begin defaulting on its loans.¹⁵⁵ Consequently, the idea of investing in a project reliant on the protection of the Mexican government seemed too risky. Second, according to the British Foreign Office, dispatches from Mexico indicated that the concession claimed by Benjamin had been annulled by the Comonfort government before leaving office. Although Benjamin denied these claims vehemently, his efforts

¹⁵² Benjamin to Hargous, August 26, 1859, *JPBC*, AJHS, folder 2.

¹⁵³ Benjamin to Mr. Starke, September 9, 1859, *JPBC*, AJHS, folder 2.

¹⁵⁴ Alba "Reforms," 139 – 140.

¹⁵⁵ These fears came to fruition in 1861 leading to what has become known as the French Intervention in Mexico.

were in vain.¹⁵⁶ Finally, the rising tensions between the United States and Britain over the boundary between British Columbia and the Pacific Northwest during the Pig War and the ongoing operations in China related to the Second Opium War had locked up many of the potential investor's resources to fund the British military.¹⁵⁷

Unable to find a creditor in London, in late September 1859, Benjamin traveled to Paris to try his luck there. Utilizing his Jewish contacts in the city, Benjamin set up a meeting with Émile Péreire, the President of Crédit Mobilier, a direct competitor to the Rothschild dynasty and later a leading financier of the Transcontinental railroads in the United States.¹⁵⁸ Citing many of the same reasons as the British investors, however, Péreire refused to extend credit to Benjamin.¹⁵⁹ In a letter to Peter Hargous from London in October of 1859, Benjamin informed his friend and business partner of his failure to secure any funds. While he remained confident that all would work out for both of them in the end, for now the dream of success on Tehuantepec seemed "impossible."¹⁶⁰ On top of their failed financial state, the last shipment of mail across the Isthmus of Tehuantepec arrived in New Orleans on October 10, 1859. Claiming receipts of only five thousand dollars compared to five hundred thousand dollars in

¹⁵⁶ Alba, 139 – 140.

¹⁵⁷ Benjamin to Mr. Starke, September 9, 1859; for more information on the Pig War see: E .C. Coleman, *The Pig War: The Most Perfect War in History*, (New York, New York: The History Press, 2009).

¹⁵⁸ For more information on Crédit Mobilier see: Richard White, *Railroaded: The Transcontinentals and the Making of Modern America*, (New York, New York: W. W. Norton & Co., 2011).

¹⁵⁹ Benjamin to Hargous, October 7, 1859, *JPBC*, AJHS, folder 2.

¹⁶⁰ *Ibid.*

expenditures, the federal government refused to renew the contract.¹⁶¹ Although Benjamin and Hargous would continue to attempt to return the Louisiana Tehuantepec Company to profitability throughout the rest of 1859 and into 1860, with the start of the U. S. Civil War in April of 1861 and the French Intervention in Mexico later that same year, any hope of further developing Tehuantepec faded away.

While in the post-war years the United States and Mexico expressed a renewed interest in the Tehuantepec route sparking a revival of the Louisiana Tehuantepec Company under the leadership of Emilie La Sére in 1869, affording a survey of the isthmus by the U. S. Navy in 1871, and inspiring the wild and vivid imagination of engineers (see Figure 4), Benjamin and Hargous would not take part. Having lost his fortune in the scheme, Hargous faded into obscurity before dying a poor and broken man in New York City in 1884. Benjamin went on to achieve many great things, but his association with the Confederacy as the last Secretary of State for the failed republic, tarnished his image in America and in 1866 he fled to Great Britain to take up service as a barrister in the Queen's Court.

Figure 4. James Easton, *Proposed Isthmian Canal*, 1853. *Illustration of the Proposed Isthmian Canal* (San Francisco), March 26, 1853.

¹⁶¹ Benjamin to Hargous, March 3, 1860, *JPBC*, AJHS, folder 2.

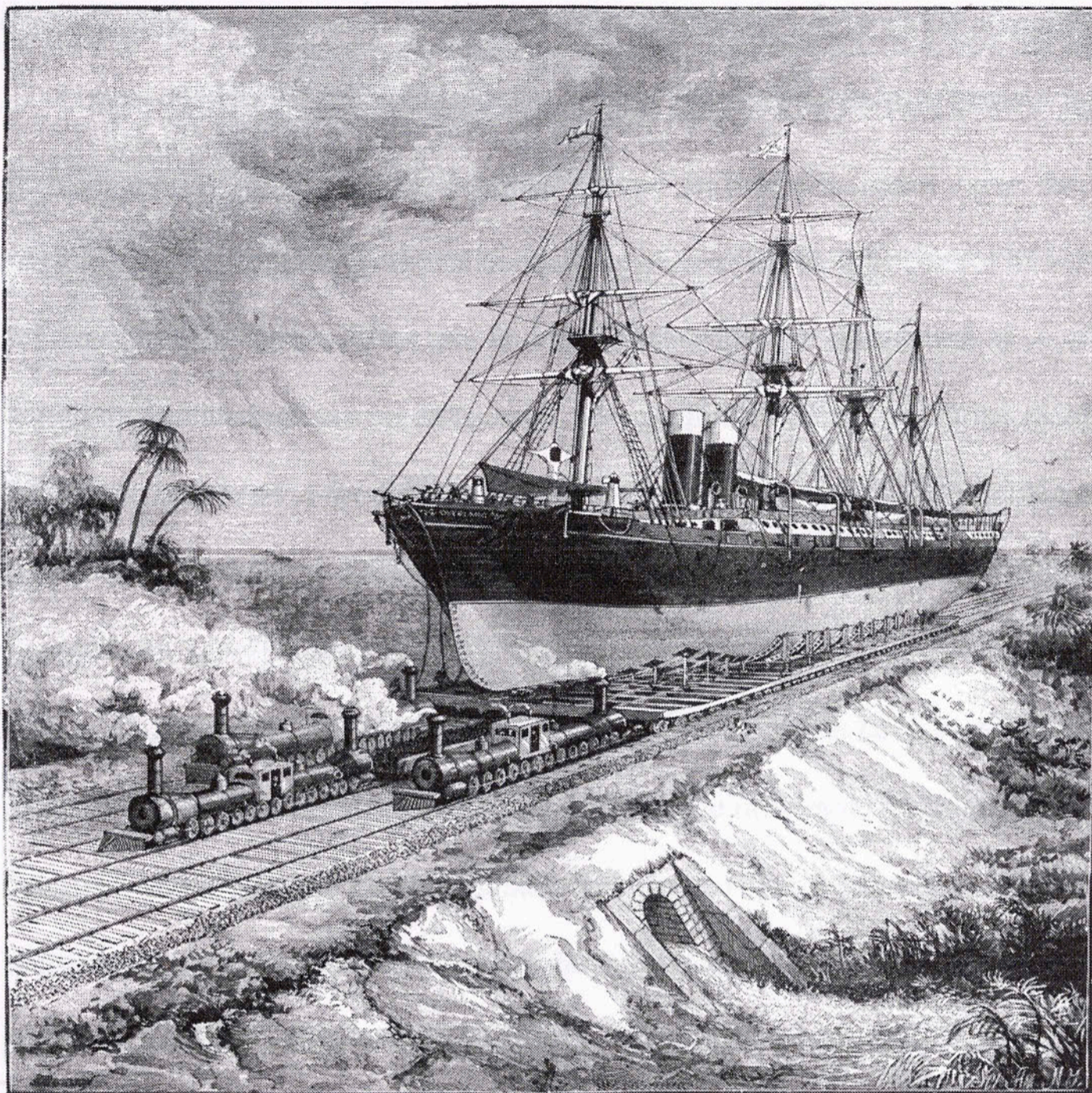


Figure 4. James Eads' Proposed Ship-Railway from *Mining and Scientific Press* (San Francisco), March 28, 1885, 206.

Conclusion

The opening of the Tehuantepec National Railroad by Porfirio Díaz in January of 1907, culminated an idea that had been around for over a thousand years: the establishment of communication between the Atlantic and Pacific Oceans by way of the Isthmus of Tehuantepec. Although this railroad reflected the completion of an effort started by British engineer Sir Wheetman Pearson in the 1890s, the origins of this project can be traced to the 1840s work of Don José Garay and two New Orleans-based organizations fronted by Judah Benjamin and Peter Hargous, The Tehuantepec Railroad Company of New Orleans (TRCNO) and the Louisiana Tehuantepec Company (LTC).

Only a small number of historians and social scientists have explored the efforts of these early organizations. Most of these have done little more than construct a basic narrative, and when they have examined the failure to open a trans-isthmian transportation route in these early years, have offered only political and diplomatic reasons, often with conspiratorial overtones. A review of the available documentation related to the two New Orleans companies, however, reveals that these answers will not suffice. While diplomacy and politics clearly contributed to the failure of these two companies, their ultimate demise rests on their own practices and on circumstances beyond their own control.

In the years following the end of the U.S.-Mexican War (1846 – 1848), the two founders of the Crescent City-based businesses, Peter Hargous and Judah P. Benjamin, looked to the recently acquired territory of California for an opportunity to advance their fortunes. Recognizing that in the coming decades there would be an ever growing need to move people and commodities from the East to the newly established West

Coast of the United States, the two entrepreneurs could not pass up the opportunity to purchase José de Garay's concession for the development of Tehuantepec in October 1849. With its close proximity to New Orleans and a shorter travel time compared to other inter-oceanic routes, Benjamin and Hargous hoped the Isthmus of Tehuantepec would be easily developed and become the primary inter-coastal transportation route for the United States as it expanded westward. After forming TRCNO in November of 1849, they set off on a year and a half of diplomatic negotiations and making preparations for a survey of the isthmus. In May of 1851, however, the Mexican government delivered a severe blow to the duo's future prospects. Having just fought off a war of expansion with the United States, the fearful Mexican Senate voted to dismiss the Garay concession in the aftermath of a series of hostile exchanges between U. S. and Mexican diplomats. These developments, teamed with a gross miscalculation of the financial and material costs of operations on the Isthmus, ensured the failure of the first New Orleans business.

Not willing to give up, Benjamin and Hargous turned to their expertise to aid them in the second incarnation of the New Orleans-based company, LTC. Using his legal training and his position as a U.S. Senator to his advantage, in 1857 Judah Benjamin secured a concession to construct a railroad on the Isthmus of Tehuantepec from the newly established Comonfort administration in Mexico. With this document in hand and Peter Hargous' money in the bank, LTC successfully negotiated a mail contract with the postmaster general to ensure sustained income and it then "completed" a plank road across the isthmus, allowing the company to survive for a while. Over the next two years, however, Benjamin, Hargous, and LTC confronted a

number of unfortunate events, including a yellow fever epidemic, a growing international financial crisis, the sinking of one of their boats, scathing reviews of their services, and the failure of Hargous' personal business. Although for a while the company successfully pressed on in the face of these catastrophes, in 1859, after a failed attempt by Benjamin to raise capital in Europe, LTC closed its doors for good.

While the efforts of Benjamin and Hargous to develop the Isthmus of Tehuantepec came at the apex of Manifest Destiny's hold on the American consciousness, unlike many of their contemporaries, they never saw themselves as being guided by its ideology. Instead, they looked to the grip of Manifest Destiny on the nation as a path for making profit. While they had hoped to gain territorial concessions in their dealings with the Mexican authorities, it did not strictly adhere to the desire to expand America's boundaries. Likewise, Benjamin and Hargous held no pronounced want to diffuse the ideals of the U. S. Constitution. Rather, their actions reflect an early example of the entrepreneurial spirit that would take hold of the United States in the years following the Civil War. Like the transcontinental railroad executives who would transform the western American landscape in the second half of the nineteenth century, the acquisition of money under the auspices of American expansionist ideology drove Benjamin and Hargous.¹⁶² Just like the transcontinental railroaders, they used their political connections in an effort to secure the most favorable terms, and they manipulated their advertisements and financial statements to draw in potential investors. Unlike the pernicious businessmen of the post-Civil War era, however, when Benjamin and Hargous ran TRCNO and LTC into the ground, they

¹⁶² See: Richard White, *Railroaded: The Transcontinentals and the Making of Modern America*, (New York, New York: W. W. Norton & Co., 2011).

had not gambled the taxpayers' money, but their own. Not because they did not try to, but because they were largely unsuccessfully in generating the buzz that the transcontinental railroads used to draw federal money.

Like all studies of this magnitude, other questions emerge that require more information: In what ways did the isthmus develop between the end of the French Intervention and the start of Wheetman Pearson's work? What role did the Tehuantepec National Railway play in the Mexican Revolution and the post-revolution period? What was the environmental impact of the construction of the plank roads and railroads on the isthmus? What were the labor conditions on the Isthmus? These are topics for a larger study.

As the first sustained attempt at the construction of communication across the Isthmus of Tehuantepec, the efforts of the two New Orleans-based companies highlight the complexities of conducting international business during the mid-nineteenth century. Though at varying times it seemed that these businesses might ultimately succeed, a multitude of issues ranging from storms in the Gulf of Mexico and wars in Europe, to the poor management of available funds back home, resulted in their sustained failure. While theirs is not a story of the great human triumph over adversity, it offers a lesson that even with the best planning and all the resources of the world available at your disposal, sometimes things can still go awry.

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