

CUBA RAILWAY  
BUILT BY SIR  
WILLIAM  
VAN HORNE

C. RIFF



## How Sir William Van Horne Built the Cuba Railroad.

By Walter Vaughan.

After four hundred years of Spanish misrule, and a century of successive revolutions, the United States had liberated the Cuban people. Spain had finally evacuated the colony a year earlier, and the island was being administered by a military governor, General Leonard Wood, pending the institution of a stable civil government based on popular election. The eastern provinces had been devastated by incessant guerilla warfare. The cane fields had been largely destroyed, and the cane had been overgrown with weeds and brush. Cattle raisers had lost everything, and it was difficult to find a cow or an ox. Horses were few and in wretched condition. Mining had ceased, all industries were virtually dead.

The railway system of the island comprised 1,135 miles of railway. Ninety per cent. of these radiated from Havana and were owned by English companies. There were also 965 miles of private railway lines, constructed to carry sugar cane to the mills. In what are now the three eastern provinces of Santa Clara, Camaguey, and Oriente, the largest and richest in the country, and comprising three quarters of the total area of the island, there were only a little over 100 miles of small railways. In the days of Spanish dominion every one had conceded the desirability of a line of railway which would connect Santiago de Cuba, Camaguey, and eastern Santa Clara with Havana, the seat of the island's government and the center of its commercial life. Every principle of politics and economics had demanded communication between the leading cities of the middle and eastern provinces and the western end of the island. But under Spanish rule the construction of such a railway was accepted as impossible.

Travelling in Cuba early in 1900, in company with General Russel A. Alger, the United States Secretary of War, and Hon. Elihu Root, Secretary of State, Sir William Van Horne heard them discuss the desirability, on strategical grounds, of building a railway through the eastern provinces, and also the apparently insurmountable obstacle which the Foraker Act had placed in the way of such a project being undertaken as a private enterprise. This legislation had been enacted by the U.S. Congress in order to protect the Cubans and the interim administration from exploitation by promoters and irresponsible speculators, and prohibited the granting of any franchises or concessions of any kind during U.S. occupation. About the same time he met Percival Farquhar of New York, who was the representative of a group which had obtained control of the Havana tramways. Farquhar gave him a glowing description of the interior.

Pondering over this situation, it flashed upon Sir William Van Horne that there was in all probability no law which would prevent the acquisition of parcels of land or the construction of a railway thereon by their owner. To construct a railway in small pieces in this way, without rights of expropriation or eminent

domain, and without any assurance whatever beyond his own faith that the future Cuban Government would grant the necessary charter powers, involved great risks and implied great courage. But having hit upon the plan, Van Horne did not hesitate to adopt it.

On his arrival in New York in March he immediately consulted Howard Mansfield, a lawyer of his acquaintance.

"Do you know anything of the Foraker Act?" he asked.

"I do."

"Is there anything in it to prevent an individual or a corporation owning or acquiring lands in Cuba from building a railway on various pieces of such property, taking a chance of ever being able to operate the railway as a whole?"

"No."

"Well, I'm going to form a company to do that, and want you to get out the necessary incorporation papers."

Van Horne's next step was to get the sanction and, if possible, the support of the U.S. Government, and, accompanied by General Grenville Dodge, he went to Washington to lay his plans before President McKinley. From a political point of view the project had much to commend it. The construction of the railway would not only provide immediate employment for a considerable number of the population, but it was also the first requisite for the development of Cuban resources. When completed, it would ensure the speedy transportation of troops to the eastern end of the island and to any part of the interior, and would itself be the best possible agency for the preservation of order and peace. The President expressed approval of the project, and promised to do what he could to have it protected in law before the occupation ended.

Within two months from his departure for Cuba, Van Horne was back in Montreal, as busily occupied in the organization of a new company as he had been eighteen years earlier in the building of the Canadian Pacific Ry. He shed like a garment the comparative apathy and lassitude which had characterized the last few years of his presidency of the Canadian road. With new and important creative work before him, he was once more in his element and completely happy.

"Perhaps you are right in thinking," he explained to a friend, "that I am making a mistake in putting on more harness and going into the Cuban and other enterprises, but my trip to California a year ago satisfied me that my happiness was not in the direction of taking things easy and that I would have to keep as busy as possible for the rest of my days. Perhaps, if I had knocked off ten years ago, it might have been different. All the things which I thought leisure would give me time to enjoy seemed flavorless when I got to them. I can be happy in working out schemes and in no other way. The Cuban one is the most interesting I have ever encountered, and I am looking forward to a great deal of pleasure in carrying it through, and perhaps

profits as well—a few dozen Rembrandts and such things, which, I think, will quite fill my capacity for enjoyment."

From the moment the Cuban enterprise took shape in Van Horne's mind he regarded the building and operation of a few hundred miles of railway merely as a first step to larger and more comprehensive schemes. Incorporating the Cuba Company under the laws of the State of New Jersey in April, 1900, he stated its object to be "to develop the resources of the island in all practicable ways."

He retained a vivid recollection of the checks imposed from time to time upon his plans for rapid development of the Canadian Pacific, both by the caution and conservatism of his co-directors and by the difficulty, often the impossibility, of obtaining the necessary capital. He was determined to labor under no such difficulties in his new undertaking. He would, therefore, keep in his own hands the entire control of the Cuba Company, and seek as his associates in the enterprise men who would have faith in his management and whose means were so large that they could afford to wait indefinitely for dividends, yet could be relied on to furnish any additional capital that might be required. To ensure the stock of the company being retained in such hands, he fixed the capital stock at \$8,000,000, divided into 160 shares of \$50,000 each.

He found a sufficient number of "the right kind of men" with the greatest ease. The entire capital stock was subscribed within a week, and as soon as his plans became known, he was obliged to dodge eager applicants for shares. To one of these he wrote:

"When I went down to New York with my Cuban scheme I found myself in the position of a small school boy with his pockets full of bonbons, and all the shares that I would not let go willingly were taken away from me. I came away stripped of all but a small holding for myself. There is no chance to get any, unless the capital should be enlarged later on."

On the clear understanding that his project was one of slow, but profitable, development, he had obtained the most imposing list of subscribers ever associated in the foundation of a single commercial enterprise. It included, among others, John W. Mackay, J. J. Hill, E. J. Berwind, General Dodge, Henry Bull, Gilbert Haven, Henry M. Flagler, Levi P. Morton, Henry M. Whitney, P. A. B. Widener, Anthony Brady, W. L. Elkins, Thomas Dolan, General Thomas, W. C. Whitney, H. Walters, R. B. Angus, T. G. Shaughnessy, Sir George Drummond, C. R. Hosmer, George B. Hopkins, and Thomas F. Ryan. The aggregate wealth of this group was estimated in many hundreds of millions of dollars.

Van Horne had difficulty in persuading Ryan to join. Ryan, who had made a large fortune in tobacco and street railways, and who was a prominent figure in financial circles as the active force behind the Morton Trust Company, thought it "a great waste of time for Van Horne to turn his back on an empire and go chasing a rabbit; for that great



constructive mind, with its decades of experience, to bury itself down in the jungle." He asked Henry M. Whitney to join with him in urging Van Horne to drop his Cuban plans and take up something else. At a dinner given by Whitney, Ryan proposed that he and his group should obtain control of the Canadian Pacific, and that Van Horne should return to it as its president and work out immense ramifications of its existing system on both sides of the international boundary. Such a scheme would give them industrial dominion over North America and Van Horne an empire to rule over.

Van Horne would not entertain this startling proposal for a moment. It was in direct conflict with the aims of the builders of the Canadian road, and his participation in it would savor of the rankest treachery. He told Ryan that the Canadians, who looked upon the Canadian Pacific as the backbone of their country, would never allow it to pass into the control of Americans. Finally, he pointed out that it would be extremely difficult, if not impossible, for any group of Americans to get control of the system, for in consequence of the policy steadfastly pursued by Lord Mount Stephen and supported by himself, the great bulk of Canadian Pacific stock was distributed among thousands of small holders, a large majority of whom were resident in England. Ryan, who was amazed to learn that the builders of the Canadian Pacific held only a few thousand shares of its stock and had profited little from their opportunities, found the last argument conclusive, and, with great reluctance, abandoned his scheme. Converted by Van Horne's magnetic persuasiveness, he agreed to join the Cuba Company and give it the support of the Morton Trust Company, which was its financial backer for several years.

Van Horne's love of the Canadian Pacific Railway was the master passion of his life. He cherished its interests unswervingly. It was his dearest offspring, the Absalom of his loins. Three years later Ryan consulted him concerning the project of a new railway from the Kootenay Valley to the Pacific Coast. His condemnation was decisive. "The Canadian Pacific Railway cannot and will not surrender that region to any other company. . . . The only commendable thing I see in this enterprise is the prospectus, which should take high rank among imaginative works."

Having established the head office of the Cuba Company in the City of New York, Van Horne sent engineers to Cuba to make a preliminary survey. With them went L. A. Hamilton, Land Commissioner of the Canadian Pacific, to investigate and report upon the natural resources along the route to be traversed. His next step was to purchase a large tract of land at Antilla, on Nipe Bay, and a little railway, the Sabanilla & Moroto, which ran a distance of about 50 miles from the port of Santiago, the eastern terminus of the projected railway. Materials for the construction of the rail-

the purposes of the United States, and fearful lest they had only changed masters, suspected every form of U.S. activity. But during his visit to the island Van Horne had formed the opinion that they had a fine sense of honor and would respond to fair and courteous treatment. Before starting negotiations, therefore, for the right of way, he employed two able and influential Cubans to go through the eastern provinces and explain the good will and intentions of the company and the benefits which the community would derive from its operations. He also addressed courteous and diplomatic letters to the governors of the eastern provinces, giving detailed information of the project. Invariable and impeccable courtesy was to be the keynote of all dealings with the Cubans. He wrote to his Chief Engineer:—

"Deal with them throughout with politeness, whatever the provocation to do otherwise may be, for we cannot afford to antagonize even the humblest individual if it can be avoided. Our engineers will give the first impression of the Cuban Company to the people in the districts where they are operating, and they should seek in every way to create among these people a pleasant impression. . . . Any one unable to control his temper and who violates the rule which should be made in this regard should be promptly got rid of. I am anxious that the people throughout the country should become impressed as quickly as possible with the desire of the Cuba Company to treat everybody with the greatest consideration and to deal with them in all matters with perfect fairness."

These methods of approach were richly rewarded. Convinced of the company's good will and of the benefits they would receive from the operation of the railway, proprietors gave the land necessary for the railway without compensation. In cases where absentee Spanish landlords were inclined to hold out for payment, their neighbors united in creating a public opinion which forced them to a similar liberality. At the close of the year Van Horne told his shareholders: "So far our rights of way have cost us nothing but the salaries and expenses of our agents." When, sometime later, President McKinley asked him how he had accomplished the purchase of the right of way and begun to build a railway without a charter, he replied:

"Mr. President, I went to them with my hat in my hand."

"I think I understand," said the President.

To his friends Van Horne explained that whenever he met a Cuban, he bowed first and he bowed last. In these early days of his company he was well served by his double nationality. U.S. officials concerned in the administration of the island had full confidence in him as being one of themselves. The Spanish Cubans, who looked upon U.S. people with jealousy and suspicion, trusted him as a Briton. They knew that there were no knights in the United States.

Although possession of rights of way had been easily and inexpensively acquired from private owners, difficulties were frequently experienced in obtaining a clear legal title to them. Regarding a loose system of land titles as prejudicial to all future settlement, Van Horne recommended to General Wood the introduction of the Torrens system of

their subdivision and resale in small parcels to those who would immediately cultivate them. This, he thought, should be followed up by taxation of land. He wrote to General Wood:

"A system of land taxation is the most effective and equitable way of securing the greatest possible utilization of lands, and affords at the same time the best safeguard against holding lands in disuse for speculative purposes. It affords, moreover, the most certain and uniform revenue to the state. Freedom from land taxation or merely nominal land taxation comes from landlordism, which you certainly do not wish to continue or promote in Cuba. The country can only reach its highest prosperity and the greatest stability of government through the widest possible ownership of the lands by the people who cultivate them. In countries where the percentage of individuals holding real estate is greatest, conservatism prevails and insurrections are unknown."

As, with a fine instinct, he found the royal road to the favor of the Cubans and discarded the sharp and rough-and-ready methods of U.S. railway building, so he determined at all costs to avoid antagonizing the railway companies already operating on the island. Unsupported as he was by legal authority, any other course would have been suicidal. Having no charter, he was without power to cross another railway, and he instructed his engineers to carry their line clear south of the Cuba Central Railway, running north from Placetas del Sur.

While his engineers were locating the line and his agents obtaining rights of way, Van Horne was preparing for the work of construction with all his old zest for detail. He shipped construction supplies and materials for assemblage at Santiago, Cienfuegos, and Santa Clara in advance of their use. Grading was begun at both ends of the line in November, 1900, with Spanish and Cuban laborers. The final location of the railway was on a line which, running from Santa Clara through Camaguey to the port of Santiago, would bisect the greater part of the island and serve as a trunk line for the branches running north and south, which could be constructed later. It was found necessary to follow the watershed and head the streams, which widen and deepen rapidly in their descent to the sea upon each side.

In 1901 Van Horne went again to Cuba, to see construction well started and take a look at the interior for himself. Six weeks work and travel, which included a ride from San Luis to Nipe Bay, strengthened his enthusiasm for the enterprise. Getting off his mule at a point called Palmerito one evening, his waistcoat caught on the pommel of the stock saddle, and he fell heavily to the ground on his back. Miller A. Smith, the Chief Engineer, rushed up, ejaculating:

"My God! Sir William, are you hurt?" "No," replied Van Horne, getting to his feet and dusting himself. "That is the way I always get off."

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vention had met in Havana in November, and was still engaged in framing the constitution.

With the difficulties of a charterless position ever in his mind, Van Horne had already drafted a general railway law for the island. General Wood had told him that he had thought of applying to Cuba the railway law of Texas. But this was, in Van Horne's opinion, distinctly inferior to the railway law of Canada, and he based his draft on the Canadian model. He spent several evenings with General Dodge over its revision and adaptation to Cuban needs and submitted it to General Wood. After careful scrutiny and a few amendments by the Interstate Commerce Commission, it was presented by General Wood to Hon. Elihu Root, Secretary of War at Washington, who pronounced it to be the best railway law ever drawn up. General Wood said:

"Sir William contributed a very large portion of the foundation work on this law, which covered everything from the local procedure necessary to make preliminary surveys to the final winding up of the affairs of a railroad in case of its dissolution. The law covered the relations between the public and the road, and looked to the adequate protection of the railroad personnel and the public. It was so fair and evidently just to all interests that very few changes were suggested by the U.S. Interstate Commerce Commission, whose railway experts were invited to Cuba and went very thoroughly over the law."

The Cuban convention adopted a constitution for the Republic of Cuba on Feb. 21, 1901, but before that date the necessity for expropriation powers and rights to cross public property had become acute. Van Horne went twice to Washington to plead with the President, Secretary Root, Senators Platt, Aldrich, and Foraker, and others officially concerned in Cuban relations for the immediate passage of the railway law. Friction had developed, however, between the U.S. Government and the delegates to the convention, who, standing out for unequivocal independence and sovereignty of the island, were averse to incorporating in the constitution certain provisions concerning the right of intervention, coal-mining, and naval stations, and other matters upon which the U.S. Government was determined to insist. In these circumstances no progress could be made with the general railway law, and the Foraker Act, which prohibited the grant of public concessions or franchises, was still in effect.

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law in order to promote the building of railways for the development of the country and to enable it to take speedy advantage of the road under construction. He devised the method of obtaining the petitions. Construction would be suddenly stopped at some crossing in every municipality along the line, and the laborers thrown out of work. Farmers and merchants, as well as laborers, suffered from the interruption of the flow of U.S. dollars, and were given an object lesson of the benefits they enjoyed from the company's operations. They were glad to sign petitions which might ensure their continuance. These had due effect at Havana and Washington. The U.S. Government promised to forward Van Horne's plans and the general railway law in every possible way.

Van Horne now approached General Wood, and in diplomatic fashion asked for something more than he knew he would get; namely, an unconditional permission to effect the necessary crossings. General Wood was heartily in favor of the railway, had noted the petitions from the municipalities, and was sincerely desirous of helping him; but the Foraker Act stood in the way. He could grant no concessions, but promised to give the matter his most serious consideration and see what he could do. Van Horne withdrew, and hastened to the Cuban who was General Wood's confidential adviser on such matters. He unfolded to him his idea of a revocable license, and intimated that if he and General Wood could devise nothing better, he was willing to continue construction on it. These tactics were successful. The Governor took counsel with his adviser and decided to grant the revocable license.

Construction was resumed, and continued without further interruption. Some trouble developed with the London executive of the Cuba Central Railways, which opposed Van Horne's building farther west than Sancti Spiritus, and still more strongly opposed his building into Santa Clara, where they had their terminus. He met these objections in a conciliatory manner, returned sweet and friendly answers, and intended to keep the correspondence going all through the summer until his line had advanced beyond all danger of interference.

Exercising an immediate supervision over the details of construction, Van Horne continued to press the passage of the general railway law, and to assist the

lining the law and fearing that it was devised to injure their properties in order that he might buy them cheaply, the officials of the western Cuban railways received the law with suspicion. He stoutly denied such a motive to the president of one of the companies, asserting that if he had wished the collapse of the railways, the Texas law would have better served his purpose. He contended that, in basing the Cuban upon the Canadian law, he had conserved the interests of all the other companies as well as his own. The correctness of this contention was eventually conceded.

Following adoption of the general railway law, a board of railway commissioners, similar to the Canadian board, was appointed to regulate and control the traffic rates of all Cuban railways. The railways in operation were requested to frame and submit a schedule of uniform rates and classifications. This they failed to do, and well intentioned officials of the Government compiled an intricate classification similar to western U.S. schedule, which was described by Van Horne as "approximately the old Missouri classification of 'plunder and lumber.'" He assisted the commissioners in framing a new schedule, which prescribed maximum rates substantially below those of hitherto existing tariffs. This was heartily welcomed by the people, but met with vehement opposition from the established railway companies. Their directors decided to ignore it, and instructed their Cuban officials accordingly. The Military Governor interpreting this course as defiance of the law and the Government, and threatened severe measures.

Van Horne again took a hand in the affair. He was experiencing once more the difficulty, which he had often found in his early days in Canada, of securing unity of action from, and setting up harmonious relations with, remote boards of directors in London. He wrote to financial friends in that city, asking them to prevail upon these boards to abandon "their supreme belief in the efficacy and fitness of the rules and instructions laid down in London"; to give their Cuban officials full powers to deal with questions as they arose, or, failing this, to send out to Cuba the best and broadest minded man among them, not "one of the narrow minded, self sufficient damn fools so often sent out from London to various centers in such cases."

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Rent on carrying his project through, and stimulated, as always, by the challenge of difficulties, Van Horne evolved from his inexhaustible inventiveness a way to overcome this one. The Foraker Act said nothing about a "revocable license." Might not a revocable license be granted to a builder who was willing to assume the risk of having the license modified or cancelled by the Cuban Government after the close of U.S. occupation? The railway would uncontestedly benefit Cuba. By securing the opinions of prominent Cubans on the questions at issue and communicating them to members of the Foreign Relations Committee of the Senate, he was actively promoting a better understanding between the representatives of the two peoples. The authorities in Washington had confidence in him, and they agreed that such a license as he described might be issued.

Encouraged by their concurrence, Van Horne went to Cuba to obtain the license from the military governor. Wishing to strengthen his case with the force of public opinion, he sent Farquhar to the island to secure petitions praying for the immediate passage of a general railway

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Exercising an immediate supervision over the details of construction, Van Horne continued to press the passage of the general railway law, and to assist the U.S. administration in combating the doubts and fears of the Cuban people concerning the sincerity of the United States in establishing their independence. He first suggested to Secretary Root that the Cuban flag should fly with the U.S. flag over the naval and coaling stations which the U.S. Government planned to retain on the island. This was a small detail, but it had the effect of propitiating the Cubans and removing some of their objections to the stations.

With 6,000 men employed, as rapid progress was made in the construction of the road as was possible in an undeveloped tropical country. Streams and public highways were crossed under authority of the revocable license, which, as Van Horne widely and publicly announced, put his enterprise "entirely at the mercy of the people of Cuba." But he was willing to do this because of his "faith in the honor and justice of the Cuban people."

On Feb. 7, 1902, the general railway law was promulgated by an order of the Military Governor. Understanding that Van Horne had been instrumental in out-

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He fixed upon the ancient city of Camagney, then called Puerto Principe, for the headquarters of the railway, and decided to mark the turning of the first sod at that point with a public celebration. The influence of the officials of a small railway running from the city to the northern coast was exerted, however, to prevent the public from attending the ceremony. The attendance was wretchedly small, but, undaunted by his chilly reception and determined to win the favor of the people, Van Horne accepted the situation as though every circumstance was propitious. With courtly deference he handed the spade to Nina Adelina, the little daughter of Mayor Barreras, and she performed the ceremony. On his return to New York he bought her a gold watch, which bore a suitable inscription, and had an illuminated address prepared to commemorate "the inquest she manifested in the company's undertaking" and for "so graciously inaugurating its work at Puerto Principe. When he next visited the city, bringing with him the watch and the address, the people had come to realize the



benefits they would derive from the new railway, and the presentation ceremony, which took place in a flower decked patio, was a genuine festival. Some months later the tide of good feeling had risen so high that he was formally adopted by the civic authority as a "son of Camagüey."

The grading of the road was completed in March, 1902, but a labor shortage, the non-arrival of bridge material, and damage by rains delayed completion of the line. Its estimated cost was largely exceeded, and construction was handicapped by financial pressure and the need for rigorous retrenchment. On Dec. 1, 1902, the Cuba Railroad was opened for traffic. Till then it had taken ten days to travel from one end of the island to the other; now the journey could be made in a luxurious sleeping car in 24 hours. Van Horne, who had gone to Cuba for

the occasion, found himself not merely the adopted son of Camagüey, but of all the eastern provinces.

Meanwhile the government of the Republic of Cuba had been inaugurated in the preceding May and had taken over the administration of the affairs of the country. The Foraker Act had thereupon become inoperative. But by that time, while all others who wished to promote railway building in Cuba had been held back by the provisions of the act, Van Horne had substantially completed his line. The road had been built without subsidy or public aid of any kind, through a region where, despite an offer of government guaranties, the old regime had been unable to find men bold enough for the task. It was a monument to Van Horne's faith in the honor of the Cubans and in the future of their country. Furthermore, it was a monu-

ment to the Cubans' sense of honor and fair dealing. Remarkable, if not unique, in Spanish-American countries, it was built without buying any man or any one's influence. Farquhar, who had an intimate knowledge of the undertaking, said:—

"The Cuban Railway was the purest big enterprise I've ever heard about in North or South America. There was not one dollar spent directly or indirectly in influencing legislation or the people. Sir William relied upon the fact that he was supplying a desirable public utility. He merged the company's interests with the community's, and went ahead, buying no man. There was one time I wondered if we could stick to Sir William's rule in this respect. However, we got through, holding to our principles. It was a fine and most rare side of a business of this sort, as creditable to the Cuban people as it was to Sir William."

The foregoing, reproduced from The Century Magazine, is from the biography of Sir William Van Horne, by Walter Vaughan, since published in book form.