

Municipal Ownership in Lincoln, Nebraska

Certain newspapers having printed stories to the effect that municipal ownership in Lincoln, Neb., is a failure, F. W. Brown, mayor of that city, has issued the following interesting and instructive statement:

For the first time since their association began twenty years ago the fact that W. J. Bryan is a resident of Lincoln has been sought to be turned to the city's disadvantage, and its citizens have recently been pained to note that the fact that it is the home of Mr. Bryan has marked Lincoln as the victim of a cabal that is conducting a campaign against public ownership.

About a month ago there was sent out from this city a letter prepared at the importunity of such a cabal, the manifest purpose of which was to discredit municipal ownership of public utilities. It was a most glaring misrepresentation of facts, possessing such glib and glittering qualities of deception that it has challenged the attention of friends of this city wherever it has been published, and to all who are conversant with the actual facts stamping itself as the uncouth work of someone bent on distracting favor from public ownership of utilities.

This letter was sent broadcast for publication by any paper that would give it space, but up to date my attention has been called to its publication only in two papers, widely separated, the Philadelphia Record and the Seattle Post-Intelligencer. Under the alarming caption, "Lincoln's Costly Work—Municipal Ownership in Nebraska's Capital an Utter Failure in Every Aspect—Loot, Ruin and Loss," the writer introduces his subject as follows:

"The incompetency of the municipal ownership or management of public utilities, and the hopelessness of the success of either plan, seldom has been more forcefully illustrated than in Lincoln, the capital city of Nebraska and the home of that distinguished politician and orator, W. J. Bryan. The fact that Mr. Bryan lives in Lincoln when he is at home has no direct connection with the failure of municipal ownership in the Nebraska capital, but it must, nevertheless, be taken into consideration.

"Mr. Bryan has preached to his fellow-townsmen for the past twenty years on questions of government, local, state and national. He believes in municipal ownership, just as he believes in federal ownership of the railroads, and the casual American might be justified in the prediction that the citizens of Lincoln, having listened for years to his exposition of the solution of the problems of local government, should have made some tangible headway toward the goal of success."

With the Mr. Bryan and government ownership phase of this many pointed misrepresentation we have no intent to concern ourselves, as it is recognized here that Mr. Bryan is more or less able to take care of himself, but upon that part of the letter which reflects upon Lincoln and its water and lighting supply I beg to take issue with this cabal.

Lincoln is exceptionally blessed with municipal ownership of two of the utilities in operation here, the water works and the street lighting system. There is no sentiment here against municipal ownership simply because there is no excuse for such a sentiment. Nothing could be suggested that would arouse greater popular indignation than a proposition to turn either the water or lighting plant over to a private corporation at any price. The city is amply provided in both respects and everyone here feels the price at which these utilities have been supplied has been reasonable, and that what they have they get cheaply.

Being situated on no stream, except a small and sluggish affair known as Salt creek from the silt deposits along its low banks, Lincoln must rely upon wells for water supply, and out of the atom of fact that considerable expensive experimenting was necessary in finding proper locations for her wells, during the progress of which salt water was several times encountered, the cabal has erected a mountain of fiction to the discredit of municipal ownership. But in spite of the waste necessarily encountered in the subterranean search for fresh water strata, the city and its water consumers are still far and away ahead, financially, of what they would have been under private ownership, judging from comparison with cities where the latter prevails.

The city of Lincoln has three separate and well equipped pumping stations, tapping different water levels, with a combined capacity of 7,500,000 gallons per diem. It has upwards of sixty-five miles of principal mains, and 570 fire hy-

drants, 5,624 services and pumps 2,200,000 gallons daily.

In 1881 (five years before Mr. Bryan located in Lincoln) arrangements were made for the establishment of Lincoln's first and only water works, at which time bonds were voted. On June 5, 1885, the city had laid eleven miles of pipe and had one open well in Salt creek bottom, with pumps of a capacity of two and a half million gallons and two 6-horse power boilers. It was then that the mains and machinery were tested and the first tap was driven. They had cost \$100,000. In 1887 there was a shortage of water encountered and provision was attempted for an additional supply, which proved a failure, owing to impregnation with salt.

In 1888 the city climbed the slope nearly two miles and sunk another open well. The following year it was equipped to add a million gallons to the daily supply. During the three years following experiments were made with tubular wells at various widely separated points, which failed because salt water was encountered. In 1897 a permanent supply of fresh water was secured by a mammoth open well located up the valley of Antelope creek at the extreme southeast corner of the city and well away from the salt creek bottoms.

These details manifest a sufficient reason why any plant the city may now possess, might have cost a great deal more than it would be reasonably worth, and as given they but partially disclose the experiments effected.

But while all these annoyances were being encountered the people of this city were being supplied with water at just half what it was costing in any other western city dependent upon wells for supply, and today the people could readily sell their plant for far beyond what it has ever cost them.

Not only have the consumers been supplied with water at half the rental charged in other cities, but during all those years they have saved the enormous annual expense for fire hydrant rentals which they would have had to pay under private ownership.

It is conceded that errors have been made, but many of them were unavoidable and would have occurred under private ownership, whereby the consumers would have been taxed for their correction far beyond what they now are taxed for water rentals.

The Lincoln water works, with all the duplication of work necessary, have cost the city \$583,476, and have a bonded debt of \$203,600; pays an annual interest of \$8,700; has gross earnings of about \$70,000, at this time per year, exclusive of hydrant rental and water for sewer flushing and other municipal purposes, which should add approximately another \$35,000 or \$40,000 to the gross earnings; expends annually on extensions about \$22,000, and for maintenance and repairs about \$32,000. Meantime it furnishes water to consumers at 15 cents a 1,000 gallons—no more and no less.

Since the plant was established, beginning with seventy-one hydrants in 1885 and ending with 570 in 1906, the hydrant rentals alone under private ownership would have cost this city \$369,900 and flushing of sewer and other municipal uses of water, conservatively estimated at \$6,000 a year, or \$132,000 in twenty-two years, runs the saving in cash up to \$501,900.

A statement of Water Commissioner Deffenbaugh for the year ending August 31, 1906, shows running expenses, not including depreciation, to have been \$40,646.33, including interest on bonded debt, and the collections \$57,239.11, a net profit of \$16,592.78 for the year.

In Lincoln the average rental for the 5,624 services, big and little, is \$12 a year, and the average annual supply is 80,000 gallons. The average rental for a 6-room residence is approximately \$7 a year.

I estimate that Lincoln, on its present basis, will make approximately \$93,500 this year out of its municipal ownership of the water works. I figure that under private ownership we would lose \$28,500 hydrant rentals, \$10,000 for water for flushing sewers and supplying public buildings, \$30,000 profits and \$25,000 in the difference in water rentals.

As to the lighting plant, it has been running but little over a year, and its operation has therefore been experimental in a certain degree. It is operated in conjunction with one of the water works stations, and has given, and promises to give the most eminent satisfaction.

For many years the city paid a private company per month for arc lamps for street lighting,

prices ranging from \$10 down to \$7.45 under its last contract in 1902 for all night lights and \$5.45 for midnight lights, moonlight schedule, operating at that time 180 lamps. Then the city adopted gas lights until September 1, 1905, when its municipal plant was installed at a cost of \$86,690.89. The figures as to cost are taken from the statement of City Auditor Pratt.

The annual report of Mr. Deffenbaugh, who, as water commissioner, is also in charge of the lighting plant, shows that for the initial year ending August 31, 1906, the total cost of operation and maintenance, exclusive of depreciation, was \$16,866.51. These lights have been all night lights every night, and of a candle power admittedly much superior to those furnished under private ownership. The city uses 330 of them, and the water commissioner's statement shows that the average cost of them is \$4.26 per light per month. Steps are being taken now to authorize the city to equip the plant for commercial lighting with a view of further reducing the cost of public lighting.

These are some of the reasons why there is no sentiment in Mr. Bryan's home city against the municipal ownership, at least, of our public utilities. No man would have the temerity to intimate in Lincoln that municipal ownership has borne the semblance of failure here, and it is only the mendacious anti-public ownership intrigue that would exploit such an assertion, even as far away as Philadelphia and Seattle.

F. W. BROWN, Mayor.

"POPULISM" IN WALL STREET

In its issue of February 22, 1907, the Wall Street Journal printed an editorial from which these extracts were taken:

"This ignoring of the effect of an increased production of gold upon prices and interest, however, is limited to the present time. There are few who deny that the enormous production of gold from California and Australia during the decade 1851-1860 advanced prices of commodities and increased rates of interest. In that decade the world's production of gold was \$1,332,981,000, an annual average of \$133,298,100. The world's production of gold for the ten years ending with 1905 was \$2,894,589,000, an annual average of \$289,458,900. The world's production of gold in 1906 is estimated at nearly \$400,000,000, and it is expected that this amount will be exceeded during the current year.

"An increase in the production of any other commodity than gold, other conditions remaining unchanged, causes a fall in the price of that commodity. But the price of gold is fixed by the law of Great Britain, which requires the Bank of England to buy all the gold that may be tendered at the price of 77s 9d per ounce standard, eleven-twelfths fine, and by the law of the United States which requires the mint to purchase all gold offered at \$20.672 for each ounce of pure gold."

This Wall street editorial was of particular interest to Thomas H. Tibbles, as indeed it must be to every other old time populist. Referring in his paper, The Investigator, to this editorial Mr. Tibbles says: "It seems strange to see in the Wall Street Journal exactly the same arguments that were the chief stock in trade with the populists from 1890 to 1900, but nevertheless they are to be found there and stated as dogmatically as if these same theories had not been denounced in that paper and all other plutocratic papers of the east as anarchy and socialism ten years ago. The populists continually called attention to increase in prices caused by the discoveries of gold in California and Australia. They went back to the time of the discovery of the new world and quoted history to prove the rise in prices when the Spanish galleons carried back to Europe tons of gold and silver. And now the Wall Street Journal says that the denial that an increase in the volume of money raises prices is limited to the present time! There was another thing that the populists insisted upon. They said the price of gold was fixed by law and as long as the law existed there could be no change in the price. Their opponents said that gold had an 'intrinsic value' and the law had no effect upon its price. Now the Wall Street Journal indorses the old populist doctrine and says the same thing."

Labor has very little to thank the Fifty-ninth congress for. The only bill affecting the interests of labor enacted into law was the LaFollette bill providing for eight hours continuous rest in twenty-four for all men engaged in the train service. The eight hour bill and the child labor bill were smothered.