

THE RAILROAD TAX CASE

Resume of Events Leading up to the Suit
—Quotations From Briefs Filed—The
Proper Remedy

"The State of Nebraska, ex rel The Bee Building Company and Michael F. Harrington, relators, versus Ezra P. Savage, et al., as The State Board of Equalization for the state of Nebraska, respondents," is the title of general number 12,723, in the supreme court of the state of Nebraska. Appearances: Edward W. Simeral, Michael F. Harrington, attorneys for relators; John D. Howe, of counsel; Frank N. Prout, attorney general, and Norris Brown, deputy, attorneys for respondents. "Amici curiae," which in the language of the immortal Dooley means "friends of the court": John N. Baldwin (who has a sort of personal love for the Union Pacific, and who is famous for announcing the result of the republican state convention nine days before the scrap was pulled off); Charles F. Manderson and James E. Kelby (both with yearnings for the Burlington); Frank T. Ransom (who, with the aid of Tommie Benton, carries on a flirtation with the Pullman people) and Benjamin T. White (more familiarly known as "Ben" White of the Elkhorn).

Relators' brief, a 42-page document, was filed June 17. The "amici" have briefs as follows: Union Pacific, 53 pages, filed June 27; Burlington, 52 pages, June 28; Pullman, 17 pages, June 30; Elkhorn, 42 pages, July 1. "Necessity" Prout, on July 5, filed a "memorandum" on behalf of the respondents. But the real contest, however, is between the relators and the "amici."

The various steps in this case have been recorded from time to time in the daily papers, but it may not be amiss now to recite a little of its history.

The question of railroad taxation and government regulation of freight rates have been in a process of evolution for a great many years, and it would be idle to deny that the people know more today regarding these questions than they did twenty years ago. The early idea was that the railroad, being of great public benefit, should either be exempted in whole or in part of bearing the burdens of taxation, or in lieu of that should receive assistance in the way of bonuses or subsidies. The exemption plan never prevailed so extensively as did the practice of voting bonds and giving land grants. Extortion in freight rates on the one hand and tax-shirking on the other, on the part of the railroads, gradually brought about a change of public sentiment. It was seen that if a public benefit is to be exempted from taxation, either wholly or partially, that nearly every line of business would be tempted to share in the exemptions; and if all are to be exempted, where are the necessary public revenues to come from? The apparent futility of regulating transportation charges by law, set the people to thinking more upon the other question—the question of taxation. If the railroads, by the aid of shrewd lawyers and biased courts, could nullify any attempt to check their extortion, the people at least still retained the power to tax—or thought they did—and the sentiment grew that the railroads were not only taking more than they ought in freight rates (which seemingly could not be prevented), but they were paying less than their share toward support of government (which apparently could be remedied).

There is much yet to learn regarding the question of railroad taxation, and it will never be settled satisfactorily until public ownership and operation is accomplished. Then there will be neither taxation of the railroads nor railroad taxation of the people. But a bridge must be reached before it is crossed, and the question of railroad taxation will be a live one for years to come.

For a good many years there have been mutterings of discontent regarding the action of the various boards of equalization in assessing the railroads, but never before the present year was the matter so thoroughly discussed and so well understood. It is no discount to former boards to say that they did not understand the matter as well as it is understood now, and they should be given credit for doing the best they could according to the lights they had. It is idle to contend that public servants, selected from the ranks of the people, will be greatly wiser than the average of the people from whose ranks they were taken. The whole question of taxation is yet in process of evolution, and clearer light is just beginning to break upon its most difficult phases—the taxation of quasi-public corporations. Of whatever condemnation and censure which may be meted out to the various boards of equalization, the present board should have the lion's share. Never before was the matter so well understood and so ably presented.

Prior to making the railroad assessment for 1902, Michael F. Harrington made an able presentation of the matter in writing to the board, and Edward Rosewater and Edward W. Simeral appeared before the board and argued the question orally. Mr. Harrington's brief was filed away without comment, and Messrs. Rosewater and Simeral were subjected to ridicule and scorn, and the board insulted the intelligence of the people of Nebraska by making a ridiculously slight raise in the total assessed valuation.

This aroused the ire of Mr. Rosewater, and on the 20th of May, at his instance, Mr. Simeral filed in the office of the clerk of the supreme court an affidavit and motion for a writ of mandamus, setting up the facts and praying for a writ to compel the board to reconvene and reassess the railroads, etc., determining the fair value of the "property including franchises." An alternative writ was issued at once, but Governor Savage, Treasurer Stuefer, and Auditor Weston had "folded their tents like the Arab" and left the city, so that service and offi-

cers' return were not made and filed until May 28.

On that day the board made answer, the essential averments, stripped of legal verbiage, being as follows:

"Respondents further answering aver that . . . Edward Rosewater made demand . . . that the said board assess, in addition to the tangible property of said companies, which had been assessed already been assessed, the franchises of said corporations, which the respondents . . . refused to do for the reason that under the statutes . . . it doubted its right to do so.

PRAYER.
"Wherefore, the respondents ask this honorable court to place a construction upon the constitutional provision above quoted and the sections of the statute herein cited and instruct the respondents as such board whether or not it has power . . . to value and assess the franchises of the corporations named in the affidavit of relators, and if so, to announce some equitable rule by which the value of such franchises may be ascertained.

This answer was signed by Frank N. Prout, attorney general, and was verified and sworn to by Charles Weston, auditor of public accounts, one of the members of the board and really the moving spirit against any substantial increase in the assessment. Governor Savage had previously given out an interview in which he favored a considerable increase, but Treasurer Stuefer and Auditor Weston held together against him and controlled the board's action.

On the 3rd day of June Michael F. Harrington asked and obtained leave of court to file a notice and application to intervene in the case as one of the relators along with Rosewater and the Bee Building Company.

Things began to look blue for the railroad tax commissioners and attorneys, whose tenure of office depends upon their ability to help carry the dividends for the eastern stockholders and bondholders. The board had said flat-footedly, "We did not assess the franchises." If the case should go to trial upon the issues as made up by the motion and answer, there was nothing for the court to do but to announce an equitable rule for determining the franchise values (according to the constitution, statutes and prior decisions) and direct the board to do so. That would mean an addition of anywhere from ten to twenty millions on the railroad assessment, for the railroad franchises alone in Nebraska under present conditions are worth above the hundred million mark. A raise of ten millions in the railroad assessment would be the signal for a number of really estimable gentlemen—tax commissioners and railroad attorneys—to lose their jobs.

So on the 6th of June a delegation of railroad attorneys visited the capitol, a hurried star chamber session of the board was called, and after two hours of discussion a new answer, previously prepared with great skill by the railroad attorneys, was verified and sworn to by Auditor Weston and filed in the office of the clerk of the supreme court. This amended answer is intentionally long and wearisome to read. It sounds like the crafty, guarded utterances of a skilled politician who uses a great many words to say actually nothing, yet to leave the impression that something is said. The vital points are:

And said board did then and there entertain no consideration of the value of the properties . . . and thereafter . . . did assess the value of all the properties of the said railroad . . . companies in the manner provided by law . . . That in arriving at the valuation . . . said board considered that said companies . . . were actually engaged in using and operating all their properties in the performance of the duties incumbent upon them . . . by law to perform . . . and each of their properties . . . was valued as a unit for said purposes of assessment and taxation. Said respondents did not believe . . . the board had authority to value and assess extra corporate franchises . . . separately and apart from their tangible property.

PRAYER.
"Wherefore, these respondents submit to this honorable court that said state board of equalization performed its full duty in the hearing, consideration and assessment of the different properties of the several companies, railroads, telegraph, and sleeping car, doing business in the state of Nebraska."

Every lawyer will readily understand the purpose of the amended answer, but some explanation may be helpful to the layman. Mandamus may be resorted to only for the purpose of compelling action, but it is not a proceeding to correct errors. The court could properly require the board to act, but it could not control the act. In other words, the court could say to the board, You must assess the property and franchises of the railroad, telegraph and sleeping car corporations; but it could not say, You must assess the railroads ten millions, twenty millions, fifty millions. This act of making the assessment, determining the amount, is judicial in its nature and no court can properly direct what the judgment shall be. The supreme court has no power to make railroad assessments, and unless the state board of equalization should fail or refuse to act at all, or should act fraudulently, the writ must be refused. So long as there is no overt act of fraud or corruption on the part of the board, the people have no relief by resorting to the courts—the only relief can come through a board composed of officers pledged specifically as to what they will do, and men who can be depended upon to carry out their promises.

The pleadings of relators do in fact charge fraud in making the assessment, but the burden of proof rests upon them to prove it—a very difficult thing to do. It is pretty generally believed that the members of the board wear the corporation collar and that they purposely made the assessment just as low as they dared—but to prove an overt act of fraud committed by them will be practically impossible, and that means that the supreme court will have no other alternative than to deny the peremptory writ. Under the original answer the board admitted that it did not do certain things and asked instructions from the court; but under the amended answer the board claims it did ev-

The Historic Value of the Wild West

If we could see before us living representatives of the soldiers who followed Alexander and Hannibal, or groups of the brass armored and helmeted legions which fought for the Roman empire under the Caesars, what vivid impression of those ancient times would be obtained. If we could see squadrons of the dragons carried the sabre for Napoleon, the Great at Waterloo, Lord, Aurillac, the Pyramids or Lodi, how much better we would understand that period of history. If we could have horsemen who wore the British uniform as Scots Greys hussars and heavy dragoons on the Spanish and Portuguese Peninsula under Wellington and helped to finally overthrow the Corsican, how interesting it would be now on the threshold of the 20th century. Even if the men who followed Marion or Tarleton during the American revolution could come back to life and show what kind of soldiers they were, everybody would want to see them. These thoughts arise on reading the announcement made in our advertising columns that the Wild West is coming. Col. Cody is still able to show us genuine specimens of the real Indian races which so long resisted the advance of the white man into the interior of this continent and what was once known as the Far West. He still has real western cowboys, real cavalry from many European countries, all veterans of recent and present wars. But one day not very far distant these Indians, cowboys and European and Asiatic veterans will have joined all the other warriors whose deeds emblazon the pages of history. Then the Wild West will disappear for its realism and truth are its greatest charms. Go now while you may, it will be here on August 1.

Everything required by law, and if that be true, the court can do nothing but deny the writ, no matter how outrageous the assessment may be, unless corruption or fraud can be proven.

The five briefs before me are interesting reading. A few quotations from them might throw further light on the subject. I shall take them up in the order of filing, beginning with the brief for relators. The authorship of this brief is not certain, but I suspect John D. Howe contributed a number of the more striking passages. A man who would voluntarily resign a law office for a position of less honor and less pay, and who is certainly competent to write entertainingly and instructively on the subject. The brief begins with a short statement of the case and takes up the constitutional and statutory provisions pertinent thereto. Citations are made to State Railroad Tax Cases, 82 U. S. 675, 605; Backus, 154 U. S. 429 (see 133 Ind. 625); Erie Railroad Co. vs. Railroad Co., 12 Lea, 521, 539; Railway Co. vs. Wright, 151 U. S. 470, 479; Delaware Tax Case, 18 Wall, 206; Erie Railway Co. vs. Pennsylvania, 21 Wall, 492; U. S. Tel. Co. vs. Massachusetts, 125 U. S. 580; Pullman Palace Car Co. vs. Pennsylvania, 141 U. S. 18; Maine vs. Grand Trunk Railway Co., 142 U. S. 217; Railroad Co. vs. Gilchrist, 342 U. S. 217; Railroad Co. vs. Poe, 165 U. S. 149; and many others.

Several propositions are well sustained by law and precedent. The Nebraska constitution requires the taxation of property and franchises. The value of a railroad's property and franchises "are all represented by the value of its bonded debt and the shares of its capital stock." Where the road of a corporation passes through different states a tax upon the franchise is properly apportioned by taking the whole value of the franchise, and the length of the road within each state, as the basis of taxation; in other words, if forty per cent of the mileage of a given road is in Nebraska, then Nebraska is entitled to tax forty per cent of that road's property and franchises. The tangible property of two express companies in Nebraska is assessed for assessment in the sum of \$51,868 in the year 1895; but the amount realized by these companies from their business in Ohio that year was \$633,965. Commenting on this fact, in the lawsuit which arose between the taxing power and the companies, the judge said:

"Considered as distinct subjects of taxation, a horse is, indeed, a horse; a wagon, a wagon; a safe, a safe; a pouch, a pouch. But how is it that \$23,430 worth of horses, wagons, safes, and pouches produce \$275,446 in a single year? Or \$28,433 worth produces \$358,519? The answer is obvious."

The second part of this brief treats of the "Two Answers" heretofore mentioned. "The first answer or return," says the writer of the brief, "was a fair, honest, and manly one. It told the truth. It did not please the railroads. Upon their demand another was made. The railroads, in a suit, which they were not parties, prepared a second answer. They usurped the state board of equalization. In the face of this shameful performance, who can doubt that it is time for open revolt by the people. . . . Truth is mighty and will prevail. The railroads have overplayed themselves. They have made the board turn a double summorset in the very face of all the people. Whom the gods would destroy they first make mad."

Recounting the history of the organization of domestic railroad corporations—mere construction companies which, after having leased to the Burlington for 999 years, the brief continues, "The Burlington (for tax purposes) causes the O. & N. W. and still other 'underlying companies' to report in their own names to the auditor, in this way, for tax purposes, breaking up their system into a dozen or more properties. And yet these underlying companies, in the main, are mere earnings—no expense account, no dividends, no souls. Of course, the franchises of these concerns are dormant; for tax purposes they do not exist. All the essence of them has been absorbed into the later franchises that, in fact, do operate these properties."

These bodies have part or lot with the million of people composing this commonwealth except insofar as they may exact tribute from us—may farm the people; third, officers, including presidents, general managers, and also tax agents. We look in vain for the seat of responsibility. These officers and agents are put in the field to operate these plants; they are underpaid; their salaries, their positions, their salaries, and their expectations, all depend upon their making these properties successful in earning capacity; the question is never asked by the owners, How have they done it? Have they been just or unjust? Have they dealt fairly with the public or practiced extortion upon it? Have the earnings been honestly or dishonestly obtained? Only this is asked: Are good dividends forthcoming? If so, these officers are faithful and efficient; if not, not. So these officers are put in a hole, and, in many cases, what they do in national, state, county, and city affairs is often oppressive, unjust, extortionate and even dishonest. The fault is somewhere in the system. Where is the responsibility? We must look to our own condemnation of these officials, since they are the victims of the system and often really deserve sympathy, for they are usually honorable men, and would under no circumstances do a wrong in their personal affairs. We must awaken to the fact that the people cannot expect them to safeguard or look after the people's interests. The people must look after their own. Under certain circumstances, the people will turn. Would that the people had the spunk of the worm. The people must stop electing to office the man named by the railroads."

The briefs of the "amici" are in the main dignified, well written documents containing a fund of valuable information, colored no doubt as high as possible with "railroad red." One or two of the "amici," however, could not resist the inclination to "roast" Relator Rosewater. "The comment of attorneys for the relator," says "Amicus" John N. Baldwin (he who "discovered" Mickey), "is contemptible and should receive the condemnation of this court. That part of the brief . . . is a harangue and appeal to passion and prejudice. It is a cruel lack of respect for the audience made up wholly of vituperation and vilification. . . . It sounds like the talk of agitators, and not the argument of lawyers. It is without fact, without even the raw material of a thought, without argument, and without sense, and without defense." "Counsel for relator," says "Amici" Manderson and Kelby, "hysterically proclaim that the railroads prepared the second answer to the petition of the relators, and usurped the board of equalization. It is evident that counsel do not like the amended answer any better than they say the railroads liked the first answer (?) for they indulge in the cry that the preparation and filing of the amended return was such a shameful performance as to justify the view that the time is ripe for open revolt by the people. The railroads, in a suit, which they were not parties, prepared a second answer. They usurped the state board of equalization. In the face of this shameful performance, who can doubt that it is time for open revolt by the people. . . . Truth is mighty and will prevail. The railroads have overplayed themselves. They have made the board turn a double summorset in the very face of all the people. Whom the gods would destroy they first make mad."

Aside from the citations, both the Burlington and the Union Pacific briefs are devoted largely to statistical information with which the people are by this time tolerably familiar, thanks to those bulletins "issued under authority of the railroads of Nebraska."

The chief of the same is marked to cause one to inquire whether the men who wrote the bulletins did not also write the briefs, or vice versa. Proceeding on the assumption that all other property in Nebraska is assessed upon 10 per cent of its true value, "Amici" Manderson and Kelby furnish some comprehensive schedules to show that the Burlington assessment is scandalously high—anywhere from \$100 to \$1,700 per mile too high. Considerable stress is laid on the statement that the industrial worth of the capital stock of any corporation can rarely ever be determined by market quotations, which latter are unstable as water. It is par today, minus or plus tomorrow, depending upon the influences which affect it. The market quotation is a composite of commercial rivalry, power, ambition, envy, speculation and ruin—it means nothing. The fact is that these same factors affect the market price of wheat and corn and other things sold on "change. Burlington stock never exceeded 192 when sold in small quantities, yet the stockholders were given 200 for it when the whole amount was sold at once. The Choctaw, Oklahoma & Gulf railroad, which was sold recently, commanded a higher figure for all its stock than any portion of it ever reached on the stock exchange. The water-like instability of it, at all, on the side of conservatism, except in rare instances like the Northern Pacific squeeze in 1901. But an average for the year preceding is the fairest possible index to the value of railroads, properties and franchises. Capitalization of net earnings is not so fair because of the arbitrary assumption that a certain rate is enough—it is pitting the judgment of a few as to what constitutes a fair return against the combined judgment of many thousands who buy and sell railroad stocks and securities. The value which property bears is such that only a fair interest is received upon the actual investment, the franchise, although essential to operating the road, is valueless—it produces no income. But whenever the net returns constitute more than the normal, current interest rate, then the franchise acquires value—it produces income. Under properly adjusted rates there could be no value to the franchise. And if it be

amount for which its stock can be bought and sold, is the real value. Business men do not pay cash for property in moonshine and dreamland. They buy and pay for that which is of value in its power to produce income, or for purposes of sale."

"Amicus" Ransom's brief on behalf of the Pullman Palace Car Company contains an able discussion of the law regarding the assessment of sleeping and dining car companies. Just why these companies should be assessed as they are, while the express companies escape by being assessed locally on a few old horses, wagons, safes, and pouches, is one of the things no pop can find out; but one of the things the next legislature must find out if it does its full duty.

From a legal and argumentative standpoint, "Amicus" Ben White's brief is perhaps the ablest in the bunch. He indulges in no biting sarcasm, or statistics, tables, but contents himself with a philosophical (perhaps at times sophistical) discussion of the subject. One of his arguments will certainly give the socialists something to say about the exploitation of labor: "To the extent that interest payments are made upon bonds," says Mr. White, "dividends declared upon stocks, or net earnings derived from the operation of the property, it must be remembered that fully one-half thereof is contributed by labor. Hence, if assessments of value are to be placed upon the aggregate worth of the securities, or net earnings are to be capitalized, it is clear that only one-half of the result thus obtained can be based upon the value of the property, and the balance must be based upon the labor employed. When these values are used, therefore, for the purposes of assessment and taxation, the companies are compelled to pay taxes not only upon property used in their business, but upon the labor employed, thus doing violence to the constitutional requirement that taxes shall be derived from a property valuation." There is a way by which the railroads could escape paying taxes upon the results obtained from the labor of their employees—they might pay higher wages.

One of Mr. White's arguments deserves more than passing notice. It is the argument that if values are ascertained by reference to the value of stocks and bonds or net earnings, no reduction can be made in freight rates, and the further fallacy that the rate-making basis and the taxing basis should be the same.

Primarily the private ownership of a public highway is indefensible on an economic standpoint, but if permitted, the owner is entitled to a fair return upon the value of his highway, but upon his investment. He is entitled to sufficient revenue to keep the plant in as good condition as when first constructed, fair interest on the capital he has invested—fair interest on the money he has loaned in a business purely private in its nature, is not interfered with, because in his business competition rules and prevents extortion, and there is no irresistible tendency to consolidation, combination and monopoly. He is not restricted by law as to what he shall charge for his products or services. He has no guaranty from the courts that he is entitled to a fair return, even any return upon his investment.

If it were possible to so nicely adjust all railroad charges that this fair return could always be depended upon, the value of any given railroad would coincide with the value invested in it; but such rates and such volume of business and such business management as result in greater operating expenses than gross returns, invariably result in making the railroad less valuable than the actual investment and conversely when the rate of return of business and management produce such gross returns that after the operating expenses are paid, large net earnings result, the value of that railroad is much greater than the value invested in it. Here is where the valuable franchise comes in. If the net returns are such that only a fair interest is received upon the actual investment, the franchise, although essential to operating the road, is valueless—it produces no income. But whenever the net returns constitute more than the normal, current interest rate, then the franchise acquires value—it produces income. Under properly adjusted rates there could be no value to the franchise. And if it be

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valuable, it is because the road has been charging extortionate rates. It is no part of the investment. It was donated by the people, through the instrumentality of government, and the owners of it have neither legal nor ethical right to use it as a basis for fixing rates. Rate-making must be done on the basis of the actual investment.

But taxation is quite another matter. Taxes are levied upon values in the present, not upon investment. The farmer who pays taxes on a \$50-acre farm may have invested all told less than \$3,000 in his quarter section. The price of a bushel of wheat grown on fifty dollar land will be no more in Chicago or New York than that of a bushel grown on ten dollar land, unless the quality is superior. The basis of taxation must always be the present value of the property (and this term includes franchises); but the basis of rate-making can be nothing else than the actual investment, allowing sufficient to make up for depreciation of the plant.

Whatever may be the outcome of this suit, the people of Nebraska are certain to gain by it. They are even now receiving a liberal education on account of it. And in the future if they do not secure their rights, and permit themselves to be robbed at both ends of the line, they have only themselves to blame. They certainly cannot plead ignorance of the subject.

CHARLES Q. DE FRANCE.

In July and January

Last week appeared in The Independent a large ad. announcing the July semi-annual clearing sale of Fred Schmidt & Bro. In January and July of each year the Schmidts have a sale that represents great and liberal discounts from their regular prices. As they have the largest trade and buy more goods and in larger quantities than any store of its class in the city it is not surprising that they are able to offer the remarkable bargains they do. It will pay every economical buyer to read Mr. Fred Schmidt's advertisement carefully and purchase while the sale is on any goods that may be needed now or in the near future. The quality of the goods is always the most durable and best to be had. They do not handle any of the inferior grades of stock. Read the ad. and buy whatever you may need before the sale closes.

WHAT CONGRESS HAS DONE

Our Correspondent Makes a Brief Mention of What Has Been Accomplished

Washington, D. C., July 7, 1902.—(Special Correspondence.)—A brief review of the work done during the session of congress just closing is interesting as, in a considerable degree, sustaining the contention of General Grosvenor, the republican political boss, that "the democrats seem to be running things."

The Philippine tariff bill was the first measure of importance considered and the republicans won this fight, although the bill was so pernicious in its provisions that, with 40 majority in the senate, they were only able to pass it by 10 majority.

The next fight came on over the oleomargarine bill, and although this was fought viciously by leading republicans at the instance of the packing houses, it was passed and suitable protection thus afforded to the butter product of the farmers. Mr. Shallenberger and his three fusion colleagues from Nebraska were prominent in support of this measure. Mr. Shallenberger making one of the leading speeches in its favor.

The next fight was upon the isthmian canal question and was between the actual supporters of such legislation and for the Nicaragua route, and those who were really opposed to any such legislation led by Mr. Cannon, but who professed to favor the Panama route, doing this at the instigation of the railroads to defeat the whole matter. The fate of the bill was decided by the democrats, among whom were Shallenberger and his three fusion colleagues, voting solidly for the bill and passing it with the help of some republicans who had not surrendered themselves completely to the transportation corporations.

The next fight was on the Selfridge war claims steal. A bill passed the

house appropriating about \$300,000. In the senate some \$2,000,000 of 40-year-old claims, which had been rejected by government inspectors, was added thereto and attempted to be forced through in a conference report. The democrats fought the report in solid phalanx and, with the aid of a few republicans, defeated it, thus saving the \$2,000,000 to the taxpayers by preventing this filching of the treasury.

Next came the great fight on Cuban reciprocity when the united democrats overthrew the republican leadership for the first time in eight years, and with the aid of a few republicans not only passed the reciprocity bill, but struck a body blow at the sugar trust at the same time by striking off the differential duty on sugar.

Next came the Chinese exclusion bill when the democrats again solidly favored the enactment of a strict law, such as was asked for by the labor organizations of the country, and passed it by the aid of Pacific coast republicans. The republican senate rejected it and re-enacted the old Geary law, which has been proven inadequate in its provisions.

Now comes on the naval appropriation bill and again the democrats were united. By the assistance of a dozen republicans, the bill was passed with an amendment providing for the construction of three of the six new battleships in government navy yards, instead of farming them all out by private contract to those who would furnish republican campaign funds in return.

Next came the Hill bill, the entering wedge for the Fowler bill, and the purpose of which is so nefarious that the republicans did not dare pass it this session, but will wait until next winter and crowd it through along with the ship subsidy steal. Mr. Shallenberger made a speech in opposition thereto which is a valuable contribution to the literature on the money question.

The irrigation bill came next and the democrats won another signal victory. The bill was fought by every republican of prominence in the house, and was passed over their protest. The Nebraska fusionists were prominent in this fight and did splendid work for the passage of the measure. Mr. Shallenberger was a pioneer in the movement, led the fight to amend the original bill and provide for national control, and has achieved national renown by his speech in closing the debate for the measure. Newspapers all over the great west and his effort in high terms and requests for copies of the speech have come from all over the country. Through Shallenberger's work, the Fifth Nebraska congressional district will come in for a large share of the funds to be expended for irrigation purposes.

This is the only general public appropriation ever secured for the Fifth district and will amount to a number of thousand dollars every year. It was used in making productive the arid lands of the district. Taken in connection with the \$125,000 appropriation for a public building at Hastings secured by Mr. Shallenberger, he has the distinction of being the only man who ever represented the district in congress to secure any allotment of public funds for public purposes.

A general feeling of prevailing among democrats and fusionists in congress over the accomplishment of fusion in Nebraska and the splendid and congressional nominees already named.

H. W. RILEY.

GREAT HAY RANCH—

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