

## SPECIAL WORK.

## Public Assistance to Railroads in Nebraska.

In the early years of our national life it was the tendency for the general government to promote public improvements. Washington advocated the Chesapeake and Ohio canal on the ground of national expediency. With the ascendancy of democracy under Jefferson, came the tendency to remand to private enterprise or the several commonwealths, the undertaking of internal improvements. In 1841 congress not only ceased to aid further internal improvements, but gave land to the several states to be used for this purpose. New York, Pennsylvania and Michigan were probably the most enterprising of the states in this direction; the first in the Erie canal, and the two latter in their railroads. State undertaking, however, did not prove as successful as had been hoped for. Pennsylvania was obliged to sell her roads at a great loss and quasi-public corporations began to be chartered as freely as purely private ones. The Eastern states for the most part acted under the idea that all useful enterprises would be undertaken by private exertion without the aid of the state. The western states, however, decided from the experience of their older sisters, that a direct gift would usually prove cheaper than a share in an industrial undertaking; and the federal government acted upon this same principle when it gave such immense tracts of land to aid in the construction of the Pacific railways.

The railways in this state have received aid from the people in three different forms: 1, municipal and county bond subsidies; 2, land grants both from the state and federal government, and 3, terminal grants, which are given either by cities or private individuals, and consist usually of town lots and depot sites.

The bond subsidies are granted under a law of this state passed February 16, 1869, (Neb. Laws 1869 p 92.) which gives the power to any county, city, village, or precinct to issue bonds for the aid of any railroad or other internal improvement in any amount so that the total indebtedness shall not exceed 10 per cent. of the assessed valuation, providing, however, that the right to raise money to meet the interest and principle when due, shall be distinctly specified. Under this law the people of this state have given to the railroads \$4,918,000 up to November 30, 1890, which is divided among the several systems in the following manner: C. B. & Q., \$2,059,300; F. E. & M. V., \$705,500; C. R. I. & P., \$180,000; C. St. P. M. & O., \$294,000; M. P., \$390,000; Pacific Short Line, \$58,000; S. C. & P., \$75,000; U. P., \$1,056,200.

Many of the reasons for making these large donations are obvious. The history of this county, Lancaster, which has already voted \$625,000 of bonds to its different railroads will give some of the reasons which come up where ever bonds are issued. The B. & M. railroad received a land grant from the United States by act of congress dated July 2, 1864, to be given on condition that the road would be built from Plattsmouth, Nebraska, to Kearney Junction, Nebraska, within ten years. The state capitol was moved here in 1867 and Lincoln was quite a thriving village in 1869 but it had no railroad and everything, lumber included, had to be brought from Nebraska City by wagon. The B. & M. railroad had surveyed through the city but were not obliged to build before 1874 in order to receive the lands already set apart for its use by congress. On the 19th of April, 1869, the county commissioners issued a call for an election to be held on the 24th of May following for the purpose of voting whether or not the county should issue \$50,000 in bonds to the B. & M. railroad, provided they complete a line of railroad to and from Lincoln on or before September 30, 1870. The bonds carried by a large majority and the road built as required. The statement was made by Mr. Gar-

ber of the state board of transportation that the county saved over \$50,000 on the bill for shipment of lumber alone. I have not been able to obtain figures on that point, but it is well known that the excessive cost of some of the older buildings in the city, including the main building of the university, was due principally to the enormous charges for hauling lumber from Nebraska City by wagon. The only possibility against this item being correct would be that the transportation by rail being so much more rapid than that by wagon that it would obtain most if not all of the traffic, even though its charges were the same or perhaps greater. This was the case in Colorado between Colorado Springs and Denver, and it is not improbable that it was so in this case until a second road was built. One thing is evident, whether the bonds were thus directly paid or not, the immediate increase in values of land was more than sufficient to cover the cost of the bonds, so it is apparent that the bonds could have been paid from the immediate benefits instead of charging it up to posterity.

On the 11th. of October, 1870, it was voted to issue \$150,000 in bonds to the Midland Pacific railroad, \$100,000 to the Nemaha Valley, Lincoln, and Loup Fork railroad, and \$125,000 to the Omaha and Southwestern railroad. The Midland Pacific fulfilled the terms of its contract and received its bonds May 1, 1871. The other two roads were never built to Lincoln. In the following November, \$120,000 in bonds was voted to the Atchison and Nebraska road which was completed and received its bonds January 1, 1872. The reasons given for this promiscuous voting of bonds was the need of competing lines. But these competing lines soon combined, the Midland Pacific with the B. & M., August 1, 1876, and the Atchison and Nebraska with the B. & M. in 1880. At this time the B. & M. railroad owned a great deal of land in Lancaster county, every alternate section within twenty miles of the road, except what had been pre-empted before the survey of the road; so the people grasped this opportunity to tax the B. & M. land in order to raise funds for competing lines, but before long this land was sold to private owners who must bear the tax. January 1, 1873, a second issue of \$100,000 in bonds was made to the Midland Pacific for building towards the northwest. In this election notice was the following provision "That, at the time of the delivery of each and every installment of said bonds, said railway company shall issue to said county an equal amount of the capital stock of said company." The last record of this railroad stock that I have been able to find, is a receipt for deposit of the same in the State National bank of this city. Under the constitution of this state, adopted in 1875, no county, city, or precinct can hold stock in any corporation. This provision in connection with the present condition of the road make the stock owned by Lancaster county rather inferior in value.

Among the miscellaneous revenue laws of the state we find one (1875 §1,110) providing that the revenue derived from any internal improvement aided by a county, city, village, or precinct bonds, shall be set apart forever for the purpose of paying the interest and principle of the bonds when due until paid. I have been unable to obtain the total revenue derived from taxing these railroads since their building, but by taking as a representative year, 1887, I find as follows:

RAILROAD	INT. ON BONDS.	COUNTY TAX	BALANCE FAVOR INT.	BALANCE FAVOR TAX
B. & M. R. R.	\$ 5,000	\$ 7,118.125	\$	\$2,118.125
Midland Pac. R....	19,120	3,065.16	15,054.84	
A. & N. R. R.....	12,000	1,984.73	10,015.27	

This shows that in all, except the B. & M., and in the totals, that the interest greatly exceeds the receipts from taxes. In this respect Lancaster county cannot be considered a fair average county, as this is the only county I have proved the same for; while in at least, Stanton and Butler counties the