

opposite result is shown. Besides these amounts repaid in taxes, a large part of the amount of the bonds was repaid in obtaining the right of way through the county. January 1, 1880, Capitol and Midland precincts issued bonds to the amount of \$5,000 each to the O. & R. V. railroad, and the city of Lincoln gave \$25,000 in bonds to the Lincoln and Northwestern. January 1, 1885, the city of Lincoln issued \$50,000 to the Missouri Pacific railroad, and one year later gave \$20,000 more. July 1, 1886, \$50,000 was given to the Fremont, Elkhorn and Missouri Valley railroad; while this last fall it was voted to give \$50,000 to the C. R. I. & P. to build to Lincoln; these bonds, however, have not yet been issued. The result of all these issues of bonds is, that there are now, including the C. R. I. & P., not doing regular service, five competing roads between Lincoln and Omaha, and four between Lincoln and Kansas City. The result of this number of parallel lines is not competition, and it is impossible that the rates can be reduced by such indiscriminate building, but on the contrary, they must be raised. There is not more traffic than could be carried over one, or at most, two tracks between Omaha and Lincoln, should it be run to its full capacity. It is generally admitted that railroads should earn a fair profit on capital invested. The shortest line from Lincoln to Omaha is about fifty-seven miles. Estimating average cost of road at \$20,000 per mile, we have a cost of \$1,140,000 for each road, and for the three surplus roads there are \$3,420,000 more than required, upon which the shippers have to pay a fair profit. Between the cities mentioned, one half as many roads would serve even better than at present, and in all southeastern Nebraska there are probably one-third too many roads for the country. Space fails me to give here accounts of other counties, but the questions that have arisen in Lancaster county are very similar to those that have come up elsewhere.

It is impossible for me to give a detailed history of the congressional land grants in this connection, but, in brief, congress made its first land grant to Pacific railways in 1862. Different acts have given land to the different roads. The grant usually consisted of the right of way over public lands and every alternate section of land within a ten or twenty mile limit on either side of the road with the privilege of taking indemnity lands for lands pre-empted before the survey within a fifty mile limit. Also there is usually a provision that the alternate sections retained by the government shall not be sold for less than double the price set upon them before the passage of the act. Under such laws the Nebraska railroads have received as follows: The B. & M. in Nebraska, 2,373,290.77 acres with some 9,057 acres yet to inure to the company. (It will be noticed that the figures for land received differ materially from reports given by the railroad to the Nebraska board of transportation and which were used by C. G. Dawes in his argument on the maximum freight bill; these figures were obtained from the report of the United States land office.) The U. P., 5,933,184 acres (estimate *pro rata* for Nebraska mileage); S. C. & P., 41,398.23 acres; St. J. & D. (now St. J. & G. I. under the U. P. system) 462,413.24 acres, (a small portion of this, however, is situated in Kansas) making a total of 8,810,286.24 acres.

In 1841 was an act of congress passed giving the states 500,000 acres of land each to be used for internal improvement. In 1869 this state passed a statute granting this land to railroads building at least ten miles of road, at the rate of 2,000 acres per mile; no road to receive more than 100,000 acres. This was distributed in the following manner: B. & M., 50,104.77 acres; A. & N., 12,841.54 acres; Br., Ft. K. & Pac., 19,989.12 acres; Mid. Pac., 99,973.08 acres; O. & S. W., 120,079.04 acres. (These roads are now all under the C. B. & O. system as constituted at present 302,987.55 acres.) F., E. & M. V., 100,030.32 acres; O. & N. W., 60,416.24 acres; S. C. & P., 47,646.10 acres, making a total of 511,080.21 acres.

These figures are all obtained from the deed record of internal improvement land in the land office in the capitol. It will be noticed that there are 11,080.21 acres, besides about 20,000 acres given for bridges, more than the state owned. Attention is called to this by Governor Garber in his message to the legislature in 1875, in the following language: "Records show that by reason of hastily deeding before confirmation 31,476 acres have been deeded more than the state owned or was entitled to." This makes a grand total of land received by the railroads in this state of 9,321,366.45 acres. It is very difficult to estimate how much the roads have realized from these grants of land. Space will not permit me to go into detail here, but the total realization will approximate \$29,416,827.06.

Terminal grants consist of lands and town lots usually given to someone as the trustee for the road, or to the officials of the road, in return for which the depots or some other desirable accessory of the road is placed where the donor desires. Of course there is money in the pockets of the donor as a result of their generosity, and they look upon it as an investment. The deeds are usually made out to give some fictitious price, so that it is impossible to obtain the amounts actually received, unless access could be had to the companies' books, and then doubtless a great deal would not appear, as much was given to the officials of the roads. It would be impossible, therefore, for me to make any estimate of the amounts so received. Mr. Garber, of the Nebraska board of transportation, intends making investigations along this line, and he may be able to find some important facts.

The cost of roads is something very difficult to obtain. The Nebraska board of transportation for 1890 gives the cost of C., B. & Q., (system in Nebraska) U. P., and the C., St. P., Minn. & O., taking an average of these as an average of the roads of the state we have \$24,675.75 per mile. This is probably a high average, as it includes that costly U. P. road. Multiplying this by the total mileage in the state we have an estimated cost of \$134,243,225.87. There is on this a bonded indebtedness of \$127,006,859.28 (does not include Neb. & Western, the figures of which could not be obtained) and a nominal capital of \$99,203,658.88. The total aid rendered the road as above is \$34,366,827.06, added to bonded indebtedness makes \$161,343,686.34. According to these figures the capital stock represents less than nothing, the bonded indebtedness and the aid received amounting to more than the cost of the road.

The question as to the bearing of these figures on the fixing of a maximum rate is one that was opened by Mr. C. G. Dawes before the senate committee. He was answered by Mr. W. S. Garber, of the state board of transportation. Not to enter into the discussion I will say simply it would be manifestly unfair to the railroads to claim, as figures seem to show, that the capital stock represents nothing, and to allow only enough earnings to pay interest on the lands; and on the other hand it is not right to leave these donations entirely out of the question. The municipal donations could hardly be used to lower rates, for one city may give large bonds to secure a road which necessarily passes through a rival place which gives nothing. The city that gives no bonds can hardly claim lower rates on account of the donations of the other city. Neither could the city that voted bonds claim a discrimination in its favor against the one that refused the bonds. While the people have given so much for the roads, the roads have done equally well for them. Every bond issued has been repaid by the road, with a few special exceptions. Donations have been given simply as a bargain. This is well illustrated in the land grants where the remaining sections were sold at a price equal to that asked for the whole. There is an immense unearned increment accumulated to the road that must be taken into account. When the road was built it was a losing investment. The road has built up the cities, which in turn have built up the traffic for the road. As the building of the road was necessary for this increase of the community it might be questioned how much of this was earned and how much unearned. Economically the unearned increment should belong to the community, but this is not practice. It is the same economical question that is brought forth in the single tax theory. Law allows individuals to reap the benefit of the unearned increment of the land. Economy questions this right. The right of the state to regulate rates does not depend upon this, as without the donations the state should have power to interfere with oppressive rates on the ground of public policy. The only possible bearing of this question can be, how low can the rates be reduced without doing an injustice to the road.

C. E. TINGLEY, '90.