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Enticing the Iron Horse: The Unexpected Effects of Railroads on Town-Building in the Great Plains

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Abstract

Town building in the Great Plains during the 19th century centered on railroads. Railroads were promoted as the means for fiscal success through direct and ancillary sources. When railroads did not transpire in the manners expected, towns sometimes resorted to drastic measures to lure railroads. These drastic measures could, and did, backfire as in the case of Brownville, Nebraska.

Located in southeastern Nebraska, Brownville offers an interesting study in the manner railroads affected town development. Planning, attempting and ultimately failing to entice railroads proved devastating to the town. The actions taken to get an effective railroad eventually led to lawsuits, increased property taxes, loss of the county seat and subsequent population decline.

Railroads offered progress and purpose for many towns in the Great Plains during the nineteenth century, but definitely not all. Towns in the Great Plains suffered when blinded by their dreams of greatness, they fell prey to designs of being the next metropolis, losing what little they had. Enticing the Iron Horse proved counter productive to town building efforts when they failed. Railroads thus affected town development, not just where railroads intersected towns, but where towns could not lure the iron horse.

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Enticing the Railroads

Brownville, Nebraska, located along the Missouri River in Nemaha County, was established in 1854 as a river crossing. Rooted as an intersection of river traffic and overland traffic, it soon boomed with steamboat traffic as the new territory opened. People rapidly pushed into the new territory searching for their piece of Nebraska. It was obvious to Brownville residents that steamboat traffic was good, and a railroad connection would be better.

Brownville started to campaign for a railroad connection as early as 1856. The creation of effective rail lines was expensive, often cost-prohibitive to privately held companies. Therefore companies relied on local and state governments to fund railroads. Land prices were prohibitive for many companies to outright purchase land, but land grants and government funding helped surmount that obstacle. Railroads were known to increase property values, subsequently increasing the tax base, and the roads would essentially pay for themselves.[1]

Because of these high costs, towns like Brownville became involved and invested in the railroads.

Brownville had several options for assisting railroads. The town could use tax incentives to entice the railroad. Bonds were an active possibility, as were grants. Individuals within the town could be railroad boosters or even donate property for the railroad. Throughout the East at least, nearly any incentive spent on gaining railroad access to a town was profitable, either directly through dividends on stock or indirectly from improved transportation that included "higher land values, increased local commerce, greater ability to market crops and better access to consumer goods."[2]

Despite the high cost, optimism followed any mention of railroading for Brownville. Beginning in 1856, there was ample discussion of getting a railroad to the town. By 1857, the *Nebraska Advertiser* reported that the North Missouri Railroad was being built directly to the east, out of Keokuk, Iowa, and it was only time before that road extended to Brownville.[3]

The promise of the railroad and the value it might hold for the future of Brownville was too alluring to deny. In February of 1857, eleven men signed the Articles of Incorporation for the Brownville and Fort Kearney Railroad to build from Brownville all the way to the western boundary of Nebraska Territory.[4]

Bolstering the value of the town, and the push for railroads, was the discovery of coal a few weeks later in March 1857. There had been known deposits of coal in the area, but they were rediscovered amidst railroad fever. The Brownville Stone and Stone Coal Company was organized and $50,000 in stock was subscribed within two days.[5] Although plenty of wood was available, the presence of coal would create yet another attraction for the community.

Coal mining did not commence immediately, other issues proved more important. The town became a travel stop once gold was discovered near Dry Creek, Colorado, in 1858. Business soon adapted to the change in clientele from settlers to miners, and Brownville became an outfitting location for miners traveling west to Colorado. The biggest boom to the town came with the announcement in September of 1859 that gold had been found in Cherry Creek, "about

551 miles" directly to the west of Brownville.[6] Robert Furnas even went as far as to publish a map, albeit very crude, in the *Advertiser* to direct miners to Cherry Creek.[7] The town continued its importance as a steamboat stop and outfitting location for western travelers through the gold rush era and into the Civil War. After the Civil War, people returned home and railroad fever was renewed.

Resurgence of the Railroad

Brownville's railroad fever returned when the Mississippi and Missouri River Air Line Railroad proposed an extension across the Missouri in 1867.

The Brownville, Fort Kearney and Pacific Railroad was organized after a meeting with General David Moore, president of the Air Line. The Air Line had pushed all the way to the Missouri River. It was in search of a western terminus. Brownville's boosters noted three major reasons why Brownville would be a perfect location: federal land in that part of the state was available, a market for goods and services, and coal deposits in Nemaha County and salt springs in Saline County along the route would enhance the value of the line.[8] Brownville could ultimately be served by four railroads that might meet from all directions and would ensure progress. They might all meet in Brownville. However, in 1867 these were only promises.[9]

The anticipation of having a railroad through Brownville brought action. Money was doled out to pay for surveyors and to send a delegation to Washington to lobby for a land grant. A request was made to the county supervisors for a subscription of $300,000 for a railroad. The supervisors approved a $350,000 referendum with a 7% bond over twenty years, pending voter approval.[10]

Brownville, as Nemaha county seat and the largest municipality served the county in many ways but it needed to ask for the county's approval for the funds. The county remained appropriately apprehensive. The county would only finance some of the railroad and therefore not be fully responsible if the railroad defaulted. Passage of the referendum would show Congress the intent of the town and the local funds available to build the line.[11] The safety of Congres-

sional approval and potential bond revocation protected the voters of Nemaha County if something proved to be amiss.[12] Contingency on Congress' action relieved some of the local fears for the line, but Nemaha County remained divided.

After a difficult campaign, the county narrowly approved the measure, 523-483 [by .03%], but it was Brownville's overwhelming support that passed the issue for the county. With the bond receiving ninety-four percent of the city's votes, showing Brownville's commitment to the railroad, still the county as a whole did not approve of the railroad. Nemaha County was comprised of eleven precincts, and only two, Brownville and its surrounding area, supported the bond. Despite opposition by outlying precincts, the bond was approved.[13]

Buoyed by the passage of the bond, promoters talked of railroad investor interest from the East. Rumors of letters from prominent easterners flourished in Brownville. The survey report on the potential of the Mississippi and Missouri River Air Line Railroad was published for Brownville in February, proclaiming the "guarantees" of success.[14] Later in April 1868, the President of the Pennsylvania Central Railroad inquired about the finances and prospects of the Brownville, Fort Kearney and Pacific.[15] It appeared Brownville's prosperity was inevitable.

Destiny Hangs in the Balance

Piquing interest and prodding investment was the first stage in railroad development. The next component was the practical aspect of railroad building. Railroads required wood for ties and trestles and fuel (either coal or wood) for the engines, both of which Brownville had access to, but railroads did not exist in isolation. Brownville would soon realize the difficulty of securing a railroad that would be tied to the rest of the nation.

The Brownville, Fort Kearney and Pacific's route was intended to cover 95 miles to the west, including the towns of Tecumseh and Beatrice. May 20, 1868, brought a report on its first preliminary survey. It was revealed that the proposed railroad route included numerous ravines and was lacking needed resources, specifically timber and

coal. It estimated that it would cost over $625,000 for the line to be completed and $8,000 for a complete survey.[16] Later in August, the Brownville Railroad Bill was defeated through no action in the Senate.[17] Based on the Senate's inaction, Nemaha County was released from its obligation to issue bonds. To the railroad promoters, this was only a temporary setback. While the Air Line idea was defeated, not all hope was lost.

Railroad boosters recognized more was needed to secure rail lines for Brownville, Nebraska. The state promised land grants or discounts for railroad companies building at least ten miles of line; Brownville again was buoyed by hopes of a railroad. Local boosters attached provisions for a Brownville land grant to the Midland Pacific Railroad Act. The Senate approved of nearly 6,000,000 acres for railroads in southern Nebraska. Railroad promoters also asked the county for a loan of $132,000 in bonds to assist the proposed St. Louis and Nebraska Trunk Railroad and also for $118,000 to help the Brownville, Fort Kearney and Pacific.[18]

If the county passed the $118,000 bond issue, and the directors of the Brownville, Fort Kearney and Pacific raised $100,000, then a new line, the Quincy, Missouri and Pacific would subscribe $100,000 to the effort. The Quincy line also would contract immediately for construction of the line ten miles west from Brownville in an attempt to qualify for state lands by the deadline of February 15, 1870. This time the land grant or the bond issue was not contingent on the federal approval of a land grant.[19] The *Advertiser* insisted that the future of the town rested on the approval of the bond; that "much of our destiny hangs in the balance."[20] In July, the voters approved of the additional $118,000, with the voters of Brownville again carrying the county. Brownville was so sure of the value of the road that it voted additional funds for the effort. The Brownville precinct voted $100,000 and Brownville City voted $60,000 to the capital stock of the Brownville, Fort Kearney and Pacific.[21] By the end of January 1870, there was $278,000 in local money committed to the railroad, based on the completion of ten miles of track to the county border from Brownville.

The Board of Directors of the Quincy, Missouri and Pacific Rail-

road soon began to ask for money, not just subscriptions. J. A. Johnson was appointed collector for the company, at the same time he also solicited more subscriptions. Groundbreaking ceremonies finally came October 4, 1870 to great excitement of the town. That same week, about a dozen teams arrived to begin grading construction. Since work was being done on the line, the town was content that progress was being made and their dreams would be realized.

In March 1870, the State Legislature extended the deadline for the completion of ten miles another five years. Without the motivation to complete ten miles of the line by the end of February, work virtually stopped. It was soon revealed that the Quincy, Missouri and Pacific was in serious financial trouble. It only had $11,000 cash on hand and it was $51,660 in debt.[22] The directors resorted to assuming personal debts to pay laborers. It was obvious that this company could not provide a viable road.

Gradually, the town began to sink into desperation. Two attempts had been made to attract eastern railroads, but to no avail. Work had been done on grading outside of town, but without continued effort the grade would soon fall into disrepair. Brownville appeared to be very close to its dream of a railroad, but its third attempt would not be "the charm," but its demise.

Demise

Railroad construction depended on several phases. The first phase was the raising of interest and income. The second phase was the survey, planning the lay of the road. The third phase was the grading; moving land to be able to put down rails. The fourth phase was the laying of ties and rails. The last phase was running trains on the rail bed. Some bonds and funding arrangements were based on the completion of individual phases, while other bonds required the total completion of the road. Brownville resorted to requiring as little as possible for its bonds.

When it was obvious the Quincy, Missouri and Pacific was financially insolvent, directors of the Brownville, Fort Kearney and Pacific Railroad reorganized with an infusion of eastern capital. Three men

with eastern ties, Benjamin Smith, William Dennison and Joel Converse contracted to complete the line. Smith, Dennison and Converse had built the Midland Pacific Railroad, based in Nebraska City, and their success was well known.[23] In return for making all payments on the stock, Smith, Dennison and Converse released the directors of the Brownville, Fort Kearney and Pacific from obligations for assessments or payments. Smith, Dennison and Converse received the construction contract, worth potentially $118,000, and all property owned, and all assets of the company.

Using their considerable local assets, within six weeks of the reorganization, the first spike was driven in Brownville on November 28, 1871.[24] A month later, ten miles of track were completed. Nearly 20,000 acres of state land were given to the Brownville, Fort Kearney and Pacific. The county commissioners also paid the company $40,000 for the work.[25]

As construction continued westward, company control was transferred again, this time to Smith, Dennison and Converse completely. The local deadline for completion to the county line was extended to November 1, 1872, but it was not met. Converse threatened to stop the work on the road altogether if he was not paid $30,000 in bonds. He later accepted a compromise deal of payment of $16,500 for grading work and placing the unpaid balance of the $118,000, about $78,000, with trustees chosen by the county commissioners to be delivered to him as soon as iron reached the edge of Nemaha County.[26] Due to their fulfilling their promise to build a railroad to bordering Gage County, the construction company also received $150,000 in post-dated bonds from that county. At the same time, the railroad company (Brownville, Fort Kearney and Pacific) mortgaged its property to Converse, Smith and Company.[27]

Although the company was financially well off and diversified, progress on the railroad out of Brownville dragged to a standstill. Progress on the Brownville, Fort Kearney and Pacific lost its value once the line was mortgaged and the bonds were secured. Lawsuits were pending from other counties against Joel Converse, including Lancaster and Seward, which Converse responded with threatening to remove all of his railroad interests from those counties.[28] In short,

Converse controlled huge interests in many counties that desired railroads and played those regions off against each other in an effort to maximize his profits.

The death knoll for the Brownville, Fort Kearney and Pacific was the realization that of their ten miles of track, six were being "borrowed" by the Midland Pacific for another branch line. Ties and track were being torn up in Nemaha County to complete another incentive offered by the town of Peru.[29] Brownville soon realized that it would not get its six miles of track replaced, so the county commissioners sued for remuneration of $78,000 held in trust.

Meanwhile, in February of 1875, Brownville heard the sound it had been waiting for: a whistle. Unfortunately, the train was not from a major line, but that of a small branch line from Nebraska City with the deceitful name of the Nebraska Trunk Line (operated by Joel Converse's company). A general holiday was proclaimed, for a train finally reached Brownville.[30]

Joel Converse and his company consolidated all of his lines to the Burlington Northern despite local objections.[31] The county commissioners attempted to have the whole process of track sales reversed, but it had already relinquished all control in exchange for getting a road built. The county sued Converse and Burlington Northern, eventually ending in the Supreme Court. In 1883, the United States Supreme Court ruled in favor of Joel Converse. It required Nemaha County and the city of Brownville to pay, not just the full value of the bonds, but also $205,947.66 for work above the original contract.[32] Brownville's search for a railroad effectively ruined its prospects of ever becoming a city.

Brownville was devastated by the large incentives offered for railroads with a lack of controls on funding. Joel Converse and his group played counties against each other and sold out to larger corporations when they could. The Supreme Court's ruling not only for the bonds that had been pledged, but for interest and improvements given by the railroad forced the town of Brownville to raise property taxes to unbearable levels to fulfill the court's decree. Because property taxes were so high, property values were ruined and the population plummeted. The town was nearly totally devastated, economically and socially.

The failed search for a railroad ruined property values and the tax base. The county seat relocated to Auburn in 1885. Residents moved out quickly so that only 457 people remained by 1890, down from its reported high of 3,000.[33] In 1894, a young reporter named Willa Cather visited the city to commemorate the city's fortieth anniversary, hoping to find a bustling little town, but she only found what she called a "ghost town on the river."[34] It was obvious that the sense of purpose that had motivated the city to pursue innovative transportation technology had rapidly left the town.

"Progress" pushed the town. The town scoured for a railroad trunk line believing that its future rested on new technology, undaunted by initial failures to secure a railroad. Finally getting a company to agree to build through the town, the municipality abandoned the safeguards that had protected it in bond issues and pledged beyond its means to secure the road. When the railroad company had extracted all it could from the town, it left and pulled up its track, leaving the town to pay for its mistakes.

Enticing the iron horse proved counter productive to town building efforts when they failed. Brownville fell to businessmen who understood the reckless abandon with which the city had pursued the railroad and made personal profit at the expense of the lure of a railroad. Brownville's failure to entice the iron horse left it isolated and as the editor of the *Nebraska Advertiser* charged, "Isolation is poverty . . . and death."[35]

Notes

1 Heckelman, Jac C., and John Joseph Wallis. "Railroads and Property Taxes." *Explorations in Economic History* 34, no. 1 (January 1997): 97.

2 Majewski, John. "Who Financed the Transportation Revolution? Regional Divergence and Internal Improvements in Antebellum Pennsylvania and Virginia." *The Journal of Economic History* 56, no. 4 (December 1996): 763-788.

3 *Nebraska Advertiser*, February 19, 1857.

4 Ibid., March 26, 1857.

5 *History of the State of Nebraska; Containing a Full Account of its Growth from an Uninhabited Territory to a Wealthy and Important State; of its early Settlements; its Rapid Increase in Population and the Marvelous Development of its Great Natural Resources. Also an Extended Description of its Counties, Cities, Towns and Villages their Advantages, Industries, Manufactures and Commerce; Biographical Sketches, Portraits of Prominent Men and Early Settlers; Views of Residences and Business Blocks, Cities and Towns,* (Chicago: The Western Historical Company, 1882), 1141.

6 *Nebraska Advertiser*, September 2, 1859.

7 Ibid., December 30, 1858.

8 Ibid., March 28, 1867.

9 Ibid., August 29, 1867.

10 Ibid., December 5, 1867.

11 Ibid., December 12, 1867.

12 Ibid., December 26, 1867.

13 Ibid., January 16, 1868.

14 Ibid., February 13, 1868.

15 Ibid., April 15, 1868.

16 Ibid., May 28, 1868.

17 Ibid., August 6, 1868.

18 Ibid., June 21, 1869.

19 Ibid., July 15, 1869.

20 Ibid., July 22, 1869.

21 Ibid., February 3, 1870.

22 Ibid., June 1, 1871.

23 http://www.nebraskahistory.org/publish/publicat/timeline/midland_pacific_railroad.htm

24 Ibid., November 28, 1871.

25 James J. Blake, "The Brownville, Fort Kearney and Pacific Railroad," *Nebraska History* 29, (September 1948): 260.

26 *Nebraska Advertiser*, February 27, 1873.

27 Hubert Garrett, "A History of Brownville, Nebraska" (M.A. Thesis, University of Nebraska, Lincoln, 1927), 107.

28 Blake, 264.

29 *Nebraska Advertiser*, November 26, 1874.

30 Brown, 100.

31 *Nebraska Advertiser.,* October 14, 1875.

32 http://www.justia.us/us/109/522/case.html

33 Garrett, 93.

34 Willa Cather, "Ghost town on the River" *American Heritage* 21, (October 1970): 68-72.

35 *Nebraska Advertiser*, April 14, 1870.