

## LOCAL AID TO RAILROADS IN IOWA

*By Earl S. Beard*

The decade of the 1850's was a period of extensive railroad planning and some railroad building in Iowa. Companies organized to build and operate railroads grew up rapidly, almost overnight, in many eastern Iowa towns. Some of the roads proposed by these companies progressed little beyond the planning stage; others became forerunners of the present lines which criss-cross the state. Whatever the future of roads then projected, the first and most pressing need was for funds to build them. In search of these, every source was exploited, from individual investors to land grants from the federal government. Between these two extremes lay another source of income for the railroad corporations — "local aid."

The term "local aid," as it pertains to railroad history, is used in a broad sense to designate assistance to rail construction given by agencies other than the state or federal governments. Although such assistance varied greatly in form and amount according to time, place, and local conditions, it consisted generally of outright gifts to railroad companies, or of subscriptions to their capital stock by individuals and local political units who anticipated some benefit from the construction of a railroad in their vicinity. The necessity for this patronage arose from the fact that the cost of constructing a railroad was much greater than could be met by available private funds. Hence, after promoters of newly incorporated railroads had opened stock subscription books and solicited signers who would agree to purchase stock in the venture, the next step was an appeal to the political subdivisions through which the lines were to be built.

In Iowa constitutional provisions virtually prohibited financial assistance from the state government itself. Therefore, local aid assumed an unusual importance to railroad builders. Section 1 of Article VIII in the constitution, adopted when Iowa became a state in 1846, provided that:

The General Assembly shall not in any manner create any debt or debts, liability or liabilities, which shall singly or in the aggregate, with any previous debts or liabilities, exceed the sum of one hun-



dred thousand dollars, except in case of war, to repel invasion, or suppress insurrection. . . .

With the exceptions noted, a state debt above \$100,000 could be created only for some single object approved by a majority of the people at a general election. It had to be secured by a definite provision for payment. Reinforcing this provision was another that forbade the state, directly or indirectly, to become a stockholder in any corporation.<sup>1</sup>

Quite clearly the constitution makers were determined that Iowa should be safeguarded from the financial chaos that had fallen upon other states when the clamor for internal improvements resulted in extensions of state credit beyond the economic resources of their populations. Events of the decade following, however, were to show that the citizens of the new state were not immune to the widespread desire for improved transportation facilities; nor were they as fully protected from financial indiscretion as the planners had desired. While it was generally recognized that the public purse strings were tightly knotted at the state level, county administrations in many cases took the view that in the absence of positive restrictions they were free to lend credit as they chose in the furtherance of rail projects. Suiting this feeling to action ordinarily involved a process in which the people of a county voted bonds bearing an attractive rate of interest and exchanged them for the capital stock of a railroad. The railroad company was then expected to obtain construction funds by selling the securities to eastern investors.<sup>2</sup> Bonds were also the means of attracting capitalists into the field as active participants in building and operating railroad lines. County securities, in their hands, represented a guarantee of whatever liquid capital was brought into the enterprise.<sup>3</sup>

<sup>1</sup> *Constitution of 1846*, Article IX, Section 2. Typical of state constitutions adopted about the middle of the century, restrictions such as these reflect a determination to avoid the disastrous internal-improvement debts incurred earlier by other states. In Iowa this attitude emerged strongly in the constitutional convention where a Whig minority was unsuccessful in its attempt to secure more moderate limitations. See Benjamin F. Shambaugh, *Fragments of the Debates of the Iowa Constitutional Conventions of 1844 and 1846 . . .* (Iowa City, 1900), 341, 347-55; also Carl H. Erbe, "Limitations on Indebtedness," *IOWA JOURNAL OF HISTORY AND POLITICS*, 22:372-6 (July, 1924).

<sup>2</sup> As a means of expediting this procedure the General Assembly authorized railroads to dispose of local bonds at such discounts as might seem expedient. *Laws of Iowa, 1854-1855*, Ch. 128.

<sup>3</sup> Later court actions brought to recover interest and principal of bonds often revealed bondholders as officials actively engaged in the business of the railroad in-



Many Iowans thought that the practice of voting bonds for railroads was expressly authorized in sections of the Code of 1851 prescribing the method by which counties could approve tax levies to repay money borrowed for extraordinary expenditures incidental to the construction of "any road or bridge."<sup>4</sup> A controversy arose over the interpretation of the word "road" as used in the statute; was a railroad a road within the meaning of the law? Temporarily, at least, this issue was resolved in favor of the proponents of local aid when the State Supreme Court in 1853 ruled, in the case of *Dubuque Co. v. The Dubuque and Pacific Railroad Company*, that "road" as it appeared in the Code was indeed properly construed to mean "railroad." At the same time the Court considered the constitutional aspects of bond aid and concluded that the people might vote the credit of their counties with complete propriety because they had in no way conceded nor divested themselves of this power in the constitution.<sup>5</sup>

In every respect the decision represented a sweeping victory for bond aid enthusiasts, although the full Court report contained a pessimistic note in a dissenting opinion written by Associate Justice John F. Kinney. Justice Kinney rejected the reasoning by which the majority of the Court had found county bond aid constitutional and recited at length the evils likely to result from the unrestrained use of public credit for the benefit of private corporations. Noting that more than three million dollars had already been voted for such a purpose, he prophesied gloomily that if unchecked this debt would mount within five years to ten million dollars or more. The annual interest alone on such a debt, he pointed out, would be in excess of seven hundred thousand dollars — a crushing burden for the people of an infant state.<sup>6</sup>

Had the report come a few years earlier, Kinney's grave warning might have evoked a more sympathetic response — despite its coincidence with

involved. See Ethan P. Allen, "Gelpcke v. The City of Dubuque," *IOWA JOURNAL OF HISTORY AND POLITICS*, 28:178-81 (April, 1930).

<sup>4</sup> *Code of 1851*, Sections 114-124. Others desiring to vote bonds, but uncertain of their legal right to do so, requested the Governor to call a special session of the legislature to enact authorization. Report of railroad convention at Fairfield (Henry County) in *Burlington Weekly Telegraph*, April 30, 1853, cited by Richard C. Overton, *Burlington West: A Colonization History of the Burlington Railroad* (Cambridge, 1941), 64.

<sup>5</sup> 4 Greene, *Iowa Reports*, 1-6.

<sup>6</sup> *Ibid.*, 6-16.



judicial vindication of the bond voting scheme. By 1853 it was too late; sympathizers there were, but among the majority of the people a cautious approach to railroad affairs was thought to betray a regrettable lack of confidence in the future. During the previous year a rail connection had been established between Chicago and New York, and already another line was nearing completion from Chicago to the Mississippi River at Rock Island. The apparent imminence of a railhead on the eastern border of the state excited the imaginations of those who visualized the advantages of direct rail communication with Chicago and the markets of the East.<sup>7</sup> People residing in counties that had hesitated because of some doubt over their legal right to vote bonds for railroads now hastened to embark upon such programs of aid. Before 1853 was out, bond issues were voted for various railroad projects in the counties of Louisa, Des Moines, Polk, Jones, Mahaska, Johnson, Wapello, Jasper, Linn, Madison, Cedar, Dubuque, and Lee.<sup>8</sup>

Despite the absence of rules governing matters of form, the securities issued by these counties followed a general pattern that soon became well established. Almost without exception, bonds were redeemable in twenty years and bore interest of 7 to 10 per cent. An act of the General Assembly in 1855, stipulating that interest rates on bonds voted for railroads should not exceed 10 per cent, merely confirmed an accepted practice.<sup>9</sup>

Less uniformity prevailed in the terms under which bonds were to pass

<sup>7</sup> Dwight L. Agnew, "Beginnings of the Rock Island Lines, 1851-1870" (Ph.D. thesis, unpublished, State University of Iowa, 1947), 17-23, discusses the enthusiasm of the people of Davenport and Scott County over the prospect of a railroad between Chicago and Rock Island.

<sup>8</sup> Arthur Springer, *History of Louisa County, Iowa* . . . (2 vols., Chicago, 1912), 1:218; Augustine M. Antrobus, *History of Des Moines County, Iowa* . . . (2 vols., Chicago, 1915), 1:353-4; *History of Polk County, Iowa* . . . (Des Moines, 1880), 700; R. M. Corbitt, *History of Jones County, Iowa* . . . (2 vols., Chicago, 1910), 1:208; *History of Mahaska County, Iowa* . . . (Des Moines, 1878), 307; C. Ray Aurner, *Leading Events in Johnson County, Iowa, History* . . . (2 vols., Cedar Rapids, 1912), 1:208; G. D. R. Boyd, "Sketches of History and Incidents Connected with the Settlement of Wapello County from 1843 to 1859 Inclusive," *Annals of Iowa* (first series), 6:187 (July, 1868); *The History of Jasper County, Iowa* . . . (Chicago, 1878), 367; *History of Linn County, Iowa* . . . (2 vols., Chicago, 1911), 1:63; *The History of Madison County, Iowa* . . . (Des Moines, 1879), 387-8; C. Ray Aurner, *A Topical History of Cedar County, Iowa* . . . (2 vols., Chicago, 1910), 1:287; Franklin T. Oldt (ed.), *History of Dubuque County, Iowa* . . . (Chicago, n.d.), 243; *History of Lee County, Iowa* . . . (Chicago, 1879), 508.

<sup>9</sup> *Laws of Iowa, 1854-1855*, Ch. 128.



into the possession of the railroad companies. Most of the agreements did provide that the bonds were to be exchanged eventually for an equivalent value in railroad stock at par, but beyond this the people of various counties attached such conditions that seemed to them most likely to assure the safety of their investments and the earliest completion of the railroads. When it seemed impossible to pursue both goals, safeguards frequently were sacrificed in the interests of rapid construction. Thus, when Davis County voted \$150,000 in bonds to aid the Fort Madison, West Point, Keosauqua and Bloomfield and the North Missouri railroads, the election proclamation merely stated: "Bonds to be issued when the county judge is satisfied that the building of the road is secured."<sup>10</sup> Lee County, in authorizing a \$200,000 bond issue for the Keokuk, Fort Des Moines, and Minnesota, and the same amount for the Fort Madison, West Point, Keosauqua and Bloomfield, provided that either company should receive its share of the bonds whenever the county judge felt that enough stock subscriptions had been made to insure completion of the road.<sup>11</sup> This looseness of terminology provided opportunities for sharp practice on the part of railroad promoters, and of course placed great stress on the ability and character of the county judge.

When a county did try to eliminate the possibility of fraud — by placing greater restrictions on the issuance of its bonds — it ran the risk of pressing matters too far. Jasper County, determined that the Lyons Iowa Central Railroad should show concrete evidence of its good faith before receiving the \$40,000 bond issue voted by the people, stipulated that the railroad should not receive the bonds until it had spent an equivalent amount in the county.<sup>12</sup> From one point of view this arrangement defeated a purpose of bond aid, since the company was forced to seek elsewhere for funds to use in the county before it could qualify for local aid. It was extremely difficult at this early date to reconcile accepted standards of prudence with the immoderate desire for railroads and the slender financial resources of the builders.

Recognizing the existence of conditions contributory to dilemmas of this kind, the General Assembly, in 1855, attempted to regulate matters so as

<sup>10</sup> Text of the proclamation appears in *History of Davis County, Iowa* . . . (Des Moines, 1882), 483-4.

<sup>11</sup> *History of Lee County* . . . , 508.

<sup>12</sup> *History of Jasper County* . . . , 367.



to afford some degree of protection to the communities — without placing any obstacles in the way of continuous construction progress. As approved, the law required that no bonds be issued until county judges were convinced that the "contemplated improvement" would be built up to or through their counties within thirty-six months from delivery of the bonds, and that all proceeds of bonds be applied within the county issuing them.<sup>13</sup> Again, except for the last clause, the effectiveness of an attempt at protection was dependent upon the judgment and reliability of a single official. A more reasonable plan was that evolved in 1856 by the people of Black Hawk County in an agreement with the Dubuque and Pacific Railroad Company. The company assumed the obligation of building through the county and locating passenger stations and freight depots at certain points. The county in return was to turn over portions of a \$200,000 bond issue at stated periods as the work progressed.<sup>14</sup> In this procedure neither party was required to commit itself fully until the other had demonstrated its ability and willingness to carry out the contract.

As has been indicated, county judges, as chief administrative officers, usually received broad discretionary power to decide when conditions imposed by the people had been fulfilled, and, consequently, the exact time that the bonds were to change hands and the circumstances under which the transfer would take place. Obviously this power was subject to certain abuses. In one instance, at least, a Cedar County judge opposed his own judgment to the expressed will of the people and obtained judicial sanction for his action. In 1853, when Cedar County approved bonds in the amount of \$50,000 for the benefit of the ill-fated Lyons Iowa Central Railroad, the proposition as voted upon provided that the bonds were to be issued to the company "only in the event of said railroad being constructed and running centrally through the county." County Judge S. A. Bissell, an ardent railroad enthusiast, issued \$20,000 of the bonds before any of the road was built in the county. Shortly thereafter, when a tax was levied to meet interest on these bonds, several people resisted its collection, offering as a defense Judge Bissell's violation of the conditions pertaining to the bond issuance. Litigation followed, and the dispute finally reached the State Supreme

<sup>13</sup> *Laws of Iowa, 1854-1855*, Ch. 194.

<sup>14</sup> *History of Black Hawk County, Iowa* . . . (2 vols., Chicago, 1915), 1:355. A similar arrangement was made in Jones County with the Iowa Central Air Line. See Corbitt, *History of Jones County* . . . , 1:208.



Court where, to the dismay of the taxpayers, it was ruled that the judge had the right to issue the bonds "on being made satisfied that the road *will* run centrally through the county."<sup>15</sup> The difference between satisfying the judge that the road would be built, and actually building it, came to light less than a year later when the whole project collapsed, and the promoter absconded with the funds of the embryo railroad.<sup>16</sup>

Although this incident illustrates the authority wielded by county judges in bond aid matters, it should be made clear that Bissell's attitude was not a typical one among these officials. More often they were skeptical of railroad pretensions and when possible observed a policy of caution in releasing bonds to the companies. Francis Springer, succeeding to the judgeship of Louisa County after an election authorizing bonds for the Philadelphia, Fort Wayne, and Platte River Air Line, resisted pressure from the electorate as well as from railroad officials before transferring the securities to the company. His consent to the transaction came finally in 1856, nearly three years from the time of the bond election, and then only upon receipt of a petition signed by more than nine hundred people of the county requesting that the bonds be released.<sup>17</sup>

The refusal of Judge Joseph H. Flint to issue bonds voted by Wapello County in 1853 for the Burlington and Missouri River Railroad also brought severe criticism. The judge maintained that the vote authorizing the bonds had been obtained by fraudulent representation of the time that the line was to reach Ottumwa, an explanation dismissed in scathing terms by the editor of the local newspaper:

This plea is worse than the plea of infancy (the baby act). The Judge appears to think that, notwithstanding the people had a plain, unmistakable proposition, fully written and printed, submitted to them, yet they were induced to believe that they were in fact voting for something entirely different. . . . The position of the Judge is self-evidently ridiculous, and nonsensically foolish.

Several other judges were scarcely less obdurate than Springer and Flint. Samuel A. Moore, G. C. Mudgett, and J. H. Hubbard, judges respectively

<sup>15</sup> 4 Greene, *Iowa Reports*, 328-35; Aurner, *Topical History of Cedar County* . . . , 1:287. Italics added.

<sup>16</sup> *History of Clinton County, Iowa* . . . (Chicago, 1879), 492; Dwight L. Agnew, "Iowa's First Railroad," *IOWA JOURNAL OF HISTORY*, 48:9 (January, 1950).

<sup>17</sup> Springer, *History of Louisa County* . . . , 1:220-22. A copy of the petition and the names of some of the prominent signers appear on 220-21.



of Davis, Jones, and Black Hawk counties, delayed issuance of bonds after they had been voted, or refused to issue them at all.<sup>18</sup>

For several years after 1853 bond aid continued to be given to railroads, but as time passed there was a very noticeable decrease in the number of counties taking such action. Most of the eastern counties having any immediate prospects of obtaining railroads had already voted bonds; and in the western part of the state, where "railroad fever" also ran high, sparsity of population and low property valuations acted generally as deterrents. Apparently unimpressed by these disabilities, two counties in the southwestern corner did vote bonds: Fremont, for the Fort Madison, Bloomfield and Missouri River Railroad, in 1854; and Mills, in 1856, for the Burlington and Missouri River Railroad. Webster, in the west central section, also approved an issue in 1856 — for the Dubuque and Pacific. Perhaps with greater justification, Pottawattamie, whose county seat was Council Bluffs, voted bonds for the Council Bluffs and St. Joseph Railroad in 1857.<sup>19</sup> But with these exceptions, approval of county bond propositions during the period from 1853 to 1857 was confined to the central and eastern parts of the state where the counties of Winneshiek, Black Hawk, Iowa, Chickasaw, Benton, and Davis joined the now lengthy list of those that had previously authorized loans of credit to assist railroads. Late in 1856 Lee, Dubuque, and Louisa, border counties on the Mississippi anxious to become distribution centers for the interior of the state, held new elections and voted further bond obligations.<sup>20</sup>

Elsewhere bond proposals began to fare badly as builders found it in-

<sup>18</sup> Ottumwa Courier, March 17, 1859; see also *History of Davis County . . .*, 485; Corbitt, *History of Jones County . . .*, 1:208; *History of Black Hawk County . . .*, 1:356.

<sup>19</sup> *History of Fremont County, Iowa . . .* (Des Moines, 1881), 420-21; Washington Press, Dec. 3, 1856; J. W. Lee, *History of Hamilton County, Iowa . . .* (2 vols., Chicago, 1921), 1:62-3; *History of Pottawattamie County, Iowa . . .* (2 vols., Chicago, 1883), 1:155. Bond voting in Pottawattamie was controlled by its ambitious and rapidly growing county seat, Council Bluffs, later to become a very important railroad center.

<sup>20</sup> Iowa City Daily Reporter, Oct. 25, 1856; *History of Black Hawk County . . .*, 1:335; Harley Ransom, *Pioneer Recollections . . . Iowa County . . .* (Cedar Rapids, 1941), 132; *History of Chickasaw and Howard Counties, Iowa . . .* (2 vols., Chicago, 1919), 1:344; *History of Benton County, Iowa . . .* (2 vols., Chicago, n.d.), 1:130-31; *History of Davis County . . .*, 483-5; *History of Lee County . . .*, 509-510; Oldt (ed.), *History of Dubuque County . . .*, 245; Springer, *History of Louisa County . . .*, 223.



creasingly difficult to justify additional local support in the face of lagging progress on rail projects started earlier in the decade. Iowa railroad maps showed an elaborate system of lines serving every area, but of these thousands of miles of track projected on paper, only sixty-eight had been completed and placed in operation by January 1, 1856 — the Mississippi and Missouri Railroad, predecessor of the Rock Island, from Davenport to Iowa City.<sup>21</sup> A few miles of the Burlington and Missouri River Railroad, forerunner of the Chicago, Burlington and Quincy, had been built from Burlington westward toward the Skunk River, but these were not opened to traffic until June of 1857.

Charges of fraud against certain promoters became widely circulated over the state and contributed to the stiffening of attitudes toward bond issuance at the county level. People of counties along the surveyed line of the Lyons Iowa Central Railroad, particularly, were aroused and angry over the disappearance of several officials with the cash and negotiable securities of the company. Riots had taken place among unpaid workmen when a subcontractor of the Northern Iowa Railroad Company absconded with its funds. Criticism became so strong in a number of localities that it was not thought worth while to hold elections. In other places, notably in Jones, Jackson, and Van Buren counties, elections were held and bond propositions defeated.<sup>22</sup>

Parallel with criticism of lagging progress, and blending with it in some places to create an atmosphere unfriendly to further bond aid, was a growing feeling that county debts already in existence were too large, and that the power to create them should be curtailed. An expression of this viewpoint came in the first biennial message of Governor James W. Grimes in 1856:

The Constitution wisely provides that the State shall not in any manner create a debt exceeding one hundred thousand dollars. The framers of that instrument did not imagine that there was a great necessity to prohibit the counties from creating large public debts, for the reason that the history of the country did not then

<sup>21</sup> *Iowa Historical and Comparative Census, 1836-1880*, 126-7.

<sup>22</sup> Corbitt, *History of Jones County . . .*, 212; *The History of Marion County, Iowa, and Its People . . .* (2 vols., Chicago, 1915), 1:237; *The History of Jackson County, Iowa . . .* (Chicago, 1879), 435; Aurner, *Leading Events . . . Johnson County . . .*, 215-16; Cyrenus Cole, *A History of the People of Iowa . . .* (Cedar Rapids, 1921), 281; Iola B. Quigley, "Some Studies in the Development of Railroads in Northeast Iowa," *Annals of Iowa* (third series), 20:226-7 (October, 1935).



present the case of a county becoming a large stockholder in private corporations. . . . Without stopping to inquire into the authority under which loans have heretofore been voted, it seems to me that prudence and sound policy requires [sic] that some check be imposed upon the future exercise of this power to create public indebtedness.<sup>23</sup>

A similar uneasiness over the amount of local indebtedness was freely expressed in the convention held in 1857 for the purpose of revising the state constitution. Fearing that the credit of the state as a whole was in danger of impairment, a number of delegates strongly urged a constitutional provision barring local political corporations from making loans to railroads and owning their capital stock. Others, friendlier to railroad interests, insisted that since railroad activity had been confined primarily to the eastern part of the state, such a provision would be unfair to the western counties which had not yet received the opportunity of using their credit to obtain railroads. In the end, a compromise was agreed upon limiting the aggregate debt of counties and municipalities to 5 per cent of the value of taxable property.<sup>24</sup>

Brighter prospects for local financing appeared temporarily when a group of towns appealed to the legislature for authority to take part in the bond voting scheme. For the most part these were towns that hoped, by generous stock subscriptions, to assure themselves of places on the main lines of railroads projected through their vicinities. From a legal point of view, special permission in some form seemed necessary because neither the statutory provision of 1851, authorizing county bond aid, nor the Supreme Court decision of 1853, interpreting it and affirming its constitutionality, had made any concession to the powers of other local political units. As far as towns were concerned, the matter of bond issuance for the benefit of railroads still lay in the hands of the General Assembly. And there it remained, for instead of establishing a uniform procedure through the passage of a general law, the General Assembly adopted the practice of dealing with each case separately.<sup>25</sup> Under this policy a series of enactments in 1856 and

<sup>23</sup> Benj. F. Shambaugh (ed.), *Messages and Proclamations of the Governors of Iowa* . . . (7 vols., Iowa City, 1903), 2:37-8.

<sup>24</sup> *Constitution of 1857*, Article XI, Section 3; *The Debates of the Constitutional Convention of the State of Iowa* . . . (2 vols., Davenport, 1857), 1:290 et seq.

<sup>25</sup> However, a general law had previously been enacted prescribing definite forms to be followed in making the preliminary petitions, holding elections, and issuing bonds.



1857 either legalized previously held bond elections, or authorized the holding of such elections, in the towns of Fort Madison, Lyons, Maquoketa, Bellevue, Anamosa, Keokuk, and Dubuque.<sup>26</sup>

Prior to this time, however, several towns, particularly those located along the Mississippi, had voted bonds without any apparent authority for doing so. An early instance of such action was that of Davenport which voted a joint subscription with Scott County in 1853. Dubuque also had voted bonds on several occasions, relying for its authority to do so upon a clause in its charter of incorporation empowering the city council to borrow money for any "public purpose," provided that two-thirds of the voters gave their consent; but it is doubtful that the legislators had railroads in mind when the charter was granted in 1847. Burlington, with a similar clause in its charter, had voted a loan of \$75,000 to the Burlington and Missouri River Railroad in June of 1855.<sup>27</sup>

Unfortunately, from the viewpoint of the railroad builders, the flurry of legislation in which bond assistance from towns was made available in any significant amount soon died out. Near the end of 1857 the effect of the panic of that year was felt widely over the state in the form of declining prices for agricultural products. This downward trend, continuing through 1858, brought the prices of many basic products to points 25 to 40 per cent below their former levels.<sup>28</sup> A consequent decrease in the supply of ready money — which in Iowa had never been equal to the demand for investment capital — provided a strong argument against further additions to the public debt and the tax burden. During 1858 and 1859 not a single town received permission to issue bonds for railroad purposes.<sup>29</sup>

A conservative feature of this law was a section limiting tax assessment for bond payment to 1 per cent or less per year of the taxable property. *Laws of Iowa, 1854-1855*, Ch. 149.

<sup>26</sup> *Laws of Iowa* (extra session), 1856, Chs. 25, 29; 1856-1857, Chs. 24, 178, 205, 239.

<sup>27</sup> See Harry E. Downer, *History of Davenport and Scott County, Iowa* . . . (2 vols., Chicago, 1919), 1:901. The Dubuque charter of incorporation is in *Laws of Iowa, 1845-1846*, Ch. 123. For Burlington, see Antrobus, *History of Des Moines County* . . . , 1:447-8.

<sup>28</sup> Tables and graphs in Norman V. Strand, "Prices of Farm Products in Iowa, 1851-1940," Iowa State College Agricultural Experiment Station, *Research Bulletin* No. 303 (May, 1942), 938-54.

<sup>29</sup> Only one other instance occurred in which town bonds issued for railroad aid were approved by the legislature. This was in the case of Camanche in 1860. *Laws of Iowa, 1860*, Ch. 68.



For a time railroad building operations very nearly ceased, although some of the companies refused to give up the struggle until every possible source of capital had been exhausted. One of these, the Dubuque and Pacific, having failed in an attempt to obtain a British loan, and finding no market for its own securities except at ruinous discounts, turned to the people of Buchanan County in 1858 with a proposal reflecting some measure of its desperation as well as genuine resourcefulness and ingenuity. The vice-president of the railroad, Platt Smith, a prominent attorney of Dubuque, outlined the company's plan in a meeting held at Quasqueton. Alluding to the existence of agricultural surpluses and of products of the land for which there was no worthwhile market, Smith proposed that these be exchanged for stock in the railroad. Briefly, the people were asked to vote a property tax of 1 per cent and to receive, as payment for flour, corn, oats, cattle, hay, stone, timber, and other products, scrip issued by the company to its construction contractors. County officials were then to accept this scrip in payment of the tax, exchanging it later for paid-up stock in the company. Despite its apparent reasonableness, this proposal failed to gain the majority necessary for approval when submitted to the voters in a special county election.<sup>30</sup>

Rejection of a local aid plan designed especially to meet most of the objections arising from depressed economic conditions was due in part to the continuing presence of the critical attitudes previously noted. However, the influence of a new development in railroad financing is also to be discerned. Two years earlier, in 1856, following a long period of agitation by the builders and the people of the state, Iowa railroads had received an extensive land subsidy from the federal government.<sup>31</sup> So munificent was this grant that all concerned looked forward to the solution of financing problems in the accumulation of funds derived from land sales. When Hamilton County was asked to legalize a bond issue for the Dubuque and Pacific in 1858 a Webster City newspaper had this to say:

<sup>30</sup> *History of Buchanan County, Iowa* . . . (Cleveland, 1881), 93-6; negotiations for the British loan are described in *Report of the Dubuque and Pacific Railroad Company, 1858*, 13-18.

<sup>31</sup> With one exception every session of the General Assembly before 1856 asked Congress to donate lands for railroads. See *Laws of Iowa, 1848*, joint resolution 5, memorial 3; 1848-1849, joint resolutions 5, 15; 1850-1851, memorials 4, 5; 1852-1853, joint resolutions 2, 3, memorials 1, 3. The Commissioner of the General Land Office estimated the total amount of land in the grant to be 3,456,000 acres. *Senate Executive Documents, 35 Cong., 1 Sess., Vol. 2*, p. 89.



It is . . . a query in the minds of many, as to what the Company want these bonds for. They have a most magnificent land grant — sufficient to build the road and leave a large surplus — and have had nearly \$2,000,000 worth of fine property donated to them along the line of the road. . . . In these hard times, every dollar of taxation, present or prospective, makes the people groan.<sup>32</sup>

This attitude, together with the knowledge that recipients of the subsidy were obligated by the terms governing its acceptance to build over specified routes and to complete the lines within a definite time, engendered a certain complacency among people of localities known to be directly on the routes.<sup>33</sup> Ebenezer Cook and Henry Farnam, promoters of the Mississippi and Missouri Railroad, complained in an interview in 1856 that some people were exhibiting a spirit of indifference toward material aid, feeling that the road would be built along a certain line in any case.<sup>34</sup> At this stage, then, refusal of assistance through local political action was not attributable to a lessened desire for improved transportation, but rather to a feeling that such assistance was no longer necessary.

Scattered here and there over the state were a few citizens either unwilling to trust everything to the land grants or too impatient to await results. Several of these people, apparently influenced by events in neighboring states, suggested in 1858 that the state of Iowa lend its credit to railroads. In the forefront of the movement was Charles Aldrich, an enterprising newspaperman whose enthusiasm led him to brush aside constitutional obstacles to such action by the state. Aldrich spoke airily of the "ample security" which the railroads could supply if the legislature would pass the preliminary law necessary to the assumption of a state debt of over \$100,000 and submit it to the people for approval. When the legislature adjourned without having acted on his proposal, he urged counties to choose delegates to a convention which would demand an extra session of the General Assembly:

This subject is one of the utmost importance, and action should be taken on it at once in every County. Missouri and Minnesota

<sup>32</sup> Webster City *Hamilton Freeman*, Jan. 28, 1858.

<sup>33</sup> The terms of the grant were set forth in the bill transferring the lands to the state, and these were incorporated in the act of the General Assembly distributing the lands to the companies. *United States Statutes at Large*, 11:9; *Laws of Iowa* (extra session) 1856, Ch. 1.

<sup>34</sup> Iowa City *Daily Evening Reporter*, July 17, 1856.



have loaned their credit to their railroads, and they are making rapid progress, while Iowa is standing still. Shall we follow their example and awaken enterprise, and develop our inexhaustible resources, or "gig back," and let the grass again grow up in our streets?<sup>35</sup>

No great response greeted this plea. Platt Smith of the Dubuque and Pacific announced his hearty approval, as did George Greene, who, as a member of the State Supreme Court in 1853, had written the majority opinion declaring bond aid constitutional.<sup>36</sup> Most Iowans, however, had not lost faith in the land grants. Their feeling was better expressed by the editor of the *Independence Guardian*: "We have not . . . become convinced that our roads may not be built by private exertion, aided by the munificent land endowment made to them."<sup>37</sup>

With continued confidence in the land grants generally prevailing, there was very little public reaction when the State Supreme Court in 1859 ruled that the legislature had not given blanket authorization of bond aid in the Code of 1851, and, in fact, had not intended to do so.<sup>38</sup> In effect, this ruling was a direct reversal of a part of the decision rendered in *Dubuque Co. v. Dubuque and Pacific Railroad Company*, but it left untouched the constitutional power of the General Assembly to enact such legislation if it so desired. Hence, when that body convened in the following year, the bond aid question was in much the same position it had occupied prior to the judicial interpretation of 1853. Now, however, perhaps for the first time, the General Assembly found itself unhampered by pressure from towns and counties willing to make almost any sacrifice to obtain railroads. In this changed atmosphere it announced an entirely new policy in an act prohibiting future bond assistance by subordinate political units.<sup>39</sup>

Even as the legislators approved the change they may well have realized that they were dealing with a dead issue. Of greater importance now, and still to be decided, was the final disposition of disputes over bonds that had been voted earlier. Disagreements had cropped up soon after the beginning of bond aid, and suits affecting various aspects of the practice were almost

<sup>35</sup> Webster City *Hamilton Freeman*, Feb. 25, Nov. 5, 1858.

<sup>36</sup> See letter of George Greene to Platt Smith printed in *ibid.*, Nov. 26, 1858.

<sup>37</sup> *Ibid.*, Nov. 12, 1858.

<sup>38</sup> 10 Withrow, *Iowa Reports*, 166.

<sup>39</sup> *Revision of 1860*, Ch. 55, article 8.



continuously in the courts after 1853. Frequently, at first, these originated with the complaints of disgruntled property owners who had opposed the issuance of bonds from the beginning and then, after defeat in the elections, had sought to avoid the payment of taxes necessary to keep up the interest. Later, as bond assistance began to appear unnecessary, or as it seemed that building progress did not reflect the amount of aid given, county administrations themselves began to resist the issuance of bonds to meet further subscription installments or interest payments as they fell due on bonds already issued.

Actually, from the start, there had been little likelihood that the bonds would yield results commensurate with the expectations of the voters, even when the proceeds were honestly and efficiently applied. County bonds never brought their face value in the eastern money markets, discounts of 25 to 35 per cent being a normal expectation among railroad men. By the time brokerage fees and other expenses incidental to negotiation had been deducted, the cash proceeds were not usually much greater than 60 per cent of the original value of the bonds.<sup>40</sup> This meant that the money available for construction within a given county often amounted to little more than half the sum visualized by the people. Almost inevitably wide gaps developed between the results as foreseen by the bond voters and the actual work accomplished.

Whatever the causes, the courts were called upon increasingly to decide cases pertaining to the bonds, and several of these attacking the constitutionality of taxation to support bond aid were carried to the Supreme Court of the state. As the personnel of the Court changed, it became apparent that succeeding jurists considered the majority opinion in *Dubuque Co. v. The Dubuque and Pacific Railroad Company* to be socially unwise, and, from a judicial standpoint, of questionable soundness. Yet, despite very outspoken criticism of the ruling of 1853, the Court continued to uphold it, fearing to disturb the complex of transactions that had taken place in reliance upon it.<sup>41</sup> But the tide was turning, and a decision completely over-

<sup>40</sup> These figures were cited in the Convention of 1857 by J. C. Hall of Burlington, earlier a judge of the State Supreme Court. *Debates . . . Constitutional Convention . . . Iowa*, 1:292-3.

<sup>41</sup> For cases concerning bonds, see *Iowa Reports*: 5 Clarke, 45-6; 10 Withrow, 166 *et seq.*; 4 Greene, 328; 14 Withrow, 107, 593; 15 Withrow, 385, 486; 12 Withrow, 527; 6 Clarke, 265, 304, 391.



turning *Dubuque Co. v. The Dubuque and Pacific Railroad* was not long in coming. In 1862, after the terms of two supporters of the Dubuque decision — Judges Woodward and Stockton — had expired, Chief Justice George B. Wright joined the other two members of the Court in declaring that the General Assembly possessed no power under the constitution to authorize local political corporations to vote taxes for the purpose of becoming stockholders in railroad companies.

Justice Ralph P. Lowe, writing the opinion of the court, presented the central point of his argument in the form of a syllogism:

All police powers which the State may legitimately confer upon her subdivisions, may be reclaimed and exercised by herself, but she cannot reclaim and exercise the right of a stockholder in a railway company; therefore she cannot confer the exercise of this right as a police power upon said subdivisions.

Realizing that the effect of the decision would be to cut away legal grounds for the collection of interest or principal of bonds, Lowe expressed his concern lest innocent bondholders be injured, and the people of the state charged with bad faith, but he concluded rather blandly that “. . . it is one of those unfortunate misadventures which sometimes will happen in the best governed and best intentioned communities.” Still, he suggested, all would be well if those concerned were disposed to be charitable and fair in the absence of compulsion.<sup>42</sup>

So far as the bondholders were concerned, a major difficulty with Lowe's recommendation of fair treatment according to the dictates of conscience was that by 1862 few people in the counties that had voted bonds felt any moral obligation to stand behind them. They simply did not think that they had received their money's worth. Seven hundred and thirty-one miles of railroad, much of it poorly constructed, hardly seemed an adequate result for an investment variously estimated to be between seven and twelve million dollars, especially since the railroads themselves were nearly all heavily mortgaged.<sup>43</sup> Hence the people of the state were inclined to hail the decision joyously as a means of escaping debt considered to be unjust and bur-

<sup>42</sup> 13 Withrow, *Iowa Reports*, 419-20, 423.

<sup>43</sup> Mileage statistics in *Iowa Historical and Comparative Census, 1836-1880*, 126-7. The legislature authorized land grant railroads to issue construction bonds secured by the property of the companies, and all took advantage of the opportunity. See *Laws of Iowa, 1856-1857*, Ch. 182.



densome. Typical of the press reaction was the comment:

The decision breaks the yoke from the neck of innumerable cities and counties who have hitherto labored under a burden most oppressive. The decision looks to the initiated like simple repudiation, but the parties relieved will not question its legality.<sup>44</sup>

With equal candor the *Dubuque Times* remarked that: "The great mass of the people will hail this decision with joy, but it will fall hard on the holders of some of these bonds."<sup>45</sup> Considering the mood of the people, the editor had ample justification for his prediction regarding the fate of the bondholders. There seems little doubt that the great majority of them would have gone unpaid had conditions remained unchanged — but this was not to be. Circumstances were radically altered less than a year later when the United States Supreme Court overruled the decision of the state court. In a summary of its opinion, the federal Court declared:

Although it is the practice of this court to follow the latest settled adjudications of the State courts giving constructions to the laws and Constitutions of their own States, it will not necessarily follow decisions which may prove but oscillations in the course of such judicial settlement. Nor will it follow any adjudication to such an extent as to make a sacrifice of truth, justice, and law.

Municipal bonds, with coupons payable to "bearer," having by universal usage and consent, all the qualities of commercial paper, a party recovering on the coupons will be entitled to the amount of them, with interest and exchange at the place where, by their terms, they were made payable.<sup>46</sup>

In one stroke the positions of the principal parties to the bond controversy were reversed: citizens of bond voting communities now found themselves faced with demands for payment backed by the full weight and authority of the nation's highest judicial body. Indignation and defiance followed, but it accomplished no useful purpose. In the end, all holders who chose to press claims received some degree of satisfaction, though many of them accepted compromise agreements. The majority of these settlements, however, were deferred until after the Civil War.<sup>47</sup>

<sup>44</sup> *Burlington Weekly Argus*, June 27, 1862.

<sup>45</sup> *Dubuque Times*, reprinted in *Webster City Hamilton Freeman*, July 5, 1862.

<sup>46</sup> 1 Wallace, *United States Reports*, 176.

<sup>47</sup> Even the State Supreme Court defied the federal Court for a time. It issued a mandamus enjoining the county officers from levying taxes to pay the bonds. Entire



During the war railroad building in Iowa bogged down much as it had for a brief time after the panic of 1857. Several companies kept hopes and interest alive by occasional spurts of activity, but taken as a whole Iowa lines added only 190 miles of track between 1860 and 1865. Thus, while it should not be thought that Iowa railroads remained completely dormant during the war, it is true that the tempo of construction and the avidity of local demands for extension lost some of their intensity. A variety of factors helps to explain the building lag and the reduced level of enthusiasm. In addition to the demand imposed by the conflict itself upon energies and attention that might otherwise have been expended in railroad building, there were shortages of material and labor, as well as more attractive opportunities for investment capital. And, despite generally higher prices and greater agricultural prosperity,<sup>48</sup> there was little to be hoped for in the way of local aid. Local assistance in the form of gifts and stock subscriptions from individuals had not been inconsiderable. The Dubuque and Pacific Railroad, for example, owned seven hundred town lots, many of them donated by people along the route. Much of its eighty-acre holding in Dubuque had been given to it by citizens of the town. Railroads sometimes employed special agents to solicit all kinds of aid along their projected lines. A. C. Fulton acted in this capacity for the Mississippi and Missouri, and J. S. Andrews for the Council Bluffs and St. Joseph.<sup>49</sup> This type of aid was inhibited by the same combination of factors that had brought bond aid to an end shortly before the war began.

Another possible source of aid, county swamp land, was little exploited until after the war. Supposedly this was marsh land within the state, or low land subject to frequent overflow, which had been transferred from the public domain to state ownership in 1851. The state, in turn, had presented this land to the counties in which it lay — later, in 1858, giving permission for its utilization in railroad building. Actually, due to a mixture of genuine misunderstanding and deliberate misrepresentation on the part of those

Boards of County Supervisors were arrested for levying the tax and for refusing to levy it. See *Iowa City Republican*, April 15, July 1, Sept. 12, Oct. 7, 1868; Jan. 6, 13, 1869.

<sup>48</sup> Strand, "Prices of Farm Products in Iowa, 1851-1940," 938-54.

<sup>49</sup> See *Report of the Dubuque and Pacific Railroad Company, 1858*, 20; Webster City *Hamilton Freeman*, Jan. 28, 1858; Hiram Price, "Recollections of Iowa Men and Affairs," *Annals of Iowa* (third series), 1:6-8 (April, 1893); *History of Fremont County . . .*, 422.



charged with selection of the swamp land, a part of it was of very good quality, quite suitable for agriculture. Much of it was overlapped by the railroad grants of 1856, and some of it had been located and filed upon by settlers. *Bona fide* claims of settlers were disposed of in 1855 when the federal government agreed either to turn over to the state the purchase price paid by the claimant, or to allow the state to select indemnity lands elsewhere in the public domain.<sup>50</sup> Other problems, including some question over the validity of the state grant to the counties, and disputes arising from conflicting claims between railroads and counties, remained for settlement in the postwar period.

As the war drew to a close there appeared reawakened interest in railroad building, and with it a renewal of efforts to obtain local backing. Interestingly enough, these phenomena at first emerged more emphatically in the eastern and central parts of the state, sections in which rail lines had been completed before or during the war. Reasons for the revival of agitation at these places soon became abundantly clear. The people had learned through experience that location on the line of a single railroad did not in itself automatically guarantee a cure for all transportation ills. Indeed, it seemed to raise problems that had scarcely been thought of during the earlier period of strenuous exertion to obtain a railroad — any railroad — at almost any price. In the stress and excitement of financing and building roads, few had stopped to think of more prosaic matters such as shipping rates and the possible consequences of funneling all lines through one point. However, when it seemed that railroad operators were more interested in profits than in functioning as benevolent public service institutions, and that Chicago, as the focal point of Iowa lines, was in a position to regulate marketing conditions to its own advantage, they became matters of grave concern. The proper remedy, many believed, lay in the construction of roads running south to connect with Missouri lines terminating at St. Louis. Those who favored the plan insisted that it would afford the double advantage of lower shipping costs and higher selling prices, the theory being that competition among railroads would result in reduced freight rates. Bidding between Chicago and St. Louis for agricultural exports, they reasoned, would send market prices upward.

Local newspapers, ever in the forefront of railroad ferment, reflected

<sup>50</sup> *United States Statutes at Large*, 10:519-20, 634-5; *Laws of Iowa*, 1852, Ch. 13; 1858, Ch. 132.



these attitudes in editorials and in comments from readers criticizing railroad operation as it had been conducted and calling attention to what were considered to be serious flaws in the existing system as a whole. Much of this agitation centered at Iowa City, the first town of importance located any appreciable distance from the eastern boundary of the state that had received a railroad connection. Having been served by the Mississippi and Missouri Railroad since 1856, its citizens, and those of Johnson County, were perhaps in as good a position as any in the state to pronounce judgment on railroad operation. Their complaints against the Mississippi and Missouri, together with proposals for a southern route, appear in letters and editorials in local newspapers through much of 1865 and 1866.<sup>51</sup>

Similar views were heard at the executive level in the message of Governor William M. Stone in January of 1866:

Experience has already sufficiently demonstrated the incapacity of existing lines of railroads for conveying our immense agricultural productions to the eastern markets. And it is also equally clear that, whatever may be the capacity of these eastern lines, their immoderate thirst for monopolizing the avenues of transportation and their exorbitant charges for carrying stock and grain, render them formidable enemies to our agricultural prosperity. For this, the only permanent remedy is the establishment of competing lines.<sup>52</sup>

The fact that some Iowans were beginning to think in terms of lines running in various directions from the borders of the state marked a fundamental change in the conception of what constituted the proper scope of a railroad system. Previously, planners in Iowa, like those of other Midwestern states, had been concerned primarily with the task of building up a transportation system for the use of citizens within the state.<sup>53</sup> Reaching the markets of the East was of course an ultimate goal, but as a problem it was

<sup>51</sup> See especially the *Iowa City Republican*, Feb. 1, 13, March 1, May 31, June 7, 14, July 19, Sept. 20, 27, Oct. 11, 25, Nov. 1, 8, Dec. 20, 1865; Feb. 1, June 13, 20, 27, July 4, Aug. 15, 1866; for accounts of railroad meetings, of committee reports, and resolutions, Dec. 6, 13, 1865; Feb. 14, May 23, 30, Dec. 5, 6, 20, 1866; Jan. 2, March 13, 1867. See also *Iowa City State Press*, March 29, June 28, July 12, 26, Aug. 2, 23, Sept. 20, Oct. 11, 18, 25, Nov. 1, Dec. 6, 13, 1865.

<sup>52</sup> Shambaugh (ed.), *Messages and Proclamations* . . . , 3:56-7.

<sup>53</sup> Robert E. Riegel, *The Story of the Western Railroads* . . . (New York, 1926), 30.



regarded with far less immediacy than that of acquiring a network over the state. Partial explanation of this outlook lay in the early pre-eminence of Chicago as a terminal for eastern lines and the known determination of railroad companies in Illinois to build between Chicago and the Mississippi River. Since Iowa seemed assured of a continuous link with cities of the East, once her lines also touched the Mississippi, there seemed to be no particular reason for concern about markets or other problems outside her borders. The influence of this feeling is to be seen in the distribution of the first federal land grant to railroads of the state. The four routes selected for the subsidy extended completely across the state from the Mississippi to the Missouri and were fairly evenly spaced between the northern and southern borders. The theory that these were to be trunk lines serving the convenience of all localities desiring to construct branches was underscored by the action of the legislature in making it mandatory that intersecting railroads permit connections with each other, without prejudice.<sup>54</sup> Much of this thinking was now revised, as eastern Iowa realized the disadvantages inherent in dependence upon a single market and a few main lines of railroad.

During the first few years after the war the question of competing lines was not a pertinent one in the western part of the state, since the greater portion of that section had no railroads at all. The desire for access to a southern market would come in time, but immediate concern was for extension of the half-completed east-west trunk lines. For those not located on the direct lines of the main routes, the goal was construction of branches to intersect one of them. In this sense there was a continuing tendency to view Iowa railroads as comprising a self-contained system dangling at the end of eastern connections.

In many respects the postwar zeal for railroads among western communities matched the earlier enthusiasm of eastern towns and counties. Over and over people were told that railroads would bring in settlers, increase the value of lands, and provide an efficient means of transporting agricultural produce to better markets.<sup>55</sup> Again, as during the fifties, they became converted to the idea that local aid was the necessary price if a town or county

<sup>54</sup> *Laws of Iowa*, 1862, Ch. 158.

<sup>55</sup> See Fontanelle *Adair County Register*, Feb. 7, July 11, 18, 25, Aug. 29, Sept. 12, Dec. 26, 1867; Jan. 23, March 19, April 16, 1868; Jan. 12, 1869; Webster City *Hamilton Freeman*, May 13, June 17, July 1, 1868; Fort Dodge *Iowa North West*, Nov.



wished to assure itself of the golden benefits of railroad transportation. As a whole, the people indicated by their actions complete agreement with Governor Stone's assertion: "To encourage and foster our railroad enterprises by every feasible means, is manifestly the part of wisdom."<sup>56</sup>

Rather surprisingly, in view of earlier attitudes, there was no general revival of the demand that land grant railroads be built from the proceeds of land sales. People in areas not yet touched by railroads were not inclined to quibble when a matter as vital as a place on a rail line was at stake. Probably, too, unwillingness to press the issue grew out of a sense of futility. The grants were ten years old in 1866, and yet not a single railroad in the state had been constructed without some form of local aid. By 1877, however, two railroads could say directly that they had received no local aid. These were the Crooked Creek Railway and Coal Company having eight miles of track and the Grinnell and Montezuma Company with thirteen and five-eighths miles.<sup>57</sup> Some Iowans by this time had lost faith, either in the land itself as a source of revenue for building purposes, or in the willingness of railroad companies to utilize it properly.

But many must have realized that, according to the Iowa law accepting the railroad grants, the lands were not to be turned over to the roads except in 120-section lots on the completion of each 20-mile segment. Thus although some roads had large grants, on paper, after 1856, the lands were not immediately available. The Burlington and Missouri River, for instance, did not begin to sell its lands until 1870. Federal land grants had not removed the necessity for local aid.

Railroads, when they became land sellers, found themselves in competition with land speculators, as well as with areas of free land in Iowa and to the west. Not every settler accepted the advice that it was better to pay ten dollars an acre for land near a railroad than to settle on free land remote from one,<sup>58</sup> and those who did were seldom prepared to pay cash. The Burlington and Missouri River Railroad, with the best record among Iowa companies of land sales to actual settlers, found it necessary to offer long-

21, 1865; Sept. 5, 6, 1866; June 24, Oct. 26, 28, 1869; Fort Madison *Plain Dealer*, Dec. 16, 1869; Council Bluffs *Bugle*, June 7, July 6, 1866; Jan. 1, 1867; also R. A. Smith, *A History of Dickinson County, Iowa* . . . (Des Moines, 1902), 369-75.

<sup>56</sup> Shambaugh (ed.), *Messages and Proclamations* . . . , 3:56.

<sup>57</sup> *Report*, Board of Railway Commissioners, Iowa, 1878, pp. 262, 382.

<sup>58</sup> Henry V. Poor, *Manual of the Railroads of the United States, 1872-1873*, xxxi.



term credit.<sup>59</sup> It is doubtful that western communities, with their growing sense of urgency in railroad matters, would have been willing to postpone service until the land had been sold and payment received.

On the other hand, it is fairly certain that some of the companies disposed of their grants inefficiently, if not fraudulently, and never made a real effort to apply them to the use for which they were intended. There were many dark hints and charges concerning the disposal of land grants in Iowa, but it is difficult to find acceptable evidence to support them. D. C. Cloud, Muscatine attorney and unrelenting foe of railroads during the seventies, charged that the roads were controlled by a Wall Street clique as a means of fleecing the people through extortionate rates and misuse of local and federal aid. Cloud was intemperate in expression and did not offer very convincing proof. William Larrabee, a saner critic of the same period, had this to say:

The State of Iowa has not derived that benefit from the large land grants made to its railroads which her people had a right to expect. The land grants enriched the promoters of these enterprises much more than they did the State in whose interest the grants were presumed to be made.

It has been shown that some of the companies disposed of large blocks of land under terms which must be regarded as suspicious to say the least.<sup>60</sup>

Despite disappointment over the land grants, railroad interest rapidly approached a pitch rivaling that of 1853. With a general acceptance of the principle of local aid prevailing, the problem in the late sixties became one of deciding what form it would take. Swamp lands were a possibility, especially after the counties were successful in securing clear titles.<sup>61</sup> The people of counties owning such land seem to have been less reluctant to part with it than with any other form of wealth — corporate or individual. This may have been due to the fact that the land had cost the people nothing in money or effort; in some cases they were scarcely aware of ownership. But not all counties possessed such lands, and in any event their value

<sup>59</sup> Overton, *Burlington West* . . . , 295, 325, 340.

<sup>60</sup> D. C. Cloud, *Monopolies and the People* . . . (Muscatine, 1873), 15, 31-9; William Larrabee, *The Railroad Question* . . . (Chicago, 1893), 328; Hobart C. Carr, "Early History of Iowa Railroads" (M. A. thesis, unpublished, State University of Iowa, 1938), 61-4.

<sup>61</sup> 76 *United States Reports*, 89.



was not great enough to accomplish the desired purpose — although railroad companies were willing enough to accept them when opportunities arose. Something further was thought necessary — some means of overcoming the latest decision of the State Supreme Court in the bond cases, which had held taxation for the purpose of community stock ownership to be unconstitutional.

Finally, in 1868, the General Assembly succeeded in devising a plan that skirted around this disability by authorizing townships, towns, or incorporated cities to vote taxes, not to exceed 5 per cent of the value of taxable property, and to turn over the tax, as a gift, to the railroad or railroads involved. In order to qualify for the money it was only necessary that the companies show that an amount equal to the tax had already been expended on construction of the road.<sup>62</sup> Acting under this authority, a number of towns and townships in Worth, Mills, Fayette, Hamilton, Jackson, and Madison counties quickly voted tax aid.<sup>63</sup> Others were preparing to do so when the State Supreme Court suddenly, in 1869, a little more than a year after passage of the act, announced that it too was invalid on constitutional grounds. The measure did not authorize a legitimate exercise of the taxing power, said the Court, because the money was not intended for a public purpose; to the inevitable minority opposed to such a levy it represented a coercive contribution, violating both the general spirit of the constitution as to the sacredness of property and the specific provision declaring that no man should be deprived of his property without due process of law.<sup>64</sup>

Undaunted by judicial rejection of its earlier work, the legislature, when it convened in 1870, promptly passed another act authorizing taxation for railroad construction. The only essential change from the statute of 1868 was a provision that tax money voted for railroads could not be drawn upon until it could be shown that double the amount had already been expended on construction.<sup>65</sup> Though it is difficult to see how this difference cured

<sup>62</sup> *Laws of Iowa, 1868, Ch. 48.*

<sup>63</sup> *History of Mitchell and Worth Counties, Iowa . . .* (Springfield, 1884), 699; *History of Mills County, Iowa . . .* (Des Moines, 1881), 438-9; *The History of Fayette County, Iowa . . .* (Chicago, 1878), 453-4; J. W. Lee, *History of Hamilton County, Iowa . . .* (2 vols., Chicago, 1912), 1:148; *History of Jackson County . . .*, 463; *History of Madison County . . .*, 388.

<sup>64</sup> 27 Stiles, *Iowa Reports*, 29.

<sup>65</sup> *Laws of Iowa, 1870, Ch. 102.*



any of the defects of the earlier law, the State Supreme Court, during the same year, again considered the question. This time the Court decided that tax aid for the benefit of railroads was constitutional. The Court now reasoned that the use contemplated for the tax was essentially a public one; further, referring to the fact that the legislature had twice passed substantially the same law, it declared that the power of nullifying legislative acts should not be exercised in doubtful cases, but only in those where the constitutional infraction was "clear and palpable."<sup>66</sup> Probably some explanation of this reversal is to be found in the changed personnel of the Court. Of the judges who had declared tax aid unconstitutional in 1869, only one, Joseph M. Beck, was a member of the court in 1870. The terms of two others, John F. Dillon and George B. Wright, had expired. Chester C. Cole, who had disagreed with the majority in 1869, now joined with the new judges, James G. Day and William E. Miller, to reverse that decision.

The legislature itself was to be guilty of two reversals within the space of the following six years. Responding to conditions of agricultural depression, and especially to the pressure of Grange hostility toward railroads, the General Assembly repealed authorization of tax aid in 1872, only to replace it in 1876 after the principal Grange demand had been satisfied and the popularity of the movement had begun to wane.<sup>67</sup> The new statute contained a feature worthy of notice, a provision by which taxpayers were assured of stock ownership in return for their money. According to the terms of the law, after a railroad tax had been voted a person paying his tax would be entitled to a certificate showing the amount of the payment. This certificate would be exchangeable at the office of the railroad company for an equal value in shares of capital stock.<sup>68</sup> In substituting the individual in the place of the local political unit as the shareholder, the scheme very skillfully avoided an aspect of bond aid that the Court had found objectionable in 1862.

The practice of voting tax aid now became well established, even as the state legislature and Supreme Court vacillated in their views. Towns and

<sup>66</sup> 30 Stiles, *Iowa Reports*, 9.

<sup>67</sup> Mildred Throne, "The Grange in Iowa, 1868-1875," *IOWA JOURNAL OF HISTORY*, 47:22-32 (October, 1949), describes the rising tide of Granger feeling against railroads leading to passage of a law regulating rates, and the rapid decline of Granger influence very soon thereafter. For the regulatory law and the law repealing tax aid see *Laws of Iowa*, 1874, Ch. 68; 1872, Ch. 50.

<sup>68</sup> *Laws of Iowa*, 1876, Ch. 123.



townships in at least twenty counties voted taxes for railroads before 1873; subordinate units in another twenty-two or more did the same before the end of the century.<sup>69</sup> Iowans, it seemed, were quick to exploit any available means of disposing of a part of their wealth in the interests of railroad furtherance. Whether this was necessary in order to accomplish the desired result is hardly within the scope of the present discussion to decide. Very probably private capital would have been unwilling, at this time, to assume all of the risk involved in constructing some of the lines Iowans believed vital to their security and prosperity.

Actually there is little to be gained by trying to determine whether or not railroads in Iowa could have been built by private capital alone. The significant point is that the people of the state seemed to think help was necessary, either in the absolute sense that successful construction was impossible without it, or in the sense that railroads would be attracted only to communities offering assistance — though it is unlikely that Iowans of this period bothered to make very fine distinctions in a matter that was believed to bear so vitally upon their material well-being. While they may not have accepted at full value all the exuberant claims made for railroads, they were often sufficiently impressed to feel that immediate sacrifices in the interest of acquiring a rail line would be more than offset by future benefits.

The railroad companies themselves were not apt to inquire very closely into any distinctions that the people may or may not have made. Experience soon taught them that in any case the end result for them tended to be the same. Almost invariably they were thrust into a bargaining position that could scarcely have been stronger, and they seem to have realized how matters stood. Frequently builders adopted a most imperious tone in dealing with individuals and communities along the routes of their railroads. When the Cedar Rapids and Missouri River Railroad was under construc-

<sup>69</sup> These figures are derived from a survey of county histories, *Reports of the Board of Railroad Commissioners, Iowa*, and local newspapers. No claim of completeness is made, but the large number of towns and townships that voted tax aid in counties for which records are available indicates how widespread was the practice. Local units within the following counties voted tax aid before 1872: Benton, Monroe, Keokuk, Jones, Jasper, Emmet, Dickinson, Delaware, Davis, Clayton, Montgomery, Marshall, Allamakee, Calhoun, Worth, Mills, Fayette, Hamilton, Jackson, and Madison. Those within which tax aid was voted after the law of 1876 were: Kossuth, Fremont, Dubuque, Jackson, Dickinson, Black Hawk, Worth, Montgomery, Marshall, Marion, Madison, Lucas, Louisa, Hamilton, Emmet, Decatur, Clayton, Calhoun, Adair, Allamakee, Benton, and Greene.



tion, John I. Blair and W. W. Walker, two men who controlled the company, visited Boone County where they demanded and received the promise of the county swamp lands and swamp land funds together with free right-of-way as the price of building across the county. The town of Boonesborough was assessed \$10,000, twenty acres for station grounds, and free right-of-way for the privilege of having the line run through the town. At the appointed time in 1865 the town was able to fulfill all conditions except the full amount of the cash subsidy; \$1,200 of it consisted of notes which Blair did not regard as negotiable. He demanded that they be endorsed by a prominent citizen, John A. McFarland. When McFarland refused, Blair announced that the town was to have three days to arrange things satisfactorily. No action was taken by the end of that time: whereupon Blair changed the route of the line so that it ran to the present-day site of Boone, where he had acquired a personal interest in town lots.<sup>70</sup>

During the same year James F. Joy, president of the Chicago, Burlington and Quincy, and a director of the Burlington and Missouri River Railroad, made at least two visits to Iowa for the purpose of informing people along the proposed route of the donations expected of them. The people of Chariton, for example, were told that if they wanted the road they would have to provide \$50,000; Albia was given a like amount to raise.<sup>71</sup> In a similar manner the Milwaukee and Des Moines Railroad established the sum of \$1,000 per mile as the price the people of Des Moines would have to pay in order to obtain the line.<sup>72</sup> Chariton, Oskaloosa, and Garden Grove received a demand of \$4,000 per mile from the Iowa and Southwestern. Marshalltown contributed depot grounds, the right-of-way, and \$32,000 to the Iowa Valley Company.<sup>73</sup> Prices were still high in 1875 when Ottumwa people desired a station on the Chicago, Rock Island and Pacific. They learned that it could be had — for the consideration of depot grounds, right-of-way, and \$25,000.<sup>74</sup>

Local rivalries figured prominently in the ease with which railroads obtained valuable gifts from the towns and counties along their routes. If

<sup>70</sup> *The History of Boone County, Iowa* . . . , 408-414.

<sup>71</sup> Overton, *Burlington West* . . . , 174-7.

<sup>72</sup> *Des Moines Iowa State Register*, April 10, 1872.

<sup>73</sup> *Marshalltown Marshall County Times*, May 8, 1868; *Ottumwa Progressive Conservator*, Nov. 3, 1870, cited in Carr, "Early History of Iowa Railroads," 79.

<sup>74</sup> *Des Moines Iowa State Register*, April 16, 1875.



railroads at first were desirable because of the usual advantages associated with rail transportation, their value seemed to become magnified when two or more neighboring communities were induced to compete for the privilege of a location on the lines. Sometimes there was no need for introducing any artificial stimulus to the spirit of rivalry between neighboring towns or counties. People realized only too well that the opportunity of obtaining a railroad occurred with relative infrequency. They knew, too, that only a limited number of points in any locality could be located on the direct line.<sup>75</sup> This knowledge, together with a tendency toward a short-term outlook in material matters, created a sense of great urgency or impatience. Typical was the comment in an Iowa City newspaper: ". . . if we do not secure this road and it passes west of us, it will forever afterwards be impossible for us to secure a North and South outlet."<sup>76</sup> Characteristic also was the resolution adopted in a railroad meeting held at North Liberty in 1865: "Resolved, That Johnson County donate half a million dollars rather than this Rail Road [Iowa North Central] should be made twenty miles east or west of us."<sup>77</sup> A resolution such as this, presented in all seriousness by a town of 619 people, suggests something of the gravity with which these affairs were viewed.

Fears of the dire consequences which would follow the failure to attract a rail line were not always without justification. At least one place, Crescent City, a boom town which owed its existence to the expectation of becoming a terminus of the Mississippi and Missouri Railroad, nearly disappeared when Council Bluffs was selected in its stead.<sup>78</sup> Another town, Butler Center, lost its position as the seat of Butler County because it had no railroad. The honor went to Allison which was more favorably located in regard to the rail line.<sup>79</sup> This was a serious loss because the county seat enjoyed the

<sup>75</sup> Occasionally railroads were built in a way that seemed to defy this general truth. Zig-zag construction, when resorted to, was usually an attempt to take advantage of all proffered local aid. An early road projected between Dubuque and Keokuk was called the "Ram's Horn Railroad" because of its proposed course. Charles Negus, "Early History of Iowa," *Annals of Iowa* (first series), 12:11 (January, 1874).

<sup>76</sup> *Iowa City State Press*, Oct. 4, 1865.

<sup>77</sup> Proceedings of meeting reported in *Iowa City Republican*, Dec. 13, 1865.

<sup>78</sup> D. C. Bloomer, "Notes on the History of Pottawattamie County," *Annals of Iowa* (first series), 10:177-8 (July, 1872).

<sup>79</sup> *History of Butler and Bremer Counties . . .* (Springfield, 1883), 306; Arthur Francis Allen (ed.), *Northwestern Iowa, Its History and Traditions . . .* (3 vols., Chicago, 1927), 1:182.



commercial advantage of serving people who went there to pay taxes or to transact other official business. Recognition of this fact led Adel, county seat of Dallas County, to give its backing to a narrow gauge project. Hampton of Franklin County was motivated by the same consideration in dealing with the Central of Iowa.<sup>80</sup>

Usually the rather frantic attempts of these county seat towns to retain or enhance their prominence by virtue of rail connections were products of their own initiative. This fact helps to explain the local aid policies railroad companies often adopted. As previously suggested, it was not always necessary to appear as blunt and aggressive as did Blair and Joy on certain occasions. A simple alternative procedure much employed was that of withholding announcement of an exact route until all interested communities in the general area had been given an opportunity to make their offers. Other things being more or less equal, it was then quite an easy matter to accept the best one. In this way the Cedar Rapids and Missouri River Railroad chose Council Bluffs as its western terminus instead of Sioux City which had also made a determined effort to obtain it.<sup>81</sup> The town of Vinton in Benton County was able to secure a branch line of the Burlington, Cedar Rapids and Minnesota by the process of voting a larger cash subsidy than had the neighboring community of Shellsburg.<sup>82</sup> Centerville in Appanoose County was disappointed in 1867 when the people of Davis County outbid it for a branch of the North Missouri. When an opportunity to obtain the Chicago and Southwestern presented itself four years later, Centerville managed to discourage competitors by offering \$125,000 and free right-of-way.<sup>83</sup>

These examples tend to show that from the standpoint of the railroads the policy of allowing rivalry to produce proffers of local aid worked very

<sup>80</sup> R. F. Wood, *Past and Present of Dallas County* . . . (Chicago, 1907), 113; I. L. Stuart, *History of Franklin County* . . . (2 vols., Chicago, 1914), 1:232-3.

<sup>81</sup> Council Bluffs Bugle, July 12, 1866. Council Bluffs paid its large subsidy, although "the conviction soon became general, on the part of nearly all, that this large donation was wholly unnecessary, the railroad managers having, it is believed, previously determined to construct their roads to Council Bluffs." See Bloomer, "Notes on the History of Pottawattamie County," *Annals of Iowa* (first series), 11:441 (April 1873).

<sup>82</sup> Luther B. Hill (ed.), *History of Benton County, Iowa* . . . (2 vols., Chicago, n.d.), 1:133.

<sup>83</sup> *History of Appanoose County, Iowa* . . . (Chicago, 1878), 394.



well. This did not mean that the localities were always unaware of the tactics being practiced upon them. Probably the reverse was true, but any resentment remained fairly well muffled as long as there was a chance to obtain the objective. As might be expected, however, unsuccessful bidders sometimes became bitter when they realized that the game was lost. It was customary in such a case to denounce the railroad company for doing what must have been rather transparent all along.

Occasionally towns were persuaded to offer unusually large amounts of local aid in exchange for some special concession from a railroad. Thus Pacific City in Mills County agreed to turn over three hundred town lots to the Council Bluffs and St. Joseph Company on condition that no other station would be maintained in the county for a period of ten years. Cedar Falls considered the donation of forty acres of town land a sound investment, since the railroad agreed to use the land as the site of its repair shops.<sup>84</sup>

While it is true that communities sometimes were tricked or badgered into granting more aid than was justified, or more than they could well afford, it appears also that in the period after the Civil War there were few instances in which they received no return on their investments. When tax aid was involved this was due in part to the provision in each tax aid law requiring the expenditure of funds equal to or double the amount of the tax money before railroads were entitled to receive it. Unlike some cases of the bond aid era, a company had to possess some financial backing and be willing to demonstrate its good faith before it became eligible for local assistance. Moreover, the people of towns and townships erected further safeguards. Though they responded quite readily by voting the tax levies, they were determined to get full value for their money. Special conditions intended to assure this result were frequently attached to the proposition as it was voted upon. Webster Township in Madison County, for instance, voted a 5 per cent levy, but stipulated that it would be paid by installments. Two

<sup>84</sup> Report, Board of Railroad Commissioners, Iowa, 1880, p. 241; Isaiah Van Metre (ed.), *History of Black Hawk County, Iowa* . . . (Chicago, 1904), 54. Dennison, Crawford County; Estherville, Emmet County; and Perry of Dallas County all gave special subsidies for the privileges of having stations or shops. See Eugene N. Hastie, *Hastie's History of Dallas County, Iowa* (Des Moines, 1938), 105-106; *History of Emmet County and Dickinson County, Iowa* . . . (2 vols., Chicago, 1917), 1:172; and F. W. Meyer, *History of Crawford County, Iowa* . . . (2 vols., Chicago, 1911), 1:153.



and one-half per cent was to become payable when trains were running within two miles of the center of the township, and the remaining money was to fall due a year later.<sup>85</sup> Apparently a road that proved its worth by remaining in operation a year was considered a safe investment. Other widely used protective devices included very definite limitations upon the area within which the tax money could be spent and requirements for the operation of trains within a definite time.

However local aid was regulated and distributed, and whatever the forms it assumed, the response in terms of railroad mileage was truly phenomenal. In 1882 Iowa, with 7,997 miles, ranked fifth among the states of the nation.<sup>86</sup> Too often it has been taken for granted that this remarkable achievement was due to the fortunate position of the state with reference to the city of Chicago to the east and the transcontinental railroad to the west. This assumption has derived additional support from the fact that the state government never loaned its credit nor gave subsidies, thus decreasing speculation and insuring a railroad system that was better constructed and more efficiently operated than would otherwise have been the case.<sup>87</sup> It is true that Chicago's early pre-eminence as a terminal for eastern lines and the energy of Illinois companies in pushing their roads to the Mississippi gave an impetus to railroad building in Iowa. Certainly, too, trunk lines building across the state redoubled their efforts when it became apparent after the Civil War that the Union Pacific Railroad would be completed. But it is misleading to examine Iowa's rail system against a background of constitutional restriction of state debt and assume that the railroad strides of a quarter century were due primarily to an accident of geography. Location was undoubtedly important; yet the admission of that fact does nothing to reduce the important role of local aid in making it meaningful. The organization of local railroad companies and their promises of local funds served to attract the attention of eastern investors, without whose help many Iowa roads — especially the east-west lines — could not have been built. Easterners who took an active part in building Iowa roads, men such as Forbes, Joy, Blair, Farnam, and Durant, expected as a normal procedure that local communities would contribute material support.

<sup>85</sup> *History of Madison County . . .*, 388-9.

<sup>86</sup> *Iowa Historical and Comparative Census, 1836-1880*, 128-9.

<sup>87</sup> Riegel, *Story of Western Railroads*, 26-7.



A very pertinent question, as yet unanswered, concerns the over-all extent of local aid in relation to the total cost of building the lines. A completely accurate statement of the amount of local aid, necessary for a comparison of this kind, would be extremely difficult, if not impossible, to compile. Efforts of the newly created Board of Railroad Commissioners in 1878 to secure, through the railroads themselves, the information required for such a report met with little success. Several of the main interstate lines reported that their records had been destroyed in the Chicago fire; other companies returned incomplete or evasive replies.<sup>88</sup> Again, for the *Commission Report* of 1880 only 8 of 39 roads operating in Iowa responded to the question on local aid. The amount covered by these answers totaled just under \$500,000; the cost of building and equipping the 39 roads was given in the same *Report* as \$202,963,543.<sup>89</sup> Obviously the figure of a half million dollars in local aid was a gross underestimate for the state as a whole. The railroad indebtedness, including accumulated interest, of Lee County alone in 1879 was about \$750,000.<sup>90</sup> Apparently discouraged by the results of its efforts, the Railroad Commission, after 1881, gave up trying to get information on local aid.

Other sources of information are equally unrewarding. The figures quoted by various writers seem to be little more than mere guesses. Larrabee's estimate of \$50,000,000 by 1893 perhaps has more merit than some of the others because of the wide range of his experience in Iowa railroad affairs during the period of very active local aid. Still, it is only a shrewd guess of the total value of such varied forms as taxes, grants of rights-of-way, bonds, swamp lands, and public and private gifts of money. His claim that the \$50,000,000 represented 40 per cent of the total cost of railroads in Iowa is clearly erroneous. The *Commission Report* of 1893 listed total cost of construction and equipment at \$894,566,629.<sup>91</sup> Fragments of information pertaining to Iowa's railroad experience suggest that confusion over local aid statistics has existed since a very early time. As far back as 1857

<sup>88</sup> *Report*, Board of Railroad Commissioners, Iowa, 1878, pp. 36, 107-296.

<sup>89</sup> *Ibid.*, 1880, pp. 192, 279, 359, 419, 448, 455, 489, 516, 527.

<sup>90</sup> *History of Lee County* . . . , 512.

<sup>91</sup> William Larrabee served as governor of the state, and, at one time or another, was involved in railroad affairs as shipper, promoter, stockholder, and manager. See his book *Railroad Question*, 329; also *Report*, Board of Railroad Commissioners, Iowa, 1893, p. 64.



delegates to the Constitutional Convention were quite uncertain about the amount of bond aid that had been given prior to that time. Figures ranging from \$6,000,000 to \$11,000,000 were bandied about in the course of debates.<sup>92</sup> The latest economic study quotes a figure given in 1909 of \$7,000,000 or more in local aid by 1856.<sup>93</sup>

An approach to the problem through the records of local political subdivisions meets with the obstacle of records lost or destroyed. The records contained in county histories, all too frequently the only available sources of information, are not adequate for the necessary comprehensive survey. Furthermore, some of the aid voted in periods of enthusiasm was repudiated at later dates. Nevertheless, enough information is available to demonstrate that local aid was given generally throughout the state over a sustained period. That such aid was sought by the railroad builders — in fact, insisted upon in most cases — is an indication of its importance to the eastern financiers who, in the last analysis, made much of Iowa's railroad network possible. Iowans, in many cases, started the roads on the proverbial shoe-string. They did what they could to raise funds and then turned to the East for further financial aid. When the projects were feasible, such aid was usually forthcoming, provided always that a certain amount of "local aid" had been, or would be, provided.

Looking backward over Iowa's railroad experience, it is apparent that the constitution makers were eminently successful in sparing the state government the financial burden of "internal improvements." Thus Iowa avoided the financial chaos which occurred in Missouri, Minnesota, and Arkansas as a result of state financing of railroads. But the constitutional provision reckoned without the overwhelming desire of the people of Iowa for a railway system. If the makers of the constitution had any notion that the cost of railroads would be borne wholly by private enterprise, they misjudged the force of attitudes within the state regarding the desirability and necessity of railroad transportation — and the willingness of the people to share in the cost of obtaining it. Every county and every town wanted a railroad; without one, they reasoned, prosperity and progress would pass them by. Blocked by the state constitution, the General Assembly, even had it been

<sup>92</sup> *Debates . . . Constitutional Convention . . . Iowa*, 1:292.

<sup>93</sup> Frederick A. Cleveland and Fred Wilbur Powell, *Railroad Promotion and Capitalization in the United States . . .* (New York, 1909), 217, cited in George R. Taylor, *The Transportation Revolution, 1815-1860* (New York, 1951), 94.



willing, could do nothing to further a railway network. Nothing daunted, the people — individually or through their county and municipal units — stepped into the breach and opened their public and private purses to the corporations. Stock subscriptions, county and municipal bonds, taxes, grants of land for depot sites or rights-of-way — all were utilized to aid the railroad builders. It is true that some of the money granted in the first flush of enthusiasm was never paid, but enough found its way into the corporate tills to aid materially in starting, if not in completing, the building of Iowa's railroads.

By the seventies, with the main arteries of transportation completed, interest turned from building railroads to controlling them. Falling prices and high freight rates combined to bring about the Granger law of 1874, regulating freight rates. Anti-railroad sentiment in the seventies was as strong as pro-railroad enthusiasm in the fifties and sixties. Iowans felt that, by their local aid to the roads, they had helped to make them possible; therefore, they did not propose to submit without a struggle to what they considered the unjustified "extortion" of the railroad "monopolies." Thus the "local aid" of the fifties and sixties can be said to be one factor in the growth of anti-railroad sentiment in later decades.