

Placer-Sierra Railroad Heritage Society



<https://www.psrhs.org>

April 2023 Newsletter

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NCNG #5 on display at the NCNG Museum in Nevada City in 2017. See article on page 2 about our April program (rescheduled from March), and photos on page 3. Roger Staab photo

Scheduled Events & Notices



Apr 25 PSRHS Monthly Meeting, 7PM – Program – Tim O’Brien
- History of NCNG #5 and NCNG RR Museum’s Expansive Progress Over the Years

May 23 PSRHS Monthly Meeting, 7PM – Program TBA

**May 16-21, 2023 Joint Meeting of Southern Pacific Railroad History Center,
Pacific Coast Chapter R&LHS, and the National Railway Historical Society**
– Nugget Casino Resort in Sparks, Nevada. See their web site for details
<https://www.splives.org/sprhc-rlhs-nrhs-joint-meet-may-2023>

A reminder to renew your membership for 2023 or join PSRHS if you are not already a member. See the box at the bottom of page 3 for details.
Thank you for helping support our local railroad history activities.

Preserving Railroad History on the Donner Pass Route



Placer-Sierra Railroad Heritage Society

April 2023 Newsletter

PSRHS MONTHLY MEETING

TUESDAY, APR. 25, 7PM

Auburn Veterans Memorial Hall

April Program: Tim O'Brien will discuss **The history of Nevada County Narrow Gauge Engine #5 culminating in its miraculous restoration and steam-up in Carson City.** In addition, as founding member of the Transportation Museum Division of the Nevada County Historical Society in 1983, Tim will showcase the Nevada County Narrow Gauge Railroad Museum's expansive progress over the years to include their latest restorations and coming events.

This was to be our March program but was rescheduled due to stormy weather. See our web site for directions to the meeting location.

RAILROAD LAND GRANTS

A SHARP DEAL FOR UNCLE SAM

**Association of American Railroads
Public Relations Department
circa 1971**

Editors note: You have likely heard of checkerboard land grants by which early railroads received federal land on both sides of their right of way. These grants were sometimes viewed as a boondoggle for the railroads at taxpayer expense, but they helped fund the construction of many early railroads including the nation's first transcontinental railroad built through our region. I recently found this pamphlet published by the Association of American Railroads. As Paul Harvey would say, this pamphlet attempts to tell "the rest of the story". The text of the pamphlet is repeated here in its entirety. Our readers can judge for themselves if these land grants translate into boon or boondoggle.

FANTASY VS. FACT

Like Marley's ghost, the century-old issue of land grants keeps coming back to haunt America's railroads. It is draped upon the railroad industry to justify all inequities – past, present and future – even though:

- More than 92 percent of the railroad mileage in the United States was built entirely by private enterprise – without benefit of federal land grants.
- The primary purpose of the grants – limited to a few trail-blazing railroads – was not to help those railroads, but to open up a vast new area, mostly west of the Mississippi, for settlement and development.
- The grants were not "gifts," but part of a business transaction that ultimately resulted in the railroads' repaying the government more than 10 times the value of the lands received.

Railroads were neither the first – nor the last – to receive land grants. Developers of wagon roads and canals received 10,007,687 acres, and thousands of individual farmers later were given up to 640 acres each in the form of homesteads.

The railroads received a total of 131,250,534 acres – specifically for the purpose of providing them with the necessary security for borrowing the money needed to finance construction.

PURPOSE OF THE GRANTS

The railroads that received land grants were not established business concerns. They were fledgling companies needing help from the government if they were to get on with the job a young nation needed done.

In 1850, when the first railroad land grant was made, there were vast areas of public domain amounting to nearly 1.4 billion acres.

Congressional debate on the first land grant act made clear its objective. Senator William R. King, afterward Vice President, said that, "unless some mode of the kind proposed be adopted, it (the unsettled land) will never command ten cents." Senator William H. Seward, who later became Secretary of State, added: "The best and highest interests of the people of the United States ... is to bring them (the lands) into cultivation and settlement in the shortest space of time and under the most favorable auspices."

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Passing Scene – Amtrak Salutes Operation Lifesaver

PSRHS member Paul Greenfield provided this month's passing scene photos back in January, but their appearance in the newsletter was bumped by snow clearing operations in the past two newsletter issues.

One of Amtrak's 50th Anniversary units has been making several appearances on the Roseville Subdivision. Locomotive AMTK 203 wears an Operation Lifesaver livery with an artistic railroad crossing sign draped over the nose. Pictures show it leading No. 5 and No. 6. The picture of Number 5 was at Rocklin on a rainy day, and Number 6 was taken on a rare sunny day at Newcastle. *Photos and text by Paul Greenfield*



Membership Information

Individual Members = \$25.00/yr
Each Additional Family Member = \$5.00/yr

- Monthly Meetings (4th Tuesday) and Newsletter
- Member Activities, History Pubs and Field Trips
- Display and Restoration Projects

PSRHS, P.O. Box 1776, Colfax, CA 95713
or join/renew online at <https://www.psrhs.org/>

Reader comments, additional details, etc., are invited on any newsletter items or photos. Please forward comments, suggestions or information for inclusion in future issues of the newsletter to:

roger.staab@psrhs.org

From the Archives - NCNG #5 & the NCNGRR Museum in Nevada City

Our April meeting presentation by Tim O'Brien was rescheduled from March due to weather. Tim will touch on the history of NCNG #5, its workhorse years with the narrow gauge railroad between Grass Valley/Nevada City and Colfax, subsequent movie career at Universal Studios, its return to Nevada County to be restored and displayed at the NCNG RR Museum in Nevada City, and more recently its return to operational condition. The photo below shows it working road duty at the Colfax Passenger Depot in about 1921. The lower photo shows #5 on static display in the Nevada County Narrow Gauge Museum in Nevada City in 2017. In 2022 the vintage locomotive was rebuilt to operating status and appeared at the Steam Up event in Carson City, NV. *Upper photo Courtesy of Andrew Brandon. Lower photo by Roger Staab.*



Accidents/Other Incidents. *Colfax Record, Feb. 4, 1921* – “**Nevada Street Depot Closes Freight Office** – According to a new ruling taking effect last Tuesday, no freight will be accepted for shipment at the Nevada street depot, unless the quantity to be shipped equals a carload or more. This is the announcement made by officials at the Lincoln street depot. Freight less than carload lots must be shipped from the latter place.

As a result of this ruling the warehouseman at Nevada street has been transferred.”



Land Grants – continued from page 2

OBJECTIVE ACHIEVED

The railroad land grants accomplished the objective set for them – and more.

Two and a half centuries after the first permanent settlement on the Atlantic Seaboard, large areas west of the Mississippi River were vacant or sparsely settled. But within less than one generation after the first railroad land grant, railroads – both with and without the aid of grants – touched off and made possible the great surge of development that transformed the West from a wilderness into a burgeoning community.

Land grants made it possible to do what never had been done before: provide transportation AHEAD of settlement. This is what the land grants were intended to do – and did.

Railroads benefited from them, of course. But the greatest beneficiaries were the people and government of the United States. Under the first land grant act – involving areas in Illinois, Mississippi and Alabama – railroads received alternate sections of land on either side of the proposed rail routes. Title to the remaining alternate sections was retained by the federal government. Later acts, involving lands located west of the Mississippi River, followed a similar pattern.

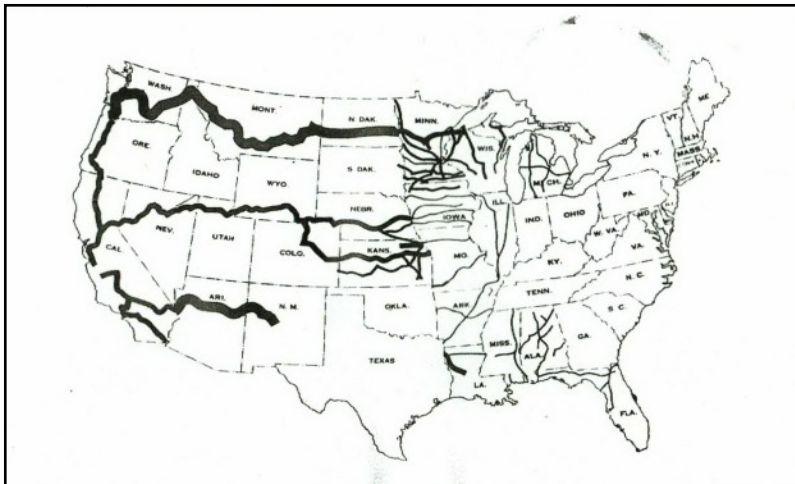
Prior to 1850, the government offered land for sale at \$1.25 an acre. There were few takers. When the first legislation was passed, the government immediately advanced the price of its retained lands to \$2.50 an acre, or double the former price. And, with a railroad assured, the land was eagerly bought up by settlers.

Thus the government employed the eminently sound business practice of using part of its domain to give value to the vastly more immense whole.

WHOLE NATION GAINED

The land grants – and the railroads they fostered – made a great contribution, not only to the West, but to all of America. Here are a few important – often overlooked – benefits:

- The railroads thus built converted vast areas yielding no tax revenues into taxable properties for the benefit of states through which they passed and of the municipalities which sprang up along them.
- As title was cleared to property serving as security for loans, much of this land was sold – usually at bargain prices – to stimulate development which would help generate business for the wilderness railroads. On land the railroads retained, taxes – often at discriminatory rates – have been paid for a century or more.



The federal government granted lands to railroads in alternate sections, retaining the sections between. It is impossible to present this “checkerboard” pattern on so small a map, but the shaded areas show the approximate locations of the land grants, and are in proportion to the amounts actually received by railroads.

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Land Grants – continued from page 5

- The transportation system that came into being during the land grant era remains the most efficient and economical ever developed and continues to give impetus to agricultural and industrial development.
- And, most important of all, perhaps, the grants that made transcontinental rail service feasible helped unite the country at a critical point. A page of our history that few have forgotten tells of the driving of the Golden Spike at Promontory, Utah, on May 10, 1869, completing the link between East and West.

HOW RAILROADS PAID

Railroads were not given the land grants. They were made to pay – and pay – for them. Railroads receiving land grants were required to haul government freight and personnel at reduced rates averaging 50 percent. Mail was hauled at a 20 percent reduction. Under “equalization acts” later passed by Congress, these requirements were extended to all railroads handling government business – even those that got no land.

When the reduced rate requirements were finally repealed by Congress in 1945, a Congressional committee reported: *“It is probable that the railroads have contributed over \$900 million in payment of the lands which were transferred to them ... Former ICC Commissioner (J.B.) Eastman estimated the value of the lands at the time they were granted was not more than \$126 million.”*

Reduced rates on most government traffic continued in effect until October 1, 1946, raising the total estimated value of the railroads’ contributions to one and a quarter billion dollars – or about 10 times the value of the lands received.

Figured on this basis, the profit to the government was about \$1, 124,000,000, turning the railroad land grants into one of the sharpest business deals Uncle Sam ever made.

OTHER GOOD DEALS

Perhaps because of historical misunderstandings concerning the land grants, other business transactions between railroads and the government have tended to become distorted. To set the record straight, here’s a summary of the principal instances of government financial involvement with the railroads – and the results – over the years:

- The government purchased bonds of six early companies that were chartered to build the pioneer “Pacific” railroads. The total value of the bonds was \$64 million. Including interest, the railroads returned \$167 million, giving the government a profit of more than \$100 million.
- During World War I, the government took over and operated the nation’s railroads. After returning them to their owners, the government made “rehabilitation loans” – amounting to just over \$1 billion – to a number of railroads. Repayments, including interest, gave the government a profit of \$206 million.
- During the depression of the 1930s, the Public Works Administration and Reconstruction Finance Corporation loaned the railroads \$1.1 billion. Repayments came to \$1.4 billion. After deducting RFC costs, the government had a net profit of \$109 million.
- And, under a 1958 act, certain railroads borrowed a total of \$243 million from private sources with government guarantees. Repayments had totaled \$60 million as of June 30, 1971, with collateral securing most of the balance due later.

In other words, the federal government has recognized from time to time that the public has a vital stake in maintaining an efficient system of rail transportation. And, in so doing, it has done very well indeed for itself – and for its taxpayers.

