The early history of Omaha from 1853 to 1873

Bertie Bennett Hoag

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THE EARLY HISTORY OF OMAHA

1853 - 1873
THE EARLY HISTORY OF OMAHA

FROM

1853 to 1873

A Thesis
Submitted to the
Faculty of the Department of History and Government
Municipal University of Omaha

In Partial Fulfillment
Of the Requirements for the Degree of
Master of Arts

By Bertie Bennett Hoag
May 1939
PREFACE

Having been born and raised in Omaha, I found myself asking the following questions:

How did Omaha begin?
What were the causes of its growth?
Why were early conditions as they were?
What were the prospects for future growth and prosperity?

The answers to these questions I have tried to find. I have found a great deal of material but I know that there must be much more that I have not been able to locate. The subject with which this thesis deals could and should be treated more fully than I have been able to do here.

I wish to express my thanks to the librarians of both the Creighton Law Library and the Omaha Public Library in helping locate the early newspapers and the Session Laws of Nebraska. I am indebted to those in the City Clerk's Office, City Hall, Omaha, for helping me find the Records of the City Council, 1857-1873.

I appreciate the help of Mr. Murray Swartz, City Engineer's Department, City Hall, Omaha, in reading and interpreting the Omaha maps of 1854, 1857, and 1866. I especially appreciate the very careful reading of the original draft of my thesis by Dr. Edgar A. Holt, Dean of the College, Municipal University of Omaha.

May 1839

Bertie Bennett Hoag
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>iv</td>
</tr>
<tr>
<td>Introduction</td>
<td>vi</td>
</tr>
<tr>
<td>I. Omaha as a Frontier Town, 1853-1857</td>
<td></td>
</tr>
<tr>
<td>1. Omaha in Its Setting</td>
<td>1</td>
</tr>
<tr>
<td>2. Problems of Early Days</td>
<td>14</td>
</tr>
<tr>
<td>a. Claim Clubs and Early Law Enforcement</td>
<td>14</td>
</tr>
<tr>
<td>b. Population in 1854</td>
<td>18</td>
</tr>
<tr>
<td>c. Problems of Living in a Pioneer Town</td>
<td>20</td>
</tr>
<tr>
<td>II. Omaha as a City, 1857-1873</td>
<td></td>
</tr>
<tr>
<td>1. The City Government</td>
<td>26</td>
</tr>
<tr>
<td>a. Its Organization</td>
<td>26</td>
</tr>
<tr>
<td>b. Its Development</td>
<td>34</td>
</tr>
<tr>
<td>2. Financial Problems of a New Territory</td>
<td>43</td>
</tr>
<tr>
<td>a. A General View of the Situation</td>
<td>43</td>
</tr>
<tr>
<td>3. Financial Situation in Omaha</td>
<td>52</td>
</tr>
<tr>
<td>a. The Capitol Question and Omaha City Scrip</td>
<td>52</td>
</tr>
<tr>
<td>b. Uses of Scrip in Omaha</td>
<td>58</td>
</tr>
<tr>
<td>c. Settlement of the Problem</td>
<td>60</td>
</tr>
<tr>
<td>d. Recovery from the Panic of 1857</td>
<td>64</td>
</tr>
<tr>
<td>4. Civic Problems of Later Days</td>
<td>70</td>
</tr>
<tr>
<td>a. Protection of Its Citizens</td>
<td>70</td>
</tr>
<tr>
<td>b. Improvement and Growth of the City</td>
<td>81</td>
</tr>
<tr>
<td>Bibliography</td>
<td>101</td>
</tr>
</tbody>
</table>
INTRODUCTION

The ten-year period, 1850-1860, was made significant by three great movements:

(1) the westward movement beyond the Missouri River, with its accompanying exploitation of the land, its "paper cities", and its loose financial practices,

(2) the slavery question, which was but a corollary of the growing economic division between the commercial North and the agricultural South, and

(3) the railroad development which met the demand for linking the West and the East together.

Into this setting came Omaha in 1854 as a frontier town holding a rather fortunate position on the west bank of the Missouri River. It is a little of the early history of this future city that this thesis attempts to give. It started as a typical frontier town meeting all of the problems of a crude little village. It grew and prospered until it outgrew its village life and was granted a city charter in 1857 as "Omaha City." The City Council was organized and governed the city according to the accepted plan for such governments, changing and adapting them from time to time. New ideas developed in the United States itself. Omaha was founded during the
frenzied speculation period and as a result, Omaha suffered in the panic of 1857, from which it emerged a wiser, if not a bigger, city than before.

The struggle between the North and the South seemed to have touched the life of the city hardly at all. It did its share in helping to send troops but it was busy with its own problems of growth and was already visualizing itself as the carrier of the products of the plains of Nebraska to the East.

From the beginning the founders of Omaha had looked to the city to develop into one of importance and of influence. It had been built at the gateway of the Platte Valley, already a well-traveled roadway since the days of 1849. When the first spadeful of dirt was turned in Omaha on December 31, 1863, and the Union Pacific Railroad was begun, these men saw the beginning of the realization of their plans. With the completion of the road in 1869, these plans seemed to have been realized.
1. Omaha in Its Setting

Under the laws of the State of Iowa, corporations could be formed for the purpose of establishing ferries. According to these laws, a group of business men organized on July 23, 1853, a ferry company under the name of the Council Bluffs and Nebraska Ferry Company. The Articles of Incorporation gave them the right "... to keep and maintain ferries on the Missouri, Elkhorn, Loup Fork Rivers and to carry on trade with the Indians and Whites along said lines." This organization developed into more than a trading company. It planned and built a town across the river from Council Bluffs. That town, known then as "Omaha City", was a part of the momentous decade of 1850 and 1860.

That ten year period saw the final events that led to the Civil War between the agricultural South and the industrial North. It also saw one of the greatest movements to the West. In that decade the total population of the United States grew from less than twenty-three million to


2. Public notice restating the Articles of Incorporation of the Council Bluffs and Nebraska Ferry Company, Council Bluffs Bugle, Febr. 24, 1854.
thirty-one and one-half million. About one-tenth of this gain was in the new states of the West. This immigration was coming both from the older states of the East and from Europe. The North was getting the products from Western fields and cattle from its plains. As the great crisis approached and the North became more and more dependent on these products it was plain that East and West must be more closely linked together. How could these products be more swiftly brought to the North? The answer would be found in the building of a railroad. Plans for such a railroad had already been discussed. The Platte River Valley had been proven an excellent road way, as the California gold seekers of 1848 and 1849 could testify, and a central route along this Valley was one of the plans under discussion.

Those men who came to Council Bluffs in the fifties must have visualized this railroad and no doubt Enos Lowe, who was the first president of the Ferry Company, and his associates

5. James A. Jackson, Samuel Baylis & Co. of Council Bluffs, Bernhart Henn and Jesse Williams from Fairfield, William B. Street from Oak- (the rest of this name is not readable on the map and no mention is made of it elsewhere), James Redfield from N. Y., Milton Tootle from St. Joseph, C. H. Downs and William Tanner from Omaha are named on the certified copy of the A. D. Jones map of 1854 to be found in the City Hall in the office of the City Engineer, Omaha, Nebr. These proprietors were not all local men.
were men who looked to the future. They saw the advantages of locating a town on the "trans-continental path of commerce" in a new territory soon to be made. This new territory would need a capital and the capital city would need a railroad. Their proposed new town would become the terminus of the Pacific Railroad.

To carry out their plans, the Ferry Company first built a road to the Missouri River and by February 1854 they were able to announce to the public that a "new high grade road" which was really an extension of Broadway, the main street of Council Bluffs, "well bridged over all the low places, slough and creeks," was ready "... open direct to the Lone Tree Ferry, a mile nearer than the former road..." This ferry was due west of Council Bluffs and had long been advertised as the only direct route to the Platte River Valley. To facilitate trade and commerce across the river, a steam ferry named the "General Marian", was purchased by the Ferry Company in the Fall of 1853 and was ready to carry passengers as soon as Spring opened the river to traffic. By Fall the "Marian" was making regular five


7. Council Bluffs Bugle, Feb. 3 and 10, 1854.

8. Council Bluffs Bugle, February editions, 1854; Omaha Arrow, September and October, 1854.

minute runs carrying "stock, team and foot passengers" from eastern to western shore of the Missouri River. The first steps toward settlement had been taken and such advertisement as the following urged all newcomers westward, "Come on emigrants, this is the Great Central Ferry. Hurra for Nebraska."

Along with their enthusiastic advertising, there came a note of warning that the eagerness for the new land might not lead the emigrants to settle on the western side of the river before they had the legal right to do so. The first of May was "our legal time". There were two good reasons for these words of caution. First, the land on which the Ferry Company wished to build their town was located in "Indian Country", on land which had been set aside "forever" for the use of the Indians and their consent must be gained before any settlements could be made. Second, the United States must receive title to this land as part of the United States territory and provide it with a government.

The Mississippi River had been established in 1783 as the boundary of the United States. When we purchased Lousiana in 1803 and thus extended our territory to the Rocky Mountains, it was suggested that this new territory west of the Mississippi would be a good place to hand over to the Indians as a permanent

10. Omaha Arrow, September 1, 1854.
The Act providing for the government of that territory had given the President the authority to exchange the eastern land belonging to the Indians for western land within the Lousiana territory. As time went on it became more and more apparent that the Indian and the White Man could not live too closely together. Because of this lack of harmony the Indian question played an important part in the internal history of the United States from 1825 to 1848. In 1830 Congressional approval for the removal of the Indians was given by the passing of an Act "to provide for an exchange of lands with the Indians residing in any of the States and Territories and for their removal west of the river Mississippi." In 1832, a Bureau of Indian Affairs was created with a Commissioner to handle Indian Affairs. Congressional Acts of 1834 defined the "Indian Country" as including "... all of the United States west of the Mississippi, not in Missouri, Lousiana or Arkansas Territory to which the Indian title has not been extinguished." Superintendents, agents, and subagents to administer local affairs were also appointed by these acts. In 1849 the Bureau of Indian

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15. Ibid, 41.
Affairs was moved from the War Department to the Interior Department. The Indian question became a civil one rather than a military one. It did seem as if the Indians had found a home "forever secured and guaranteed to them" and a "barrier had thus been raised for them against the encroachments of our citizens."

But the problem was not solved. The white man was still advancing ever westward. The desire for land, more land, and still more land made all Indian treaties mere scraps of paper. In March 1853, by Act of Congress, the President had been given power to negotiate with the Indians west of the Mississippi in order to secure their consent to settlements on their lands. This was the entering wedge again and really meant that the Indians through their agent had made a partial relinquishment of their rights to their new home lands. It was the beginning of new negotiations with the Trans-Mississippi tribes. The hand of the government had been forced by the demands of the white people for fresh lands. The Indians, fearful and suspicious, made stubborn resistance. Many councils were held with them in 1853 and 1854 in order to settle their suspicions if possible.

The power of the President to deal with the Indians in Nebraska Territory was exercised through the Indian Agent,

James M. Gatewood. It was through Agent Gatewood that Enos Lowe on behalf of the Ferry Company made a local agreement with Logan Fontenelle, chief of the Omaha tribe which claimed the territory desired by the Company. By this agreement the Ferry Company was permitted to occupy "a certain area on the west side of the river." This area was situated directly opposite Council Bluffs, "... a delightful and sightly eminence overlooking the country on all sides for miles around ... extending to the river landing and about a mile backward and some mile and a half up and down the river."

A year later the Omaha Indians and the United States government made a formal treaty by which the Omaha Indians gave up their lands west of the Missouri River. According to that treaty,

"The Omaha Indians cede to the United States all their lands west of the Missouri River and south of a line


22. Evidently, though no record can be found of such local agreements, they were made for staking claims on Indian Territory if money was paid to the Indians. When A. D. Jones staked out his claim "Park Wild" he had failed to consult the Indians, who complained to the Indian Agent. The trouble was settled by Mr. Jones paying ten dollars to the Indians. He had in the meantime applied to the government for the position of postmaster, which gave him a sort of "recognized right to the soil". Historical and Descriptive Review of Omaha, edited by Jno. Lether, 11-13.

23. Lowe, op. cit. 112.

24. Omaha Arrow, July 24, 1854.
drawn due west from a point in the center of the main channel of said Missouri . . . , and forever relinquish all their right and title to the country south of said line," 25.

For this land the Indians were to receive various sums in decreasing amounts, either to be paid to the Indians or to be used for their benefit. The Omaha Indians acknowledged their dependence upon the United States and promised to be friendly with its citizens. They pledged themselves not to make any depredations upon the Whites or upon their property. Compensation for any injury done by them would be made out of their annuities. This treaty was signed by President Pierce on March 16, 1854, ratified by the Senate on April 17, and declared in force on June 21. In the meantime, the Kansas-Nebraska Act, organizing this Indian Territory, had been passed.

In 1852, Thomas H. Benton and David R. Atchinson were both contending for the U.S. Senate seat from the State of Missouri. Mr. Benton, who was an advocate of a central route for the proposed railroad, in order to secure the support of the western Missouri counties, whose citizens were eager to go over into

26. Ibid., 612.
27. Ibid., 613.
the Kansas-Nebraska Territory, declared that the territory was legally opened to settlement. This was soon disproved by the Indian Office, but it forced Atchinson to assume a position which eventually repealed the Missouri Compromise of 1820. He was forced to say, in order to gain back the support of the west counties, that he favored the creation of Nebraska only on condition that, "the ancient restrictions upon slavery be repealed . . . ." Thus the Kansas-Nebraska Act was passed, opening up the territory north of the thirty-seventh parallel to settlement. The southern part was called Kansas and, being opposite the slave state of Missouri, filled up with a slave population. The northern part, Nebraska, was looked upon as " . . . commercially tributary to Iowa and, with the aid of a trans-continental railway connecting the North Platte Valley with railroad and water routes out of Chicago, be identified with the North and freedom."

Slavery did not touch Nebraska or Omaha to any great extent. In August, 1854, there was but one slave and that one owned by an Indian squaw.


The first census of Douglas County, taken in October of the same year, states that there were no slaves in that place. The census of 1860 gives only fifteen slaves in the whole territory, none of them to be found in the County of Douglas.

By the ratification of the treaty with the Indians the way was now legally open for Enos Lowe and the eager settlers. Great had been the rejoicing when they learned that Major Gatewood had left Bellevue with chiefs of the Omaha tribe to conclude the treaty. They eagerly awaited the first of May, which had been promised them as the date when they might cross over to the new lands. When the news came they celebrated by giving a Nebraska Ball.

Dr. Enos Lowe chose Alfred D. Jones, a surveyor in the employ of the Ferry Company, to survey, mark off, and map the claim lands and the public highways on the 320 acres claimed by the town. Mr. Jones established the Ferry Claim in April, 1854, by running a line around the desired land and marking the corners by stakes. This line began and ended at the river, which was the eastern boundary of the claim. The southern boundary was a street about two blocks south of Pierce Street called Division Street. The western or northwest boundary was a

33. Session Laws of 1855, 1 sess. Chapt. XII, 249.
34. U.S. Census Reports for 1860, Table I, 555-557.
35. Council Bluffs Bugle, Febr. 10, 1854.
diagonal line due to a discrepancy of claims between the Ferry Company and one Harrison Johnson. As a result the quarter section under dispute was cut diagonally. This diagonal street was known as Market Street. This street ended at 23d Street and Capitol Avenue and from there the line ran north to 23d and Webster, then east to 13th and Webster, then north to Swan Street, a street three blocks north of Nicholas Street.

Mr. Jones surveyed only that portion of land that was needed at that time. The portion surveyed into lots lay between Webster and Jackson and 9th to 17th Street. The new town was laid out with fifty streets running at right angles to the base line. They were one hundred feet in width, except the two avenues, Capitol Avenue and Nebraska Avenue (21st Street today) which were one hundred and twenty feet in width. The original fifteen hundred lots plotted in September had increased to two thousand six hundred and fifty-six by November of the same year so great was the demand for them. This demand was no

37. See Poppleton and Byers, Map of 1857, City Engineer's Office, City Hall, Omaha, Nebr.

38. The description of these boundaries is based on the study of the Map of 1854. This is the A. D. Jones map made at the time of the survey September 1, 1854; see also the A. D. Jones' letter to Andrew Rosewater, September, 1880. This letter was written at Mr. Rosewater's request in order to clear up some questions concerning the original survey. It is in the Omaha Public Library, Omaha.

39. See the Jones Letter and Map of 1854.

40. Omaha Arrow, Sept. 1854; Oct. 1, 1854; Nov. 10, 1854.
doubt due to the fact that lots were offered free to those who would settle immediately. Between 8th and 9th Streets stood the Park. Three other public squares were provided for, namely Jefferson Square, Washington Square, and Capitol Square.

To this new city was given the name "Omaha", after the Indians who had originally owned the lands. If it seemed but an empty honor to a people driven from their fertile soils to less productive regions, no one mentioned it at the time. According to custom, the word "city" was tacked onto the name. This gave prestige to the place, so named, in the eyes of its inhabitants and, they hoped, in the eyes of the East. It made them feel that the future for which they had planned was clearly assured.

That they had succeeded in gaining the respect of the East, in a measure at least, is indicated by the testimony of a correspondent of the Ohio State Journal to the Omaha Arrow:

"But the site which seems to me to contain the most advantages is that of the city of Omaha .... The plat is most beautiful and attractive .... Several gentlemen of capital and great influence are interested in this new city and a regular survey and platting of premises is now going on. Being

41. See notation on traced copy of the A. D. Jones' Map of 1854.
42. Ibid.
43. James W. Woolworth, Nebraska in 1857, Chap. IV, 56.
44. These cities were known as "kiting towns", Ibid., 57.
so near Council Bluffs, the only town of any size in western Iowa, it has many advantages as the seat of government and a vigorous effort is being made by those who have influence in the right quarter to secure that object. ... Omaha will at once take rank as the first city of Nebraska, and if the roads come to Council Bluffs it will, whether it becomes the capital or not, assume an important position." 45.

2. Problems of Early Days

a. Claim Clubs and Early Law Enforcement

All lands in Nebraska after May 30, 1854 were under the control of the United States government which could dispose of its property as it saw fit. This was usually by public sale to the highest bidder. But before the public survey and sale occurred, land was held by preemption, that is, one individual had as good a right as another to the land if he got there first. "To the frontier mind the land belonged to him who broke it regardless of title."

On unsurveyed land the "squatter"or preemptor had no protection over the "claim jumper". To protect themselves, the western settlers had formed "Claim Associations". These were voluntary agreements on claims and boundaries. These groups usurped the law but they served their purpose well. To the pioneer without money, his land was his dearest possession, and the loss of it meant the loss of independence. Very often he had to give up his cherished hopes and return to the East. These claim clubs were recognized as high tribunals and no stay of execution or appeal could be made from their decisions. Most "jumpers", when brought before the clubs, agreed

1. Paxson, op. cit., 46.

to the decisions of its officers. Their decisions were fair and impartial, although drastic and arbitrary, death often being the penalty. A few stubborn offenders often defied the Club's judgment. Such a case is recorded by Mr. Erastus F. Beadle in his diary, and shows one way in which recalcitrant offenders were treated.

It seems that a certain claim jumper had refused to abide by the laws laid down by the Omaha Club, which were for him to yield his claim and withdraw his filing. The captain of the "regulators" according to Mr. Beadle was "our Mayor, a man six and a half feet high". He and his deputies took the offender by the collar and, accompanied by twelve or fifteen men, escorted him down the street toward the river. The party soon returned without the "jumper" and no questions were asked. Later reports said that he had held out until he had been ducked three times in the river and then he came to terms.

It was necessary to be arbitrary for there was no other law until the land was surveyed and local government formed. When the land was surveyed in 1856 and the land office opened on March 17, 1857, claims around Omaha could be entered and deeds issued after the city government was established March 5, 1857. Then the Claim Clubs were no longer necessary and

3. Ibid., 16.
4. Erastus F. Beadle, To Nebraska in '57, 32-33.
they disbanded. There were some injustices, perhaps, but on the whole these clubs were a benefit. People seemed to feel that before the establishment of city law and order, justice could be best obtained by these clubs and they were satisfied that the wrong doer received, "... a fair hearing and justice done him but it is quick done and no heavy expense saddled on the county."

Enos Lowe and his associates were "squatters" on their town claim. They had staked out their land, platted it, and surveyed the needed portions of it, but they had no legal right there. To protect themselves against any claim jumper they had called a meeting July 15, 1854 in Council Bluffs of all prospective claim owners in Nebraska. At that meeting five men were appointed to draft resolutions to be presented at a second meeting to be held at Omaha City, July 22, 1854. At this second meeting a Claim Association was organized under the following officers: A. D. Jones, Judge; S. Lewis, Clerk; M. C. Gaylord, Recorder, and R. B. Whitted, Sheriff. The resolutions which had been presented at the first meeting were read and approved. These resolutions concerned the activities of the Ferry Company in their recent activities on their Omaha Claim and the Association felt that their Claim should be

recognized by them and recorded on the books of the Association. This recognition they felt was due to the Ferry Company not only because of their ingenuity in obtaining the consent of the Indians in July 1853, but also because of the amount of money spent in purchasing and keeping in running order a ferry boat, in establishing the first brick yard and in building a "substantial and commodius" building for government (territorial) purposes.

This Omaha Claim Club, which later became known as the Omaha District Association as its boundaries enlarged, had original jurisdiction "three miles north and three miles south of the section line and six miles west of the Missouri." The laws for claims staked out within these boundaries provided for protection for only 320 acres of land, marked out by one competent to do a job. A "claim pen four rounds high" must be erected in a conspicuous place. This would serve to hold the claim for thirty days, after which time other buildings must be built.

The Ferry Company had fulfilled these requirements. By an Act of Congress passed in 1844, town sites consisting of 320

8. Preamble and Resolutions of the Nebraska Claim Meeting held in Omaha City, July 22, 1854, Omaha Arrow, July 28, 1854.
10. Ibid., July 28, '54.
11. Ibid.
acres could be preempted. The claim of the Ferry Company consisted of only 320 acres which lay within the limits designated by the Association. It had been staked out, platted, and surveyed by a competent surveyor, Mr. A. D. Jones. He had built his claim pen on 12th and Jackson Streets in May 1854. Improvements worth far more than $20 had been made by the erection of the brick Capitol Building on 9th Street between Douglas and Farnum.

b. Population

To make even a fair estimate of the numbers who eagerly crossed the Missouri as soon as they could legally do so, would be impossible. The thirst for new lands would surmount all practical considerations of census taking. Not all of those who crossed, stayed. Some made Omaha but a stopping point on their way further west, either to the farm lands in Nebraska or on to the coast. They were eager to seize upon some available point, anxious to make wealth in either town lots or on the farm land beyond. All of the newcomers saw in the embryonic city, the geographical center of the United States. All things would center in it. All things would pass through it. It would be a railroad center; its nearness to Chicago would insure that. It would be the capital and the first city

14. Ibid. 152.
of the territory. And so far sighted was their vision that they even saw Omaha City as the nation's capital at some future date.

One of the first official acts of Acting Governor Cumings was to issue a proclamation ordering the census of the territory to be taken. This proclamation was given in accordance with Congressional action not only to count the number of people but also to secure the number of qualified voters for the next congressional election. Therefore this was a very important census indeed. There was doubt that some of the people in Nebraska really intended to remain here. It was a common practice in the early days of the West to come to a place merely for the purpose of voting and then moving on or back to a more settled region. This type of illegal voting, the Nebraska Territorial Legislature attempted to avoid. The deputy marshall was instructed to count only the actual and permanent inhabitants and to require from them an oath as to their residence here.

The count of the people along the districts bordering

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15. Editorial, Omaha Arrow, September 1, 1854.
16. Session Laws of 1855, 1 sess., Oct. 21, 1854, 42. The Laws, Resolutions and Memorial of both State and Territory will be referred to as the Session Laws.
18. "I (name) do solemnly swear that I am now and intend to be an actual resident of Nebraska Territory. "Session Laws of 1855, 1 sess. 42-43."
the Missouri began the last of October and continued for four weeks. In November, 1854, when the returns were all in, Douglas County had a population of 645 people. Population of cities was not given but the strategic position of Omaha on the eastern terminal of the Ferry and the fact that the population would be greatest along the river has made the estimates of various citizens run between 150 and 300 people. In the Fall of 1854, Omaha could boast, "some twenty houses, two shacks with dirt floors serving as hotels, saloons and stores" and an "extensive brick yard appeared on the hills above the Missouri River Flats." It was but a "hamlet of huts", an ordinary frontier town with law and order chiefly in the hands of the Claim Clubs or justice a purely personal matter.

c. Problems of Living in a Pioneer Town

The period between 1854 and the fall of 1857 were years of growth but the prosperity was of a psuedo kind due to the financial conditions of the times. Boat after boat brought people to Omaha City. Two hundred and fifty passengers one day, one hundred and fifty the next, and perhaps seventy-five the next. Many were forced to remain in St. Joseph because of lack

19. Ibid. 249.
22. For the financial conditions of the city, see Sec. 4.
of room here. Every boat arrival was greeted with joy and celebration. Even a Sunday arrival made no difference as to the kind of welcome. "The Sabbath, to a great extent, is a day of pleasure or business ...." writes Mr. Reuben Gaylord, the first Congregational minister in Omaha, who abhorred the lack of religious fervor and the "fearful tide of intemperance that has been setting upon us ...."

It was a common sight to see two or more people going with their luggage from house to house inquiring for rooms. These early newcomers would have suffered if it had not been for the accommodating spirit of those more fortunately located. Outside of the St. Nicolas, which was a small hotel, other good lodging houses were not to be found before 1856 when the Hamilton House was built, followed by the Herndon House in 1857. Many lived in tents until they could build a home. Some of these no doubt were but temporary residents stopping just long enough to get supplies, or to study the advantages or disadvantages of settling in Omaha City. The puzzling question to many no doubt was, shall we go on, stay, or turn back?

23. Letter of Erastus F. Beadle to his wife and children, April 5, 1857, in his To Nebraska in '57, 36-31.

24. Mary M. Gaylord, Life and Labors of Rev. Reuben Gaylord, 184-188.

25. Andreas, op. cit., 691.


Houses could not be put up fast enough because of lack of lumber. Native timber was not good. It was too soft for substantial building purposes. The woods south of the city were either not good or soon exhausted. Materials must be brought in and boats were as anxiously watched for lumber as they were for people, perhaps even more so as congestion became worse. As a result of this scarcity of building materials prices were high.

Rents were high also due to the demand for houses. A year later a one room house only fifteen feet square rented for $25. Real estate commanded a ready sale at exorbitant prices, rising as demand increased to double and quadruple their value. The lots valued at $25 to $100 in September 1854 sold for $50 to $150 by November of the same year. Two lots sold in 1856 for $110 brought $500 in 1857.

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28. Omaha Arrow, July 28, 1854; also see Map of 1857, op. cit., for location of these native woods.

29. Omaha Arrow, Sept. 22, 1854.

30. Lumber was $100 per thousand feet, while siding was around $50 per thousand and shingles were $7.50 per thousand. Planed and matched flooring was around $65, Beadle, op. cit., 30-41.

31. In 1856 a two room house with one large and one small room and having no cellar or other conveniences rented for $21 a month. Gaylord, op. cit., 184.


33. Gaylord op. cit., 185, 188.

34. Beadle, op. cit., 45.
Best lots rose in price from $100 in June 1855 to $400 by June 1857. The value of land rose from $1.25 an acre to $15 and $25 in two years time. Terms for payment were reasonable. The Ferry Company was willing to accept, at least in 1854, one-third of the purchase money at the time of the sale and the balance in six months if secured by note of purchase.

Prices of foodstuffs were also high. This was due to the increased population. Foodstuffs had to be brought in by 1856 because the harvest was not sufficient to make a surplus and such a condition would continue until more land had been brought under cultivation. Prices already exorbitant would not therefore diminish. Butter was a luxury at this time. Sugar was 12-1/2 cents a pound and other groceries in like proportion.

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37. *Omaha Times*, October 13, 1857.

38. *Omaha Arrow*, Dec. 29, 1854.

39. Ibid. 184

40. Mr. Gaylord said that he had to pay $8 to $8.50 for a 100 pound sack of the best flour and therefore he used an inferior flour for which he had to pay $7.00.

41. Ibid., 185.
Contrary to the above facts, prices on goods for the long trek westward were quoted as reasonable and people were urged to buy their supplies at Omaha City for the remainder of the journey. Bacon they said could be bought from 5 to 8 cents per pound and flour for only $4.50 per 100 pound sack. Quite a reasonable price compared to later quotations.

Had it not been for the high wages paid to labor, living in Omaha City in these early times would have been very expensive. A law passed in 1856 made a 10-hour work day for laborers and mechanics. Mechanics, carpenters, and bricklayers received, in 1854, $1.50 to $2.50 per day in Omaha. Cyrus Morton, working in Omaha in 1856, received $1.00 for a half day's work laying floors. Feeling that this was too high, he returned 25 cents.

Omaha was beginning to have a more urban appearance by 1857. Distinct business streets were arising. The present Farnam Street had emerged as a business street with the building of the Pioneer Block, "the most imposing and architecturally perfect edifice north of St. Louis."  

43. For current prices on foodstuffs in Omaha, see quotations on prices in Omaha Times, 1856-1857.

44. Session Laws of 1856, 2 sess. 182. This law was repealed in Feb. 1864, see Session Laws of 1864, 153.

45. Omaha Arrow, Sept. 1854.

46. Omaha Arrow, Sept. 1854.

47. Andreas, op. cit., 690.
Other business blocks were going up around 12th, 13th, and 14th on Farnam and Harney. Most of the buildings were of frame construction, but brick buildings were beginning to appear. Harney Street was the main thoroughfare of the city, both commercially and fashionably. It was closely built up as far west as 14th Street. Beyond that houses were scattered. Cumings Street appears to have been the northern boundary of the city at this time.

Omaha was giving proof that it was to be more than a "paper town". It was growing and showed signs of developing into the city that its founders had hoped that it would. Its citizens were hopeful of its future and could say with the Rev. Mr. Gaylord,

"I see unmistakable evidence of energy and enterprise in this place that gives promise of progress .... It is on the great thoroughfare westward and will beyond all doubt, be the first place on the Missouri River reached by a railroad. This place .... will then occupy the same position on this river that Davenport and Rock Island do on the Mississippi. You can see thus at a glance the relative and future importance of this point ...." 49.

48. Ibid., 691.

II. OMAHA AS A CITY, 1857-1873

1. The City Government

a. Its Organization

Omaha City received its charter and became the City of Omaha on February 2, 1857, when the third session of the Nebraska Territorial Legislature passed a special bill of incorporation. It then became "a body politic and corporate" having been organized under territorial law and, like other incorporated towns, "endowed with certain rights and powers, and burdened with certain legal duties and responsibilities". 

Like all other cities of the new West at the time, Omaha had been organized by special charter. From 1854-1864, eighty-five special charters had been granted by early legislatures. Many of them were but "paper towns" to hold a "paper bank" or were founded to please some particular interest. It was not until 1864 that a General Charter Act was passed which did away with this prolific chartering of cities.

1. Session Laws of 1857, 3 sess., 193-197. This Bill will be referred to as the Original Omaha Charter.
3. Addison E. Sheldon, Nebraska Civil Government, 200-201.
4. Ibid., 201
But Omaha proved to be more than a "paper town". Its position at a focal point had made it obvious that people would come here. If people came and settled here, industries would follow. Both congestion at a given place and the rise of industrial life would need more efficient government, one that was able to protect the lives of its citizens and the interests of its businesses. The people themselves would desire things that would make living more convenient, and which the county could not supply, such as paved and lighted streets, police and fire protection, and other improvements. Also an incorporated city enjoyed more prestige than one not so organized.

The form of city government used at this time was known as the Mayor-Council Plan. The significant thing about this type of government lay in the fact that there was no separation of legislative, judicial, or executive powers. They were fused in the City Council, which consisted of the Mayor and Aldermen. The Mayor was the nominal head, not the chief executive, and his powers were not separate from those of the Council. In very early times he had been appointed for one year but by 1857 the office had become elective. He held a local court called a "Mayor's Court", to which were brought civil and criminal cases. His judicial authority extended to violation of state as well as city laws. Neither he nor the Council were paid a stated salary.

6. Ibid. 283-304.
On March 2, 1857, the first Monday in March, every legal voter, all those who had resided in Omaha for sixty days preceding the election date, went to the polls between the hours of eight A.M. and four P.M. to ballot for the following officers: a mayor, nine aldermen, a recorder, an assessor, a treasurer, and a marshall. All candidates for the above offices were required to establish legal residence in Omaha for one year.

As a result of this election, Jesse Lowe was elected the first Mayor of Omaha. According to the prevailing ideas about the city government at this time, he and the nine aldermen, formed the City Council. All authority was vested in this body, of which the Mayor served as President, casting his vote only in case of a tie. In case of his absence the Council elected a president pro-tempore to preside over them. The Mayor of Omaha had certain judicial functions common to the mayors at that time. He was ex-officio justice of the peace with power to preserve peace within the city. He had exclusive or original jurisdiction over cases involving the violation of ordinances and criminal jurisdiction against "the laws of the territory in

9. Ibid. sec., 7-8, 193.
10. Ibid. sec., 11, 194.
11. Ibid., sec., 9, 193.
the city", as well as civil jurisdiction in the city.

Mayor Lowe and eight aldermen met at the Council Room at two o'clock on Thursday, March 5, 1857. The members of the first Council were Mayor Lowe; A. D. Jones; T. G. Goodwill; G. C. Bovey; H. H. Vischer; Thomas Davis; Wm. N. Beyer; Wm. Wyman; and Thomas O'Conner. These aldermen showed their democratic spirit and the equality of the Western mind by refusing the title of alderman and passing a resolution to the effect that they should be called "Mr.", "one of the people".

On motion of Mr. Jones, the Mayor called the Council to order, and Mr. Wyman and Mr. Jones were appointed as a committee to examine credentials and on finding those of the above to be correct, the oath of office was administered by the Recorder as the charter required. This done, the Council could begin its business.

As the city government had been organized for the good of the people, it was one of its first duties to inform the people

12. Ibid., sec. 10, 194.

13. The ninth alderman failed to appear and it was not until April 27, 1857 that that position was filled by the City Council, Record A, 39.


15. Record A, 2.


how they might make their wishes known to the city authorities. The people of Omaha must present their requests to the Recorder by petition, which would then be called to the attention of the Council. The following form was made public for the benefit of the citizens:

"Notice is hereby given that the City Council of the City of Omaha have been organized for the transaction of such business as may be brought before them for the welfare of said city ...and that the citizens of said city be, and hereby are requested to make their wishes known by petition at an early date as possible." 18.

This bit of legislation concluded the first meeting of the City Council of Omaha.

Meetings of the Council were to be held at the discretion of the members, and therefore the Council passed an ordinance on March 12, 1857 which said that the meetings would be held on Monday of each week at a place "determined by the Council".

According to the early records, these meetings were held at various places: in the Mayor's office, in the Masonic Hall, in the Odd Fellows Hall, at the Capitol Building, and later some of the meetings were held at the Court House. It was not until August that the Marshall was given instructions to find a permanent home for the Council.

18. Record A, March 5, 1857, 6.
21. See Record A, March to August, 1857.
The time of meeting also varied. Ten o'clock and two o'clock seemed to be the most popular for the regular meetings at first. "7-1/2" o'clock was the time for some of the later meetings and "8-1/4" occasionally can be found. On May 11, 1857 it was decided to hold meetings on Tuesday of each week at seven o'clock, and the time was adhered to for some time. So important was the matter of organizing that meetings were held every day for the first week.

On the second day, Friday, March 6, 1857, a report of the committee on rules, which had been appointed the previous day, was read. These concern the rules of procedure and the conduct of the member of the Council. One interesting group of rules concerns the presence of the aldermen at the Council meetings. If a quorum was not present, the absent members were sent for at the member's expense unless he had been previously excused. Such instances were many in the early meetings and often the Marshall or the Sergeant-at-Arms were sent for them. So many times did these absences occur that the Council finally fined those absent without good reasons. The fine was more than $5.00 or the loss of "his per diem".

24. Record A, 57.
26. Omaha Original Charter, sec. 13, 194; also see the Records of the City Council for early meetings of 1857.
27. Record A, April 24, 1857, 51.
Section twenty-three gives the order of business to be followed at all Council Meetings:

"1. Reading of Journal
2. Petitions and Memorials
3. Reports from Standing Committees
4. Reports from Select Committees
5. Resolutions
6. Notes
7. Bills on 1st Reading
8. Bills on 2nd Reading
9. Special Orders of the Day
10. Bills on 3rd Reading
11. Bills on their passage
12. General orders of the day
13. Unfinished business"

Bills introduced and approved became City Ordinances, laws of the city to be obeyed by its citizens. If they were not obeyed, the disobedient citizen might find himself imprisoned in the county jail for fifteen days at the most. Because of the importance of these bills it was felt that care must be taken in the making of them. At least one day's time must be given before they are introduced and read the first time.

"Every bill should receive three readings previous to its being passed; and the President shall give notice at each whether it be the first, second or third, which reading shall be on three different days unless the Council unanimously direct otherwise."

A bill could not be committed or amended unless it had been

28. Record A, 10.
29. Original Omaha Charter, sec. 32, 196.
31. Ibid., sec. 25.
twice read. After the third reading, no amendments were allowed to be made without unanimous consent of the Council.

The first ordinance passed by the City Council became a law on March 7, 1857. It concerned the duties of the City Recorder, an important officer of all City Councils of that day. He made out the orders for all money appropriated and kept accounts of all receipts and disbursements. On April 1st of each year he was required to audit all city moneys. He must keep an abstract of votes. He also made out the tax list.

The second ordinance passed dealt with the bonds of three of the first city officers. The Mayor's bond and that of the Treasurer was $10,000 each. The Marshall's bond was fixed at $1,000. This ordinance was passed March 2, 1857.

On March 9, 1857, Mr. Jones introduced a resolution that a committee be appointed "to recommend as nearly as practicable what ordinances shall be passed at the present session of Council".

32. Ibid., sec. 26.
33. Ibid., sec. 29.
34. See footnote 37, page 25.
35. These two ordinances were rescinded March 12, 1857, and therefore do not appear in any printed copy of the city ordinances. They are in the book called, erroneously, "Index Book to City Ordinances", which contains all of the ordinances passed on March 7, 9, and 12. It is to be found in the Byron Reed Room in the Public Library, Omaha, Nebr. The book is in the handwriting of H. C. Anderson, the Recorder. When the Council formulated its first code of ordinances on March 12, 1857, the above ordinances were included among the twenty-five ordinances.
This resolution, having carried the report of this committee's work, was made known to the Council on March 12, 1857. Twenty-five ordinances were presented at that time and "read by title, passed, and title agreed to". These will be referred to as the first code of ordinances.

With the passing of this first code of ordinances we may say that the Council had completed work of organization and was ready to govern the city.

b. Its Development

The citizens of Omaha changed their ideas of city government as the city grew. The next year an amendment was made to the original charter, in which certain important changes were made. The number of aldermen was reduced to six. Election day was the first Monday in March instead of the second. The Recorder became the "Clerk of the Council" and an appointed officer by that body. He seems to be losing power. Mr. H. C. Anderson was the first Recorder. A newly appointed officer, a Collector of Taxes, was added. Byron Reed, our first Collector,
found that his work was to collect the taxes, a job which had been originally the Marshall's. This announcement is found in the early papers, announcing the yearly tax and concluding: "I will be in my office in the Pioneer Block 9:AM. to 4:PM. on or after Dec. 23, 1858 for the purpose of receiving the tax."

Punishment for violation of the city laws became more stringent. A jail sentence not to exceed ninety days, a fine, or a sentence to labor was the new law.

An amendment of 1864 is chiefly concerned with taxes and while it does not change the amount of the taxes, which were one-half of one per cent, as fixed by the Original Charter, it provided for a special tax of two mills for public improvements. This year was a year of agitation for better city streets. Outlying districts were being added to the city. This same amendment gave the City Council title to all streets, alleys, wharves, public grounds, parks, commons, and sidewalks in Omaha and in the new districts. If sidewalks were not kept in repair by their owners, the city would do so and charge the owner for the repairs. His property might be sold to pay the

42. Session Laws of 1858, op. cit., secs. 34 and 36.
44. Session Laws of 1858, op. cit., sec. 32, p. 387.
45. Original Omaha Charter, sec. 33, p. 196.
46. Session Laws of 1864, 9 sess. 384.
cost. The owner could redeem his property by paying the amount of the selling price "in lawful money" with interest not to exceed five per cent.

Further development of the city led to the revision of the Original Charter in 1865. Up to this time the Mayor had not received any stated salary. He had depended upon the fees collected from his various duties. While the Council was in session, he received $3.00 a day as presiding officer of the Council. Agitation for paid officials had been part of the policy of the Omaha Times for some time. In their editorials they had stressed the fact that better men would seek the office of Mayor if a stated salary was attached to that office. "... people will not work for nothing and we fear such patriotism would hardly survive throughout the year." According to the laws of 1865 and supplemented by a city ordinance, the Mayor's salary was fixed at $500 and the salaries of the aldermen at $100. Other officers were still paid at the discretion of the Council. The Assessor being the only one who knew definitely that he would get $3.00 a day while doing his duty.

47. Ibid., sec. 3, p. 364.
49. First Code of Ordinances, No. 15. As it was impossible to get the original ordinances long enough to read them all, the printed copy, which was published by Charles C. Woolworth, called The Charter and Ordinances of the City of Omaha, was used.
50. Editorial, "Municipal Elections".
51. Ordinances of 1858-1868, "Revised Ordinances of 1866", Chapter XII, Officers 225-227. This was the first revision since 1857 and therefore cancelled most of them.
Again the special two mill levy was allowed in order to keep up the improvements in the city. Fire protection was included in this levy. Property, when sold for failure to maintain the streets could be sold for a greater amount than assessments and costs. It could be redeemed at the rate of forty percent interest. More extensive powers of control over public grounds and over streets were given to the Council. Along with these duties went the responsibility of keeping them in repair. Omaha was growing and the citizen was made aware of this fact not only by the improvements going on but by a signed statement made public the last Monday in February, which would give a complete and detailed description of the condition of the city.

The admission of Nebraska as a state in the Union in 1867

53. Ibid., sec. 42, p. 107.
54. Ibid., sec. 43, p. 107.
55. Congress passed the Nebraska Enabling Act, April 19, 1864, (U.S. Stat. at Large, vol. 13, p. 47). A Constitutional Convention called to meet at Omaha on June 6, 1866, adjourned sine die without making a constitution for the state. The question came up again and after some delay Congress passed "An Act for the Admission of the State of Nebraska into the Union." on Febr. 9, 1867, (U.S. Stat. at Large, vol. 14, 319). President Johnson proclaimed Nebraska a state on March 1, 1867 (Ibid., 820). Statutes of Nebraska for 1867, pp. lvii-lxxxiii, give the President's Proclamation and all the Acts concerning the admission of the State.
necessitated a change in city laws. Any change was opposed by the City Council which addressed a petition to the legislature, saying that it believed, with the exception of boundaries, that the old charter "confers ample powers and privileges to protect its citizens and to carry forward such works of internal improvement as will help to advance its growth and prosperity." Their petition was of no avail. The legislature had recognized two classes of municipal corporations. The first class consisted of cities having 3000 qualified voters and the second class was made up of those cities having 500 legal voters. Omaha fell in the first class, and was given a definite and more detailed charter issued under the General Charter Law of 1866.

In the terms of this new charter made in 1869 we see a change toward what is known as the Strong-Mayor Plan of city government. There is a disposition to place the executive power entirely in the hands of the Mayor as separate from the Council. Section twenty four of this charter said that the corporate authority "shall be invested in one principal officer, to be styled the Mayor, in one board of trustees, denominated the City Council, together with such other officers as are in this

56. Record D, 260, June 26, 1866.
The act mentioned or may be created under its authority." The Mayor was to be elected biennially on the "first Tuesday in June ...." He would find that his chief duty as the first executive officer of the city was to see that the ordinances were "faithfully and constantly obeyed".

To the City Council was given "all legislative powers granted in this Act". It also had control of finances and the control and management of real and personal property belonging to the city. A change in the makeup of the Council came at this time and, while it did not last, it was rather interesting as it showed the changing ideas of the times. Two Trustees or Councilmen, as they were still called in the Records, were elected from each of the six wards into which Omaha had been divided. This made a Council of twelve. At the first meeting of the Council these men determined by lot which ones should serve one term and which ones would serve two terms. This made the Council an annually elected body with one Trustee from each ward elected every year. This dual election of Mayor and Council was not satisfactory and was repealed in 1871.

60. Session Laws of 1869, 4-5 sess. 31.
61. Ibid., sec. 35, p. 31.
63. Ibid., sec. 29, p. 32.
64. Ibid., sec. 27, p. 31.
65. See page 40.
Another interesting change, although a temporary one, concerns the election of a permanent president by and for the Council. The Mayor is no longer a member of the Council. The permanent president's signature appears on all ordinances passed in the years 1869-1870, along with signature of the Mayor.

Other important changes began to show the change of ideas of the times. Judicial powers were passing from the hands of the Mayor to those of Police Judge. The city was limited as to the amount of money it could borrow. It could not create a debt of more than $100,000.

An amendment in the following year seems to have been passed to check the growing debt of the city. Omaha could not have a debt of more than "five per cent of the amount of the tax levy".

Omaha had increased in population in the ten-year period 1860-1870. In 1860 it could boast of only 1883 people, but in 1870 it had reached 16,083. Omaha now fell under the heading of larger cities. Therefore a new charter was needed to cover all cities that had reached 15,000 or more in population.

66. See the Ordinance for those years in Ordinances for 1868-1871.
68. Ibid., sec. 53, p. 36.
69. Session Laws of 1870, 6-7 sess. 35-38. This amendment, as well as the Act of 1869, was repealed by the Act of 1871, Session Laws of 1871, 6-7 sess. 1-59.
70. United States Census Report for 1870, Table III, 197.
This new charter was given careful study by the City Council before it was presented to the Legislature at Lincoln. This new charter was approved by the Governor on February 8, 1871, and declared in force March 1, 1871.

Omaha had emerged as a full-grown city. Elections again became a yearly affair and the Mayor was given the veto power, although the Council could pass laws over his veto by a two-third vote. The ordinances might also become laws without his signature if the Mayor did not sign and return the bill by the next meeting after it had been presented to him. All appropriation ordinances must be vetoed unless the specific purpose for which the money was to be used was stated. The Mayor seems to have emerged as a distinct executive though he still had some concurrent powers.

This Charter was far more explicit in its enumeration of powers and duties than any yet given, especially on financial affairs of the city. The tax levy could be raised to ten mills on the dollar for general purposes. Warrants or orders could not be issued in any one year greater than eighty-five per cent of the amount of the tax levied for that year. Orders, bonds,

74. Ibid., Art. 2, sec. 41, p. 16
and warrants could only be issued as authorized by two-thirds vote of the people. They could run for twenty years, bearing interest at ten per cent. The Council was required to make provision for a sinking fund to redeem at maturity the bonded indebtedness of the city. A tax could be levied for this purpose, payable in cash. The money raised in this way might be used to purchase bonds if the bondholders were all given a fair competitive chance on the most favorable terms. Other special taxes were levied for improvements in the city. An annual financial report of all receipts and expenditures were required besides a special report on the condition of the city. This was a joint report made by the Mayor and the Council. This Charter shows that Omaha had passed the pioneer stage and had recognized her responsibilities to her citizens.

75. Ibid., Art. 4, p. 17.
76. Ibid., Art. 4, sec. 38, 17-18.
77. Ibid., Art. 12, sec. 30-32, p. 15.
2. The Financial Problems in a New Territory

a. A General View of the Situation

Omaha was three years old when the nation experienced its third financial disaster. The panic of 1857 was due to the restless activity of the age, which shows itself in a too rapid construction of railroads. $1,250,000,000 had been invested in railroads from 1850-1860. This was especially true of the West as evidenced by the speculation in lands. The opening of the West had made people impatient and eager to get the land as quickly and as cheaply as possible.

In this the banks were a great help. The banking system at this time was in an experimental stage. Banks were controlled by the states and "the authority to engage in the business of banking carried with it in those days the privilege of issuing bank notes to circulate as money", said an early Omaha banker. The privilege was greatly abused, especially in the West. In these states circulating notes were issued without security and in excess of capital. These notes were especially profitable in the West, where the early legislatures were very generous in issuing special charters to any group organizing itself as a bank.


Just enough specie was handled to make the original payment on the capital stock before the banks began business. These special charters did not make adequate provision for the protection of the depositor. The shareholders were not personally responsible; the security required was not sufficient and notes were issued in proportion to the stocks and bonds deposited and not the cash capital. No provision was made for their redemption at some commercial center and the directors and shareholders were often non-residents.

In the West the unscrupulous banker had a rich field and he took advantage of it. The agents for these banks carried their notes about the country in their saddle bags, hence the name "saddle bag banks", and exchanged with the landowners for their notes. This method was practiced in Nebraska, as well as in other western states.

The *Omaha Times* describes two interesting attempts to thrust these worthless notes on the citizens of Omaha, which shows what the unsuspecting citizen was up against. In one case, the swindler was outswindled. A gentleman, passing himself off as a representative of a New York banking house and a

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publisher of a financial journal, came to Omaha and made friends with several of the citizens. He said that he had some eastern currency for loan and circulation on easy terms much below the terms asked in Omaha. He then presented these notes, which were on the New Orleans Bank of Cannelton, Indiana, and promised to pay two dollars on demand. The "banker" from Indiana loaned $3000 of his currency and received a $200 check in return, and the note of the Omaha citizen for $1800 payable in sixty days in the same kind of funds without interest. Things looked favorable for the swindler, who now had $200 for his worthless bills which had probably cost him $35 to have printed. All he had to do was to cash the check and leave town, but when he presented the check he found that the owner of the check had made a deposit of the $2000 of worthless bills, the only deposit against his name. The swindler left town hurriedly.

Another attempt was made by a representative of a bank in Georgia. The notes which he carried were for one dollar, and $7000 worth of these notes were loaned out at a low rate payable in New York City. According to reports, this swindler was more successful than the first one.

These two incidents show that Omaha, a new city trying to get on its feet and accomplish the object of its owners, was in danger of having its credit and its financial reputation laid in

7. Editorial in the Omaha Times, June 10, 1858.
ruins, for as the *Omaha Times* sarcastically remarked, "could these bills be procured in sheets they could not be excelled for wallpaper or window shades."

The Nebraska Territorial Legislature had attempted to limit banks in Nebraska by providing severe penalties for those who attempted to establish banks using illegal methods. A year in jail or a penalty of not less than $1000 was provided for those who attempted to organize a bank of issue. This law did not deter men from opening banks, for profits were too great to be resisted. It was easier to disregard the law, especially as many of the lawmakers seemed to be in favor of organizing such banks. These bankers secured special charters from these early legislatures, the first three legislatures being the most amenable. The man who could raise sufficient capital to obtain a charter and pay for the printing of his banknotes had a "bonanza". These banks usually occurred in a "paper town" and when the time came to redeem their notes, neither town nor bank could be found. Between 1854 and 1850 some thirty-nine "paper cities" had been chartered, and it would be safe to say that each one had a bank of the same type.

8. June 10, 1858.


The ease in securing charters and the general laxness of the banking laws enabled one young man of Nebraska City to start a bank with capital of $500. He found it very profitable. He dealt in buying and selling exchanges on eastern cities.

This was truly an era of "wild cat and bob-tailed currency", as Mr. Henry W. Yates said. One of these "wild cats" was chartered March 16, 1855, under the name of the Western Fire and Marine Insurance Company. This bank held a high place in the confidence of the people. It had evaded the laws by securing its charter under the guise of an insurance company. It was given broad powers under which it engaged in all sorts of banking business. This bank was the official bank of the territory and issued banknotes in the form of certificates of deposit. The rights of incorporation of this bank were granted to thirteen people, with a capital stock of $50,000.

Another bank of the same type was incorporated on January 18, 1856, under the name "Bank of Nebraska". It had an initial capital of $100,000, which could be increased up to $500,000. This bank had the right to issue notes, bills, and certificates of indebtedness, deal in exchange, and carry on a regular banking business.

15. Session Laws for 1855, 2 sess., 302-203.
Most of these early banks were established on a capital of $500,000, which made a total capital stock in the six banks chartered between 1856 and 1857 of $3,000,000. This was far too large a capital for a territory around 10,000 population. Accurate accounts on early banks and banking conditions are very difficult to get because as a rule only banks in the best condition reported. At this time the State did not require banking reports.

Conservative men were becoming suspicious of these large amounts of capital and asked for a report on financial conditions in Omaha. In 1857 this report was made by Mills S. Reeves and James S. Allen, urging that the amount of capital be reduced to $300,000 and that adequate securities be given. This report concluded with the observation that Omaha did not need any great amount of exchange as it would be an agricultural and stock-raising section for many years to come. Surpluses of crops should be sold for gold and silver and therefore credit would not be needed. But the people paid little, if any,


17. The comptroller's report of 1876 gives a good picture of conditions in the banks of Nebraska before and after the panic. This report may be found in Morton's Illustrated History of Nebraska, Vol. 11, 312.

18. Ibid., 24.

attention to the wisdom of this report. Business "boomed" during the spring and summer of that year. Building and improvements were carried on with dispatch. People failed to notice when sales of lots began to lag, when building ceased to go up, or that this merchant or that was closing his doors. But when on September 31, 1857, the Western Exchange Fire and Marine Insurance Company closed its doors, panic started, for that bank was the official bank of the territory and "stood high in the confidence of the people." Its failure brought home to the people the serious condition of the financial affairs of the territory and of Omaha.

The bank mentioned above had issued $80,000 worth of certificates to circulate as money, and as times grew harder and there was a general withdrawal, it followed the eastern banks in failure. The officers of this bank regretted this action and ultimately hoped to pay out. They said that they hoped to do so in sixty days, but that was impossible and the bank finally closed its doors for good and turned over its affairs to Enos Lowe, John A. Parker, and Albert U. Wyman as trustees. Its assets were $388,083, mostly in notes and bills receivable. Cash on hand amounted to $191.03 in specie.

20. Gaylord, op. cit., 300.

and $121.00 in bills of insolvent banks. With this they could not meet the demands of their creditors. Although Mr. Tuttle, the cashier, borrowed from his friends, the Swedish Colony in Illinois, and pledged his own private fortune, the bank never fully paid its obligations.

Money became scarce. Rates of interest ranged from four to six per cent on borrowed money. To secure a draft was practically impossible and unsafe as the bank might be closed before the draft was cashed. Some people made money by buying the stock of failed firms at sixty cents on the dollar and reselling it at eastern prices, which were much higher at that time. There was only one-fourth to one-fifth as much money as before the crisis. A dollar was now worth four or five times as much as it was then. Such a scarcity of money would discourage immigration and even force the consumer class to leave. This meant the going of an honest, home-seeking group, people who had preempted their land and had planned to stay in the territory. Some of these people went back East and others to the Colorado gold fields, and the population measurably

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25. Ibid., Sept. 9 and 15, 1857, 199-200.
27. Editorial, "Immigration and Hard Times" Omaha Times, Nov. 11, 1857.
diminished. A population which was estimated by many writers as between 1500 and 1800 in 1857 was only 1883 in 1860, three years later.

Many people felt that Nebraska's hard times were due to Nebraskans themselves. The Omaha Times sums up this feeling very well. It ascribes Omaha's and Nebraska's difficulties to coming of emigrants with little money and large families, bringing plenty of stock which they sought to develop, rather than planting crops. What money the emigrant had was spent on "corner lots", not on improvements on his land. What was needed were more settlers and fewer speculators. "Sow more then shall not fail to reap more", said this Omaha paper.

The panic taught Omaha a lesson, and again the Omaha Times expresses the sentiment of the times when it said,

"Although here, as everywhere else, the times are very tight, money scarce and speculation dead and apparently buried we yet see in all our troubles an indication that our people are laying the foundation for future prosperity...farmers are busy, trying to produce...in the end it will be found that the revolution in monetary affairs has been a benefit to Nebraska. A lesson has been taught which we hope and believe our people will profit by." 30.

30. Editorial, "Prosperity of Nebraska", June 10, 1858.
3. The Financial Situation in Omaha

a. The Capitol Question and Omaha City Scrip

Mr. Gaylord mentions in one of his letters that scrip was the only money available in Omaha, and the Omaha Times in its editorial on the "Financial Crisis" of October 22, 1857, urged the Omaha citizen to buy and use this scrip "as it was safe as it was amply secured".

This scrip was Omaha's contribution to the panic of 1857. And as the use of scrip begins with the Capitol question, we must first say something about Omaha as the Capitol of the Territory. On December 20, 1854, the acting governor of Nebraska Territory, Thomas B. Cuming, called together the first territorial legislature, consisting of a Council and House of Representatives, which was to meet at Omaha City on January 16, 1855, at 10 o'clock on Tuesday morning. "in the building designated".

On January 30, 1855, the legislature definitely fixed the

2. See page 48.
4. Session Laws of 1855, I sess., 52.
5. This referred to the two-story brick building erected by the Ferry Company on 9th Street between Douglas and Farnam Streets. Arthur C. Wakely, ed., Omaha: The Gate City and Douglas County, I, Chap. VII, 66.
seat of government at Omaha City, and the question of a suitable location for the Capitol Building came up immediately. By an Act of Congress, March 3, 1853, the sum of $50,000 had been authorized for the purpose of building a Territorial Capitol. The Governor had the direction of the spending of this fund.

The building was to be built on Capitol Square, one of the three Squares originally laid out by the Ferry Company. This location was selected by Mr. James C. Mitchell, who had been given the task of locating the Capitol by the legislature.

One of the first contractors was James Ferry, an Irishman from Philadelphia, energetic and good at keeping the men on the job.

But the money appropriated by Congress was not sufficient to complete the Capitol and it was left to the citizens of Omaha to finish the building. To make a start in this direction, the City Council appointed a committee of three whose purpose was to find the best plan by which the money could be raised. This committee instructed the Mayor to complete the Capitol, using money in the treasury set aside for that project. This amount

7. U.S. Stat. at Large, X, 635.
8. See Page 12.
11. Record of the City Council A, April 8, 1857, 43 in Proceedings of the City Council, Omaha, Nebraska. All references to the Proceedings will be by letter, as Record A, B, etc.
might be augmented by selling lots set aside for that same purpose. These lots were located in the "Park", another of the original Squares of the city. A portion of this "Park" was divided up into lots and offered for public sale on terms of one-third cash at time of sale, one-third on sixty days, and the balance in four months.

It was also proposed to issue bonds to carry on this work. The Original Charter made it quite clear that bonds could not be issued without the consent of the people, and without designating the specific purpose for which these bonds were to be issued. A call was sent out by the Recorder for a public meeting to be held at the Legislative Hall on Friday, June 19, 1857, for the purpose of considering "the propriety of issuing City Bonds". It was felt that the half completed Capitol Building, which stood on a site which was plainly seen by the newcomer and was probably the first thing that would catch his eye, indicated failure to the stranger in the city. While, as some believed, political chicanery was the cause of the half completed building, the great matter to the Omaha citizen was the honor of the city. That honor demanded that the Capitol be finished in order to "wipe out the shame and repair the injury done to the people of Omaha".

15. Public Notice of Meeting of Omaha Citizens, Omaha City Times (Omaha Times), June 18, 1857.
The result of this meeting was very favorable to the issuing of scrip and showed how the people of Omaha were willing to work together for any good enterprise. Omaha, scarcely five years old, came unanimously to the aid of its Capitol by voting for $50,000 worth of scrip to be redeemed in one year and to be received at par value by every business house in the city. Besides giving to Omaha "the finest territorial capitol our country ever saw," it was felt that the scrip put into circulation "a paper superior in every way to the 'wild cat and bob-tailed' currency already in circulation and that it would demand confidence and in some degree relieve the uncertainty of the financial affairs of this part of the country."

The Mayor was authorized to issue the scrip, after unsuccessful attempts had been made to float a loan, and to contact business places in the city "for the circulation and redemption of this scrip on the best possible terms." Such contacts were made and eight business firms of Omaha contracted to take this scrip and protect it for nine months at ten per cent.

It is interesting to note that $15,000 was taken by banks which failed a few months later. The Western Exchange Fire and Marine Insurance Company was one of these.

17. Ibid., June 25, 1857.
18. Ibid., June 18, 1857.
19. Record A, June 23, 1857, p. 71
20. Record A, August 29, 1857, p. 88
The Mayor was next instructed by the City Council to give a report of landed property of the city. This property was to be deeded by the Mayor to Dr. Enos Lowe as trustee and was to be held in trust for the redemption of the $80,000 of scrip finally issued. It was not expected that the sale of public lots would be resorted to as all had faith that the scrip would be redeemed in a year's time.

Although the people had declared their willingness to vote a bond issue, the matter must be voted upon in accordance with the Original City Charter, which said that "a majority of two-thirds of the legal voters must determine the issue". The people voted for the bonds. There were 598 votes cast for the bonds and 43 against them.

The Council voted that these bonds should be issued in $100, $500, and $1000 amounts for five years at 10 per cent payable semi-annually in the City of New York. These bonds bore the signatures of the Mayor and Recorder, were registered and countersigned by the City Treasurer, and sealed with the City Seal. They could be exchanged for City Scrip of like amount.

21. Record A, Nov. 3, 1857, 110. Besides the $50,000 of scrip issued for the Capitol, $10,000 had been issued to the Hotel Company.
26. Ibid., 125.
This was the first debt fastened on the city and it formed the major amount of the liabilities of the city for many years to come. The total liabilities in 1857 amounted to $69,625.05, and to meet this debt the city had $43,543.19, which included only $907.00 of scrip redeemed and city property amounting in value to $22,000 and $3,000 which was listed "Interest in Court House". This report did not include capitol claims and certain bills declared not binding because of failure to have the two-thirds vote of the people. This was not a bright outlook for the new city. That the city was already becoming worried, if not disgusted, with affairs is shown by the cryptic remark from the Omaha Times, "In all the debt was about 70,000 dollars and was no more only because she (Omaha) could get in debt no more."  

It was hoped that the United States Congress would make an appropriation to finish the Capitol Building, and early in January, 1858, the City Council had asked the legislature to petition Congress for an additional $30,000 to finish the building. Congress did not pay any attention to this plea. Matters went along until 1860, when another petition was sent, this time direct to the Treasurer of the United States. This memorial asked for help to restore the Capitol which had been

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27. Financial Report of the City, Record B, April 20, 1858.
29. Record B, Jan. 4, 1858, 5.
30. Session Laws of 1858, 2 sess., V, 412.
damaged in a recent storm. The debt of the city, which amounted to $52,073.87 in 1860 and the repairs needed in the city as a result of the same storm were given as reasons for asking for aid. This memorial was again ignored and the City Council decided to try to make personal appeals. They sent at various times different men to plead the city's cause. From 1860 to 1869, the following men, Gilbert Monell, Phineas Hitchcock, Samuel Clinton, and Davis L. Collier were sent to Washington to lay the Capitol problem before the National Government. But Congress turned a deaf ear to their arguments, and the problem of paying for the Capitol Building was left up to Omaha to settle as best it could.

b. The Uses of Scrip in Omaha

Scrip was in general use throughout the years 1857-1870. A citizen's claim to the amount of $90 was paid in City Scrip. City warrants held by Omaha citizens were paid in scrip and accounts of various city officers were paid in this way. This scrip was accepted for taxes. In those days the people went to the Marshall's office to pay their taxes. "My office is the third door north of the Methodist Church on 13th Street."

32. Record C, June 14, 1860, 73.
33. See Records of City Council, 1860-1869.
34. Record A, Sept. and Oct. 1857, 94-103; see Records for similar facts.
35. Notice to Omaha Taxpayers, Omaha Times, Nov. 25, 1857.
It seems that they were rather lax in those days also.

Two interesting incidents concerning the payment of taxes show the character of the times. One incident happened in 1858 when Joseph Barker wished to pay his taxes in that medium when it was current. So much scrip had been presented to the city in payment for taxes that the city collector had been authorized to collect all city taxes in "lawful currency or specie paying banknotes". Mr. Barker had attempted to pay his taxes to the Marshall, who had been too busy to take them. Mr. Barker had left the territory and when he returned he found that the Council had rescinded the resolution concerning the use of scrip for taxes.

Another incident, showing the same thing, occurred when Mr. George M. Mills paid his taxes in scrip before the passing of the law against that practice. Believing that Mr. Mills had failed to pay the taxes, his property was sold. A committee investigating this case found that he had tendered payment to the Marshall, who had refused to take them on the grounds that he was too busy to receive them and that he had told Mr. Mills "that he might consider taxes paid for that date". The taxes were allowed to stand as paid in scrip.

36. Record B, April 13, 1858, 24.
37. Record B, May 20, 1858, 30.
38. Record B, Oct. 21, 1858, 48.
It is evident that the Council had a great deal of trouble over the scrip, and to settle things, at least as far as the taxes were concerned, an ordinance was passed declaring that three-fourths of the taxes might be paid in scrip or city warrants and one-fourth in money, and the next year the treasurer was authorized to receive either scrip or orders in redemption of lots sold for unpaid taxes.

In 1860, when the city property was put up for sale to reduce the debt of the city, the purchaser of these lots could pay for them in city scrip. One, Solomon Turk, made application for a block on which to erect a powder magazine. He paid for his lot in scrip amounting to $50.

Settlement of the Problem

Many people evidently saw the futility of continuing the redemption of scrip at par value. One Omaha citizen, Mr. E. B. Taylor, believed that "if provision was made by laws (at this time, 1863) to bond this scrip at the current market value 30 cents on the dollar with the accumulated interest which would bring it up to 90 cents on the dollar of the original amount, we would be gratified and substantial justice would be done."

40. Record B, Dec. 16, 1858, 60.
42. Record C, Febr. 3, 1860, 46.
43. Record C, April 13, 1861, 111.
44. Omaha Nebraskian, Febr. 3, 1863.
Many others no doubt held this same view. But there were others who shared the opinion of the Editor of the Nebraskan that such a proposition as Mr. Taylor supported would be repudiation and that would be a disgrace to the city, like taking up "a note now due for $1.65, drawing 10 per cent, and (giving) a new one for 10 years for 75 cents at 7 per cent." Such a proposition as Mr. Taylor made would scare people away from the city said the editorial.

Claims against the city were carried to the courts on this scrip question. Mr. James K. Ish wished to procure an injunction to restrain the sale of real estate for unpaid taxes. The city of Omaha in 1860 had levied a tax for the purpose of paying off or taking up the outstanding scrip. Real estate on which taxes remained unpaid were to be sold and applied to paying off the scrip. The court found that the tax of 1869 had been levied without the necessary vote of two-thirds majority of taxpayers. Therefore the tax was illegal. It also declared that the entire issue of scrip was illegal because it held that "a corporation could not bind itself for a purpose foreign to that which it was established." Powers must be expressly granted. It had no power therefore to lay a tax not expressly authorized by its act of incorporation. The injunction was allowed.

45. Ibid.
46. Experience Estabrook v. City of Omaha and J. K. Ish, Chancery Docket, I, Dist. Court, 222. The description of this court case taken from the Nebraska Republican, April 18, 1864,
Scrip had been declared illegal. By 1864 about four-fifths of the scrip was still outstanding, a sum amounting to $39,384 47. exclusive of interest.

The city went to the people. It asked them to give them the power to issue bonds not to exceed $52,500 for both the principal and the interest to redeem the scrip as provided by law. The law "To provide for the Bonding the Omaha City Scrip and to provide for the payment thereof" was passed February 15, 1869. By this law the Mayor was empowered to call a special election to allow the voters to express their opinion on the bond issue.

"...to vote for or against the City Council bonding the obligations issued and put into circulation by the said city, signed by the said Mayor and Recorder of the said city, in the year 1857 and known as Omaha City Scrip, and to provide as herein after specified for the payment of the same...." 49.

This law went into effect February 15, 1869, and within fifteen days after its passage, any holder of the scrip might present it to the Mayor within ninety days for the purpose of finding out just how much of the paper was outstanding and unpaid. If the holder did not present this scrip within ninety days he was barred from holding bond.

as the description given in the Records was not sufficient for the purpose of this paper.

47. Record C, March 19, 1864, 208.
48. Session Laws of 1869, 4-5 sess., 361-265.
49. Ibid., sec. 1, 261.
All scrip presented must be listed by number, date, and denomination, name of holder, and time of presentation. Bonds were to be issued if the total amount outstanding did not exceed $30,000. The Council could issue bonds for principal and interest "equal to 1/2 the principal of the same" providing that the whole principal shall not exceed $35,000. If it did exceed that amount and "the loss shall be divided and sustained pro rata between the holders of such scrip." The bonds were payable on or before January 1, 1879, at 10 per cent interest computed semi-annually. These bonds contained 20 interest coupons, which would be excepted for taxes. A sinking fund was to be provided by a tax on real and personal property for the year 1869 and until the principal was paid.

The special election was held on April 5, 1869, and contrary to all precedent they turned down this attempt to gain something from the paper money issue of the earlier years. Only 98 votes were cast for the bond issue and 578 against it.

There may have been many reasons for this. The people had voted for many bonds in the past in order to show their

50. Ibid., sec. 2, p. 263.
51. Ibid., sec. 3, p. 262.
52. Ibid., sec. 4, p. 263.
53. Omaha people had been very willing to vote bonds up to this time, including Fire Loan Bonds and Railroad Bonds.
54. Record F, April 6, 1869, 92.
eagerness to push Nebraska forward. Bond issues meant taxes and probably this was as good a reason as any for refusing the bond issue. Many were no doubt disgusted with the scrip and decided that it would be best to repudiate it although it meant a loss to many people. That might even be more preferable than taxes for a number of years. That too might be the reason for such a light vote. But Omaha was entering a new era about this time. The agricultural period was passing and the city was looking forward to the railroads, which would bring new interests and new kinds of prosperity.

d. Recovery from the Panic of 1857

"Omaha was practically extinguished under the financial avalanche of 1857 and did not emerge from its effects until the advent of railroads", said Dr. George Miller, one of Omaha's early settlers, in speaking of the financial crisis just passed. However, Omaha people were not discouraged. Their belief in Omaha's future remained unbroken and they were wise enough to see the mistakes of the past and desired to profit by them. They recognized the dangers that speculation had led them into. They saw in Omaha's fortunate location the advantages for agricultural and manufacturing pursuits. All it needed was for the people to avoid the pitfalls of the past and go to work to make their city what its founders intended that it should be. Said the Omaha Times:

- 55. Andreas, op. cit., 617.
"Omaha is well situated, has an advantageous location to command a heavy traffic on Missouri River and will command it if we are able to furnish the back country with the supplies they need. Let us build up manufacturing establishments, keep supplies of goods, deal largely in produce and less in corner lots and paper towns. Eschew cliques, political skullduggery and bank swindlers, go to work, earn something and have it." 56.

The panic had helped Omaha in this way, people from the East who had been defeated by the financial upheaval were coming West and Omaha expected to keep some of these people in Omaha City or at least to profit by their coming to the West. These people seemed to be of the right type also. They were farmers and as such were people who looked as if they intended "to work and produce." The Omaha Times reported encouraging scenes like this one. "One Monday last near 100 wagons crossed and large heads of stock...destination the valley of the Platte." Omaha looked forward to a more prosperous time with the help of these newcomers.

"...money pressure, the stoppage of mills and factories, and the heavy hand of penury pressing hard upon mechanics and artisans have taught thousands in the older states that the tiller of the soil is the one farthest removed from exposure to the effect of business revulsions." 59.

56. Editorial, "What had Omaha done", Omaha Times, July 15, 1858.

57. Editorial, "Western Emigration", Omaha Times, May 13, 1858.

58. Editorial, "Filling up the Interior, May 13, 1858.

The President's proclamation ordering the land sales for September 6, 1858, also encouraged Omaha citizens. "The Land Sales will attract to our Territory more hard dollars than we have yet had all told", said those who were glad that the government had started the land sales. It seemed to them that the government's action was an advertisement for lands of Nebraska Territory and as all lands entered at public sale must be paid for in gold, the land sales seemed to be a blessing to the hard pressed territory. It was also felt that those who came to buy land might also "buy town property, open hotels, stores, and other businesses."

Many objected to the land sales because it forced pre-emptors to pay on their land before the land sales opened. Those who had remained in Omaha and Nebraska through the "hard times" could not get the money. City scrip was only worth 30 cents on the dollar. The shinplaster was making its first appearance in Nebraska. As a result of this dissatisfaction the land sales were postponed until August 1858.

If the postponement of the land sales disappointed some, the discovery of gold at Cherry Creek, 480 miles or about 12

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60. *Omaha Times*, April 29, 1858.
61. Letter to the *Omaha Times*, April 29, 1858.
64. Public Notice of Postponement of Land Sales, *Omaha Times*, September 9, 1858.
days journey from Omaha, delighted others. Merchants stocked up with goods to meet the rush that was expected, for Omaha would be the natural place to outfit after the river was crossed.

"Hurrah for Hard Times
Gold within Our Reach!!
Hundreds Flocking to the Mines!
Omaha City Outfitting the Miners!!"

shouted the headlines of the gold issue of the Omaha Times. More excitement was not felt since the organization of the territory. Here was another answer to "hard times!

The Omaha Times gave a list of things needed for outfitting three men for a six to eight months' period, which shows how profitable such a business would be to the merchants of Omaha:

"Necessary Outfit for a Party of Three Men for 6 to 8 months,

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>400 lbs. Flour</td>
<td>1 Bushel Beans</td>
</tr>
<tr>
<td>200 lbs. Crackers</td>
<td>5 Galls. Vinegar</td>
</tr>
<tr>
<td>250 lbs. Ham and Bacon</td>
<td>2 Galls. Best Brandy</td>
</tr>
<tr>
<td>100 lbs. Sugar</td>
<td>6 Galls Molasses</td>
</tr>
<tr>
<td>50 lbs. Coffee</td>
<td>3 Bush. Dried Fruit</td>
</tr>
<tr>
<td>2 lbs. Tea</td>
<td>50 lbs. Dried Fish</td>
</tr>
<tr>
<td>10 lbs. Cream Tartar</td>
<td>5 lbs. Soda</td>
</tr>
</tbody>
</table>

65. Omaha Times, Sept. 9, 1858. This issue of the paper was printed on yellow paper in honor of the confirmation of the gold rumors.

66. Ibid.

67. See Omaha Times, Sept. 16, 1858, for the best route to the mines.

68. Ibid., Sept. 16, 1858.
Ten dollars would cover the cost of medicine, firearms, lariats, powder, shot, spyglass, goggles, coarse blankets, and high boots. Oxen and mules could be obtained in Omaha at reasonable prices. To sell many such outfits as above would be a still better answer to "hard times". One business firm reported that his sales for one week in March 1858 amounted to more than any preceding week since December 1857. Another reported that his sales exceeded during March 1858 any week's sales of the last two years.

Population in the city materially decreased, while emigration increased in 1858 and continuing through 1859 and 1860. Tents appeared on vacant lots, covered wagons were daily appearing on the streets of the city. One Omaha paper gave lists each week of the number of teams crossing the river.

A stage company was organized called the Western Stage Company and was advertised as the "most certain and responsible of all transportation companies in the West." It was able to transport passengers to Denver, a city which had grown up with the gold rush, in five days.

This was really only a temporary spirit of prosperity but it had brought hope and encouragement to the hard pressed people of the city.

69. Advertisement, Omaha Times, March 27, 1858.
70. Ibid.
71. See Omaha Nebraskan for May 1859.
72. Omaha Nebraskan, February 4, 1860.
"Our city presents a more lively appearance this spring then it has any time since the crisis of 1857. The passing of emigrant trains through our streets, the activity and bustle about our stores and business houses, the erection of buildings, the fencing and improving of lots, all present an appearance of life and vitality seldom witnessed in a city twice the population of Omaha. Our situation and location is such that Omaha is destined to thrive and prosper." 73.

73. Editorial, "Our City", Omaha Nebraskan, April 4, 1860.
4. Civic Problems of Later Days

a. Protection of Its Citizens

Every city, no matter how young or how old, must think of how to protect its citizens from danger. Omaha considered this as an important problem and early developed adequate police and fire-fighting forces.

1. The Claim Clubs which had served the pioneer town so well went out of existence when the city was incorporated. The Original Charter gave the Mayor extensive judicial authority. The Marshall, who was the sheriff of the city, was his assistant. He saw that all offenders against the laws of the city were brought to the Mayor's Court, a judicial institution peculiar to early days, before the establishment of police courts. Here in early days of Omaha the offending one might receive a sentence of fifteen days to be served in the "calaboos" the first city jail.

The Marshall's duties as sheriff were not extensive and so he had other jobs which netted him an income. The Marshall did not receive a stated salary in those days. He depended

1. See pages 15-16.
2. See Pt. 2, sec. 1.
3. Original Omaha Charter, sec. 3, p. 94.
upon the action of the City Council which allowed him certain sums as sheriff. The Marshall collected the taxes, which he "collected" by a three weeks' notice in the newspaper. A notice to this effect is to be found in the Omaha Times, "...the tax list is now ready. My office is the third door north of the Methodist Church on 13th Street. It will be open from 8 to 5 P.M." This notice is signed by James H. Wheeler, who was the Marshall of the city at that time. Five per cent of the amount collected reimbursed him for his trouble. The Marshall also acted as Sergeant of Arms for the Council, for which he received $3.00 a day.

Probably the most unusual and amusing duty was the keeping of a pound for the impounding of stray hogs and pigs. He could sell these to the highest bidder at public auction after 24 hours notice. He was allowed 25 cents for each pig or hog taken up, 10 per cent of the sale price, 50 cents for advertising sale of the impounded animals and 25 cents for receiving proof and granting certificates of ownership or claims. A monthly report of these transactions must be made to the City

6. From March to June, 1857, the Council allowed the Marshall $100 for his services. Record A, 63, June 2, 1857.

7. Original Omaha Charter, sec. 36, 196.


10. Record A, June 2, 1857, p. 20
Council. At a time when city officers were not paid stated salaries these fees must have been very acceptable.

The Marshall could call out the able-bodied citizens of the town to assist him in keeping order. Any citizen who refused to respond to this call was liable to a fine of not less than $5.00 and costs.

In 1866 an ordinance was passed which provided for the formation of a police force. These policemen were under the control of the City Marshall, who became Captain of Police.

Four policemen constituted the first force. They received a salary of $75.00 a month. The Marshall became an ex-officio Chief of Police by the above ordinance. A Captain of Police was created at this time. Both received stated salaries of $135 and $100, respectively.

No matter how proficient the police force of a city is, it usually comes in for a good deal of "ribbing", especially by the

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paper holding opposite views, from the party in power. The new Municipal Police Force was no exception to the rule. It was called "humbug" and it was said that the policemen idled away their time on three or four principal corners with their chief duty being "to keep strangers in line at the Post-Office delivery window."

When Omaha became a first-class city in 1868, a Police Court was provided for, presided over by a Police Judge. The Mayor's Court was abolished. The Marshall assumed a more important position. He appointed all deputies. He had power to arrest and he had power of the sheriff in the State. The City Council still had power to fix the number of policemen and was given power to appoint "a reserve watch" consisting of a suitable number of persons from each city ward. They were to keep the peace and bring arrests before the Police Court.

The Police Judge had power in criminal cases and was a Justice of the Peace of the County. He had full charge of all violations of ordinances. He could hear all cases which did not demand a grand jury. He appointed a Clerk of the Police Court. In case he was absent the Mayor acted in his place.

19. Session Laws for 1868, 4-5 sess. 30-50.
20. Ibid., sec. 23, 38.
21. Ibid., sec. 34, p. 40.
22. Ibid., secs. 37, 39, and 42, pp. 41-42.
The Court Room was located at 13th and Farnam Street on the second floor of the Helman Building. The first Police Judge of the city was Mr. J. R. Porter.

An ordinance carrying out the Act of 1869 established a police force of eighteen men under one Captain and a Lieutenant. These were all appointed by the City Council and were under the control of the Marshall as ex-officio Chief of Police. These policemen received $70 a month. With the Police Judge becoming more and more important as a city officer, the Mayor gradually lost his judicial functions. The Marshall sank to the position of "a constable in the service of process" and Omaha takes on a more citified appearance as far as its police protection is concerned.

Another one of the problems of a new, crudely built city of one story frame buildings hastily put up, was that of adequate fire protection. The old "bucket brigade" was effectively used in the old days when a fire did occur. It consisted of a double line of men (volunteers) who filled their buckets at the nearest well and passed them down one line to be thrown on the blaze and then pass them back empty along the other line to be filled again and sent back to the fire. This performance was repeated again and again until the fire was extinguished.

23. Record F, 46, June 7, 1869; 64, Febr. 21, 1869.
Effectiveness depended upon the quickness and dexterity of the volunteers for the fire not controlled could quickly spread and consume the whole town.

But as Omaha grew and her buildings became more congested the need for better fire protection became apparent. This need had been recognized by the Original Omaha Charter, which gave the City Council power to organize fire companies. One of the first ordinances of the city gave permission for the forming of a fire company. Any fire company when formed under Ordinance 11 would receive certificates of membership from the city after they had formed a constitution and by-laws. All companies formed would be under the control of the City Council. Their chief duty would be "to repair to all fires and to extinguish them". A second duty was to keep the apparatus clean and in good working order. Persons found tampering with the apparatus would be fined $100 and cost. A fine of $10 and costs would be levied if anyone used the public cisterns that had been built for fire purposes.

In October 1857 the Council appointed a fire committee which recommended the formation of a hook and ladder company and the purchase of two twenty foot ladders, forty and sixty

27. Sec. 24-25, 195.
feet respectively, along with pole, hook, rope, chain, and "carriage".

As a result of this Council action, the following eight men, Benjamin Stickles, J. S. McCormick, Henry Gray, William Kennedy, Henry Z. Curtis, M. H. Clark, P. W. Hitchcock, and A. G. Simpson, organized a volunteer fire company. In June 1860 this group announced to the City Council that a fully competent organization had been formed and that they had contracted for truck and ladders. They expected to be ready for work by July 1, 1860. The Council provided a room for the housing of this new apparatus on 12th Street. They made Benjamin Stickles the foreman. Later they made him the first Fire Warden of the City of Omaha. These eight men applied to the territorial legislature for articles of incorporation which gave them the right to form a fire company when they had raised the sum of $2000. The personnel of the company was not to exceed fifty men. The Company was to operate under the name of the Pioneer Hook and Ladder Company No.1. They succeeded in raising both money and men and were given

32. Record C, 77, July 7, 1860.
34. Session Laws of 1861, 7 sess. 192-193, Jan. 7, 1861.
their certificates by the City Recorder. Omaha City had its first fire company.

Improvements in fire fighting were made when four wells and four cisterns, the latter each 1000 barrels capacity, were located at the strategic places. They were located at 13th and Douglas, 12th and 14th on Farnam, and 13th and Harney. 35

Opposition as usual to the doings of the leaders of any city made many accuse the Council of not understanding the needs of Omaha and in being too extravagant. They said that the cisterns were too large for the present needs and advocated cisterns of only 500 barrels each. The Council defended its action, however, by saying that they were only thirty per cent more than needed and that with the growth of the city the larger ones would be needed.

The cry of economy was heard when it came time to buy sufficient apparatus for the fire company. And again the Council had to defend its action before the people. It appealed to pride and mentioned the use of up-to-date apparatus in other cities. It silenced criticism also by saying that with better fire protection, insurance rates would be less. It was said, that "a citizen cannot afford to be without these things and if Omaha will not bear the cost, she is not able to be a city." 37

35. Record D, 86, August 3, 1865.
36. Ibid., April 11, 1865.
37. Ibid., Ed. "Fire Costs", April 11, 1865.
The city aroused to defend itself, voted $3000 worth of Fire Bonds with which to purchase a fire engine, hose, and hose carriage. The special election for this purpose had been held on October 10, 1865, and there was no dissenting vote. "Citizens, business men, and capitalists" of Omaha took the $3000 worth of bonds and guaranteed the balance of the indebtedness made necessary by the purchase of the apparatus and its deliverance to the city. A cash tax of two mills was assessed on the city for the year ending in March 1867. One half of this tax, which was a road tax, was to be used for payment on the $3000 Fire Loan Bonds as they were called.

The Mayor had been authorized to buy a steam engine and 1500 feet of hose, but as the money voted was not sufficient to cover the cost, a hand engine, called the "Fire King", was bought instead. But the people were now fully aroused to the dangers of inadequate fire protection, and the agitation

39. Ibid., Oct. 18, 1865.
40. Record D, 118, March 30, 1866.
41. Record D, 120, July 17, 1866.
42. Record D, 86, Dec. 20, 1866.
43. Record D, 105, April 6, 1866; also see Our Firemen and Our City, op. cit., 21.

44. There had been a couple of disastrous fires in which the hand engine had proved useless because it had got stuck in the mud and had to be pulled out too late to be of any good.
for a steamer continued.

The increasing needs of the city had caused another fire company to be formed. This company, known as Fire Engine Company No. 1, also received its powers from the legislature. They likewise received certificates from the Recorder and the "Fire King" was delivered to them. Both companies were placed under the direction of Mr. Andrew J. Simpson.

Negotiations for a steam fire engine continued. The Mayor contracted with the Island Works of Seneca Falls, N.Y. for the purchase of a steamer. This steamer, known as the "Omaha", arrived in Omaha for a trial on March 31, 1867. The trial, after a preliminary mishap, was successful and the engine purchased.

The Fire Department was criticised as had been the Police Department. A charge of lack of cooperation with volunteer companies was heard. Dissatisfaction was felt with the steamer "Omaha", for which Mr. Simpson received a good share of the blame.


45. Session Laws of 1867, 12 sess. Febr. 18, 1867; 76.
46. Record D, July 12, 1866, 1181.
47. Record D, August 15, 1866, 190.
48. Someone, either as a prank or because he disapproved of the engine, tried to ruin it by putting oil in the boiler and waste in the cutoff. Editorial, "The Fire Engine Controversy," Omaha Weekly Herald, Jan. 22, 1868.
It also was said that there were not enough firemen to handle the fires. As a result, the Herald advocated a pay department.

All this controversy led to an attempt to make the department more efficient. A chief engineer was appointed at a salary of $200, later increased to $400 a year. He had entire control, assisted by an assistant at a salary of $100 a year. An engineer for the steamer "Omaha" was also appointed. To keep abreast with the doings of the department, quarterly reports were to be made to the City Council on the conditions of the department. Mr. Joseph Sheely became the Chief Engineer on June 23, 1868.

The next year a second steamer, also called the "Fire King" was purchased, and a further improvement was made by making the fire warden hold office for two years and defining more clearly his duties. The warden must examine every dwelling house as well as all other buildings twice each year in May and November.

In 1870 the department became a part-time pay department, and the next year the department was placed under a Chief

50. Ibid., Jan. 22, 1868.
51. Ibid., April 29, 1868.
53. Our Firemen and Our City, 28.
54. Ordinances, 1858-1868, Ord. 140, p. 320, Mar. 4, 1868.
55. Our Firemen and Our City, 29.
Engineer elected for one year at a salary of $1200. Each fire company had its own engineer. The Fire Department was becoming more efficiently organized as befitted a larger city.

b. Improvements and Growth of the City

Citizens of a town or city in early times were required to work upon the streets and roads. Improvements could be made by the authorities but the citizens were expected to cooperate with them. In Omaha if they failed to do so, their property would be sold.

Every citizen was also subject to a poll tax which could be paid by working on the streets and roads. This tax was originally $2.00. So important to the growth of a new town were the improvements that one of the first ordinances of Omaha provided for the appointment of a street commissioner. He had full charge of all the streets, alleys, and highways, and supervised all work on them. He could order all citizens to work upon them "because the poll tax must be paid by every person liable to such a tax either in money or labor on the streets." This was not a very profitable way of securing funds, as was shown by the financial reports of the city.

57. Original Omaha Charter, 197, sec. 42-43.
59. Record C, 115, May 1, 1861.
60. The financial report of the year 1863 gives only $44.00 in the Road Fund for that year. Record D, 210, March 18, 1864.
An amendment to the Original Omaha Charter was made which gave the Council the authority to levy a special tax when it deemed it necessary. This tax was not to exceed 2 mills on the dollar and was for "improving the streets, and building and repairing bridges...". The amendment also provided that property owners, after thirty days' notice that improvements were to be made, would have their property sold if such improvements were not made. The owners were given the privilege of redeeming their property in six months by paying in "lawful money" the amount for which it was sold with interest, which did not exceed fifty per cent a year.

Improvements really began in earnest in 1864 when special attention was paid to the streets. Farnam and Douglas Streets received permanent pavement, although great discontent was expressed that many of them were not "navigable for pedestrians." In 1864 the Treasurer was authorized to reduce taxes twenty per cent if they were paid before December 1, 1864. All the money so raised was to be used for laying sidewalks and crosswalks and repairing culverts and bridges after "an appropriation for the poor had been made." The Weekly Republican considered this worth while and urged Omaha citizens to take

61. Session Laws of 1857, 9 sess., 133-134.
64. Record C, Nov., 5, 1864, 267-270.
advantage of the city's offer, saying that if this were done "we shall have a pretty respectable looking city by the first of January, next."

Immigration increased at a rapid rate. It seemed as if the number of immigrants would exceed that of 1849. In April the Weekly Republican noted fifteen teams coming up from the Ferry landing, and on May 6th seventy-five to one hundred teams a day were crossing the river. By the middle of May "800 wagons had crossed in the past days." Ferriage from Council Bluffs to Omaha "was $1.00 for one wagon and one span and twenty-five cents per head of loose stock."

People were coming to know about Omaha. Her isolation had been broken by the telegraph line which had been started in 1861. In that year two telegraph companies had received their articles of incorporation. One was the Missouri and Western Telegraph Company and the other was the Pacific Telegraph Company. The second was the larger company having a capital of $1,000,000. Its contract was granted for one hundred years for the purpose of erecting a telegraph line "from some point within the territory or state lying east of the Rocky Mountains to San Francisco, or to connect with some other line reaching that

65. November 18, 1864.
66. See issues for April 22, May 6, and May 13, 1864.
68. Session Laws of 1861, 7 sess. pp. 203-204; 211-212.
As many of the names of the owners of the first company appear among the names of the owners of the second company, it seems that the two companies must have merged as the charter of the Pacific Company allowed them to do. We do not find any mention of the first company, the Missouri and Western, in the records of the city. Charles M. Stebbins, the first President of the Western Company, was also one of the owners of the other company, but the man who had most to do with the Pacific Telegraph Company was Edward Creighton, one of Nebraska's most distinguished citizens. He was the leading exploiter of the company and,

"Omaha is greatly indebted to Edward Creighton. In making the city the initial point for the Pacific Telegraph he virtually made Omaha the eastern terminus of the Union Pacific, and as he made the city his base of operations it was his influence that attracted capital and enterprise, which were employed in building it at a time when it would otherwise have been dormant for years." 70.

The great problem in Omaha in the sixties, as in the earlier period, was that of housing. The public lodging houses of the city were "wholly inadequate for the accommodation of the trading community." Scarcity of boarding places put the burden on the citizens. The Nebraska Republican seemed to feel that it was just a case of not providing such places and condones the selfishness of private home owners in not lodging

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69. Ibid., sec. 9.
70. Andreas, op. cit., 702.
strangers. Scarcity of houses, which meant high rents, were driving people away and "we are proud of the prosperity of the place and of its teeming population," said the Nebraska Republican in the same issue. They reminded the city that the people did not have to come to Omaha and that it was doubtful if they would come if they had to pay rents from $15 to $30 a month for a three or four room wooden house. This paper urged the construction of houses and passed on to its readers the following comment, which one of their reporters overheard on Farnam Street. The speaker said that he "would like to invest but did not intent to be swindled."

Probably the most forward step in improving the city was taken on December 28, 1864, when a bill was introduced in the Council for lighting the streets of the city with gas. The Council, acting as a committee of the whole, went carefully over the bill and recommended its passage. The bill became a law on January 11, 1865.

This ordinance gave John Patrick, James M. Stan, Robert W. Wilson, and their associates and successors the right to organize the Omaha Gas Company. They had the right to furnish Omaha with gas for a period of twenty-five years and after that

72. Editorial, "What shall we do with the people?" April 16, 1864.
74. Record C, Jan. 9, 1865, 277.
75. Record D, 3, Ordinances of 1858-1868, Ord. 72, pp. 138-141.
equal privileges with other companies in furnishing gas. For the use of the streets for laying their pipes they agreed to furnish the city with gas for its public lamps on the main streets at a cost of not over $4.00 per 1000 cu. ft. After fifteen years the city might buy the gas works. To make the contract valid, work must be begun by October 1865 and completed by October 1867.

But like a good many new things, the gas company and its plans were attacked by Omaha citizens. They said that it was a monopoly, and also that the legislature to whom the company must apply for its charter had no right to interfere with the rights of the people. It appeared to many to be the work of special and selfish interests. Others saw it merely a "Gass Company" which would bring no special help to the city.

Others felt more jubilant about it, however, and believed that the company, having purchased a Gassometer and Retorts, meant business and that soon the downtown streets would be well lighted.

Immigration and the corresponding growth continued in 1865. New mining regions opening in the West kept up the flow westward. In March 1865 it was estimated as three times larger

76. Ibid., sec. 1-5.


than in March of last year. Business was increasing also for one wholesaler reported for the first twenty days of April 1865, an increase of $10,500 over the same period in 1864. Other business firms reported similar increases.

Improvements continued. Streets were being graded. Sidewalks were kept in better condition. Special attention was being paid to the downtown streets, Farnam, Douglas, and Harney. "A man can now walk these streets without forfeiting his life insurance," said the Weekly Republican. New dwelling houses were going up in every direction. "Not less than three million of brick in building this season," said this paper, and went on to say that even this would not be enough, even 500 houses would not be enough, and were it possible to erect 200 houses at once, they would be rented as fast as put up.

Omaha was looking forward and it was felt that "natural circumstances have combined to invest Omaha with a prominence that few towns of the West can boast." Its location at the head of a successful uninterrupted navigation on the Missouri River gave it such a position that "no town can ever rival us

80. See locals in *Weekly Republican* for May 1865.
81. September 8, 1865.
82. Ibid., May 12, 1865.
83. November 24, 1865.
in the north." It was expected that Omaha would be the natural eastern metropolis and that this was "now fast becoming a fait accompli." One day it was to be the grand trans-Missouri entrepot for "traders alike of the occident and the orient."

To facilitate the growth of the city and to fulfill its dreams, the Omaha Board of Trade was created. Its purpose was (1) to publish works containing useful information to the immigrant, (2) to hire agents to travel in the East from which large emigration was expected, (3) to regulate trade and commerce, (4) to make prices for goods and provisions more in harmony with each other. Augustus Kountze was the first President of the Board.

In 1866 the financial condition was becoming more acute and the territorial legislature passed an act for funding the warrants of the city for the purpose of creating a sinking fund. The holders of all outstanding city warrants or orders bearing a date before January 1, 1866 could present them to the Mayor in sums not less than $25.00 for cancellation and receipt of bond before October 1, 1866. If this was not done then the warrant was null and void. These bonds were made payable from the sinking fund which was created by a tax of two and a fourth per cent. if needed. These bonds ran until January 1, 1876, and bore


85. Session Laws of 1866, 1 sess. in Revised Statutes of Nebraska, 712-713, secs. 1-8.
seven per cent interest, which ceased at that date unless en-
endorsed by the City Treasurer. The total bonded debt of the
city was $37,625.00, and the total debt was $45,215.93. This
debt was to be paid from cash in the treasurer of only
$13,406.39, which would leave a total debt of $31,809.54.
It was estimated that there was $20,000 in taxes unpaid.

To make it easier for people to find their way about the
city, an ordinance was passed which provided for the naming and
numbering of streets and buildings. Farnam Street and 13th
Street became the dividing streets for numbers and letters
used at this time.

Wages were high and the need for labor was great. The
Weekly Republican gives the following needs and the wages they
could command:

<table>
<thead>
<tr>
<th></th>
<th>wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 stone cutters</td>
<td>$6.00 per day</td>
</tr>
<tr>
<td>150 bricklayers</td>
<td>$6.00</td>
</tr>
<tr>
<td>200 carpenters</td>
<td>$4.00</td>
</tr>
<tr>
<td>500 common laborers</td>
<td>$3.00</td>
</tr>
<tr>
<td>25 laundresses (with board)</td>
<td>$2.00</td>
</tr>
<tr>
<td>25 seamstresses (with board)</td>
<td>$1.00</td>
</tr>
<tr>
<td>300 women for housework (with board)</td>
<td>$5.00 wk</td>
</tr>
</tbody>
</table>

The year 1867 is noteworthy because Nebraska Territory
became a state on March 1, 1867. As far as the city was

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86. Ibid., 689-694.
89. July 27, 1866.
90. See footnote 55, page 37.
concerned it meant the end of the Capitol quarrel because one of the first acts of the special session of the Nebraska Legislature was to appoint a commission for the purpose of locating a Capitol for the State. This commission fixed the Capitol at Lincoln, Nebraska.

An effort to encourage transportation within the city was made when a charter was granted to the "Omaha Horse Railway Company" on February 18, 1867. To sixteen prominent Omahans was given the right to organize and have at least one mile of track at the end of two years time, with the needed depots, cars, and other equipment. An ordinance of the city made it possible for the company to go to work on November 17, 1868.

Also, in the year 1867 the railroad bridge was built over the Missouri. The city was empowered by the people to raise an amount not to exceed $100,000 to secure the bridge. A quarrel ensued over the exact location of the bridge, but it was finally settled in Omaha's favor and "this fact assured the future of the city," said the Weekly Republican.

91. Session Laws of 1867, Special Session, 52-56, June 14, 1867.
92. Session Laws of 1867 (regular sess.) 12 sess. 76-77.
93. Ordinances of 1858-1868, Ord. 166, p. 40, Febr. 19, 1868; also see Omaha Daily Herald, Nov. 18, 1868.
94. Session Laws of 1867, 12 sess. 27; also Record D, 277, Febr. 20, 1867.
95. March 8, 1867.
the cost the people again voted bonds running for a twenty year period at seven per cent interest, which they later changed to ten per cent, and promised to support more bonds if needed. These bonds were issued in $50, $100, and $500 bonds. In 1868 this bridge was completed over the Missouri and a New Years' banquet was given at the St. Nicholas in honor of its superintendent.

The years 1867 and 1868 saw Omaha going ahead. Prices were high and immigration continued. Rents were estimated as 200 per cent dearer than in New York City. The debt of the city for 1866 was $45,215.93. Cash on hand of $13,406.39 reduced this debt to $31,809.95. The next year found the debt to be $39,254.91, to be met by a cash balance of $14,132.96, which reduced the debt to $25,124.95.

The Union Pacific Railroad was also well under way, and it was felt that Omaha was on its way to commercial greatness. The railroad had offered the opportunity and Omaha wished to attract at least a million in capital invested in groceries, dry goods, and other staples. They wanted to make a systematic

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96. Record D, 323, June 3, 1868; 344, Febr. 8, 1869.
97. Omaha Weekly Herald, Jan. 9, 1868.
98. Omaha Daily Herald, Sept. 8, 1867.
100. Record D, Financial Report for the year 1867, Febr. 20, 1868, 213.
101. See p. 96.
and well-directed effort to draw and stop the trade at Omaha. It was hoped that Omaha would be "to the New Northwest as Chicago was to the Old Northwest." The coming of the railroad was looked upon as the beginning of a new era:

"From it will date that steady and perpetual growth, that progressive stability which in the future, as well as in the past, marks us especially as the embodiment of every element that illustrates the onward march of the Western World and Western progress." 103.

Omaha began to look toward the East for new ideas. For example, it was noticed that stores in the East closed at eight P.M., while Omaha stores, which opened at seven A.M., closed any time "just so it is after ten P.M." Several reasons were given for this. It was felt that because of the long, tedious hours, the employee had neither social nor home life. He was becoming what the Herald called "a half way hermit." More economic reasons were (1) waste of fuel and light (2) danger from fire from the lamps, and (3) few evening customers.

The opening of the Sweetwater Mines in Colorado encouraged efforts to get the trade of the outfitters. An attempt to prove these mines but a myth of the railroad to get passengers for their trains was exploded and Omaha secured much of


103. Ibid., April 1, 1868.

104. Ibid., April 8, 1868.

105. Ibid., Jan. 16, 1868.
the trade of these mines.

Again the question of lighting the main streets came up. Two petitions for lighting the streets with gas were presented to the City Council. One had been presented by the Omaha Gas Company, as we have seen, and the other was a new organization called the "Omaha Gas Manufacturing Company." This second company received its articles of incorporation from the legislature. This company was given the exclusive right of franchise for twenty-five years. They promised to have the streets lighted by September 1, 1868, but later were given a year's extension of time. Omaha had agitated long for lighting and when the subscription books were opened on February 14, 1868, it took only one week to subscribe one-half of the capital of $40,000. The gas works were to be built on a lot at 7th and Farnam Streets on land leased from the City Council. The price of gas was $3.00 per 1000 cu.

106. Ibid., Jan. 28, 1868; Febr. 19, 1868.
107. See pp. 85-86.
111. Ibid., Ord. 162, p. 54.
113. Ibid.
ft. to the city and $4.00 to the consumers. These prices were later raised to $5.00 for the city and $5.50 for the consumers. When the population of the city increased to 250,000 the price to consumers would be reduced to $5.00, and when the population reached 500,000 the price would be down to $4.50.

The company accepted this ordinance and lamp posts were put up on the principal street corners extending from 9th to 17th on Davenport, Capitol Ave., Dodge, Farnam, Douglas, and Harney. Omaha's downtown streets were at last to be "lighted and extinguished one-half hour before and after according to the setting of the sun and moon." This same ordinance provided for the appointment of a gas inspector and assistants whose job was to keep the lamps clean and to light and extinguish them.

The Omaha Building Association was established for the purpose of encouraging men of moderate means to build homes. Those buying stock paid $2.50 a share and when there was $500 in the treasury it was offered to any member who wished to build. Rents were still high, being $50 to $70 per month. It was felt that this retarded the city. That was the reason for the plan of loans secured by mortgage on new building with

interest at twelve per cent.

The streets were still unpaved and after heavy rains were almost impassable. Agitation for graveled streets began as it was felt that graveled streets were more economical because gravel could be obtained more easily. A bit of homely verse is to be found in the *Omaha Weekly Herald* which seems to express the situation rather well:

"Omaha in Mud

"Some towns are formed for beauty
And others for deeds of blood
But say what you may of Omaha
It beats them all for Mud."

Omaha became the permanent headquarters of the Department of the Platte which was located at Fort Omaha to the north of the city. Troops in service on the plains were to be wintered here. It was also to be the chief depot for purchase, storage, and reshipment of army supplies to the West. This was looked upon as a benefit to Omaha because it would cause "(1) large and continuous disbursements of money and (2) increase local trade.

Omaha's efforts toward improvements were being recognized in the East as shown by a letter from a Pittsburg newspaper correspondent:

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121. May 18, 1868.

"Omaha is now, or seems to be, in a state of transition from an acute nervous fever to sound health. Three or five years ago when it took its sudden start forward, the wildest kind of speculation inaugurated and ever since until recently there has been a sort of fancy financiering....Prices of real estate and the necessaries of life have taken the wildest fancy flights. The demand for homes of all kinds exceeds the supply and rents become fabulous....There must be a reaction and it has come, fortunately, for Omaha. It has been widely said and written that reaction has killed the place. I think it has saved it. Business is on a more healthful and legitimate basis...." 123.

On February 22, 1869, the debt was $37,187.70. Omaha was financially more sound. This condition was also shown by the bank deposits. The net deposits of the First National, Omaha National, and Central Banks amounted in total to $2,436,471.35, and their cash assets showed a strength of $2,039,881.26.

Back in 1863 there occurred, without doubt, one of the greatest events that had ever happened to Omaha. That was the formal opening of the Union Pacific Railroad on December 26, 1869. The trans-continental railroad which had been so long under discussion had materialized when President Lincoln, acting under an Act of Congress of July 1, 1862, had —

"...at a point on the western boundary of Iowa, opposite section ten, in township fifteen north of range thirteen, east of the sixth principal meridian in the Territory of Nebraska...."

123. Omaha Daily Herald, August 1, 1868.
established the eastern terminus of that great railroad.

There had been two projects for this transcontinental railroad; one, a southern route called the Charlestown, Vicksburg, San Diego Route; the other, the Saint Louis to Sacramento by way of Salt Lake. The rivalry between the two sections showed the widening chasm between the North and South. The South desired the railroad to begin at the western boundary of Kansas, while the North under the influence of the Chicago interests desired the railroad to begin at Omaha. Chicago already had connections with Council Bluffs. Having succeeded in getting the southern contingent out of Congress, Chicago won the desired routing although it was the longest.

The celebration held on December 3rd was of immense proportion. It took place near the Ferry Landing and the turning of the first shovel of dirt was accompanied by the booming of cannon and the waving of flags. The Mayor and Council of both Council Bluffs and Omaha were present. The breaking of ground was done by the Governor of the State, assisted by the Mayor of Omaha and George Francis Train. Mr. Train was the original organizer of this road. He had obtained the first capital of $2,000,000. He was one of history's most colorful

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126. Harrison Johnson, History of Nebraska, 115.
129. A. C. Edmunds, Pen Sketches of Nebraskans, 17, which contains a biography of George Francis Train.
characters. He was a very dynamic figure who had crowded a number of wonderful experiences into his life. He was keen, sagacious, wildly enthusiastic about everything he did. He seemed to be deeply in earnest about everything he undertook and he always presented his schemes to the world in highly dramatic fashion. He was "a man who might have built the Pyramids or been confined in a straight jacket for eccentricities according to the age he lived in." He was a man "inimitable, eccentric, and incomparable."

By another Act of Congress, July 1864, grants of land could be given for construction of the road whose "initial point of the mainline of railroad from the Missouri River westward had been fixed at Omaha City." According to this ruling the Omaha City Council had granted the railroad rights on the Levee which gave them the privilege of laying three or more tracks with all the needed aids. A deed had been issued to the company by the Mayor. He asked that the public be protected by coverings over the streets used by them. This protected those people going to or from the Ferry. Lots were given to the company at various times for depot grounds, more

130. Albert D. Richards, Beyond the Mississippi, 585.
131. Omaha Nebraskian, Dec. 6, 1863.
trackage, and for the Freight Houses. All real estate released to the Union Pacific was given a clean title just as long as the company used the property for railroad purposes. When no longer used for such purposes, the property reverted back to the citizens of Omaha.

The railroad was completed in 1869 and again the city celebrated, for it was felt that a city that had had its humble origin in its location at the intersection of the Platte and Missouri River Valley had been made "a commercial intrejet to the agriculture and mineral wealth of the West." Perhaps that was true. The population in 1870 was 16,083, a gain of 14,300 people over the population of 1860. Omaha faced the panic of 1873 with an assurance that she would not be "downed". The railroad had brought to her what she had hoped for. She would not repeat the disaster of 1857 because she had her railroad, a smaller indebtedness, a group of independent farmers, and in all "Omaha had a bottom (which she did not have in 1857) gold edged and iron bound."

134. See Records for Jan. 15, 1864, Aug. 30, 1865, and May 1, 1866.
137. U.S. Census Reports for 1870, Table III, 579.
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