Nebraska, 1890-95: Adversity

THE BOOM PERIOD in southwestern Nebraska was coming to an end by the late 1880's. Since the prosperity of the country depended on satisfactory prices for agricultural produce, overproduction and overexpansion started the deflationary process which lack of rain, drought, and hot winds accelerated, thereby adding physical misery to people already overburdened with economic woes. Capital had been invested here and elsewhere in the West beyond reasonable amounts which could insure immediate returns. The debt burden, both public and private, was heavy, and some eastern investors were becoming suspicious that their funds had not been prudently invested. A day of reckoning seemed to be at hand. Drought caused widespread crop failure in 1890, and this in turn brought the situation to a head.

The farmer's woes were aggravated by the fact that the price he received for his products, despite fluctuations, went steadily downward during the last twenty years of the nineteenth century while his fixed costs, such as freight, interest, machinery, and taxes, generally remained steady or did not decline from their boom-time high level as rapidly or as far as the farmer would have liked. Seldom during these years did the market price of grain equal the cost of production. At times during the 1890's, the drought was so severe in some places that no crops were harvested and farmers were forced to turn their livestock loose to forage for themselves. A nationwide panic and depression complicated these problems, and struck the final blow to many western farmers and townspeople who pulled up stakes and moved out of the region.¹

In this period of adversity, the companies which had been so eager to lend money only a few years before had little cash and were reluctant to lend what they had. Much money was withdrawn and potential lenders were frightened away by the court rulings which in many Nebraska counties granted stays of six to nine months or even longer, depending on the amount of money involved, before foreclosure proceedings could be made final.²

Unable to secure funds through real estate mortgages, many farmers were now forced to accept chattel loans—borrowing money on their livestock and agricultural implements. For the five-year period ending May 31, 1895, the number of chattel mortgages recorded by the state auditor of Nebraska was 539,323.3 The average assessed valuation of farm land in Furnas County dropped from \$3.64 per acre in 1880 to \$2.09 in 1890, and by 1900 it had risen only to \$2.30. In the neighboring county on the west, Red Willow, the figures ran as follows: 1880–\$4.81, 1890–\$1.86, 1900–\$1.54.4 Conducting business of any sort during this period was exceedingly difficult; making collections on notes as they fell due was almost impossible.

The decade of the 1890's, to the people of the short-grass country, was a time of struggle with debt, bad credit, and decreasing values. Few new debts were incurred, and old ones, owing to clamoring creditors, were reduced as much as possible. Many were foreclosed. Some people, instead of continuing the struggle, left the region; but most of them, believing that drought and bad times were the exception and that rain and better times would soon return, grimly held on. They had invested heavily in the Republican River Valley; they had raised their children and buried their dead in lonely country cemeteries; they now considered this area their home and they intended to hold on to their property.

With a better understanding of the subhumid region, drought-resistant crops, irrigation, and with a more balanced agricultural economy, the people of the future would find it less difficult to live and prosper in the midst of a challenging environment. For those who remained throughout these troubled times, a bond was forged that manifested itself in a growing regional consciousness, an awareness that their part of the West was different from other areas. The "old settlers'" picnics and reunions thus became very meaningful to these early sod-busting and sod-dwelling farmers as the last years of the nineteenth century receded into history. Norris' experiences during the 1890's enhanced his understanding of people and their problems and thereby helped to make him an outstanding public servant.

Throughout the decade his major activities in the mortgage-loan business were with the Bank of Rulo, and with Miles and the newly organized First National Bank of Falls City. Norris was pleased with the Bank of Rulo and its cashier, B. F. Cunningham, because they did not take advantage of drought-stricken farmers and avoided foreclosing whenever possible. However, while the bank was willing to grant extensions or renewals on its notes, it was reluctant to allow Norris to loan more money.⁵

In 1891 there was a record rainfall of over twenty-five inches; crops were excellent, and debtors, temporarily at least, were able to meet their obligations. Few people, however, were willing to borrow money at the prevailing rate of 10 per cent. Norris tried to convince the Bank of Rulo that he could make a few safe loans if it would accept 8 per cent interest payable in advance. A merchant in Beaver City, he wrote, was ready to borrow \$2,000 on six or eight months time on these conditions. But the bank was unwilling to loan money at 8 per cent when it could loan all the money it desired at a higher rate of interest. Unable to conclude satisfactory arrangements, Norris severed his connection with the Bank of Rulo in 1892.

On the other hand, Miles, who settled in Falls City in July, 1891, and went to work as cashier of the First National Bank, quickly renewed his business with Norris. Soon Norris was making almost all his loans for this bank. The Falls City bank, like the one in Rulo, had no trouble making loans at 10 per cent. Though Miles allowed Norris to place a few choice loans, he was unwilling to let him expand his activity. Because of the precarious national financial situation and the nationwide panic which began in the summer of 1893, Miles feared a run on the bank or the failure of a correspondent bank, and did not want to commit himself too deeply to any line of endeavor. These events and the policies resulting from them severely limited Norris' activities.

As the panic broadened into a depression, drought and hot winds added to the plight of already desperate people. Because the rainfall was woefully inadequate in 1893 and 1894,⁸ crops were almost a total failure, and Norris found it more difficult to conduct his declining business for Miles. Debtors could not sell property and creditors could not collect on their notes and accounts. By the end of 1894 Norris claimed that he had never seen money so hard to obtain.⁹

Norris' work for Miles and the First National Bank of Falls City was the most important aspect of his career as an agent in the mortgage-loan business. At the same time, however, he also acted as an agent for other individuals and concerns. He continually told creditors that it would be difficult if not impossible to collect until nature relented and abundant crops were harvested. Meanwhile, holders of notes requested extensions because they had nothing to market and no money to meet their obligations. Norris advised some creditors not to take a client to court because under Nebraska law "he would be entitled to a stay of nine months." If the debtor were conscientious and nature helpful, he might pay sooner without a court order. 10

If the debtor were unable to pay and the company unwilling to

grant an extension or a renewal (which might be secured by a chattel mortgage or increased interest), Norris would then have to institute foreclosure proceedings, an activity he seldom indulged in during the booming decade of the 1880's. By foreclosing and obtaining judgments, more than ever before, Norris now used his legal talents in connection with the mortgage-loan business.¹¹

Aside from his dealings with the two banks in Richardson County, Norris now did most of his mortgage-loan business for two companies and an individual. One company, Burnham, Trevett & Mattis, was located in Beatrice and was a regional organization. The individual, Stanley E. Filkins, was a lawyer of Medina, New York, who had heavy investments in and around Beaver City. Snow, Church & Company was a national collection company with its Nebraska branch office located in Omaha.

The relationship with Burnham, Trevett & Mattis was a pleasant one for Norris. He handled their legal work, foreclosing when necessary, and found that the concern was "willing to extend every courtesy to a borrower" when he tried "to do the right thing." After foreclosing on a piece of property, Norris was requested to try to "scare up a buyer" because the land the company had acquired was of little value to it and necessitated the payment of taxes. Burnham, Trevett & Mattis, being a Nebraska concern, was fully aware of the difficult conditions people faced; the firm understood what a good soaking rain meant to a struggling farmer. Its members were also sympathetic to Norris' political aspirations, even though these aspirations would probably entail the loss of his services. 12

When Filkins' agent in Beaver City resigned to become commissioner of the United States District Land Office in McCook, Norris hoped to succeed him. However, he was not successful until 1894, when Filkins considered enlarging his investments in the area. By that summer Norris was handling all of Filkins' Nebraska investments. He was making collections, trying to rent and sell property, obtaining chattel mortgages from customers who wanted renewals, securing judgments, and foreclosing when necessary. 13

The relationship of George Norris with Snow, Church & Company was the most formal and least satisfactory of his mortgage-loan connections. The company, with twenty-nine offices throughout the United States, professed to be the most vigilant collection agency in the country. But Norris was not impressed with its cold efficiency. After several months he wrote the chief of the Omaha office that thus far the agency had yielded him "the magnificent sum of \$1.34," a sum substantially lower than the postage fees incurred, for bringing a

court action necessary to secure a judgment. The only other claim of consequence he had received was immediately taken out of his hands. 14

Besides his difficult work in the established channels of the mortgage-loan business, Norris continued his side ventures in real estate and other activities. Several insurance companies sought his services, chiefly to aid in collections. Nebraska law required that any insurance company having an agency in a county must also appoint an attorney residing at the county seat. While real estate ventures were more time consuming than insurance work, the opportunities for making immediate profits in insurance were very limited. In 1887 he had purchased 160 acres of land in Greeley County, Kansas, for \$800. Early in 1891, he purchased 220 acres of land near Beaver City for \$2,400; it contained both timber and water. Since it was virtually impossible to sell land, he sometimes tried to trade lots located in Kansas and other parts of Nebraska. Occasionally property owners asked him to try to sell their property. For selling a client's land Norris received the regular commission of 5 per cent on the first thousand, and 2½ per cent on the balance. 15

His most extensive real estate activities, however, were in and around Beaver City where he collected rent and generally attended the property of absentee owners. Norris usually took his commission out of the rent money. Collecting rent was a difficult and troublesome chore. Some tenants would depart just before their rent was due, others were forced to sell their crops at ruinous prices in order to make some payment to the landlord. A dwelling house in Beaver City could be rented for about six dollars per month. The rent on a house Norris had purchased as an investment for a sister in Ohio "from the first of May to the first of October" in 1894 amounted to \$45.16 At such rates, his commission could not have amounted to a very large sum, especially when compared to the time and energy he had to spend looking after the property.

The major problem Norris had with real estate in Beaver City involved the mill, part of which he and his wife inherited from the Lashley estate. All of the heirs agreed that Norris, the executor of the estate, should sell it. The mill was sold for \$8,000 to a man named Andrew Jackson who apparently had borrowed \$5,000 from the late Mrs. Lashley to make the purchase. Jackson soon failed in business and was left with no money and heavy debts. Norris decided to take over the mill and the \$2,500 mortgage on it rather than allow it to be sold at a sheriff's sale. By buying the mill and renting it, he hoped to insure a steady income to pay taxes and interest on the mortgage, and

eventually to make a profit for the Lashley heirs. Noris assumed responsibility for managing the mill until a buyer could be found, but, owing to the depression, found it impossible to sell the property. By the end of 1895 the mill was in a critical condition, in need of an overhauling of its machinery before it would be in satisfactory working order.¹⁷

While Norris was not anxious to assume the heavy responsibility of the Lashley mill, he did assume another responsibility in 1893 with greater enthusiasm. Despite the financial stringency, he had accumulated some funds and thought he could borrow even more to erect a two-story brick business building in Beaver City—the Norris Block. Early in the year he initiated the necessary real estate transactions. The local brickyard agreed to supply the necessary bricks, and contracts were awarded for the lumber and iron work. Before the winter was over all arrangements had been completed and construction was under way.¹⁸

Norris wanted to buy only for cash, and asked various business firms to quote him prices with this understanding. By June, however, the Panic of 1893 was well under way and banks became increasingly hesitant about making loans. Only after Miles and Norris had fully explained to the Board of Directors of the Falls City Bank their arrangements did the board members agree to take his note for \$5,000.19 Thus Norris' policy of buying only for cash was quickly jeopardized and his difficulties started. By building in a period of financial panic which quickly broadened into a national depression, Norris had overextended himself at a time when all sensible businessmen were sharply curtailing their activities.

By autumn, despite difficulties, the Norris Block was almost completed. The building faced north and east on the square, and had the name "Norris" and the year "1893" engraved on its pediment. Norris requested that the Beaver City Post Office be moved from Hopping's Drug Store to his building, suggesting among other reasons that its location would then be over five hundred feet nearer to the railroad depot. He had the building insured against fire, windstorms, and tornadoes, moved his office to the second floor, and reserved the first floor for the post office. This space, however, was taken by the Furnas County Bank, which eventually caused Norris much more difficulty than the post office.

As the depression deepened, the Norris Block brought in less and less money in rent. By 1895 Norris had to borrow money on his life insurance policies to meet his mounting financial obligations. In April, 1895, the Furnas County Bank failed, depriving Norris of both

the rent of his chief tenant and nearly \$1,400 he had deposited in its vaults.²¹

The day after the bank failed, the next best tenant in the building, the owner of a stock of general merchandise, also failed. The other tenants, who likewise had been doing business with the bank, were unable to pay their rent. The result was that by June, 1895, Norris was receiving rents of \$3 per month instead of the \$74 he had originally anticipated. He had ample property but no buyers, and could not pay anything on his loans until a crop was ready for market. Norris first tried unsuccessfully to borrow from friends to whom he had previously loaned various sums, and then called upon his more affluent L.U.N. classmates, who responded most generously.²²

The failure of the Furnas County Bank came at a most inopportune time for George Norris, interfering with the political activities in which he was engaged. Whereas previously business, to his regret, had to take precedence over politics and had to be shared with legal work, henceforth law and politics would be Norris' chief concerns. His numerous and varied business contacts helped to make his political and legal work easier. Though not a Populist (his dedication to the Republican party was too great for that), Norris well understood why the new party gained in influence and power. He knew the difficulties people faced and the grievances they harbored, having experienced some of them himself. He first began to interest himself in politics in Nebraska in 1890, just as the Populist party in the state was being organized. The People's Independent party, to give it its official name, would provide Norris with his earliest political antagonists.