

# THE FINANCIAL HISTORY OF NEW YORK STATE

FROM 1789 TO 1912

BY

DON C. SOWERS, A. B.

*Professor of Municipalities and Public Accounting  
University of Oregon*

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY  
IN THE  
FACULTY OF POLITICAL SCIENCE  
IN COLUMBIA UNIVERSITY

NEW YORK

1914

COPYRIGHT, 1914  
BY  
DON C. SOWERS

# CONTENTS

---

## CHAPTER I

### ECONOMIC FACTORS

PAGE

The close relations existing between economic conditions and fiscal policies is shown for the three periods into which our study may be divided—The period 1789 to 1842 may be characterized as a paternalistic period, which is the natural result of the poverty of the people and the large resources of the state; the *laissez faire* period, lasting from 1842 to 1880 and finally the period 1880 to 1912, which is one of state regulation and control of all industries . . . 11

## CHAPTER II

### POLITICAL FACTORS

Fiscal policies as influenced by party politics—How progress has been achieved—The Constitutions of 1777, 1821, 1846 and 1894 . . . 28

## CHAPTER III

### SALE AND MANAGEMENT OF PUBLIC LANDS

Early policies and their effect upon fiscal affairs—Poor accounting methods and political scandals—Changes in the state's policy; its effect upon taxation—Methods of financing land purchases—Present holdings and policies . . . . . 37

## CHAPTER IV

### THE BANKING SYSTEM

Early banking laws and corrupt practices in the legislature described—The Safety Fund Banking System, its advantages and its shortcomings—Causes for its failure—The Bond-Deposit System its advantages and disadvantages—Conclusion . . . . . 48

## CHAPTER V

## INTERNAL IMPROVEMENTS—PART I

- Antecedents of the Erie Canal—The Canal Fndd—Opening of the Erie Canal in 1825—Mania for canals throughout the state—Its effect upon the state finances—Panic of 1837—Plans for enlarging the canal—Financial distress—The Constitution of 1846—Canal Investigations—Methods of financing the Erie enlargement—Further canal investigations. . . . . 60

## INTERNAL IMPROVEMENTS—PART II

- State aid to railroads and private canal companies—Canals and railroads competition—Railroads and the legislature—The Erie railroad contest—Railroads in politics. . . . . 82

## CHAPTER VI

## INTERNAL IMPROVEMENTS—PART III

- Later improvements of the Erie canal—Results of the Constitutional Convention 1867-8—Severe railroad competition and abolishment of the tolls—The Nine Million act—Events leading up to the Barge canal—Canal sinking funds—Conclusion. . . . . 99

## CHAPTER VII

## REVENUES

- General property tax and its limited use prior to 1842—The tax system, assessment, valuation, equalization, collection, and rate—The tax on incorporated companies in 1823—Local taxation of corporations—The breakdown of the general property tax—Establishment of State Board of Equalization—Tax commissions of 1862; 1870-1 and 1880—Conclusion. . . . . 114

## CHAPTER VIII

## REVENUES (Concluded)

- Auction duties—Steamboat tax—Peddler's license tax—Lotteries—Proceeds from salt works—Income from state funds—Proceeds from public lands—Fees and fines of public officers—Proceeds from state institutions—Fees of bank department, insurance department and railroad tax—Subventions from U. S. Government—U. S. war claims—The new tax system—Corporation tax—Inheritance tax—Liquor tax—Racing tax—Stock transfer tax—Mortgage tax—Secured debt tax. . . . . 133

## CHAPTER IX

## EXPENDITURES

Administrative—Legislative—State printing—Judicial—Regulative Public Health—Educational—Agricultural—Defensive—Penal— Curative—Charitable—Protective—Constructive—General. . . .	184
--	-----

## CHAPTER X

## MANAGEMENT OF FUNDS

Early methods of financing—Opposition to taxation—Abuses of the supply bill—Abuses of sinking funds—Borrowing from trust funds—Temporary loans and revenue bonds—Comptrollers and their reports—Present work of the comptroller's department—Super- vision of public accounts—Court and trust funds—Municipal ac- counting—Bureau of Auditor—The Budget—Conclusion. . . .	227
--	-----

## CHAPTER XI

## STATE FUNDS

The General Fund—State debt and funding act of Congress—State loans and investments—Educational funds: Common School Fund; Literature Fund; U. S. Deposit Fund; College Land Scrip Fund; Cornell Endowment Fund; Elmira College Educational Fund and Free School Fund—Trust Funds: Bank Fund; Mariners Fund; Military Record Fund; Soldiers' Allotment Fund; Trust Fund for the Payment of Bounties; Metropolitan Police, Health and Fire Department Funds; Women's Monument Fund; Public Adminis- trator's Fund; Twenty-year Court and Trust Fund and Retirement Fund for State Hospital Employees—Sinking Funds—Funds main- tained a part from treasury funds; William Vorce Fund and Cana- seraga Creek Improvement Fund . . . . .	254
--	-----

## CHAPTER XII

CONCLUSION . . . . .	287
----------------------	-----

## APPENDICES

I. Classified expenditures from 1789 to 1912 . . . . .	295
II. Classified receipts from 1789 to 1912 . . . . .	324
III. Table giving population, real and personal property and amount of town, county and state taxes from 1830 to 1911 . . . . .	332
IV. State debt from 1816 to 1912 . . . . .	336
V. Corporation taxes classified as to source from 1882 to 1912 . .	340
VI. Assessed valuation of special franchises 1900 to 1912 . . . . .	342