

THE A B C

Of the Railroad Question.

The following conversation, between a railroad man and a citizen, briefly illustrates some of the main points in the so-called railroad controversy.

Railroad Official.—"Why should not a railroad company be let alone to manage its business in its own way, the same as a merchant manages his business? Do not commercial rules apply in both cases? Is it not a question of supply and demand, and competition; does not the merchant sell a large quantity cheaper than he does a small quantity, and everybody get all they can?"

Citizen.—"There are the following material differences in the situation: The railroad corporation performs a public function—that of furnishing public highways; it exists and can only carry on its business by the permission of the public, because it is for public use and benefit; it is allowed to take a citizen's property at an appraised valuation, without his consent, something that no private person or business can do, and after the capital invested in building a railroad has received a fair compensation, the rest of the advantages of steam roads belong to the public, the natural owner of the highways. In one sense, railroad charters are in the nature of a partnership between the State and the corporations. The corporations build and operate railroads for the sake of charging certain tolls. In the State of New York, and I believe in most other States, it was expressly stipulated that these shall be 'reasonable,' and based upon the cost of the service rendered; the word 'reasonable' was defined as follows: when the rates charged yielded in excess of ten per cent. net upon the actual cost of construction, then rates might be lowered by law and the public receive their benefit in the partnership in the shape of reduced rates for transportation. This agreement has been shamefully evaded by the railroads, and through stock-watering and other methods, the public has been obliged to pay far more than they ought for steam transportation on land. Regarding competition, it does not work to the same extent in railroad transportation as it does in other lines of business. Combinations take place, a railroad is a natural monopoly; railroads cannot be multiplied indefinitely; every citizen cannot put his own car upon the railroad track, the same as he can put his ship upon the ocean or his steamboat upon the river. The railroad is a common carrier, but there is a similarity to the ship or steamboat ends. The public interest is not protected by competition as it is on the ocean or in private enterprises, hence the necessity for restrictions upon railroad companies which are not required in private business."

Railroad Official.—"But prices for railroad transportation have declined faster and are now proportionately lower than in most other countries. It does not look as if the public interest had suffered very much."

Citizen.—"True, in many places rates have largely declined, but not nearly so much as they should have done. Reduced rates for transportation have largely resulted from mechanical improvements which have been made, and also from increase of business. For instance, steel rails lasting from three to six times as long as iron rails, now cost but little more than iron; locomotives haul from fifty to sixty per cent. more than they did ten years ago. Freight cars weighing ten tons a few years ago only carried ten tons, or a ton of paying freight for each ton of dead weight in rolling stock. Improvements in these cars have been made until it is not uncommon for them to now carry a ton and a half, and sometimes two tons, for each ton of rolling stock. Clever inventions have enabled the supply of labor required in operating a road to be greatly reduced, and in many other ways improvements have been effected which ought to inure to the benefit of the public. Rates for railroad transportation in this country should be much less than in other countries because of these improvements, and the long hauls and cheaper construction here; also the public aid in land (upwards of forty-six millions of acres), and subscriptions which have been given."

Railroad Official.—"Why so? I don't see that the public has any right to these improvements and advantages, unless we choose to give them the benefit."

Citizen.—"There is where we differ again; the theory of our patent law is that after the inventor has received a fair compensation for his trouble, expense and genius, all the rest of the advantages belong to the public; and the theory of our railroad law is that they are only entitled to a toll or charge which will yield them a fair return on the actual investment, and this toll must be uniform and impartial to all citizens."

Railroad Official.—"Well, if that is the ground you take, you won't find many men going into the railroad business."

Citizen.—"Won't we? What is the first incentive in the building of a railroad? Is it not very largely the desire of the people of a certain section to have better outlets to market, and the desire of owners of real estate to make their property more valuable by connecting with the larger lines of communication? Through these motives have not state, county and municipal interests largely aided in the construction of these improved highways? Witness the millions of dollars which the people of the state of New York, as well as other states have contributed for this purpose. Do you mean to tell me that the Vanderbilts, Goulds, and other highway grabbers are entitled to any consideration for the invention and construction of these improved highways? They have simply gone into the business because they saw that the benefits of steam and electricity were so enormous that they could steal most of the advantages, and that the public would be satisfied with the rest. They saw that by consolidating and combining small and often competing links of railroad, they could organize a machinery for taxing all production and commerce, such as the world has never seen, and it is only after they have exercised this power to an extent which has given them fabulous wealth, and endeavored to perpetuate the system, and rivet the fetters of a privileged class upon the masses by corrupting

our elections and legislation, that the people are beginning to wake up to a true appreciation of the facts. Look at the history of the Harlem road; when Commodore Vanderbilt obtained possession of that road he doubled the rates of freight, and on the principle of 'charity begins at home' the world has heard of the lion's share of the profit of production throughout that entire region, and as far as circumstances would permit, he has pursued the same policy with all his railroad ventures. When he took possession of the Harlem road, twenty years ago, its stock was quoted at about \$75 per share, and the rate of freight at that time for transporting milk to New York was 30 cents per ton; it was gradually raised to 60, and only after a great contest did the people succeed in reducing it to its present price of 45 (as against an average of 20 cents for similar service elsewhere). Notwithstanding the enormous general increase in population and values, property in Westchester county along the line of that road, contiguous as it is to the greatest market in the country, is worth less to-day than it was when Mr. Vanderbilt's reign began. The reason may be found in the doubled rates above mentioned. The capitalization of the road is much above what it could be duplicated for to-day, and yet dividends have been wrung from the people of that section to make the stock worth \$180 per share at the present time.

The Hudson River road runs parallel with the Harlem, is operated by the same management, and yet, having equal competition, the average rates of freight on the latter road are only about half those on the Harlem. No one doubts that the rates on the Hudson River road are sufficiently remunerative, nor that those on the Harlem are exorbitant. It is a simple illustration that 'might makes right,' and that a free-booter, if he only understands the habits of the American people, can rob them with impunity. The instances I have cited are but types of our whole railroad system. Is it any wonder that railroad men grow suddenly rich, while the number of tramps and beggars increase?"

Railroad Official.—"Now, my friend, you are getting a little excited. Mr. Vanderbilt is not charging the people along the line of the Harlem road as much as it cost them before the railroad was built, and yet you call him a free-booter; if you don't like the rates we charge, why don't you wagon your produce to market, or go to the legislature, and get it to reduce the rate of freight?"

Citizen.—"Well, there is some freight wagoned to market now, right alongside of the greatest invention for carrying freight cheaply and quickly that has ever been made, but I do not think it is right that any man or set of men should be allowed to monopolize all the benefits of that invention, especially when the benefits have been vouchsafed in a greater degree to the people of other sections, whose produce is carried to the market at much cheaper rates, and with which the people of my section have to compete. I do not think it right that Mr. Vanderbilt should abrogate the natural advantages of the contiguity of my property to this market by charging me higher proportionate rates of freight, and, indeed, he has no business to charge me, or my neighbors upon any other than the 'cost of service with a fair profit added thereto,' and when I say a fair profit, I mean not more than ten per cent. upon the actual money Mr. Vanderbilt originally put into that road, and not upon watered stock, or stock issued to represent 'surplus earnings,' (which is really the people's money) invested in extending or improving the road. Such betterments should be made with Mr. Vanderbilt's own money, or money actually subscribed for that purpose, and for which stock may legitimately be issued; and as regards the second part of your question, 'Why the people do not go to the legislature and have the rates lowered,' I want to say to you that this is just what we propose to do. I say this with the full knowledge that you railroad men are sending money into districts all over the state (and other states as well), to influence nominations or elections; that the votes of individual citizens are bought and sold almost as freely as any other merchandise; that you send every member of the legislature, before he takes his seat, a free press, and that many influential politicians, editors and clergymen are shown the same 'attentions'; even coroners and tax-assessors along your lines being thus remembered. I say it, knowing that the most eloquent advocates will appear at Albany to plead your cause; that men who are elected to the legislature in your interest, while nominally representing that of the public, will secretly obstruct legislation, and trade their votes to serve you; that your advertising patronage will be exerted upon newspapers and that shippers will be provided with preferential rates to advocate a continuance of the present system, which gives the favored few an advantage over their neighbors, and that where all these fail you will resort to direct bribery to accomplish your ends. The task is a great one, but in time it will be accomplished. I believe that laws defining the public rights will be passed by the Legislature of every State, and that the Congress of the United States will pass the Reagan bill, or some other honest bill for the regulation of inter-State commerce, and that executive bodies will be provided to supervise the operation of public highways, and see that these laws are executed. 'Either this, or the State will annul existing charters, and re-assume her function (which she has temporarily delegated) of furnishing public highways.'

Railroad Official.—"You would put politicians at work running railroads, would you, in the hopes of getting better and cheaper service than at present?"

Citizen.—"No, that is not necessary; the State could own the railroads and lease them, under proper restrictions, to associations to operate, as the State of Massachusetts has done, as the city of Cincinnati has done, and as the Dominion of Canada and other governments have done, where roads were wholly or partly owned, and the control thus retained in the hands of the public."

Railroad Official.—"Wouldn't you have a nice centralization of power in the hands of government?"

Citizen.—"Not so very much more than is present, and in the words of a class upon the masses by corrupting

is more dangerous to have a centralization of power in the hands of a few men, who recognize no responsibility but to their stock-holders, and whose principle of action is personal and corporate aggrandizement, than in adding somewhat to the power and patronage of a government directly responsible to the people and entirely under their control." While I respect the opinions of all good citizens who believe that the functions of governments should be as few as possible, yet I believe it has come to a point where we must choose the least of two evils, that we must offset the power of the people centralized in their State and National Government against a greater and more dangerous centralization of power in the hands of great corporations. Our postal system might perhaps be better managed under private control, but I doubt it, and the experiment of the government managing the telegraph in Great Britain has resulted in the public receiving far cheaper service than before. The ownership and operation of railroads by government in many of the English colonies, as well as other countries, compare favorably with those in private hands, and in my opinion, the cry of 'centralization of power' is chiefly raised by those who seek to unduly tax the masses of the people for what ought to be a public service. At any rate the interest of the individual citizen lies loudly for protection from extortions by monopolies, whether gas, water, telegraph or railroad corporations, and if relief can come only through government or revolution, it will sooner or later come. If the Republican party won't give it, perhaps the Democratic party will. If neither affords the relief a party will rise up which will afford it. The descendants of men who fought to establish free institutions in this country and found a government of the people, for the people, by the people, are not going to quietly submit to a government of corporations, for corporations, by corporations, when these institutions are the creation of the people, and exist by the grace of the people. It won't take many more years of stock-watering and discriminations, and but a few more Vanderbilts, Goulds and Huntingtons, to wipe out all corporations, no matter how beneficent or how well conducted. Modern improvements and good things in the world, but like fire they may be good servants, or bad masters. Corporations controlling steam and electricity are beneficent institutions so long as they remain servants of the people, but when they seek to be masters, and decide not only what share of profits, of production, and commerce the public shall receive, but what individuals shall receive it; when vast wealth is suddenly acquired by such means, and to perpetuate their power they corrupt our elections, and legislate to an extent which endangers both the moral and political welfare of the nation, it is time that the people took measures to realize the benefits of steam and electricity without the intervention of corporations, and unless the relations to the public of railroad and other great corporations are soon readjusted upon a more equitable basis, the people will take such measures, and don't you forget it!"

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Han White. WASHINGTON, August 1.—Hamilton White, of West Virginia, went years ago to the great southwest. There he became a professional highwayman. He attained eminent success in his profession, stopping and gutting any number of heavily laden stage coaches. He rifled the mails of course every time. He was the object of the eager desire of the officers of the law throughout all the southwest country, and his depredations on the mails placed the detectives of the postoffice department on his track. After many futile efforts they captured the notorious robber. He was tried, convicted and sentenced to a long term of imprisonment. By the efforts of a Texas greenbacker congressman, Hayes was induced to pardon him, and he was liberated in March last. Almost immediately upon his liberation stage coach robberies, which had become infrequent, began to increase in the southwest. One night there was one, in northern Texas, and the next, one in southern Colorado. They were most mysteriously and skillfully executed, and the perpetrators of the crimes invariably escaped detection. Very recently, however, one of them was caught by the postoffice department detectives. There was some slight circumstantial evidence connecting him with one of the robberies indirectly, but it was not very strong, and the government was glad to have him turn state's evidence. He seemed an ignorant, innocent, harmless sort of a fellow. He was entirely unknown to the detectives. An assistant betrayed him when he was about to go free. It was the infamous Han White. He is now awaiting trial on an indictment of a dozen counts. To-day by inquiry the chief of the post-office department inspectors, as the detectives are called, learned to his astonishment that the pardon issued to White by President Hayes was dated March 5, 1881, and of course invalid, since Hayes was then *factus officio*. Probably Mr. White will have to serve out his old as well as his new term. He will hardly get a pardon from the administration.

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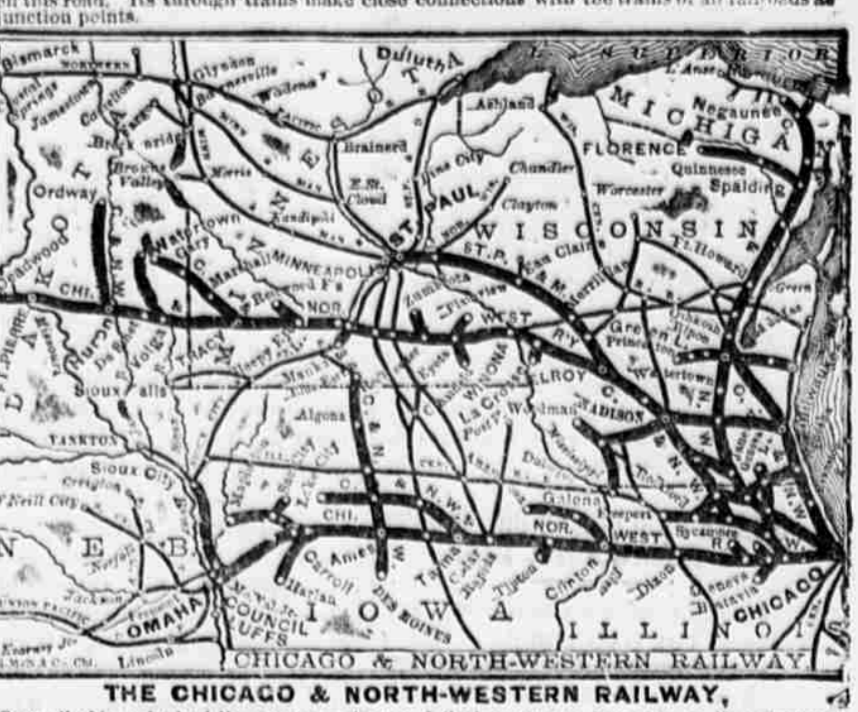
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