

# Congress Will Act On Big Railroad Exposure

Washington dispatch to the New York World: The people of New England, outraged by the iron grip of monopoly which they declare the New York, New Haven and Hartford Railroad company and its allies have upon the six states, will get a chance to tell the American public of their wrongs before the house rules committee.

Upon the gravity of the charges presented will depend the future action of the house. If the testimony shows that New England is suffering oppression in regard to its rights to transportation under fair conditions and at fair rates, then the house will adopt the O'Shaunessy resolution directing an investigation of the corporation, its dealings with subsidiary and allied companies, its organization and its alleged infractions of the Sherman anti-trust law.

The rules committee in the first instance will hear of the charges that the New Haven has reduced New England to the condition of a mere territorial appendage of that company. The deals by which the New Haven has obtained the Boston and Maine, the Maine Central, Sound steamers, trolley lines, by which it has got control over the Boston and Albany, by which it has come to an understanding with the Grand Trunk Railroad of Canada—all these things will be gone into.

These questions will be asked:

How does it come that there is not a competing railroad left in New England?

How does it come that the powerful and rich Grand Trunk was persuaded to quit its plan to build a competing line into Providence and what were the means of persuasion?

How does it come that the New Haven has gone far afield from railroad running and has entered all other spheres of transportation except those by horse, automobile and aeroplane?

And, finally, in what manner has the New Haven exercised this vast and autocratic power?

Upon the answers will depend how much further the investigation is to go.

Witnesses will be sent before the committee by the governor of Massachusetts and Rhode Island, the two states most affected by the calling off of the Grand Trunk building operations and to be the chief sufferers from the twenty-five year operating agreement stated to have been made between the czars of the two roads.

Governor Foss of Massachusetts and Governor Pothier of Rhode Island have been asked by Chairman Henry of the rules committee, so he announced, to have before the committee all witnesses who have evidence against the New England rail and water combination.

The corporation will be represented by counsel and is expected to present a flat denial of the charges, while declaring that the grievances are more imaginary than genuine.

The O'Shaunessy resolution provides for a special committee of seven representatives to carry on the inquiry, in the event that the house decides to go further after hearing the evidence adduced before the rules committee.

The attitude of the house leaders has been to place all investigations in the hands of the standing committees whose functions cover the fields in which the reason for the investigation arises. If this plan is carried out, it is likely that the inquiry will be conducted by the committee on interstate and foreign commerce, by a sub-committee of that committee or by the committee on railways and canals.

Representative O'Shaunessy said that while he has faith in the willingness and ability of the officials of the department of justice to bring the corporation to the bar of judicial tribunals, the people of New England themselves are anxious to have the house uncover transportation conditions in the six states.

The reason for this eagerness of New Englanders lies in the fact that an inquiry by the house can get at facts unattainable in a court. Unhampered by strict judicial procedure and the exact rules of evidence necessary in courts, the house can cut wider and probe deeper into the railroad trouble than could any ordinary tribunal. The whole transportation system of New England will be vivisected by the house. The house will find out what conditions are and why they are. Technicalities will avail nothing and will not give shelter to facts.

The direct cause for the present indignation, which has New England at white heat, is the Grand Trunk deal. But for years past the public has been seething as deal after deal was put through by the New Haven manager, each deal meaning further transportation subservience.

As Louis D. Brandeis of Boston pointed out

recently, the exasperation of New England is a thing due to cumulative causes. The New Haven had acquired a substantial monopoly of transportation until only the lines of the Bangor and Aroostock extending to the extreme north of Maine, and the lines of the Grand Trunk through Vermont, were independently owned. And now comes the Grand Trunk deal.

Before this and in the last few years the New Haven had acquired all of the railroad lines in Connecticut and Rhode Island, the Boston and Maine system and its subsidiary, the Maine Central. Finally the Boston and Albany came under New Haven control by an agreement between the New Haven and the New York Central.

The New Haven also had gradually acquired, Mr. Brandeis points out, all steamship lines connecting Massachusetts, Rhode Island and Connecticut with New York and points south, while acquiring interests which are substantially controlling in the steamship lines to Maine and Canada.

As a result the people of New England declare that this monopoly has resulted in lack of progress in transportation facilities, with actual demoralization of service, as witness the frequent disastrous wrecks on the New Haven in the last few months. Increase in rates and fares are also charged, as well as arrogant conduct toward the public on the part of New Haven officials.

The New England field was thus ripe for Grand Trunk competition when the late Charles M. Hayes, the president, began casting his eyes southward from Montreal.

He announced that he wanted to get into Boston and into Providence. He would give genuine competition to the New Haven, he said.

The Southern New England railway was formed as a Grand Trunk subsidiary to undertake building operations to Providence. The Rhode Island legislature, with strong popular approval, passed the necessary legislation. The legislature of Massachusetts, over the strongest hostility from the New Haven, did the same thing. Construction of the Providence line was actually begun and was being rushed. New England thought it saw relief from the monopolistic grip.

Then came Nov. 11 last and with it the cessation of work by the Grand Trunk. New England heard that the New Haven, partly by threats to which force was given by the vast financial interests behind the road, and partly by concessions which have been declared to be equivalent to bribery, had caused the Grand Trunk to quit.

The indignation reached the boiling point. The inquiry by the rules committee is the result.

## MORGAN'S FINE ITALIAN HAND ONCE MORE

Boston dispatch to the New York World: The policies which have controlled the management of the New York, New Haven and Hartford railroad ever since Charles S. Mellen became president of the road in 1903, policies which have had for their sole end and purpose nothing short of a complete monopoly of the transportation business of New England, have been governed by a few men: J. Pierpont Morgan; William Rockefeller; James McCrea, president of the Pennsylvania railroad, and, before him, A. J. Cassatt, his predecessor; George F. Baker, representing the Adams Express company, and Lewis Cass Ledyard, representing the American Express company. This quintet, acting through Mr. Mellen, the mouthpiece, has governed the destinies of the New Haven road and its finances.

Yet, though the capital stock of the New Haven company now outstanding amounts to \$179,583,100 and its bonded debt to \$642,503,041, as shown by the New Haven's last general balance sheet, the five men above named own personally barely \$500,000, par value, of the stock of the road.

Mr. Ledyard, it is true, has standing in his name 20,542 shares of the road, par value \$2,054,200. But it is an open secret that 20,000 of these shares are in the name of this New York lawyer as a matter of convenience—whether for the convenience of the Pennsylvania railroad or of some other corporation client that does not wish to have its identity appear on the stock books of the New Haven corporation. Mr. Ledyard is best qualified to disclose.

A careful scrutiny by the World of the list of shareholders in the New Haven road has revealed not only these but other interesting facts which throw an amazing light upon the seeming recklessness with which the finances of this great railroad corporation have been

juggled under the Mellen regime. The actual shareholdings of the four men first named were as follows on March 31, 1912:

	Shares	Par Value
J. Pierpont Morgan.....	2,188	\$218,800
William Rockefeller .....	2,150	215,000
George F. Baker .....	500	50,000
James McCrea .....	100	10,000
Total .....	4,938	\$493,800

Mr. Ledyard's holdings have already been told. Mr. Ledyard is best known in Wall street as the corporation lawyer of Mr. Morgan, and as first vice president of the American Express company, and a lawyer whose advice is looked upon as the last word in all matters relating to the management of the Pennsylvania railroad.

It is equally well known in Wall street that Mr. Ledyard votes as Mr. Morgan desires when their interests are in common, and he takes good care that his interests never run counter to those of Mr. Morgan. So for all practical purposes it may be stated that Mr. Ledyard, though by far the strongest (nominal) shareholder on the New Haven's board of directors, has very little final voice in the operation of the gigantic railway system.

He did have a large voice in the management of the Boston and Maine road, but it was the voice of the American Express company, which owned an enormous block of stock in the Boston and Maine.

When Mr. Mellen, prompted by his superiors, started to get control of the Boston and Maine, in 1906, he found Mr. Ledyard's assistance invaluable, and between them they bought and sold the Boston and Maine, ostensibly to the New Haven, but really for the benefit of the American Express company. But that is another story, which will be told in these dispatches later.

Here, then, are four men, eliminating Mr. Ledyard, who, with a voting power of less than \$500,000, control the management of a railroad system which boasts of book assets of \$503,492,087, according to its last balance sheet. And if Mr. Ledyard's voting power is conceded, the five men control but \$2,548,000 of the \$179,000,000 of outstanding stock.

It will be urged that there are other directors and that they too own considerable stock. The reply is that the other directors do not own much stock and that their votes are dependent entirely upon the wishes of the big five who have been named. But for the sake of making the record complete the stockholdings of the other directors are given herewith:

George MacCulloch Miller, 1,000 shares; George J. Brush (deceased this year), 252 shares; I. De Ver Warner, 855 shares; Edwin Milner, 2,310 shares; Charles S. Mellen, 3,745 shares; Robert W. Taft, 64 shares; James S. Elton, 575 shares; James S. Hemingway, 360 shares; Henry K. McHarg, 1,200 shares; Charles M. Pratt, 6,690 shares; Amory A. Lawrence (deceased this year), 600 shares; Alexander Cochrane, 1,500 shares; John L. Billard, 1,844 shares; Thomas De Witt Cuyler, 250 shares; Theodore N. Vall, 250 shares; William Skinner, 5,602 shares; Newton Barney, 630 shares; Charles P. Brooker, 600 shares; Edward Mulligan, 34 shares; Francis T. Maxwell, 300 shares; Frederick F. Brewster, 1,875 shares.

When Mr. Brush, who owned 252 shares, died on Feb. 6 last, his place was filled by the appointment of Augustus S. May, treasurer of the New Haven. May has been treasurer for some years and has been used freely by Mellen as a treasurer, president or other officer of various subsidiary companies, but May did not, when appointed as a director, own a single share of the New Haven stock.

The sum total of the holdings by all the directors, thus set forth, is 55,816 shares, in which, of course, is included the 20,000 shares standing in the name of Lewis Cass Ledyard.

But giving full effect to all the holdings in the names of all the directors, it still remains the fact that men with a direct interest of less than \$5,000,000 in the New Haven railroad system have the entire control of its immense properties and its assets of half a billion.

No such detailed statement of the holdings of the directors as is here set down has ever been made public before, and doubtless it will shock some of the very conservative and trusting New England investors to learn how little actual monetary interest their board of directors has in the company.

Around Boston it is commonly supposed that Mr. Morgan and Mr. Rockefeller alone have millions invested in New Haven stock, and that they will rush to the aid of their fellow investors should anything happen to seriously de-

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