

than half the net amount available for dividends on this enormous investment, which, as an investment, represents one-fifth of our national assets—an industry which stands almost equal in money invested in agriculture. Yet agriculture, in one prosperous year, increases its earnings by a billion dollars. Imagine, if you can, a business the net earnings of which were \$100,000, which amount represented, say, about two per cent on the capital invested, and yet had to pay more than \$50,000 in taxes. The analogy is fair, because our railways, while only earning about two per cent dividend on the capital invested, have to pay in taxes an amount more than half the total amount available for dividends.

This forty-three millions of dollars of taxes will next year be forty-five millions or more, because the stamps on bills of lading

are expected to yield two and a half millions. The new departure will also entail a large outlay in extra printing, paper and clerical work, which the railways will have to meet. The way in which railway taxation in the United States is growing has already inspired some apprehension in the minds of foreign investors, as indicated by the following from a recent issue of the London Statist:

"It is the local taxation imposed by states, counties and municipalities which is really heavy. We showed in a recent issue how serious it is and how rapidly it is growing. Undoubtedly, it ought to be checked. Perhaps the best way of dealing equitably would be to follow the example set by the state of Wisconsin, which imposes a special state tax on the railways within its jurisdiction, but exempts them from all county and municipal rates. In any event, this question of railway taxation in the United States requires close watching and serious discussion. The American people, we are quite aware, have no wish to press unduly upon any interest, but they are busy, and, unless their attention is specially directed to the matter, they are apt to overlook a system which threatens to become oppressive."

Let us hope The Statist is right in its conjecture in relation to the American people. Perhaps the American people as a whole would not favor pressing these great interests further than they have been pressed, but those who control state and municipal legislation have gone already too far in this direction, and are now in close proximity to the danger line.

There is but one possible deduction from these facts. The railroads have not

been able to share in the slightest degree in the prosperity which has come

to other industries, especially the agricultural industry, because the rates are too low and unrestricted competition

ruinous. Within the last month I have conversed with half a score of our strongest railway presidents, and, while all else seems flourishing around them, the railway business, they declare, could hardly be worse. Rates have gone down so low per ton per mile that they are almost afraid to face their 1898 reports. Several systems will show less than four mills per ton per mile—less than half a cent for carrying one ton, or two thousand pounds, one mile. Another mill per ton per mile added to these unprofitable rates would have increased by \$95,000,000 the railway revenue on the traffic of 1897. What industry would have been injured by this increase? Surely not the industry of agriculture. Instead of which, the extra screw on the downward grade has knocked off thirty millions from the gross earnings of 1896. A valuable report recently issued by the Department of Agriculture gives an elaborate series of tables comparing the decline in prices of all classes of commodities and in railway rates. Including 1896, the reduction in the price of only one crop, and that of minor importance, is seen to have been greater than that in freight rates. The decline in the latter, taken for a period of thirty years, has been twenty-three per cent greater than in the price of wheat and twelve per cent greater than in that of hay. In this report the rapid decline in the cost of transportation is shown by the quantity of a commodity which now has to be given to transport it a given distance compared with the quantity it used to take. Thirty years ago it took one bushel out of five and three-fourths bushels to transport wheat east from Chicago; in 1897 only one bushel out of seventeen and one-fourth bushels. In other words seventeen bushels of wheat are now taken from Chicago to New York for the same toll as five bushels in 1867. The report shows that the same is substantially true of other commodities, and that railway rates have declined out of proportion to the decrease in the prices of merchandise carried. How much longer this condition of affairs can be maintained it is impossible to forecast.

The cost of transportation is undoubtedly being reduced by better machinery and better methods, but railway managers contend that other causes enter this problem, over which they seem to have no control, and which keep rates below the profitable line. The interstate commerce statistics this year would certainly point to the truth of this assertion. Now that the war is over, the railway question is one that presses for immediate legislative action. That the prosperous American farmer will be willing to accord these great interests, second only as I have shown, to his own, an impartial hearing and fair treatment, there would seem to be no

doubt. The era of prosperity which has come to our farmers has not in the slightest degree been shared by the railways, and while other interests have flourished, the railway interests have seemingly met with deeper and more lasting discouragement. There never was a more opportune time for the display of real statesmanship than the present; and, if our legislators at Washington this winter can find some solution of the railway problem which will open up prospects for the future of our transportation industry, the energy, enterprise and ability of the American railway manager will do the rest. In view of existing conditions, those who for years have opposed all reasonable railway legislation may well withdraw their opposition, for attacks on railways will receive no support from the labor interests, whose prospects have been injured by the deplorable condition of our railways, nor from the farmer, whose prosperity has made him for the moment impervious alike to the wiles of free-silver advocates and the blandishments of populist demagogues.

#### MR. CARLISLE'S VIEW.

"When it is understood that there are to be no more wars between people of the Anglo-Saxon race, that all their differences not amicably adjusted by diplomacy will be permanently settled by arbitration, that they are thoroughly united by the ties of blood and a common heritage of free institutions, not for conquest or aggression of any kind, but for the promotion of peace and civilization, and that their combined influence will be exerted for these purposes only, all other nations will realize that a new force has been developed which cannot prudently be ignored in their schemes of aggrandizement in any part of the globe."—October Harper's.

#### THE LAST FROM RUSSIA.

THE CONSERVATIVE is in receipt of a bulletin from Russia of the transactions of the Imperial Free Economic Society, and we observe the proportionately large space given to such matters as soil-analyses, preservation of rainfall and advantageous planting of trees. One would think that these things must be of the first importance to Russia, who sees her population decimated by crop failures and famine every few years. Each of these recurrent disasters must be a terrible set-back to a nation which aspires to dispute the rule of the world with the English-speaking race.

It is often said that the Russian capital is rightly called, not St. Petersburg, but Petersburg, after Peter the Great. It is not exactly either one, but St. Peterburg, to judge by the imprint of this publication.