

HE
2791
B74
1875

HE
2791
B74
1875

CORNELL
UNIVERSITY
LIBRARY



R E P L Y

TO THE

COMPLAINTS URGED BEFORE THE LEGISLATIVE
COMMITTEE ON RAILROADS,

IN RELATION TO THE

M A N A G E M E N T

OF THE

BOSTON & ALBANY RAILROAD.

BY THE

VICE-PRESIDENT OF THE COMPANY.

FEBRUARY 25, 1875.

BOSTON:
WRIGHT & POTTER, STATE PRINTERS,
79 MILK STREET (CORNER OF FEDERAL).
1875.

This book was digitized by Microsoft Corporation in cooperation with Cornell University Libraries, 2007.

You may use and print this copy in limited quantity for your personal purposes, but may not distribute or provide access to it (or modified or partial versions of it) for revenue-generating or other commercial purposes.

R E P L Y

TO THE

COMPLAINTS URGED BEFORE THE LEGISLATIVE
COMMITTEE ON RAILROADS,

IN RELATION TO THE

M A N A G E M E N T

OF THE

BOSTON & ALBANY RAILROAD.

BY THE

VICE-PRESIDENT OF THE COMPANY.

Cornell University Library
HE2791 .B74 1875

Reply to the complaints urged before the



3 1924 030 125 516

olin

FEBRUARY 25, 1875.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,
79 MILK STREET (CORNER OF FEDERAL).
1875.

enr

HE
2791
B74
1875

A 829368

R E P L Y .

Mr. CHAIRMAN AND GENTLEMEN :

I have listened with patience, and I hope not without some benefit, to what has been said during this protracted hearing, and to the charges which have been made against the Boston & Albany Railroad Company. Many of these charges are of real or imaginary grievances which have been, from time to time, brought to the attention of the Railroad Commissioners, and of former committees of the legislature, and have been duly considered by them. Many of them are of matters of detail in the management of the vast and complicated business of the road, which are of little importance, and certainly do not call for legislative action. Some are vague, ill-defined, contradictory,—not always preferred in good temper. No well-considered remedy is proposed for such evils as are acknowledged to exist; or, if suggested, there are hardly any two persons who agree upon the proper and sufficient one. I will only briefly allude to some of these minor points before coming to the really important issues before you.

Mr. Jones charges the company with neglect in not sooner erecting their grain-elevators. The company was organized the last of October, 1867. In January of the following year, the plans were prepared, materials purchased, and work commenced upon the first, which was completed and ready for use in October following. These buildings are not card-houses to be built in an hour. The foundations alone for the addition to the East Boston elevator, now nearly completed, have cost \$100,000, and it took a year to build them.

Mr. Kemble complains that the system of *through bills* of lading is injurious to the business of Boston and a blow at its prosperity. These bills are given both ways for imports and

exports. Here are some resolutions passed by the Boston Board of Trade, in 1870 :—

WHEREAS, *This Board by its own action and at commercial conventions and meetings of the National Board of Trade in which it has been represented, has REPEATEDLY expressed its desire that Congress would enact a law to facilitate the DIRECT IMPORTATION of merchandise TO THE CITIES of the interior;* and

WHEREAS, A bill is now before the Committee on Commerce of the House of Representatives, which provides for the immediate transmission to the city of their destination of imported goods as soon as landed from the vessels, etc. ; therefore,

Resolved, That the Boston Board of Trade would respectfully urge upon Congress the early passage of the bill referred to, or of such other bill as in its wisdom it may prepare, which will place the leading cities of the United States upon an equal footing, so far as their geographical position will permit, in all the laws and regulations which relate to the IMPORTATION of *foreign goods.*

Acting in good faith in the line of policy here recommended, the company *has* joined in issuing through bills of lading both for imports and exports. Let these resolutions be repealed before we are censured for doing just what we have been asked to do. I recollect when some of my own townsmen opposed the building of the Western Railroad, because they did not want Worcester to be made a way station. They have learned something since that time. We all can remember when the rails of connecting roads were torn up in Erie, Pa., for the same reason. I am surprised to hear an intelligent merchant of Boston advocate for this great city so narrow a policy as that.

We are charged with unreasonable delay in adjusting claims, and one gentleman said that he had never heard of a single claim being settled by the road. It may be that sometimes they are not settled as soon as desired by the claimant, and perhaps not as promptly as they should be. But consider how numerous they are, how various in character and amount, many of them arising from losses or causes hundreds of miles away. They cannot be paid without investigation, and it takes time to investigate. During the last year, 3,980 of these claims have been examined and adjusted, and \$53,000 paid in settlement of them.

Mr. Nazro has spoken of a claim which he has against the White Line, and for which he shall sue the Boston & Albany Railroad Company unless Mr. Lincoln settles it. That claim is this: two cars of oats were billed from the West to Boston. By some mistake they were sent to New York. They were never on our road at all,—never touched our iron. A bill was made out against the White Line for damages amounting to \$890.81. It was examined, acknowledged, and paid in full by the New York Central road. Here is the copy of the receipt. Mr. Nazro, after receiving the money and giving the receipt, made out a supplementary bill for \$16.98 for interest which he had omitted in the first account, and this, I understand, has not been paid. All I can say about this claim is, that it does not seem to me to be any of Mr. Lincoln's business, or of that of the Boston & Albany Railroad Company, and that he would, probably, be pretty plainly told so, if he undertook to interfere with it.

Mr. Blanchard complains that the local passenger tariff of the road, which was reduced a few years ago, was arranged by the president for the express purpose of giving some advantage to the New York Central in the division of through fares. I am not able to see how the object was accomplished; but the answer to that charge is, that the change in the tariff at that time was made upon the recommendation of the Railroad Commissioners, and by a vote of the directors, the president being absent from the country; and that the revision, which was of the local tariff alone, had not the slightest reference to that of any outside road.

The charge was distinctly made upon the first day of the hearing that guaranteed bills of lading of grain had been given as a matter of favoritism, while they were refused generally to the trade, and that proof of the charge was abundant and would be forthcoming. Mr. Crockett, who was afterwards called to substantiate the charge, frankly admits that, although he received a notice from a clerk that a claim for shortage would be paid, he was satisfied that a mistake had been made in the use of the terms, the intention being to refund the freight on the shortage, instead of paying for the shortage itself. Here is the receipt in the usual form upon a printed blank, signed by the party, in which the elevator weight is deducted from the way-bill weight,

and the freight on the shortage allowed at 45 cents per 100 pounds. Judge you, gentlemen, of the fairness of preferring charges against the company, with such evidence as that to sustain them.

Something has been said about an increase of the rates at the elevators, and that the object stated by Mr. Bliss or Mr. Lincoln was, to drive the grain business out of Boston, and thus destroy the whole value of these elevators which we have built at such immense cost; while in the same breath, we are charged with refusing to deliver cars to the Freight Union Railroad for the purpose of forcing all grain into the elevators. Mr. Stebbins, I know, would not intentionally misrepresent any one, and yet he has done me great injustice. About the time the rates of storage were advanced, the elevators were nearly full of oats, held by speculators for a rise in price. The room was very limited. Neither of the buildings had been enlarged. The consequence was, that we could not receive the large shipments of corn which were arriving for export. At one time there were three or four hundred cars in our yards waiting to be elevated. The tariff was revised and changed in many particulars, and this was the condition of things that led to it. If it was advanced too much, it was afterwards reduced.

But it is said that we will not deliver cars to the Union Freight Railroad to be distributed over the city, or permit them to be unloaded from the tracks; and Mr. Stebbins says that I told him the reason was because the road would not give up the elevator charge. The fact that we have required the grain in cars *billed to Boston* to go through the elevator, is true; but the reason assigned, so far as I am concerned, is an entire misapprehension or mistake. I could not have given that reason, for I never had it in my mind. On the contrary, I have always thought that Mr. Stebbins' situation was a peculiar one, and I would most cheerfully have made an exception in his favor, if I could have seen my way clear to it. He has an elevator and grist-mill of his own. Originally a large amount of grinding and milling was done at the Chandler-street elevator, until, upon the complaint of Mr. Stebbins that it was interfering injuriously with his business and that of others, the miller in the company's elevator having an undue advantage, it was given up and the machinery taken out. That certainly was not done for the

purpose of grinding Mr. Stebbins. The reason why we have required grain billed to Boston to go into the elevator is this: We have built these elevators at the urgent, unanimous and oft-repeated request of the Board of Trade and to facilitate the grain business of Boston. It is the universal custom, well understood, that where there is an elevator at the terminal point, owned by the road, that the grain going to that point is consigned to the elevator. There is an implied if not an express contract. The bills of lading recognize it. Here is one in which are the words: "All bulk grain consigned to a point where there is an elevator reached by car tracks, will be subject to elevator charges." All the roads require it and practise upon it, because they are then sure of their weights, and secure prompt unloading and return of their cars. The main trouble with the elevators and the cause of all their unpopularity, is because they have broken up the system of underbilling, or rendered it unprofitable, so far as the city trade is concerned. The grain that goes into the elevators, all pays freight. Before track scales were put in at distributing or diverging points on the road, a good deal escaped weighing and, of course, payment of freight. Every consignee, knowing from their invoices that cars were to arrive heavily overloaded, would naturally desire to change their destination, so that they might be sent to some other road or be unloaded on the tracks. Track scales have been recently put in at Cottage Farm, and we have since then freely furnished facilities, side tracks, and use of land, to Powers & Melvin, for a private elevator of their own, at Somerville, to which cars of grain are consigned every week, and where we get no elevating. We have offered the same facilities to Mr. Dimmick, for a flour mill at Cambridge. It is not solely earnings from the elevators that we are looking for,—it is responsibility for the cars, their prompt return, and honest weights. If it was not for this practice of underbilling, you would have never heard of this complaint; because, in that case, Mr. Stebbins' business could easily have been arranged.

Frequent allusions have been made, during this hearing, to certain irregularities, as they have been called, in the East-Boston elevator. It is true that there were mistakes, blunders, there a year or two ago, and the company promptly assumed the responsibility, and settled all claims growing out

of them. So far as I know, every claim has been paid. Twelve hundred dollars were paid to Mr. Bartlett; a like sum to Messrs. J. B. Brigham & Co.; and I have a letter from the house which he represented, in acknowledgment of the "very fair" way in which their claim was adjusted. Whatever may have been the cause of these blunders, it is easier for me to believe them to have been accidental than intentional; I prefer to take the charitable view of the matter. But, however they happened, they cost the company three or four thousand dollars, and have all been settled long ago, and ought to be dropped and forgotten. So far as the railroad company is concerned, you are entirely welcome to all the details of the matter whenever you desire to hear them. I challenge inquiry into the manner in which the business at both of these elevators is now conducted. I ask, here before you, Mr. Chairman, if it is not done to the entire satisfaction of the members of the Commercial Exchange. I have not heard a lisp of complaint for a twelvemonth. If there are any grounds for complaint, I say gentlemen are bound to bring them before the officers of the company for correction or redress, before coming to the legislature or going before the public with them.

Mr. Coffin, the inspector of the elevator, is, in no sense, the agent of the railroad company. We have insisted that that officer should be appointed by the Board of Trade, or Corn Exchange; or, what would be better, by the governor and council, like other inspectors. But our suggestion was not approved. The company then selected and appointed him, with the unanimous approval of the members of the Corn Exchange, and I have never heard that he has forfeited their confidence. The company also claimed that his fees should be paid by the owners of the grain, thus making him their agent, or at least should be shared equally between them and the elevator, and, in this manner, secure his entire independence and impartiality. Neither of these propositions was satisfactory, and the elevator has, of necessity, borne the charge alone, and now reproach is cast upon the company, and discredit upon the statement of Mr. Coffin, because of the manner of his payment, in which the company has had no alternative, but has done just what it has been compelled to do.

But I will not detain you longer with these minor matters.

They are of no account, and sink into insignificance compared with the accusation, plainly made, and applauded when made, that the Boston & Albany Railroad Company is carefully, deliberately and systematically managed, so as to advance the business interests of the city of New York, to the injury of those of the city of Boston; that the private and pecuniary interest of the president of the road in the New York Central Railroad, and in other foreign companies, is such, that he uses his power and influence, as president of the Boston & Albany Railroad, to promote that interest, at the cost of, and to the injury of his own road, of the city of Boston, and of the Commonwealth; and that, by necessary implication or inference, the directors are powerless to prevent, or stand passively by and see this great wrong committed. And it is furthermore charged, that the road is managed in the sole interest of the stockholders, that being the only interest the managers appear to have in view, and that, in so managing it, they prefer to do the smallest amount of business, at the least cost, and for the largest amount of profit.

Mr. Chairman, these are grave and serious charges to make, and I propose to meet them. I say that they are entirely unwarranted by anything in the character or conduct of the managers of the road. They are ungenerous, unjust and without the slightest foundation in fact. They are not true of the president; they are not true of either or all of the gentlemen who constitute the board of directors, whether representing the State's interest or that of the private stockholders. Who are these men against whom these accusations are made? First and foremost, the president of the company,—a man honored and respected in his own community, and beyond it, by all who know him, who for a long lifetime has been thoroughly identified with almost every public enterprise designed to promote the prosperity of western Massachusetts, and especially with this greatest of all, in which Boston and the whole State is so largely interested. Of the vice-president, I will say only this: that if he does sleep in the city of Worcester,—for that is about all that he does there, a circumstance to which one of the gentlemen has alluded, and does not seem to approve,—he has inherited there, if nothing else, a debt of gratitude to the merchants and business men of Boston, which he would most

gladly repay, by any services in his power to render to them. Of the directors, it is sufficient to say, that there are among them citizens of Boston, known everywhere and distinguished for the fidelity with which they discharge every trust, public or private, that is confided to them. They are not the sort of men to be any man's tools in committing such an outrage as is charged here.

The Order, under which this investigation is being made, is as follows :—

Ordered, That the Committee on Railroads inquire and report, whether the Boston & Albany Railroad Company is furnishing proper facilities for the transportation of merchandise, and for the promotion of the trade and commerce of the Commonwealth, and particularly whether its rates of freight, and other arrangements, are properly adjusted, so as to encourage the shipping of freight to and from the port of Boston.

The Boston & Albany Railroad Company was organized in the fall of 1867. It has been in existence and operation about seven years. At that time, its capital was \$14,934,100, and the total means applied to construction, including debt, was \$18,378,000. Its capital stock now is \$20,000,000, and the amount applied to construction \$27,738,686, an increase of \$9,360,000 in seven years. Bear in mind, that there has been no watered stock, and that during the last three or four years, while its improvements and expenditures have been largest, no stock or bonds have been issued to stockholders at par, even, for money paid in, but all have been sold in the open market at market prices. Dividends have not been increased in frequency or amount.

What, then, has this vast expenditure of money been for? What has been done with it? You may well ask. I am not aware that any charge has been made during this hearing, that any portion of it has been corruptly used or for improper purposes; and yet I have repeatedly heard it charged outside of these walls, that the paid agents of the company are constantly employed, and that its money has been and is largely used, to affect, by legislation or otherwise, other roads and other enterprises, which are, or are supposed to be, hostile or prejudicial to its interests. I, therefore, take this occasion to assert, that from the organization of the company to the present

time, not a dollar of its money has been expended, in any way, directly or indirectly, here or elsewhere, to affect or influence in any way, legislation relating to the Tunnel or its connections, to the Boston, Hartford & Erie Railroad, to the Massachusetts Central Railroad, or to any other of the schemes of public improvement which have been considered or acted upon here. Not one dollar; of that I am sure, certain; certain sure, if there is any difference in the meaning of the words, or any force in putting them together. No railroad company in the country has a cleaner record in this respect; few so clean.

We have come here at times, as we are here now, in obedience to your summons, by counsel or otherwise, explained our case, whatever it may have been, and then left our interests in your hands, confident that you would do us justice.

Has this money been foolishly wasted, or has it been wisely and prudently expended in furnishing proper facilities for the transportation of merchandise, and for the promotion of the trade and commerce of the Commonwealth? In 1867 the road entered the city of Boston through a narrow pass, barely sufficient for two tracks, under low bridges, and with a road-bed covered with salt water at every high tide. The managers of the Worcester road had considered the feasibility of remedying these evils, and had decided, and wisely, that with their short road and small capital, they could not afford the large expenditure necessary to accomplish the work. But in so deciding, they gave up the argument against consolidation with the Western road; because if the work was necessary to be done, and they could not do it, they were bound to make way for another company that would be able and willing to meet the emergency. Within three months of the organization of this company, that important work, the initial step in the long list of improvements which have since been made, was undertaken. It required the raising and widening of the bridges on the most important streets of the city, for which the company paid the whole expense. It required an expensive sewer to drain the road-bed, which is, as you probably know, six feet below high water. The whole improvement was accomplished at an expenditure of not less than six hundred thousand dollars. The result is, that the company and the public have, practically, a subterranean road, with four tracks, into the very heart of

the city, crossing no streets at grade, in nobody's way, and at a comparatively small cost,—a result which millions of dollars are being expended to accomplish in the city of New York. Was the private interest of the stockholders the only end the directors had in view in this large expenditure?

The same year, the Chandler-street elevator was built at a cost of \$150,000, after the culpable delay of which Mr. Jones has spoken. For years previous, there had scarcely been a meeting of the Board of Trade without the passing of resolutions calling upon the Worcester and other Boston roads to build elevators. Well, the Albany road, in its first year, built one, and in its second year built a second, and in its fourth and fifth year enlarged the one, and its sixth and seventh years enlarged the other, and has been constantly building and enlarging; and now, to judge from the general tenor of the complaints that are made, I should think it would be an easy thing to get resolutions passed asking the company to tear them all down. They seem to be the source and cause of all the woes of the grain trade, a hindrance rather than a help to successful business.

The company has erected large and expensive engine-houses, freight-houses, machine and car shops,—models of their kind,—*all in the city* of Boston; has purchased the land and taken initiatory steps for the erection of a new passenger-house, which, but for the serious depression in business, would have been commenced the present year. Its purchases of land alone in this city, for necessary terminal facilities, have absorbed more than one and a half millions of dollars. It has constructed a third track to Brighton, five miles; and has secured a location and most of the land for four tracks to Charles River, there being no great difficulty in obtaining, hereafter, the necessary land beyond that point. It has erected new and commodious passenger-depots at very many points on the line of the road,—at Brighton, Newton, Wellesley, Westborough, Grafton, and—I stop here; to go beyond might get too near Springfield or New York. It has erected and nearly completed at Worcester—under compulsion there, by an Act of the legislature—a union passenger-station for the use of all the roads which meet in that city, at a cost of half a million. It has spanned the Connecticut River at Springfield with an iron

bridge for two tracks, in place of the old single-track wooden bridge, which a spark from an engine might have destroyed at any time, causing almost a temporary meat-famine, or, at any rate, a serious enhancement in prices in eastern Massachusetts. Had the public no interest in this great improvement? Was the interest of the stockholders the sole interest in view in making it, or had New York anything to do with it?

The company has caused to be replaced, I don't know how many, a dozen or more, of the old wooden bridges upon the line of the road with substantial and expensive iron or stone structures. It has opened and developed, from the Hudson River and the coal-mines beyond, an entirely new coal business into the western and central portions of the State; and I am not sure but that our coal-trains will soon reach as far as the outlying districts of this city. Our cars have brought as many as 30,000 tons of coal in a single year as far as the city of Worcester, in competition with the cheaper water-routes through Norwich and Providence. No coal, Mr. Chairman, can be carried to advantage from Boston westward to any considerable distance, because of the higher rates of freight by water from the coal ports to this city than to Norwich or Providence; and now a new fire has broken out, and Mr. Blood has found a new coal port at New Bedford, better than either. Owners of vessels, to use a familiar word, discriminate against Boston and the Boston & Albany Railroad in favor of the ports I have named. To be sure, they are a little nearer, the voyage is less dangerous, the grades, so to speak, are easier, and so the outside freight is less to these ports, and Boston and the Boston & Albany Railroad lose this business.

And, lastly, at Albany, the company has made very extensive additions to its terminal facilities, and has contributed its proportion to the cost, and aided in the construction of the two bridges over the Hudson River, which are more important to the trade and commerce of Boston and of *Massachusetts* than all the other improvements which I have enumerated, large and important as they are, put together. A few words about the bridges. I will not occupy much of your time about them, because the president will soon furnish you all desired information on the subject. Those bridges were built and are owned by a corporation organized under the laws of the State of New

York, consisting of the New York Central Railroad (the successor of the New York Central Railroad and Hudson River Railroad), which owns three-fourths, and of the Boston & Albany Railroad, which owns one-fourth. The Boston & Albany Railroad Company is a stockholder to that extent. Not a share is owned by private individuals. The single share which stands in the name of the president of this company to qualify him to be a director, is the property of the company, and made over to it. So much for the charges of private interest in these bridges, which have been so industriously circulated. Originally, toll was charged upon all freight and passengers carried over the bridge, and this was done by authority of the State of New York, which established the tolls; and a portion of the money used in the construction of the second bridge was earned by the first in this way. This was exactly what is proposed with the Tunnel under the toll-gate system. That has been for some years abandoned, on all joint or through freight, in which both roads are equally interested. When it was charged, it was not paid by the freighter, but was allowed by the connecting roads to the bridge out of the joint earnings, before division. New York freight was treated the same as Boston freight. There was no discrimination in its favor. No dividend has ever been paid to the roads owning the bridge from its earnings. In consequence of the great cost of the bridges and the expense of their maintenance, the roads owning them are allowed two miles as constructive mileage in the subdivision of the joint earnings upon through freight,—that is, the Boston & Albany is allowed to divide upon 201 instead of 200 miles, the actual length of its road. That is all there is about that matter; and is there any wrong or harm in that? There are charges for what is local freight on cattle starting at West Albany; and I have heard of something being said about the tax upon the poor man's coal carried over the bridge. This coal comes from the Susquehanna road, which reaches down into the coal districts of Pennsylvania. It owns no part of the bridge or interest in it; does not help maintain it; and cannot reach it except over the tracks of the New York Central Railroad. If these cars and freight of one company are hauled over the road and bridges of another, why should they not pay a reasonable price for the privilege and the service?

How does it differ from the practice of the Grand Junction Railroad? If the Fitchburg or Lowell roads want their cars hauled over that road to East Boston, it is done, and they pay for the service.

Mr. Atkinson proposes to construct a railroad to South Boston to connect with all the steam roads which enter the city, at a cost of one or two or three millions of dollars. That enterprise will hardly be accomplished if his company cannot charge a fair price for the use of it by other roads. The Union Freight Railroad, now operated by the Old Colony Railroad Company, charges from three to five dollars a car for transferring them from one road to another; and if I recollect right, this same company, known as the Marginal Freight Railroad, long before it was constructed, made a contract with a company somewhere down in Connecticut, selling the exclusive right, for ten years, to draw cars over that road for \$1.50 per car, empty and full. At this very time 430 long coal-cars are on their way to Carbondale to bring back coal over the bridge at Albany to supply the market in this State. By no other route can a ton of coal be brought into Massachusetts to-day.

In addition to all these improvements of which I have spoken, the company, within these seven years, has increased its equipment as follows:—Its engines, from 144 to 238; its passenger, baggage and mail cars, from 127 to 243; and its freight cars, from 2,334 to 4,816,—more than one hundred per cent. It has adopted and generally applied the most important and well-tested improvements and devices for the safety of its trains, and the comfort and security of its passengers,—the Miller platform, and the train-brakes. It has recently made a contract for Hall's electric block-signals; and the president is now negotiating for a double line of telegraph wires over the whole road for its exclusive use. It has covered three-quarters of the main road with steel rails, and in a year or two, at farthest, the whole line will be of steel. This is what this president, with New York sympathies and New York interests, and these puppet directors, have done with the company's money, with the greed for personal gain, and hostility to Boston interests in their hearts.

Now, what is the result of all this work and of this expenditure of money? The passengers have increased during this

time from 3,622,114 to 5,889,382; tons of freight, from 1,319,059 to 2,668,403; tons carried one mile, from 121,348,891 to 290,672,369; barrels of flour, from 1,137,780 to 2,043,744; bushels of grain to Boston,—Mr. Chairman, note that, if you please,—from 795,658 in 1868, to 5,028,702 in 1874. The total exports of wheat and corn from the whole city of Boston, in 1866, were but 37,505 bushels. From this company's elevator alone at East Boston, in 1874, were taken for export 1,418,192 bushels, to which must be added what was loaded into vessels somewhere else from wheelbarrows, of which we have had interesting and instructive accounts. During the last three months 500,000 bushels have been delivered from the East Boston elevator for export. During these seven years the average cost of transporting one passenger and one ton per mile has been reduced from $2\frac{840}{1000}$ to $1\frac{614}{1000}$ cents, a reduction and saving to the public of 38 per cent.

The average rates per mile, received on through freights between Boston and Albany and west of Albany, were as follows:—

By Western and Boston & Worcester Railroads.

In 1855,	$2\frac{33}{100}$	cents per ton per mile.
1860,	$1\frac{99}{100}$	“ “
1865,	$2\frac{82}{100}$	“ “

By Boston & Albany Railroad, after Consolidation.

1870,	$1\frac{42}{100}$	cents per ton per mile.
1873,	$1\frac{36}{100}$	“ “
1874,*	$1\frac{26}{100}$	“ “
October, “	$1\frac{15}{100}$	“ “
November, “	$1\frac{22}{100}$	“ “
December, “	$1\frac{18}{100}$	“ “

The average rates received on freights between Boston and points west of Buffalo, by the “lines,” in *December*, 1874, were,—

On flour and grain, to Boston,	$0\frac{80}{100}$	cts. per ton.
Average on <i>all</i> through freights for same month was	$1\frac{18}{100}$	“ “

* Year ending September 30.

Showing a discrimination in favor of flour and grain to Boston, over average of through freight, $0\frac{28}{100}$ cents per ton per mile.

Hear what has been said from time to time by the Boston Board of Trade. In their report, made January, 1872, I find the following :—

“No one can look upon the activity which crowds our thoroughfares, upon the extent of the territory (continually widening) which is devoted to commercial pursuits, and especially upon the returns of traffic upon all the railway lines converging in Boston, which have just been made public, without arriving at the conclusion that the general trade of the city has reached very large proportions, and that its condition is thoroughly healthful. Year by year we are selling more and more dry goods, ready-made clothing, boots and shoes, groceries, fruit, fish, hardware, glass and crockery ware, and other commodities to the Southern and Western States; and the proportion of the fabrics of our own manufacture sold in Boston, as compared with those disposed of through the branch agencies in other cities, is constantly increasing.

“The Boston & Albany Railroad Company, whose efforts in behalf of our foreign trade during the past year cannot be too highly commended, is proposing, etc.”

In January, 1873, the report speaks of what had been done by the Cunard Line, and also says :—

“Many improvements in our railway travel and transportation, with increased facilities for the rapid and cheapened landing of merchandise for shipment at tide-water, have been originated, aided or influenced by the action of this Board.

“The shipments of corn have more than doubled, and those of bacon have increased to nearly fourfold, while almost every other article shows a gain. *It should be remembered that two years ago this trade did not exist at all.*”

In January, 1874, it is said :—

“Already have our exports of provisions and bread-stuffs largely increased, as will be seen by statements in another place, and the prospects are decidedly encouraging for a still further increase during the coming year.”

Speaking of the large business in hogs, it says :—

“The product of these hogs is mostly shipped to Europe, and have largely increased the export trade of our city; but considerable is also consumed at home.

“ Our receipts of flour include 266,359 barrels by the Grand Junction Railroad, nearly all of which was forwarded to Eastern markets, or shipped direct to Liverpool.”

In the report of this year it is said :—

“ The provision trade is an exception to the general depression which has prevailed in other branches of trade, and has been more prosperous than any previous year for the past ten years.”

“ The receipts of hogs have been 613,874, against 901,137, last year. The product of most of these hogs has been shipped to Europe.”

And now I find in the report of the proceedings before the legislature, on Tuesday of this week, the following :—

“ *A New European Steamship Company.*—A petition was received from W. H. Lincoln, C. L. Taylor & Co., Baldwin, Botume & Co., John D. Parker, Frank N. Thayer, Thomas Dana & Co., Edward Sands and Samuel G. Reed, merchants in Boston, representing that they desire to form a corporate body, under the name of the Boston Navigation Company, for the purpose of building, for their own use, equipping, furnishing, fitting, purchasing, chartering, running and owning steam and sailing vessels, to be employed in the service between Boston and Liverpool, and the general freighting business, and asking for an act of incorporation.”

I ask now, in all fairness, if, in view of this record of work and results, the private interests of the stockholders is the *only* interest which the managers appear to have had in view. Is there any excuse or justification for the charge made here, that they desire the smallest amount of business, at the least cost, and with the greatest profit? or, if a motive to crush out the business of Boston is very apparent. I say, on the other hand (you must excuse me for saying what I would not, except in vindication of the managers of the road from these unjust assaults), that their plans have been comprehensive, their policy liberal and progressive, and have been designed to promote, and have promoted, to a very large extent, the growth and prosperity of the Commonwealth, and especially of the city of Boston.

I come now to the second branch of the inquiry, which is, whether the rates of freight and other arrangements are properly adjusted to encourage the shipping of freight to and from the port of Boston.

The Grand Junction railroad and wharf property has been purchased, reconstructed, and put in full and successful operation by these managers, at a cost of \$2,000,000 for that very purpose, and for no other. I will not detain the Committee now to describe this road and property, or the uses to which it is put. It is sufficient, generally, to say that it is a road nine miles long, passing through Cambridge, Charlestown, Somerville, Chelsea to East Boston, increasing the facilities for business, and contributing to the wealth and prosperity of each of them. That it comprises a territory of thirty-three acres, upon which are extensive warehouses, mostly new, a grain-elevator nearly completed, with a capacity of 1,000,000 bushels, extensive wharves, and the finest dock, confessedly, in the city, for commercial purposes. We hope, at some future day, when the season is more advanced and the weather is more propitious, you will examine for yourselves, and decide whether these "other advantages" are properly adjusted or not. Certain things over there are within our own control. No charge is made for wharfage on merchandise which has come or is going over our own road. We take all ocean-bound freight the additional distance to East Boston at Boston rates. We have bonded our road "to encourage imports" into the port of Boston, which some gentlemen think we should not have done. We receive, weigh in, store ten days, deliver and insure while in the elevator, all grain for one and one-fourth cents a bushel, which is one-half a cent a bushel less than is charged by the Baltimore & Ohio Railroad, whose arrangements are so highly complimented by the Committee upon the improvement of the South Boston Flats, for liberality to the merchants of Baltimore; and I presume, though I do not know the fact, that their higher price does not cover insurance. A year or two ago, I could not find a single elevator in any of the great grain centres of the West which insured the grain while in store. For each additional ten days, or part of the same, one-quarter ($\frac{1}{4}$) of a cent per bushel. Now, I ask again if these arrangements and these facilities have been furnished for the *sole* benefit of the stockholders, or if they inure in any way to the advantage of the commerce of New York? What have these managers done all this for; made this vast expenditure of money; piled up this load of debt, to be increased millions more, without another dollar in

over its own New York Central road, if it comes to dividends, or the hope of it? They have done it simply in what they have deemed the proper and faithful discharge of their duty, both to the public and to their stockholders, whose rights and interests they are bound alike to care for and promote. They have done it to get business, to create it, to build it up, and not to crush it out and destroy it; and business they mean to have, if it can be fairly and honorably obtained. They do not intend that these magnificent terminal facilities shall remain idle or useless when there is business to be done, nor can they afford to have them remain unproductive.

But there is the matter of discrimination, as it is called, of five cents per one hundred pounds in favor of New York. That, so far as the established and recognized tariff goes, is certainly true. There is in the tariff this difference of five cents in favor of New York. I regret it, and wish it were otherwise. The tariff from the West to Baltimore is five cents under New York, just as New York is five cents under Boston. This difference is based upon the geographical position of these different cities. Abstractly speaking, you cannot say that this difference, or some difference, is not just. It certainly does cost more to move freights the longer distance, the conditions being the same, and much more, if the conditions are adverse to the long line. From Chicago to Boston, via Lake Shore, New York Central, and Boston & Albany Railroads, it is 1,038 miles; from Chicago, by the same route, to Albany, and thence by the Hudson River Railroad to New York, is but 981 miles, fifty-seven miles less. From Buffalo to Albany, over the New York Central Railroad, is but 298 miles. All freights are divided among the different roads that make up the line, *pro rata*, according to their mileage. If the freight, therefore, comes to Boston, the New York Central Railroad will get $\frac{298}{1038}$ parts, while if it goes to New York, it will receive $\frac{298}{981}$ parts for hauling it from Buffalo to Albany, in addition to its earnings over the Hudson River Railroad, an additional 138 miles. At forty-five cents per 100, the rate being the same to Boston and to New York, the New York Central Railroad will receive, if I have cast it correctly, \$25.83 on a car of ten tons, if the freight comes to Boston, while if it goes to New York, it will earn \$40, a difference of \$14.17. It will receive \$1.03 less for hauling the car

Boston, than if it went to New York. It has to work so much cheaper for Boston than for New York business. Now, gentlemen, put yourselves in Commodore Vanderbilt's place, at the head of a great New York road, surrounded by New York merchants as deeply interested in the prosperity and business of their city as we are in ours, or, perhaps I should say, as you are in yours; and then decide, if it is not asking a liberal concession from him, and if it is not obtaining a liberal concession, if we get it, to wipe out this difference of five cents. It is very easy to talk about "putting your foot down," which, I suppose, is another term for coercion; but my impression is, that President Chapin, if he should try that game, would find the Commodore's foot quite as heavy as his own. That is not, in our judgment, the best way to accomplish your and our ends, for we all desire and need the same thing. By argument, by coöperation, by appeals to interest, and, I have no doubt, by personal influence, the president of this road has already secured valuable concessions to Boston interests, for which he and those who have granted them, deserve thanks rather than abuse, and we may soon, we can hope, get more and greater. It is, we say, and try to prove, manifestly for the interest of the New York Central Railroad to work for us and with us for Boston business, on a little less profit than on their freight to New York, because on Boston business they are, at least, sure of it over two-thirds of their road, while if it goes to New York, their great rivals may take it all from them. It will be a sad day for Massachusetts interests and Boston interests, when there shall be any serious quarrel or controversy between the managers of the New York Central and Boston & Albany railroads,—at all events, until there are more and better means of communication between us and the West than now exist. Sooner or later, this difference will be given up, and the great cities on the seaboard will all stand on terms of equality for the business of the West, so far as distance is concerned. It is our interest, as it is yours, to hasten that time.

It has been said, rather faintly to be sure, here, that if our connecting roads will not join with the Boston & Albany Railroad in removing this difference and sharing the loss, it is the duty of this company to assume it all, itself. It is a sufficient answer to such an absurd proposition to say, that after doing so,

there would, at present rates, remain the sum of \$7.42 to the road for hauling a car of ten tons from Albany to Boston, 200 miles, over its mountain grades, with the privilege of hauling the car back empty.

Complaints are also made that rates of freight to Portland have been less than Boston rates. That may be, occasionally; but it is a cut, a violation of the tariff, and not the established rate. The Grand Trunk Railroad, I believe, make Portland rates 5 cents less than Boston, and so they should by their line. They are cutting the corners of our Western connections at all points, and occasionally, I suppose, to retaliate, the agents of those roads take freight for Portland at Grand Trunk rates. They must take it so, if at all; and do you care to say by legislation or otherwise, that no Massachusetts road shall do any Western business with the city of Portland. I have a great respect and a great liking for that very enterprising city, but I do not think that there is yet much cause for the petty jealousy that has been manifested here at her reviving prosperity. Rejoice in her good fortune, if she has any. Boston cannot fail to reap a large share of it in some way. Of one thing you may be sure, that under no circumstances will the Boston & Albany Railroad Company ever consent, that any tariff which it has any power to control, shall give a preference to Portland over Boston.

And now, Mr. Chairman, will you believe me when I tell you that during all the time you have been engaged in this hearing, the managers of the Boston & Albany and New York Central railroads have been, and are now, actually taking freight *from* Boston to Chicago and the West from 10 to 25 cents per 100 pounds *less* than the current rates from New York. Not 5 cents merely, but from 10 to 25 cents. Here is a copy of the tariff in force to-day—(on colored paper, because, I suppose that business is done by the colored lines):—

	1st Class.	2d Class.	3d Class.	4th Class.	Special.
Present rates New York to Chicago,	\$1 00	\$0 90	\$0 75	\$0 60	\$0 45
“ “ Boston to Chicago, .	75	70	60	45	35
Difference,	\$0 25	\$0 20	\$0 15	\$0 15	\$0 10

Rates from Boston to the West are always as low as from New York. There is certainly no discrimination against the manufactures and mechanics of the State. That, at least can be said for the roads, if anybody cares to find, or to say anything in their favor. This whole matter of rates of freight is governed almost entirely, or largely, by competition. You have probably read Mr. Garrett's recent letter to Mr. Scott, charging him with breach of faith in this business, and Mr. Scott's reply denying that he did it, and saying that Mr. Garrett was the man. At this hearing, Mr. Shumway told you that the Baltimore & Ohio agent offered him a cut of 10 cents under the Boston & Albany rate, and here I have a letter signed by that agent, saying that he is no such man, that that statement is not correct. I will not read it. All I can say about this whole matter of competition, or cutting under for freight, is, that I hardly pretend to understand, much less to explain it.

Complaint is again made because our rates to the West are sometimes higher than by the longer lines. All, without exception, admit that our line is the best, and that they would much prefer to, and should send our way, if the price was the same. Of course they would. But if the price is all that is in the way, the management, the *personnel* of the road, cannot be so bad after all. Our line, they say, is the shortest, the quickest and the best, and the freight would all go by it at the same price. That is the explanation of the lower price by the poorer route, and the only one. It does not make any difference what our price is. Our neighbors seeing us do all the business at the same price, must and will cut under, whatever that price is, to get any. Mr. Chairman, if your neighbor has a poorer horse or machine, or any article of inferior quality of the same kind to sell than you have, he must sell at a less price if he sells at all, or somebody will be cheated.

The comparison has been frequently made here, between the Baltimore & Ohio and the Boston & Albany railroads. In any such comparison, proper allowances should be made for the widely differing conditions and circumstances in which those roads are placed. The city of Baltimore has a very large pecuniary interest in the Baltimore & Ohio road, amounting, I believe, to several millions of dollars. The city of Boston, as a municipality, has contributed nothing to the Boston &

Albany road, and does not own any interest in its stock. The Baltimore & Ohio road is permitted to use the streets of the city with the freedom, almost, with which it uses its location elsewhere, laying its tracks across, or in, and along them for miles, as its conveniences require.

The Boston & Albany road holds with difficulty, and may lose at any time, its present connection across three or four streets to its wharves and warehouses in East Boston. It can find no practicable way to unite its road and terminal facilities in Boston proper with the South Boston flats, because of the restrictions imposed upon it about crossing the public streets. I do not speak of this by way of complaint, but to show how much more exacting public sentiment or public convenience and interest is, in one case than in the other. The Baltimore & Ohio road has the advantage over the Boston & Albany road in having the absolute control of a through and unbroken line to the West, and with a saving also of two hundred miles or thereabouts in distance. And more important than all, so far as regards the cost of running its trains, coal costs upon its engines but a dollar and a half a ton, instead of \$7 or \$8 as when delivered upon the line of the Boston & Albany Railroad. The time was, when Boston might have had its unit through line, at least to Buffalo, without the expenditure by the State of \$20,000,000, if nine men of sagacity and pluck, and disposition and means, could have been found to join the tenth to secure it. I have no doubt the men were here at that time, but unfortunately they were not found.

The rebate or drawback on freight for exportation, I do not propose to discuss here, unless you desire it. It is well understood what it means. Whatever the managers have been able to do in this direction has been in the true and best interest of the commerce of the city of Boston; and their only regret is that they could not do more. They have nothing to conceal, although there has been an effort to make it appear so. If you think the practice objectionable, you have only to say so. One thing more only I will say about it. The unfriendliness or caprice of the New York Central railroad is not the "slender thread" upon which the continuance of this rebate depends. The Pennsylvania Central and Erie railroads have quite as much to say about the tariff from the West to New York as the

New York Central road. As yet they care little for Boston freight, and insist upon the discrimination between Boston and New York. When you proclaim to them that one line has departed from the recognized tariff, for your benefit,—although only to a partial extent,—they feel themselves justified in making a corresponding reduction to New York, to reestablish the difference; and the New York Central has to follow, or lose all business to that city, and Boston is then as badly off as if no rebate was made.

There remains the matter of guaranteed bills of lading, and here I frankly admit the evils of the present method of doing business. Some system should be adopted to prevent this gross and inexcusable carelessness or fraud, whichever it may be, of which so much complaint has been made. It is not, however, peculiar to the trade with Massachusetts. The pamphlet handed to you by Mr. Locke, speaks of underbilling as a general practice in the trade at the West. There is very little of it, if any, now at Chicago. At Toledo, also, the grain is generally billed correctly, but not always. At other places which I might name, the business is done with a degree of looseness discreditable to all concerned. I will give you a few samples of elevator weights compared with way-bill weights. A lot of wheat from Chicago, in thirteen cars, fell short but five bushels in 5,200; another lot of 7,200 bushels, in eighteen cars, was short but six bushels. In a lot of wheat from Toledo, in seven cars, billed at 2,800 bushels, the shortage or shrinkage was but six bushels; while in a lot of corn, in six cars, from the same place, way-billed as 2,160 bushels, there was an *excess* of forty bushels in each car. The invoices are rarely or never shown to be compared with the bills of lading. In point of fact, this system of underbilling is not what has affected most the trade of the Boston grain-dealers. Much less escapes weighing at local points than they suppose. For many years, Boston enjoyed the monopoly of the retail grain-trade of the central and eastern part of the State, and it was, of course, very pleasant and profitable. You know how, formerly, the tariff was so arranged that it cost less to bring Western freight through to Boston than to leave it at Worcester, at Springfield, or even at Pittsfield, one hundred and fifty miles nearer the starting point, by the same route. *That was discrimination.*

The consequence was, that my neighbor, or the neighbor of the president of the road, could come here, buy his flour and corn, ship it back at local rates to Worcester or Springfield, cheaper than he could stop it in transit; and this continued until the legislature interposed and passed a law to prevent it, and, with the passage of that law, Boston necessarily lost the monopoly she had so long enjoyed. I can count now no less than five small elevators and grist-mills, which have been erected within a few years, upon the line of the road east of Worcester, for the supply of the local markets. Of course, no one will come here from Westborough, or Ashland, or Natick, or Newton, to purchase corn or meal, when he can get it as cheap at home, and save one handling and local freight. The building of branch and connecting local roads has also contributed largely to a change in the course of business. The Framingham & Mansfield Railroad, during the second year of its existence, received from the Boston & Albany, at South Framingham, 300,000 bushels of oats and 900,000 bushels of corn, for the southern counties of Norfolk, Bristol and Plymouth. Undoubtedly, a large portion of that business had been previously done by Boston dealers. Now, we may regret this, so far as our Boston friends and customers are concerned. I regret it on account of our road. We should prefer to bring it all here. We should make a little more money by so doing, not being obliged to divide with the Framingham & Mansfield Railroad; but we can't help it, and we must accept the situation and accommodate ourselves to it. What is our loss is somebody's gain, and, as we are all of one family, it don't appear that the community, as a whole, is the loser. This company is doing, and will continue to do, everything in its power to protect the Boston dealer from unfair competition by this system of under-billing, until the practice is broken up.

The matter of shortage only remains. It is an evil which should be remedied, and I hope will be as soon as possible. The remedy will perhaps come by degrees, if it will be lawful to make partial arrangements. I can see no good reason why, if both parties are disposed, grain coming from an elevator under the control of the road at the shipping point to either of our elevators in Boston, should not be guaranteed. With grain coming from points where there is no responsibility for weights,

there will be greater difficulty in making satisfactory arrangements. It has been stated here that the New York Central Railroad guarantee bills of lading of grain over their road to New York. Mr. Rutter, the agent of that road, denies this statement in the most positive manner. He says the guarantee bills referred to are given by the elevator at Buffalo sometimes, for a consideration, and the propeller lines do the same thing, but that the railroad company has not and will not give them. I have unfortunately mislaid Mr. Rutter's letter, and cannot produce it. As there seems to be some contradiction or difference between Mr. Locke and myself upon this point, I should be obliged to you, Mr. Chairman, if you would have your clerk write to Mr. Rutter for his statement upon the subject. I have received a letter from President Chapin upon the subject, which I will read, as more satisfactory than anything that I can say :—

SPRINGFIELD, MASS., February 13, 1875.

D. W. LINCOLN, Esq.

Dear Sir,—Your favor of yesterday is received. Formerly, as you will recollect, our grain trade was wholly with the canal, taken through our elevator at East Albany to the cars. While this was the course of trade, we weighing all the grain as it was taken from the canal-boats, I do not recollect that we ever heard of short weights, or underbilling. In case of break-down or loss or damage from defective car, we held ourselves responsible, as we now do, for like causes. The matter of guaranteeing weights would, I am satisfied, be for our interest, and we have always stood ready, as we now are, to make this the rule throughout; and I am in hopes we shall be able to bring our connecting roads to agree to it. Whether we can accomplish in that line what we have thus far failed to get, I cannot say; but we can, and I think we may well pledge ourselves to continue our efforts until the object is accomplished. This underbilling, I trust, we will be able to stop, as we have now got in scales, so that very little of it can escape us. In doing this we not only have the best wishes, but the aid of all the honest dealers.

Yours truly,

C. W. CHAPIN.

The Boston & Albany Railroad Company is doing an immense freight and passenger business, amounting to many millions of dollars each year. Its labor and responsibility, and the difficulties of its position are vastly increased by being the

terminal point instead of merely a connecting link in the long line of railroads with which it connects. All mistakes, blunders, losses occurring upon any part of this long line over which it has no control, are too often charged to its account. Its own system is not and never will be perfect; its officers and agents are but men. It is impossible that the business of such a vast concern should be conducted without occasional mistakes and blunders. We freely acknowledge it. It is our duty to correct them, and so far as possible prevent their recurrence. But that the affairs of this corporation are in any way managed to advance the interests of the city of New York to the injury of the city of Boston, or with that effect, or for the private interest or benefit of any of its officers, or in the sole interest of the stockholders, and without a due regard to the rights and interests of the public, we emphatically deny. We claim that the company is endeavoring to furnish, and is furnishing, proper facilities for the promotion of the trade and commerce of the Commonwealth, and that it is doing all that it reasonably can do to encourage the shipping of freight to and from the city of Boston.

I regret that I have occupied so much of your time. I have brought no counsel with me, but have said, in my own way, what has seemed necessary in vindication of the management of the affairs of the company with which I am connected, and for which I am in part responsible. If in so doing I have given offence to any, I regret it, and I hope it will be excused.

GAYLAMOUNT
PAMPHLET BINDER

Manufactured by
GAYLORD BROS. Inc.
Syracuse, N. Y.
Stockton, Calif.

