

Boniface, 19 cents. Fourth-class freight: first distance, 30 cents per 100 lbs.; second, 35 cents; third, 90 cents; fourth, 14 cents. I dare say these figures will be found tolerably alarming. They show profits very much more than fair compensation. They are monopolists' figures, first compensation and afterwards a tax or duty as large as it is thought the traffic will bear—a burden upon the consumer and producer of the most dreadful character. I said I would give some evidence as to the general view of railway men on this subject. It is not confined to absolute monopolists; they are all more or less monopolists. Two of the great railway presidents, Vanderbilt and Jewett, stated, I think, in 1879, the rule of the road to a committee of the New York State Legislature investigating into the tolls connected with the railways. The rule was: "Charging all an article will bear, and at the same time stimulating its production." You see I am not striking at the St. Paul and Manitoba Railway only. They all follow the same rule, but some are in a position to charge more than others, all animated by the same virtuous desire. The great mining railways simplify things beautifully. You go to the manager of one and say: I want to send some ore to such a point, what is your freight a ton? He asks how much will your ore assay? You reply, what have you got to do with that? He says: I must know what your ore will assay. If it will yield thirty dollars, then I will charge ten dollars. To the same question, if you have got ore that will assay \$300, you will receive a similar answer, and a demand for \$100 for freight, or as much as the traffic will bear. The report of the railroad company of the New York State Assembly, of 1879, says, after a year's enquiry:

"The wheat rates from Chicago to New York were raised from 15c. in August—a living rate—to 40c. in November. It cost the road as much to haul the stuff in August as in November. The rate was raised simply because the condition of the market wanted it, and the product could bear it. The wrong consists in not only performing the proper functions of transportation, but, taking into consideration the probable or possible profit of a shipment and adjusting their rates accordingly. If the shipper is likely to make a large profit, they compel him to divide. If the margin is a close one, they determine whether the shipment shall be made or not, whether it shall result in profit or loss, and the amount of profit or loss."

Now those are statements well worth pondering over. This was a committee appointed to consider the subject with reference to the State through which, you know, there passes an enormous tide of traffic, and particularly an enormous tide of that kind of traffic which for a long time to come we expect to export from our own North-West, that is grain. Through the State of New York and to the port of New York, there come millions and millions of bushels every year. They, finding these evils existing, appointed a committee to enquire and a close enquiry, lasting about a year, was made, and they found that to be the principle which the railway companies carried out as far as they were able to do so in the circumstances in which they are placed—if the shipper is likely to make a large profit they require him to divide. Discussing the very topic which is so very important to us they say:—

"The price of cereals is regulated by the demand. European demand regulates the demand at the seaboard, and this, in turn, regulates the quantity to be brought forward. . . . The price of breadstuffs is governed by the Liverpool market; the Western producer can receive for his cereals the market price thus fixed, less the cost of placing his produce upon that market; and the testimony of men who have been for years engaged in this trade, who swear from actual knowledge, is that a reduction in the rate entitles to the benefit of the producer west, and does not affect the price to the consumer, while an increase in the rates would *pro tanto* decrease the price of the commodity to the producer."

There is practical evidence of that of which they give examples. There is another very interesting statement on this subject by Judge Black, which is as follows:

"The reasonableness of the freight tolls or taxes that may be charged upon any railway will depend on the expenses of running and repairing it and on the cost of construction. The latter will, of course, be the principal element in the calculation, for the tolls ought to be high enough to give the corporation a fair profit on the capital they have actually

invested. But many of these corporations have issued large amounts of stock and mortgage bonds for which the holders have paid nothing, or much less than their nominal value. Another way of enlarging their apparent dimensions is to water their stock under the pretense of increasing their capital, while in fact the additional shares are divided among themselves without putting a new dollar into the business. Of course nobody thinks that the real cost of the road is to be measured by the nominal amount of these bonds and shares. It is easy for a competent engineer to tell how much any road ought to cost, supposing the work to be honestly done and liberally paid for. That being ascertained you have the true basis of a calculation which will show how much the tolls ought to be.

"Most of our Western roads are built with the proceeds of public lands granted mediately or immediately by the United States to the several companies which now have them in charge. They did not really cost the stockholders anything, and in some cases they got lands worth a great deal more than all expenses of making, stocking and running the roads. The two companies between Omaha and San Francisco raised in cash out of Government bonds, lands and mortgages of their franchisees four or five times as much as they necessarily expended upon the roads. The stockholders, without paying anything, put the enormous surplus into their pockets. These roads thus built at the public expense, and in some cases paid for by the public five times over, are now claimed as the private property of the companies, and the right of the public to use them as highways is utterly denied; nevertheless, I think the claim of these companies to take reasonable tolls stands upon the same foundation as that of companies whose roads were built by the stockholders themselves at their own proper expense. The grant of the lands invested the grantees with a title which could not be revoked if the conditions of it were performed. If they sold or mortgaged the lands and invested the proceeds in the construction of a railroad under a charter from a State or general government which authorizes them to take a fair profit in the shape of tolls, they have as good a right to the tolls as if the capital to build the road had been raised by themselves—that is to say, those companies which built the railroads with capital donated by the public have the same right as other companies to charge a reasonable toll, but their demand of excessive tolls, though not worse in law, seems in the eye of natural reason a greater outrage.

"If railroad corporations have the unlimited power which they claim, then all business is at their mercy. Agriculture, commerce and manufactures must suffer what they choose to inflict. They may rob labor of the bread it wins and deprive all enterprise of its just reward. Though this power does not belong to them legally, they have been permitted to usurp it, and I need not tell you that they have grossly abused it. They avow that they make their exactions with an eye single to their own advantage, without considering any right or interest of the public. They boldly express their determination to charge as much as the traffic will bear; that is to say, they will take from the profits of every man's business as much as can be taken without compelling him to quit it. In the aggregate this amounts to the most enormous, oppressive and unjust tax that ever was laid upon the industry of any people under the sun. The irregularity with which this tax is laid makes it still harder to bear. Men go into a business which may thrive at present rates, and will find themselves crushed by burdens unexpectedly thrown upon them after they get started. It is the habit of the railroad companies to change their rates of transportation often and suddenly, and in particular to make the charges ruinously high without any notice at all. The farmers of the great West have made a large crop of grain which they may sell at fair prices if they can have it carried to the Eastern ports, even at the unreasonably high freights of last summer. But just now it is said that the railway companies have agreed among themselves to raise the freight 5 cents per cwt., which is equal to an export tax upon the whole crop of probably \$75,000,000. The farmers must submit to this highway robbery, or else keep the products of their land to rot on their hands. They submit, of course, as all other classes of industrious people submit to similar impositions.

Common justice imperatively requires that freights be fixed, settled and prescribed by law, and that they be not changed at the mere will of the railroad companies.

Now, Sir, it does seem to me that if it had not been for the wonderful productiveness and expansion of the North-West, the people could not have borne the taxation which the railroad companies have been imposing upon them, and as year by year the average fertility of the soil diminishes, as year by year the crop to the acre decreases, it will be found a burden which will compel a change by the act of Congress or some other power. It will be found a burden wholly intolerable to be borne very long;—this control which these great railway companies have over that great country and over the agricultural interests of the great North-West. And while that state of things is existing in the neighboring Republic, while its people are groaning under the burden, while they are looking all around them for means to redress the evil with reference to existing corporations possessing vested rights, the Government of this country, blind to the lessons which the experience of the Republic teaches, proposes to extend and inaugurate that evil in a ten-fold more aggravated shape in this country. To what end is our