

DIVERGENT RAILROAD POLICIES.

In the United States at the present moment are to be seen two remarkable illustrations of railroad policy, as practised respectively by two of the greatest corporations, or rather systems, in America, viz., the Union Pacific, or Harriman, and the Pennsylvania. With the mention of these names always comes up the idea of immense power and wealth, of the highest degree of operating efficiency, and of superior knowledge, not only of railroading and general commerce, but also of intricate financial conditions. Both systems have won phenomenal success, both have made phenomenal progress. The policies of both in reference to the detailed minutiae of railroad work—the handling of men, the appointment of officers, the moving of trains, the fixing of rates, the construction and improvement of way and equipment, the providing of terminal and motive facilities, and such like—are probably nearly identical. In any business or profession there is always a good deal of similarity between the methods practised by the most experienced and most skilful exponents. But the affairs of the railroads, more perhaps than those of other corporations, are two-sided. The men at the head have to regulate external as well as internal relations. Besides giving their attention to the smooth running of the machinery itself, they have to take thought of its contact with outside forces. The condition and sentiment of shippers, the movements of competitors, the attitude of legislatures and of officers of state, as well as the trend of public opinion, all have to be taken into the calculations, and as far as may be made to contribute to the well-being of the properties. It is in this latter external policy, that the Harriman and Pennsylvania systems appear to be widely separated. The latest moves of either party appear to indicate that they are headed in diametrically opposite courses. To see this it is only necessary to recount a few of the well-known recent happenings.

In the first place it should be remembered that, ever since the United States Supreme Court handed down its famous decree dissolving the Northern Securities Company, it has been very much open to doubt as to which of the various railroad combinations or systems could hold together if attacked by the Washington Government. Both the Harriman and Pennsylvania systems were regarded as being somewhat vulnerable, as both consisted of a combination of numerous other roads, some of them competing lines, brought into harmony through purchase of their stocks. However, nothing was done, Washington did not follow up the Northern securities case by proceeding against other lines. It is thought that one reason it was decided to let matters lie was because the adminis-

tration did not wish to upset financial confidence or to create the impression that it proposed to "run amuck" among the corporations. A salutary lesson had been given to the railroad magnates. They had been plainly notified that strong objection was taken by the Government and by the people against a too-thorough elimination of competition and concentration of control; and furthermore that the Government had in its hands the necessary power to curb extravagant aggrandisement whenever it wished to use it.

Then in the summer came an unexpected resolution by Congress providing for an investigation of the Pennsylvania's control over Baltimore and Ohio and Norfolk and Western. Apparently this investigation was provoked, not because the Pennsylvania had been aggressively pursuing the policy of acquiring other lines—for it had not acquired any of importance for some time—but because dissatisfaction was produced along the lines by discriminations in car supply. Some claimants alleged that their business had been ruined by the railroad company favouring competitors with cars and depriving them. In the investigation some extent of petty graft was uncovered, but nothing material about the larger matter. The company had always been careful not to own a majority of the stocks purchased. After the investigation, however, though its right to own the stocks in question was not cancelled, the Pennsylvania began, out of deference to the strong public opinion that prevailed, to rid itself of these various stocks. Arrangements were made for disposing of huge blocks of Baltimore and Ohio, Norfolk and Western, Chesapeake and Ohio. When the sales were made it could no longer be said that the Pennsylvania dominated these competing roads. Besides this action of selling the stocks several other incidents happened lately to show that the Pennsylvania was exceedingly sensitive to the good opinion of the better class of the public. It has cut itself free from a number of entangling subsidiary companies of one kind and another, and thus put itself in a position to silence criticism. In the Harriman system a strikingly different policy, in some respects, has been followed. To the Union Pacific, Southern Pacific, has been added quite a number of other lines. The enormous holdings of Hill stocks have been sold at a huge profit and the money invested in large purchases of Baltimore and Ohio, Illinois Central, New York Central and other stocks. Some part of these purchases are designed to create, according to the Wall Street Journal, not one but two transcontinental systems. So far from lying quiet for fear of the Government attacking his system Mr. Harriman has gone forward aggressively. By the methods he uses he seems to stir up criticism and bad feeling on every