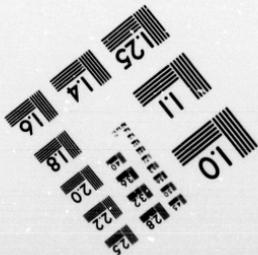
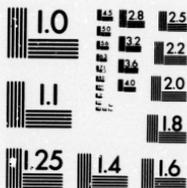


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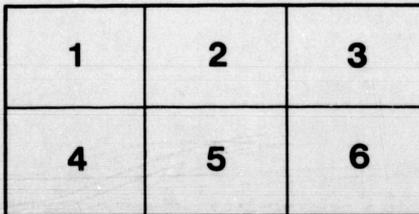
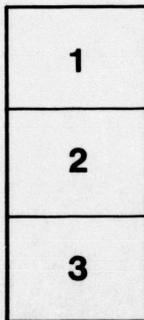
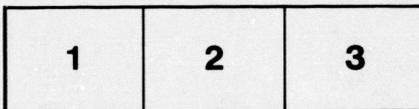
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AN ADDRESS

BY

MR. W. C. BROWN,

General Manager of the Missouri Lines
of the
Chicago, Burlington & Quincy Railroad Company,

BEFORE

THE COMMERCIAL EXCHANGE,

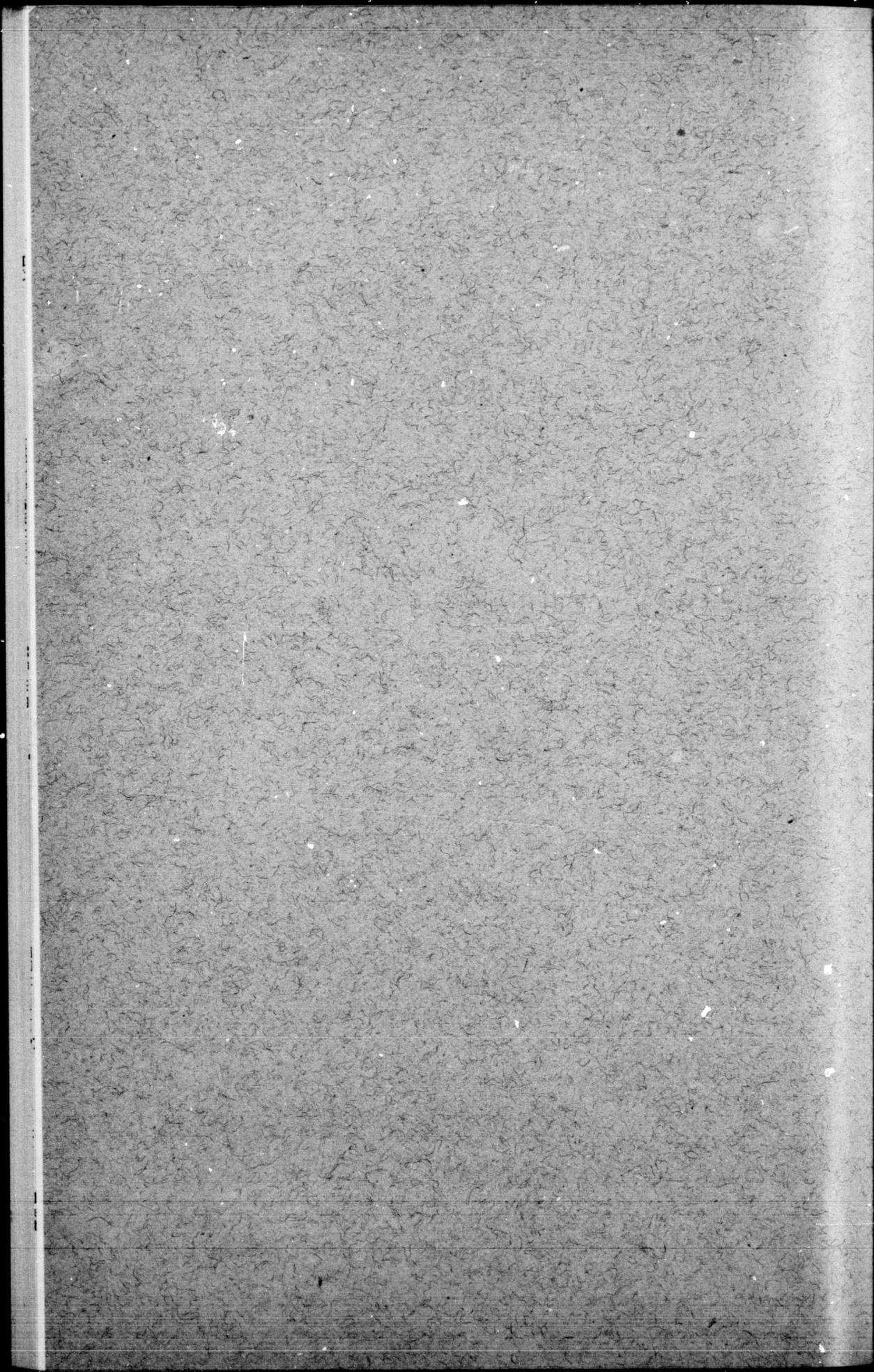
OF

DES MOINES, IOWA,

Thursday, December 20, 1894,

Pursuant to the Following Resolution:

"RESOLVED, that the Secretary, in the name of the Exchange, be hereby directed to invite Presidents of various Roads entering Des Moines to address our citizens, either in person or by their representatives, at an early and convenient date, on matters pertaining to the advancement of the material interest of Iowa, and as to the conditions precedent to a new era of prosperity in Iowa and the West."



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MR. PRESIDENT,

GENTLEMEN OF THE COMMERCIAL EXCHANGE:—

I desire to preface what I shall say this evening by acknowledging for the management of the Burlington road, which I have the honor to represent, the profound sense of obligation felt for this opportunity of meeting with the representatives of the commercial interests of this great city, the Capital and metropolis of this grand state, to counsel together on matters looking to the advancement of the material interests and the future prosperity of Iowa and the West.

Your invitation was extended to Mr. C. E. Perkins, President of the Burlington Road, and I regret exceedingly, as I know you all do, that it is impossible for him to be present and respond in person.

For nearly thirty-five years Mr. Perkins has been actively engaged in enterprises which have contributed in no small measure to that marvelous era of development and prosperity in Iowa which was inaugurated by the completion of the first three lines of railroad across the state—about 1869—and which continued almost without interruption for nearly twenty years.

I regret that he cannot be present because he is naturally and by rich experience so much better equipped

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GENTLEMEN OF THE COMMERCIAL EXCHANGE:—

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for the task, and I know that no citizen of the state feels a deeper interest in the growth, development and prosperity of Iowa.

I am glad of this opportunity to meet these representative citizens of Des Moines and of Iowa.

Something more than fifty-two years ago my father made the long and tedious journey from New York state, and settled near the forks of the Maquoketa river in the territory of Iowa.

Almost my entire life has been spent here; I love the state of Iowa and her people; I feel an earnest and abiding interest in her prosperity, and am glad to believe that I have been selected to speak to you this evening upon this important question because our people know that I am always, and in all places, an earnest, consistent friend of Iowa and her interests.

You have asked us to consider with you "Matters pertaining to the advancement of the material interests of Iowa and as to the conditions precedent to a new era of prosperity in Iowa and the West."

I assume that the language of the invitation, the subject suggested for discussion may be accepted as admitting that there has been a period of comparative depression, of adversity following an era of prosperity, and the fact that in your wisdom you have decided to call into your counsels representatives of the great lines of transportation of this state, is to my mind an exceedingly auspicious omen, as it indicates that the people are learning the important truth that the best interests of all classes of business—commercial, manufacturing, farming, mining and railroads, lie along

parallel lines, and that all have a common interest in that which tends to build up and add to the prosperity of the state.

It has been well said that the prosperity of the farmer is the basis upon which all substantial prosperity rests.

This is true of Iowa, perhaps, more than of a majority of her sister states, because Iowa depends upon her agricultural resources in larger measure for prosperity than almost any other state.

Farming, like any other business, attracts the attention of those seeking investment, in so far as it promises a fair return for labor performed and capital invested.

When, on account of competition in foreign market, or scant demand for the product of the farm in the home market the price of these products falls to or below the cost of production, the business not only fails to attract new investors, but those already engaged in it seek an opportunity to get out.

Next in importance to agriculture as an element of prosperity to the State is the business of manufacturing. I care little what the particular commodity manufactured may be, whether farm implements, steam engines, cutlery, woolen goods, the product of oil mills or flouring mills, or any of the various industries that gather in the raw material from every direction, and by the employment of labor turn out the finished product.

The two great classes of business named are interdependent. Agriculture is most prosperous in the vicinity of a manufacturing center which furnishes a home market for her products, and the multiplication of such centers in

Iowa, or any other state, is a guarantee of the prosperity of the state, because it furnishes one of the most important conditions essential to the prosperity of the farmers of the state.

An exceedingly important requisite precedent to prosperity is reasonable rates for transportation for the products of the farm from the point of production to the point of consumption, whether local or foreign.

Another, and no less important factor, is the encouragement by every legitimate and reasonable means of the investment of capital in enterprises which will employ labor, and to see that nothing is done to discourage or deter the location of new industries of this character, or to hamper or embarrass the liberty of action of these already in existence.

In this connection I ask you to consider the railroads of the state. These roads are manufacturing bridges and buildings, locomotives and cars. They are manufacturing and selling a commodity called "Transportation," and in this business they employ in the state of Iowa nearly thirty thousand men, furnishing directly a means of livelihood for one hundred and fifty thousand people, and contributing indirectly but substantially to the maintenance of many other thousands.

For years almost every corporation of any magnitude employing a large amount of capital and furnishing employment to large numbers of men, has been made the foot ball of demagogues of all parties.

Ostensibly in the interest of the farmer and the laboring man legislation has been proposed, and in many cases has found a place on the statute books, which worked disaster upon the very interests they sought to serve.

Legislation or agitation which results in deterring capital from embarking in business which will give employment to labor, is tenfold more hurtful to labor and agriculture than to capital.

The man with capital to invest may elect whether his money shall be invested in manufacturing enterprises which will probably afford a fair return on the investment, but whether it does or not will furnish employment to labor and bring comfort and happiness to many homes; or whether it shall be invested in government bonds or other similar securities, or lie idle, as is the case with millions of capital at the present time.

Is there any room for doubt that the influence of the demagogue and the walking delegate has been, and is to-day, potent in preventing the investment of capital in enterprises which would furnish employment for many of the unemployed of our land?

This particular feature of demagogism has heretofore been peculiar to the cities, and in rare instances to some of the states, but unfortunately it is no longer thus limited.

A report recently made public by a commission appointed by the United States Government to investigate the great railway strike of last summer, which had its storm center in Chicago, but whose baleful clouds cast a shadow of dread and disaster over the entire country, presents an exhibition of demagogism which should bring a blush of shame to the cheek of every American citizen who loves righteousness and justice.

The history of that disastrous, uncalled for, and wanton strike is familiar to the people of this country.

Inaugurated without reason, carried on with the utmost arrogance and recklessness, the leaders of that insane revolt against the peace and good order of this country held every business interest of this broad land by the throat, until compelled by the strong arm of the Government to release its murderous grasp, it slunk back into the haunts of Anarchy, whence it came.

The evidence submitted to this committee was published by the daily press of Chicago at length, and was read with interest by thousands who must wonder at the marvelous exhibition of mental gymnastics, distortion of evidence, and utter disregard of facts which made it possible for this commission to virtually acquit Debs and his fellow conspirators, and by inuendo and insinuation attempt to place the responsibility for that strike upon the railroad companies which were the innocent victims of that most infamous boycott.

Unwarranted as this report is in its conclusions, glaring in its injustice, and grotesque in its inconsistencies, its disastrous effect will fall far beyond the interests at which it was directed.

The ultimate effect of an attack of this kind is to prevent the investment of capital in any class of business involving the employment of labor; and in thus restricting the demand for labor the blow falls heaviest upon the very interest the authors pretend to have at heart.

The state or community will be most prosperous, which offers the most favorable field for the investment of capital which in turn furnishes employment to labor at remunerative wages.

Capital is attracted to those localities where it will find the most freedom, where it will be assured of a friendly welcome, fair treatment, and the greatest measure of consideration, protection and liberty of action.

In discussing the subject before us this evening, in its especial relation to the State of Iowa, I desire to consider with you three important questions.

First. Have the railroads done everything that can fairly be expected of them, in furnishing transportation at reasonable rates?

Second. Has the State of Iowa done her full duty, in fostering, protecting, and encouraging capital already invested?

Third. Are present conditions in Iowa such as will attract the investment of new capital?

I have said that the twenty years from 1868 to 1888 were years of great prosperity for Iowa.

Perhaps the Burlington Road may be taken as fairly representing the prosperity, and as an index of the general improvement made by the railroads of the State during that period.

Ten important branches of the Burlington Road were constructed in Iowa, and something more than seventy miles of the main line was double tracked. Great shops for the construction and repair of locomotives and cars, giving employment to hundreds of men, were built at West Burlington and Creston. Grades were reduced, iron rail was replaced with steel, and permanent structures of masonry and steel were substituted for the old wooden bridges. Passenger stations, commodious and complete, and a credit to the State as well as to the cities they served, were built

at Burlington and Ottumwa. Estimates were made and plans perfected for extensive additions to the double track, for new passenger stations at principal points, and for re-modelling and modernizing some of the more important yards.

This work of improvement was continuous up to the year 1888. During the year 1887 there was spent on the line of the Chicago, Burlington & Quincy in Iowa in the neighborhood of three hundred and fifty thousand dollars in permanent improvements. This amount was in addition to ordinary repairs, and did not come out of the earnings of the road. It was new money sent to Iowa from New England to be paid out for labor and material in making improvements.

In September 1887 the pay rolls of the Burlington Road showed 5,216 men employed in Iowa; in addition to this there were fully two thousand more men employed by contractors who were doing work for the road. The large stone quarries at Dudley and Mount Pleasant were running full handed, furnishing stone for bridges, buildings and ballast, giving employment to scores of men and teams.

In September, 1894, the pay-rolls show 3,556 men in the service, and I doubt if there has been as much money spent on the Burlington Road in Iowa for improvements, during the six years from 1888 to 1894 inclusive, as was expended in six months during the year 1887.

For six years the tools of the Iowa contractor have lain idle, the cranes and derricks in the quarries have grown rusty, standing lonely and silent, grim reminders of a time of past activity and prosperity.

These were the evidences of prosperity so far as the railroads were concerned prior to 1888, and while enjoying this season of prosperity, the reports of the railroad commissioners will show that these roads were contributing in no small measure to the general prosperity of the state, and especially to that of the farmer.

In the fourth annual report of the board of railroad commissioners, on page eight, will be found an extremely interesting table, showing the freight charges and reductions in the same, on fifteen of the most important lines of transportation in the United States, including the Erie Canal and the following Iowa railroads: The Chicago, Burlington and Quincy; Chicago, Rock Island and Pacific; Chicago and Northwestern; Chicago, Milwaukee and St. Paul; Burlington, Cedar Rapids and Northern; Illinois Central, and the Central Iowa.

The period covered by this table is from 1868 to 1878, and referring to the same the report says:

“A careful study of the foregoing table will show that the fourteen railroad lines mentioned have, almost without exception, steadily reduced their rates in a substantially fixed ratio during all the successive years from 1868 to 1878 inclusive. The few exceptions to this rule, as previously mentioned, show the slight average increase of only nine-hundredths of a cent per ton per mile—an increase which bears but a slender ratio to the increase in the cost of labor, supplies and all forms of material entering into railroad use. In the average the Erie Canal rates show a decrease of 44 per cent from the rates of 1868. The New York Central and the Lake Shore and Michigan Southern, which are practically one continuous line of railroad, and the Chicago, Burlington and Quincy, show the greatest decrease in charges,

to wit, 68 per cent. The Michigan Central comes next, 66 per cent; the Boston and Albany, the Chicago, Rock Island and Pacific, the Chicago and Northwestern, the Pennsylvania, and the New York, Lake Erie and Western following in the order named. The average per cent of decrease in the Illinois Central charges, as shown in the four years noted in the table, is found to be equal to those showing the largest decrease for the thirteen years of their exhibits respectively. Another fact prominently appears in this table, which is that the largest ratio of decrease has been made during the last five years, more in the average than during the preceding eight years. From all these deductions it is evident that the cost of transporting the great bulk of all the food productions, and lumber, coal, manufactures, merchandise, and indeed of everything moved by rail, is steadily undergoing a marked decrease from year to year, the reduction of the last four or five years being equal in the average of the largest made by any company during the whole time covered by the table. Besides this exhibit of decrease in present charges as compared with those of a series of former years, we are enabled to state that the average of the present rate per ton per mile is lower than the rate fixed by the government in Bavaria on grain shipped from Austria-Hungary and from Bavaria to Switzerland and the Rhine. These lines are government railways, and the rates are therefore fixed by the government authorities, and are presumably as near cost as can well be made. This rate on grain is 1.42 cents per ton per mile, while the average on all traffic of the fourteen railroads named in the foregoing paper is 1.34 cents per ton per mile. As the latter is the average upon *traffic of all kinds*, and as it is lower than the Bavarian government rate on *grain*, the comparison will appear all the more striking. As the population per square mile of Bavaria is much greater than the average of the American states

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through which the roads named in the table pass, still greater emphasis will be given to the comparisons. The Bavarian rate is equivalent to a rate of 67 cents per cwt. from Chicago to New York."

As bearing upon this subject of reduced rates during the past few years the chief of the national bureau of statistics, in his report just issued, uses this language :

"It is impossible to estimate the magnitude of the benefits which the reductions made in charges for transportation on railroads have conferred upon the interest of agriculture, of mining and of commerce. That the increase in the value of the domestic exports of the United States to foreign countries from \$442,820,178 during the year ended June 30th, 1871, to \$902,319,473 during the year ended June 30th, 1881, has been largely due to such reductions, is evident from the fact that such exports are chiefly the products of the western and northwestern states, a large proportion of which is transported to the seaboard on railroads."

Again on page fifty of the same report we find the following reference to this remarkable reduction in railway rates :

"It may not be amiss right here to ask what are the results of this steady reduction of railroad charges? Some hints of the savings in whole may be gathered from a calculation of the savings on our exports of grain, meat and dairy products. A careful statistician, Hon. Edward Atkinson, of Boston, puts the grain and meat product for export in 1880, of these northwestern states, which finds its first market in Chicago, at eight million tons. The average distance from those states to the seaboard he estimates at thirteen hundred miles. The reduction in rates from 1866 on the transportation lines by which this body of produce is carried to the seaboard, is shown to have been fully one cent per ton per mile. The saving, therefore, is

seen to reach the enormous sum of one hundred and four millions of dollars. But as the rate of 1866 partook somewhat of the high prices of everything for the three or four years following the war, let us take the time from January 1st, 1874. Present rates in the average from the point of production to the seaboard have been reduced half a cent per ton per mile, which affords a net saving of fifty-two millions of dollars on the exported portion of the grain, meat and dairy product of the northwest for the year 1880.

“The same authority puts the value of these exported products at \$389,000,000. The saving in the cost of rail transportation, therefore, at a half a cent per ton per mile, on this body of exports, amounts to a fraction more than thirteen and one-third per cent of their total value. We think it safe to say that one-sixth of this saving passed to the credit of Iowa producers—over eight millions of dollars on our exported grain, meat and dairy product for the year 1880.

“In concluding this branch of the report the commissioners venture to assert that freight is now carried at a rate which no competent railway manager or transportation expert would have thought possible half a dozen years ago. The public everywhere will welcome the facts and from them learn to value the means by which they have been obtained. Great confidence must also be felt in the continued operation of these effective forces. While it is true that the reduced rates are more marked on the long hauls between the points of production and consumption—the farm and the seaboard, the factory and the consumer, the jobber and the retailer—it will not be forgotten that these through hauls comprise over eighty per cent of the entire volume of Iowa’s rail transportation. We have devoted considerable space, time and work to this subject of tariff rates and reductions, but we are confident

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that the exhibit will be found of great value alike for reference and instruction upon a branch of the "railway problem" less understood perhaps among the mass than any other on which they seek information."

This was the condition in 1880. Notwithstanding the fact that there had been an increase in the cost of labor, supplies, and all other forms of material entering into railroad use, in ten years freight rates on the Chicago, Burlington & Quincy Railroad had been reduced sixty-eight per cent.

Let us briefly compare the rates from various important stations on the Chicago, Burlington & Quincy Railroad in Iowa with rates on farm products from those stations eight years later.

In 1880 the rates from Farragut, Shenandoah, Red Oak, Glenwood and other stations in Western Iowa to Chicago, on a thirty-foot car of cattle was \$70.00. The rate in 1888 was \$47.50, a reduction of \$22.50 per car. The charges on a thirty-foot car of hogs from the stations named to Chicago, in 1880, was \$70.00. Eight years later the charges on the same car was \$37.50, a reduction of \$32.50 per car. The rate on wheat from these stations to Chicago in 1880 was 33 cents per hundred pounds. The rate in 1888 was 23 cents per hundred pounds, effecting a reduction of \$30.00 on a thirty thousand pounds capacity car.

On corn, oats and other grain the rate in 1880 was 28 cents per hundred pounds. This rate in 1888 has been reduced to 18 cents per hundred pounds, making a reduction of \$30.00 per car on a carload of thirty thousand pounds.

The thirty-foot stock car and the thirty thousand pounds capacity grain car is taken as a basis for comparison, as the former was the maximum length of stock car and the latter the maximum capacity of grain car for some years after 1870.

Rates from all other stations in Iowa were reduced in like ratio.

In his inaugural address, delivered January 4th, 1886, Governor Larrabee confirmed the report of the railroad commission in the following reference to the railroads of the state :

“It has been the policy of this state to encourage the construction of railroads. The wisdom of this policy is evinced by the rapid growth of the system and the great benefits arising from it to the various interests of our people.

“We have at the present time over 7,520 miles of railway in operation, yet our people will hardly be satisfied until every township in the state is intersected by the rail.

“Many perplexing questions are constantly arising between individuals and the management of railroad companies.

“After experimenting with much profit in past years as to the proper method of dealing with them, we adopted the commissioner system. It has fully answered our expectations, the board having rendered valuable service to the people by vigilant and careful attention to their grievances.

“Largely through the efforts of this Board, the rates of transportation have been materially reduced. Many differences are now settled with little or no expense to the person aggrieved, and

the individual is no longer compelled to resort to the courts to secure the correction of abuses and impositions. Friction between the railroads and the people is less and less each year, as the work of the commission is better understood."

In the light of this eminently fair and conservative statement of the relations which existed between the people and the railroads of the state in 1886, and in view of the statistics submitted and the conclusions reached by the commissioners, as set forth in the report quoted, the utterances of another important state paper, made public only two years later, are astounding.

In his inaugural address, delivered on January 12th, 1888, the Governor referred briefly to the subject of intemperance, free ballot, pensions, etc., but the major portion of the document was devoted to a denunciation of the railroads of the state, their owners and managers, which, for unmeasured severity and cruel injustice, has never been equalled in any State paper.

A quotation or two will serve to show the spirit in which it is written.

Referring to the railroads of the State, the Governor said :

"Railroads have usurped powers dangerous to the public welfare, and have practiced extortions perhaps less cruel, but in the aggregate more gigantic, than those of the British landlord."

In speaking of the managers of Iowa railroads, the Governor likened them to Grecian pirates, who "ravaged villages and plundered unfortified places."

In the same paper, and in connection with a recommendation that "the board of railroad commissioners be

authorized and required to exercise full and complete supervision over the railroads of the state," the governor said :

"This board has been looked upon by the railroads as a tribunal, clothed with judicial powers, and charged with the duty of protecting the interests of the people and the railroads alike. This, however, is an erroneous conception of their functions. The railroad commission was created to be a committee of the people, obligated to advocate their rights. Organized capital can safely be trusted to defend itself."

Coincident with the enunciation of this interpretation of the duties of the commission, the powers of the Board were increased to the extent of placing in their hands completely the revenue earning capacity of the railroads of the state.

Clothed with absolute power to fix rates, make classifications, and to decide controversies of all kinds, from which decision there was no appeal, this tribunal was admonished by the highest authority in the state that it was no part of its duty to consider the interests of the railroad, but in all controversies that might be submitted for decision, the commission was to consider itself the advocate of one party, and to ignore the claims and rights of the other.

I would discredit the intelligence, as well as the sense of justice of this audience, if I assumed that anything further than a plain statement of the proposition was necessary in order to show its injustice to the railroads of Iowa.

If the statistics submitted by the railrord commission are correct, showing as they do a steady and most marvelous decrease in railroad rates from 1868 to 1878, and if the figures given showing a further reduction of from thirty-three to fifty per cent in the decade from 1878 to

1888, are correct, (and I know from personal investigation that they are), it is hard to understand the later utterances of the Governor, and impossible to justify them by the record.

The sensitiveness and timidity of capital is proverbial; let a shadow of doubt or suspicion be cast upon a bank, and how quickly its coffers are depleted.

Suggest a doubt as to the safety of any enterprise, and how thoroughly it will be analyzed and investigated before capital will venture to take hold of it.

Capital keeps in close and sympathetic touch. If investments in any particular line of business, in any state or community are placed in jeopardy, capital becomes alarmed and is reluctant and slow to invest in any enterprise.

Iowa railroads are owned almost entirely by Eastern people. Not by capitalists entirely, in the common acceptance of the term. For instance, the Chicago, Burlington & Quincy Railroad is owned by something more than twelve thousand individuals. Out of this number more than eight thousand people own only fifty shares of the stock, or less, each. Fifty shares at par represents five thousand dollars; at the present price of the stock it represents about thirty-five hundred dollars.

The utterances of Iowa's chief executive were published far and wide. The Associated Press carried them to every city and hamlet in New England and the eastern states; the sentiments expressed were accepted as the sentiments of the business men and the farmers of Iowa.

Is it strange that citizens of New England who had invested their money in Iowa railroads, viewed the situation

with apprehension as to what the future might have in store for them ?

Would it be strange if capital seeking safe and profitable investment should avoid a state where such a spirit was supposed to predominate ?

As a citizen of the state of Iowa at that time, I know that the people of this great state did not intend to deal harshly or unjustly by her railroads. From a citizenship of more than thirty-five years I know that while the people of Iowa are jealous of their rights, and tenacious in maintaining them, they respect and hold sacred the rights of others and do not intentionally infringe thereon.

I am constrained to believe, however, that because of the impression that has gone out, that the prevailing sentiment in Iowa is hostile to her railroads, and that money invested here will be subjected to greater risk because accorded less freedom than in neighboring states, that capital is being deterred from coming to Iowa for investment.

I believe that experience has demonstrated that the law enacted by the Twenty-second General Assembly, imposes many restrictions upon the railroads of Iowa, which it would be for the best interests of the state to remove.

One of the principles of trade which is thoroughly established in commercial transactions everywhere, is the wholesale and retail principle. A lower price is expected by the purchaser and conceded by the seller when the transaction is large than when it is small. The hardware merchant, be he jobber or a retailer, can, and does make a lower price per keg on nails when he sells one hundred kegs than when he sells a single keg.

This principle is not only a commercial practice but a commercial necessity. Without it the jobbing interests of Iowa or any other state could not exist.

In locating new industries, and in extending necessary aid and encouragement to those already in existence, the right to apply this principle to its business is extremely important to the railroad and no less important to the state. The cost of securing twenty-five carloads of freight from one shipper, is less than that of securing twenty-five carloads from twenty-five different shippers, and the cost of performing the service may be materially less.

The man who ships one or more cars per day every day in the year may reasonably ask, and the circumstances and conditions may be such as to justify the railroad in granting a lower rate per car than is given a shipper who ships but one car in a year. Indeed the conditions may be such that not only the success, but the very existence of enterprises valuable to the communities where located, and an important element in the prosperity of the state may depend upon securing such special concessions from the railroad.

Is it not a question worthy of serious consideration whether it is necessary or expedient for the state of Iowa to prohibit her railroads from doing that which is frequently essential, and which may be vital to success in other lines of business?

In this connection I desire to again quote briefly from the Fifth Annual Report of the Board of Railroad Commissioners of Iowa.

On page thirty-five, and referring to the question of special rates, we find the following :

“Factories located in Iowa, making farm machinery, require low rates on raw material that will enable them to compete in Iowa with the same products manufactured in states further east where material is cheaper. This principle is at the basis of all manufacturing in Iowa, and interference with it beyond the insistence on like rates, for like customers, for like uses, would stop most of the wheels in the state.”

Again on page forty-five of the same report :

“If the manufacturing interests of Iowa are developed to any great degree, it must be by the extension to them of special rates, and the only way in which an Iowa manufacturer can succeed, is by special rates to enable him to meet his competitors on equal terms. If the oat meal manufacturers of Central Iowa, as they have done recently, can place their goods in London and Glasgow for fifty cents per hundred pounds, they can compete with the Scotchman on his own ground and in his own product. Otherwise the oats must be fed to stock at home in the place of cheaper food. The railroads get their support from the communities and interests they help build up, and no other industry suffers if under similar circumstances all are treated alike.”

During the past five years there has been a considerable movement of manufacturing interests from the eastern and middle states to the west.

The development of the iron and coal mines, the opening up of the great timber resources of the south, and the desire to locate nearer the territory where the finished product of the factory will find a market, will bring to the valleys of the Mississippi and the Missouri, in the years to come, many of the large factories now located in the east.

Recognizing this, western railroads are establishing "Industrial Bureaus" for the purpose of securing the location of as many of these manufacturing plants as possible upon the line of their roads.

The officer at the head of this department makes it his business to keep in touch with eastern enterprises that contemplate moving, keeps fully posted as to the necessities and advantages of the various points on his line of railroad, and is prepared to furnish every possible facility for investigation, and to offer every reasonable and legitimate inducement to secure the location of the plant.

No person can estimate the importance of securing as many of these industries as possible; every factory located in Iowa employing a large number of men, means an additional demand for the product of the farm. It means increased trade in your stores; it means more citizens, more homes, and increased prosperity in every avenue of trade.

I wonder how many citizens of Iowa realize fully how serious a handicap is placed upon this state, in her competition with surrounding states for the location of enterprises of this character, by the operation of the law referred to.

I believe I am safe in saying that when a manufacturing establishment contemplates a change of location, in a large majority of cases the party charged with the selection of a favorable place to locate, visits first, the general office of the railroad company upon whose line of road he would like to locate, if conditions were found to be satisfactory.

Suppose a representative of a concern of this character calls at the office of one of the great western railroads in Chicago. After getting all the information he desires,

touching the location under consideration, he says: "If we shall decide to locate at this point, we will require several hundred carloads of material, stone, brick, lumber, machinery, etc. What can you do for us in the way of reduced rates on this material?" If the proposed location happens to be in Illinois, Missouri, Wisconsin, Minnesota, Kansas or Nebraska, the reply will probably be that the road will very gladly make any reasonable concession in that direction, and a satisfactory understanding will be reached with little delay.

If the proposed location is in Iowa, however, the reply must be: "I am very sorry, Sir, but a law was passed in Iowa a few years ago which prohibits doing anything of this kind, except by specific authority or permission from the Railroad Commissioners."

This information would very likely suggest some further inquiries on the part of the representative of the manufacturing concern, perhaps as follows: "Well how about our manufactured goods? We shall be a new enterprise with our trade to build up. Can you, at least until we can establish ourselves, promise us a favorable rate for distributing our product?"

The only reply possible would be a quotation of the regular carload rate.

"But," the gentleman would say, "We shall probably ship five, ten, or perhaps twenty carloads per day the year round, and should certainly be entitled to some consideration on account of the amount of business we will give you." To this the reply must be that, under the Iowa law, he who ships five thousand carloads of freight in a year must, *regardless of circumstances or conditions*, pay as

much per carload as he who ships but one carload per year. These conditions are discouraging to the manufacturer seeking a location, and no less so to the representative of a railroad who desires to locate the enterprise on his line.

The case would be stated reluctantly and regretfully, but it must be explained in just this way to every person who, under these circumstances, seeks information.

These conditions are in direct violation of the laws of business everywhere, but unfortunately for the state, it is the law of Iowa, and no person can estimate the extent to which it operates against the growth and prosperity of the state.

These conditions, which obtain in no other state, are not only contrary to established laws of business, but are opposed in letter and in spirit to the recommendations of the Board of Railroad Commissioners of the state.

On page fifty-nine of the Ninth Annual Report of the Board, in closing one of the fairest, ablest and most comprehensive reports ever made by the Board, we find the following reference to rates and conditions in Iowa.

The sentiments expressed must commend themselves to every thoughtful student of the subject, to every practical business man, and, in the light of subsequent events the utterances seem almost prophetic.

In referring to the question of the flexibility of rates the commission says :

“ We use the word ‘flexibility’ in reference to rates of freight carriage. The term is chosen advisedly. Underlying all that is said and written on the subject of rebates, discrimination and special rates by those outside of railroad interests, and in one sense antagonistic to them, it is a com-

mendable desire for fair and equal treatment by railroads of all its patrons, but the trouble is there is a misapprehension on the part of many as to the true meaning and intent of these terms. The general idea is that everything especially in its class shall be carried the same distance for the same price, no matter what the condittons might otherwise be. Hence legislation is asked fixing rates and with severe penalties attached for violation. To our minds this is an impossibility, and at the same time the very thing the people themselves do not want. There is scarcely a community in our state where are not diverse and varied enterprises that must have different treatment from railways in order to live, and the best good of these communities demands their continued existence. Indeed the great agricultural interests of the state, that on which our prosperity depends, demands and receives at the hands of transportation companies discriminating and special rates."

"There are a thousand and one industries and enterprises among us which go to add to our general prosperity which could not have come into existence, or been sustained at all, only by special rates given them by carriers. These special rates injure no one else nor any other industry. They are a help to the men engaged in them, to the railways and to the people at large. In our opinion the time will come when the people will see that the true rule by which to treat railways will be to give them the widest and freest liberty to adapt their rates to the ever-varying circumstances of the growing and constantly changing conditions of the people; that all the special rates made in accordance with the necessities of the cases demanding them be as public as their time cards, and whenever this broad liberty is prostituted to the favoring of persons and places as against others, such abuse or complaint of same shall be subject to the investigation of a competent commission having the general supervision of the railways."

This report was signed by Peter A. Dey, James W. McDill and Lorenzo S. Coffin.

The State of Iowa has been uniformly fortunate in having upon its railroad commission citizens of high character and acknowledged ability.

I detract nothing from the character and standing of any preceeding or succeeding Board, when I say that the high reputation of the gentlemen named, in their capacity of Railroad Commissioners, was not confined to the State of Iowa.

Two of them remain with us, honored citizens of the state. Judge McDill died while filling an honorable position upon the Railroad Commission of the nation. His name and memory will be cherished and honored so long as loyalty, integrity and faithfulness to duty are remembered by the people of the state he loved so well, and served so faithfully.

These words of advice, and perhaps of warning, spoken to the people of Iowa a little more than eight years ago, have by the logic of events been confirmed, verified and emphasized, and I submit to-night whether it is not the part of wisdom in the interest, not of the railroads alone, but looking to the upbuilding and prosperity of all the varied interests of the state, to carefully inquire whether the restraints imposed upon the railroads of the state are not of such a character as to not only cripple the railroads but also to discourage, if not to absolutely prevent the establishment of many new enterprises. Has not the time "come when the people will see that the true rule by which to treat the railways will be to give them the widest and freest liberty to adapt their rates to the ever-changing con-

ditions of the people?" I believe that if the restrictions which so seriously hedge about and hamper the railroads of Iowa, and which are certainly calculated to discourage and deter the investment of capital in other enterprises in the state, can be modified or removed, that every railroad within her borders will co-operate heartily, intelligently and successfully with all her other interests, in bringing back to Iowa a new and substantial era of prosperity.

The railroads of Iowa are citizens of the state ; they form an important part of the value of the state. Many of them were pioneers in opening up and developing her resources. The interests of the railroads are inseparably interwoven with those of every other enterprise in the state. The railroads prosper when the state is prosperous, and suffer with all other interests in times of adversity. Self interest will impel the railroads to foster, encourage and build up in every possible way every business interest in the state.

These roads are interested in and desire that which will secure to Iowa throughout all her borders the most abundant measure of prosperity. If this will be the ultimate result of the law, it should not be changed, even though temporarily it be detrimental to the interests of the railroads.

If, on the other hand, the maintenance of the law will ultimately prove detrimental to the progress and prosperity of the state, it should be modified or repealed, even though such action may, for the time being, be adverse to the interests of some particular class of business.

Neither the railroad, or any other business or interest, can afford to avail itself of a temporary advantage which will in the end contravene the best interests of the State.

Either can well afford to suffer temporary adversity if it shall result in the substantial and permanent prosperity of the commonwealth.

The highest measure of prosperity for the railroads of Iowa will have been reached when every city, every village and every farm in the State has attained the highest limit of prosperity possible.

From its earliest dawning upon the pine-clad hills of New England, until, its latest rays illumine and glorify the Golden Gateway to the Pacific, the sun shines upon no land more beautiful or possessing greater natural advantages or attractions than this goodly State of Iowa.

Sprung from that sturdy New England stock that first kindled the fires of religious, political, and commercial liberty upon this western continent, the people of Iowa, in their love of liberty, godliness, and justice, are the flower and fruitage of four centuries of American civilization.

The history of the State is at once a precious heritage, and an inspiration for ourselves, and for all future generations.

Give her the same opportunities, remove artificial and hurtful restrictions, and this grand old Hawkeye State will not be second to any other state in the Union, in the grand march of Progress and Prosperity which is the destiny of this great Nation.

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