

## RAILWAY MANAGEMENT.

### A BALANCE ON THE RIGHT SIDE. FAVORABLE SHOWING OF THE CHICAGO, MILWAUKEE AND ST. PAUL.

Advance copies of the full report of the Chicago, Milwaukee and St. Paul Railroad Company for 1887 were issued Wednesday. It covers over 50 pages. It shows that during the year the road added 371 miles to its lines, having at the end of 1887 5,355 miles in operation. The gross earnings of the company increased \$647,720, to \$25,366,123, while operating expenses increased \$766,429, to \$15,326,693. This made the year's net earnings show a net decrease of \$118,708. Making allowances for all other expenses and income, the "surplus" is put at \$598,095, a decrease of \$410,531. There were big increases in the company's funded debt during the year, these new securities being issued: Consolidated bonds, \$16,000; terminal bonds, \$506,000; Pacific Western, \$3,240,000; Wisconsin Valley, \$817,000; Dakota and Great Southern, \$1,868,000; Chicago and Missouri River, \$1,034,000; Hastings and Dakota, \$405,000; total issued, \$7,886,000. There were redeemed and canceled \$308,000 of bonds of various issues, making the net increase in funded debt \$7,578,000.

A list of assets is given, including securities of other companies held in the St. Paul treasury, and \$3,493,906 of its own bonds, with bills receivable, cash, &c., making a total of \$13,058,548. The liabilities are figured at \$10,466,370, leaving an excess of \$2,592,177 on the right side of the account.

The report touches on the effects of the rate war in the West, saying:

"The figures show an increase of \$647,720 81 in gross earnings, say 2.6 per cent. In number of passengers carried the increase was 12 per cent., while the passenger revenue shows an increase of but 3.3 per cent. In number of tons of freight transported there was an increase of 6.9 per cent.; while the revenue derived therefrom was increased but 2.2 per cent.

"This loss in revenue from freight traffic is accounted for by the decrease from 1.17 cents to 1.09 cents (7 per cent.) in rate per ton per mile for freight transported. Had your company received for its tonnage the same average rate per ton per mile as in 1886, the net revenue would have been \$1,321,657 more than is reported, an amount equal to 3½ per cent. on the total amount of common stock outstanding.

"During five years, from 1882 to 1887, the rate per ton per mile has been reduced from 1.48 cents to 1.09 cents, or 26.35 per cent.; and during the preceding five years, 1877 to 1882, from 2.08 cents to 1.48 cents, or 28.8 per cent. This makes a total reduction of 47.6 per cent. during 10 years in the average rate charged for freight transported over your lines."

This report of the St. Paul Directors includes a criticism of the workings of the inter-State commerce law, which it holds responsible for the Western railway war. The law, says the report, has generally been accepted by the railways in good faith, and tariffs have been put into effect in conformity with it, though hurtful to the roads, and this is added:

"Because of these rate disturbances and complications during eight months of 1887 that the new law was in force its full effect upon the movement of traffic cannot be satisfactorily determined. It will take another year's experience to show the extent of the injury that will result to railway property and to the public under the fourth section of the law relating to long and short haul charges that is in direct conflict with the last paragraph of section 1, requiring that rates 'shall be reasonable and just.' It will also take time to determine the extent of injury that will result from section 5 of the act, that prohibits agreements between transportation lines for an equitable division of traffic or traffic revenue; as it is by such agreements only that reasonable and uniform rates can be permanently secured, to prevent that 'undue and unreasonable preference or advantage' in favor of individuals or localities that invariably results from railway wars and reductions in rates below cost of service, which the first paragraph of section 8, forbidding preferences, was evidently intended to provide against, and if properly enforced will certainly prevent.

"It is to be hoped that Congress in its wisdom will repeal the two objectionable sections, or so amend the law as to permit railway companies to charge rates for transportation that are in themselves reasonable and just, limited of course by the common law rule that all shippers and localities that are alike situated shall be treated alike; and also provide that the Federal judiciary shall on application, after a hearing, determine when rates are unreasonable or extortionate, and when unjust discriminations are made against localities or individual shippers. Such legislation will not only fully protect the public who must use the roads, but will give to the owners of our railways the same protection, no more and no less, than is now given under existing laws to investments in other corporate properties."

*The New York Times*

Published: March 30, 1888

Copyright © The New York Times