

**AN INVESTOR'S
NOTES ON AMERICAN
RAILROADS**

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An Investor's Notes on American Railroads by John Swann

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JOHN SWANN

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ON

AMERICAN RAILROADS

BY

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PREFACE.

A GOOD deal has of late years been written by experts touching the history, growth and management of railways, their duties to the State, and their relation to the people. Many valuable conclusions have been arrived at, and much technical knowledge has been made accessible to the casual reader. In the excellent and well-known work of Mr. Charles Francis Adams Jr. published in 1880,* and the late able works of Prof. Hadley † and Mr. J. F. Hudson ‡ published in 1886, historical, administrative and political aspects of the subject have been handled with accurate knowledge and in attractive form. But, if we except the necessarily cumbrous works, which deal with large masses of figures and require attentive study for their profitable interpretation, the interest of the investor, as such, and notably that of the European investor in American railroad securities, seems to have been overlooked or lightly regarded.

Possibly, if the European outlook had not been somewhat stormy, and large changes in the conditions affecting property in the British Empire had not been distinctly foreshadowed, the interest of the investor, as such, might have rightly been considered a matter of small immediate moment, and undeserving special consideration. But it

* "Railroads, their Origin and Problems." C. F. Adams Jr.

† "Railroad Transportation." Prof. A. T. Hadley.

‡ "The Railways and the Republic." Jas. F. Hudson.

is conceived by the present writer that very large changes in European investment are likely to occur in the course of the next few years, and that a liberal transfer of capital will be made from European to American securities. Experience conclusively shows that, in the past, the casual investor has given but slight personal attention to the choice or protection of his investments in American railroads. It is accordingly thought possible that a few practical observations on salient points in the situation may be acceptable to those investors who have neither time nor inclination for any approach to exhaustive investigation of the subject.

The present notes are confined to a very limited aspect of the railroad problem—viz., that small range of conditions which affects the interest of the investor, as such. Even in a most superficial view of the subject, the conclusions of experts must inevitably be utilized as data for specific inferences relating to the interest of an investor. In this view, many conclusions contained in the valuable works above indicated have been used or referred to, and the writer's obligations to their authors are freely acknowledged.

CONTENTS.

CHAPTER	PAGE
I.—SPHERES OF INVESTMENT	1
II.—FAIR AND FREE TRADE	14
III.—CONTROL	29
IV.—COMBINATION	44
V.—POOLS	49
VI.—WATER	56
VII.—PARALLEL LINES	60
VIII.—REORGANIZATION	64
IX.—PROXIES	70
X.—FUNDING	74
XI.—RECEIVERS' CERTIFICATES	81
XII.—CORNERS	83
XIII.—PUBLICITY	85
XIV.—RAILROAD COMMISSIONS	91
XV.—VESTED INTERESTS AND GRAZING LANDS	110
XVI.—STATE CONTROL	124
XVII.—GEOGRAPHICAL DIRECTION OF RAILROADS	130
XVIII.—SOME IMPORTANT DECISIONS	142
XIX.—SOME NOTES ON THE INTER-STATE COM- MERCE ACT	156
XX.—THE "ALIEN LAND ACT"	186
APPENDIX	189

AN INVESTOR'S NOTES ON AMERICAN RAILROADS.

CHAPTER I.

SPHERES OF INVESTMENT.

SOME fifteen years ago it was held by the writer's friends and by a large section of English society that the government and institutions of America were separated from those of England by an impassable gulf. Every thing American was thought to be more or less ephemeral and transitory, because unprotected by ancient traditions, tending to the growth of an enlightened conservatism. Rights of property in that country were thought by many Englishmen to be more or less illusory, and the permanence of social institutions uncertain and untrustworthy.

Concerning English institutions, on the other hand, a different impression prevailed. It was thought that around property in Great Britain, and especially around the time-honoured freehold, there stood the British Constitution, firm as the hills which stood around Jerusalem. A man who seriously compared the stability of property in England with that of property in America would have been considered scarcely fit to be at large. But since that time many things have happened. Entries have been made on England's record which somewhat alter the relative situation. Such words as "Midlothian,"