

**HEARINGS BEFORE THE COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
OF THE HOUSE OF REPRESENTATIVES
ON H. R. 20153, 21572, AND 22133, ON
THE SUBJECT OF RAILROAD PASSENGER
FARES AND MILEAGE TICKETS**

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Hearings Before the Committee on Interstate and Foreign Commerce of the House of Representatives on H. R. 20153, 21572, and 22133, on the Subject of Railroad Passenger Fares and Mileage Tickets by Various

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HEARINGS

BEFORE

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THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

OF THE HOUSE OF REPRESENTATIVES

ON

H. R. 20153, 21572, AND 22133,

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RAILROAD PASSENGER FARES AND MILEAGE TICKETS.

WASHINGTON
GOVERNMENT PRINTING OFFICE.

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RAILROAD PASSENGER FARES AND MILAGE TICKETS.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Tuesday, January 8, 1907.

The committee met this day at 10.35 o'clock a. m., Hon. William P. Hepburn in the chair.

The CHAIRMAN. Gentlemen, the special order to-day is the consideration of House bill 20153, the bill providing for the issuance of mileage books by railroads engaged in interstate commerce.

Mr. SHERMAN. Mr. Chairman, I suggest that we ascertain who are here desiring to be heard upon this bill, and upon which side they desire to be heard. I have notified the several passenger associations as to this hearing, as the committee knows, without any authority of the committee, of my own volition, and I have also notified the officers of the several commercial travelers' associations throughout the United States, and I have letters and telegrams from several of them saying they will be here. I think perhaps it would be well to ascertain who are here.

The CHAIRMAN. I think that is a good suggestion. Gentlemen, will you who favor the measure pending give your names to the clerk of the committee now, if you please, so that we can know who want to be heard and arrange for some procedure? Are there any persons here who favor this legislation?

Mr. MANN. Outside of the committee? [Laughter.]

The CHAIRMAN. That is understood. Is there any response?

Mr. BARTLETT. There seems to be an "offing."

The CHAIRMAN. Are there any gentlemen here who are in opposition to the legislation?

Mr. LEWIS E. PAYSON. Mr. Chairman, you will recollect that at the last meeting of the committee, when this matter was put, ex-Senator Faulkner and myself applied for a continuance of the hearing in order that preparations might be made for the proper discussion of the subject. In connection with the suggestion of the gentleman from New York I may say now, in order that the record may show it, that I appear here in opposition to this bill and others of the same character for the so-called Harriman lines, the Union Pacific system and the Southern Pacific system, aggregating about fifteen thousand miles.

Mr. CHARLES J. FAULKNER. There are a number of gentlemen here who are opposed to this bill and are ready to present their views to the Committee. I suppose the clerk can take the names of these gentlemen without my naming them all; in fact I would not be able to state all of them. I know Secretary Herbert is here, representing one of the roads, and the Rock Island is represented, and the Atche-

son, Topeka and Santa Fe is represented, the Denver and Rio Grande, and a number of those roads associated with it are represented. I do not know the others.

Mr. SHERMAN. Senator, are any passenger associations represented?

Mr. FAULKNER. They are represented through these gentlemen.

Mr. SHERMAN. Not as associations?

Mr. FAULKNER. I do not know whether they are represented as associations or not. I know some of them have been requested to speak for those associations. You will find that in the evidence when it is developed.

Mr. HILARY A. HERBERT. Mr. Chairman, I represent the Seaboard Air Line Railway in opposition to the bill.

Mr. FAULKNER. The Southern Railway is also represented here by the General Passenger Agent.

Mr. H. L. BOND, jr. I represent the Baltimore and Ohio.

Mr. SHERMAN. Let each gentleman write his name on a slip of paper, showing the road he represents, and hand it to the stenographer. We can then have it in the record.

Mr. PAYSON. I think each gentleman should announce who he is.

Mr. SHERMAN. The gentleman who represents the Baltimore and Ohio will give the stenographer his name.

Mr. H. L. BOND, jr. My name is H. L. Bond, jr., Second Vice President of the Baltimore and Ohio.

Mr. T. B. HARRISON, jr. I represent the Louisville and Nashville.

Mr. FAULKNER. I will offer two names to start the investigation with, and I think that is concurred in by Judge Payson and Secretary Herbert. First, Mr. Nicholson.

The CHAIRMAN. Is he present?

Mr. FAULKNER. Yes, sir.

The CHAIRMAN. Mr. Nicholson, we will hear you now.

STATEMENT OF MR. GEORGE T. NICHOLSON, OF CHICAGO, THIRD VICE-PRESIDENT OF THE SANTA FE SYSTEM LINES.

Mr. NICHOLSON. Mr. Chairman and gentlemen, I represent the Santa Fe Railroad, and I am also on the committee representing the Western Passenger Association and the Southwestern Passenger Bureau.

Mr. RICHARDSON. What position do you hold in the railroad?

Mr. NICHOLSON. I am Third Vice-President of the Santa Fe system.

Mr. RYAN. You can fire away now.

Mr. NICHOLSON. It is my understanding that this hearing is primarily to consider H. R. bill 20153, which legislates a universal mileage book of 1,000 miles denomination at 2 cents per mile flat, interchangeable between all United States railroads, unlimited as to time, unrestricted as to classes of trains, and redeemable "upon presentation at any ticket office of any railroad engaged in interstate commerce at their face value."

Such legislation, however, would have the prompt effect of establishing a maximum rate of 2 cents per mile for trip tickets between all points in the United States, whether State or interstate, even in advance of State legislation, which would be sure to follow as soon as the workings of the universal mileage ticket came to be understood. Such gross discrimination in favor of the citizen who is able to stand-

porarily invest \$20 in his ticket and against the unfortunate citizen who could not do so should not and would not be allowed to continue. Bear in mind that the surplus in \$20 over and above the cost of the immediate trip can be recovered at the journey's end upon presentation of unused coupons to the station agent.

H. R. bill 20153 therefore is just as effective in establishing a maximum rate of 2 cents per mile as is H. R. bill 21572 or H. R. bill 22133; and, with your permission, I will address much of my remarks to the question—"Is 2 cents per mile a fair and living rate for Western railroads?" I say "Western" not because I think such rate to be fair for "Eastern" roads, but because I am empowered to represent those in the West only.

Mr. Chairman, I do not know that you care to have me proceed on that line, of considering the other bills, or not?

The CHAIRMAN. Use your own pleasure about that. We usually consider allied bills when considering a particular bill.

Mr. NICHOLSON. The statement I have prepared is largely in behalf of the roads I represent, the Santa Fe Railroad System, whose lines are located, as I said, in the sparsely settled, arid, and semi-arid regions of the Southwest, though later on I was requested also to represent the railroads generally in the territory represented also by other gentlemen here; so that my remarks now will be largely as to the Santa Fe. But I will say that practically the same condition exists in practically all the railroads in that territory, and any statements that are true as to one are true also as to the others.

I first have a statement here showing the location of the mileage of the roads which compose the Santa Fe System in the different States and Territories through which they run. As a matter of information I will state that these roads in the Santa Fe System run in the States of Illinois, Iowa, Missouri, Kansas, Nebraska, Oklahoma, Indian Territory, Texas, Colorado, New Mexico, Arizona, and California. With the exception of some little mileage in Iowa and Illinois and Missouri, in a total of 8,500 miles, seventy-eight hundred odd miles are located west of the Missouri River, so that it is a far-western proposition mainly.

States and Territories.	Miles.	States and Territories.	Miles.
Illinois.....	290.76	Texas.....	1,483.20
Iowa.....	19.86	Colorado.....	406.65
Missouri.....	298.77	New Mexico.....	836.84
Kansas.....	2,408.02	Arizona.....	408.33
Nebraska.....	2.53	California.....	1,283.46
Oklahoma.....	612.49		
Indian Territory.....	215.61	Total.....	8,444.72

Of which 7,835.33 is west of Missouri River.

Before presenting the facts and figures which to us seem conclusive evidence that the reduction of fares proposed by H. R. 20153, and other bills, can not in justice be made, we wish to say a few words on some aspects of the passenger-fare question, which we believe have been misunderstood or whose importance has not fully been appreciated.

It is often argued that because a two-cent fare exists on a few of the great trunk lines that railroads generally should not be allowed to charge a higher fare.

This, to us, seems neither a valid nor a sufficient reason for taking away from the railroads of the Southwest a large part of their earnings from interstate business. The wide diversity of circumstances and conditions that prevails east and west of the Mississippi River is overlooked. This argument takes no account of the fact that in the communities that have a two-cent fare the local population is several times larger and the through travel many-fold greater than in the Southwest.

A rate that will not only cover expenses, but leave a fair margin of profit on the main line of the New York, New Haven and Hartford, the Pennsylvania, the New York Central and its connections, the Lake Shore and Michigan Central, would reduce the railroads of the West to less than the cost of service. These eastern railroads are the great highways of the continent. Over these roads run the great tide of through travel and a vast volume of mail and express.

Where passenger business is light, as it is in the West, it can not be handled with profit at as low rates. A light traffic means few trains with but few people in them. With a large traffic only is a low fare possible. This is true because with a large volume of business, if competition is not excessive, the number of persons in each train will be comparatively high and there will be many trains. The cost of maintaining and operating the road can thus be divided among many trains, each of which is able to bear its share of the total expense of running the road.

The point I wish to make there, Mr. Chairman, is this: That it is absolutely impossible for any one to establish a fixed rate, whether it be one cent, two cents, three cents, ten cents, or any other figure, per mile. If it is conceded to be fair to the railroads in the thickly-settled portions of the United States, the same rate can not and will not be fair under any circumstances to the roads serving the sparsely-settled regions. There is no such thing as fixing a uniform rate that is fair to all. It will either be unjustly low to a part of the roads, or unjustly high to the roads having the larger volume of business.

This being true, the number of passengers carried per mile of railroad, or as it is commonly called, the density of traffic, is of the greatest importance. It means to a railroad all that a big output signifies to a manufacturing plant. Indeed, it is of much greater significance, for there probably is no other business that has so many fixed expenditures that must be made, regardless of the volume of business transacted as the railroad.

The volume of traffic per mile of railroad will show all differences of density of population per mile of railroad, of location of road with respect to through routes of travel, and all differences in industrial life. Much might be written about the greater density of the population of the Eastern and Middle States, and of their greater population per mile of railroad, and of their favorable location with respect to through travel, and of the fact that the people of manufacturing and trading communities must necessarily, in the course of business, travel more than the people of the agricultural and grazing States and Territories of the Southwest, but a bare statement of the facts will, I think, suffice.

Are the fares paid in the Southwest relatively as low as those paid in the States of the East? They certainly are if due allowance is made for differences in the volume of travel and for variations in the

number of persons in trains, and a comparison, to be of value, must give proper consideration to these divergences, for it makes all the difference in the world whether there are forty or fifty or seventy-five passengers in a train and whether there are two or four or eight or a dozen or more trains daily.

In order that that may be understood a little more, you gentlemen, of course, know that the standard rates of fares differ in the various States and Territories of the United States. In some of the Eastern States the rate is now as low as 2 cents a mile by State legislation; but generally throughout the East they are not as low as 2 cents a mile. They range between 2 cents, 2½ cents, and 3 cents. On the Western roads in the territory I represent, on the lines west of the Mississippi River, you go as far as the Rocky Mountains on a 3-cent basis, and when you get into territory such as New Mexico and Arizona and part of California and Idaho and Utah you get into the 4-cent rate. It used to be more than 4 cents. Recently heavy reductions have been made by railroads serving that section.

Mr. MANN. Take the cost of a winter ticket from Chicago to Los Angeles now, for example.

Mr. NICHOLSON. It is \$110 a round trip.

Mr. MANN. What is the distance by your road?

Mr. NICHOLSON. 2,265 miles.

Mr. MANN. How much is that per mile?

Mr. NICHOLSON. For that road it is practically 2 cents a mile.

Mr. MANN. Of course, if you do not mean 2,200 miles.

Mr. ESCH. It is double that for the round trip.

Mr. NICHOLSON. That is not the trip they take.

Mr. MANN. You do not mean 2,200 miles for the round trip?

Mr. NICHOLSON. It is 4,500 miles for the round trip.

Mr. MANN. What you receive is 2 cents a mile?

Mr. NICHOLSON. There is not any ticket in the world that covers the diversity of routes that these round-trip tickets cover. You can ride both ways or one way. The mileage does not represent the average mileage given to each purchaser of one of these tickets. A purchaser may go down to Santa Fe and to Los Angeles and then up to San Francisco and come east to Denver and Chicago.

Mr. MANN. What is the distance the longest way he can go on a ticket to cost \$110?

Mr. NICHOLSON. To be accurate, I should have to make some figures, but I should say it would probably be considerably over 5,000 miles. There are other gentlemen here, probably, who can make that calculation more closely than I can.

The CHAIRMAN. Proceed, Mr. Nicholson.

Mr. NICHOLSON. The average number of passengers in the trains of the New York, New Haven and Hartford Railroad during the year 1905 was 76 and the trains were not long, the average number of passenger cars in a train being but 4.28 cars. With so many persons in each train one would of course expect lower fares than on the roads of the Southwest, and especially when the much larger number of trains run by the New Haven is considered.

The great diversity in the density of travel, and in the average passenger train load, and in the number of trains run, and in the passenger train earnings per mile of road of the great railroad systems in the thickly peopled parts of the East and on the Santa Fe lines is