

**RAILWAY REFORM AND RIGHTS
OF SHAREHOLDERS AND THE
PUBLIC
IN THE RAILWAY HIGHWAYS OF
THE UNITED KINGDOM, PP. 3-36**

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Railway Reform and Rights of Shareholders and the Public in the Railway Highways of the United Kingdom, pp. 3-36 by James Troup

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JAMES TROUP

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RAILWAY REFORM.

THE importance of direct or indirect control of the Public Highways, by Government, has hitherto been considered by our legislators as being worthy of more than ordinary attention, and during the last fifty years numerous Acts of Parliament have passed for their regulation, in all of which the rights of the public have been preserved, up to the period of the formation of the new description of highways called RAILWAYS.

Why the public interests in such undertakings are now sacrificed to the purposes of creating a 10 per cent. gambling stock, when the government funds produce but 3 per cent., is a fit subject for serious consideration by every landowner, merchant, and tradesman in the country; and the object in publishing this pamphlet is to prove the fraudulent working of the present system, for the information of those who have not given the same attention to the proceedings of persons hitherto so improperly exercising the absolute control of the existing railways, and to prove, beyond all reasonable doubt, that the present system is a disgrace to a great commercial country like England: and although the facts stated are, to a certain extent, confined to the south-eastern district, in which the author resides, they are a fair example of most lines in the East, West, and Northern counties.

In making these remarks, it must be understood that they are not intended to reflect on the majority of Directors, who are honourable men, but more or less influenced by the patronage they possess, and by some of the more active and jobbing class with whom they become associated in the management.

The numerous projects of 1845 are the results of the 10 per cent. clause, by creating a desire for railway investments: but the general inexperience of the promoters, and, in many cases, their anxiety for

realizing some of the unfair advantages enjoyed by the managers of the old companies, has, fortunately for the public, operated as proofs of the necessity for a revision of the 10 per cent. system, which may be judged of by the following example :—

The cost of the Brighton Railway is	£3,000,000*
Do. do. Great Western ..	7,000,000
Do. do. Birmingham ..	6,000,000
Total ..	<u>£16,000,000</u>

But the terms for purchase by the Government being 25 years on a 10 per cent. income, the price will be £40,000,000. The original estimates of those lines (and which are about a fair value for all the requisite works and land,) were about £6,000,000; therefore, if ever the Government should decide on purchasing them, the sum of £40,000,000 must be given for what could be made, within a moderate distance, as competing lines, for about £6,000,000. Any practical road surveyor or builder, acquainted with railway works, who will take the trouble to examine the quantities of the respective works and land, will support this opinion. Taking into consideration the proper cost of construction, and the small cost of the locomotive power, which is only about 9d. per mile for drawing a train with hundreds of passengers, there are substantial grounds for rigid investigation into the proper cost of construction of railways, and the general expenses of management, to prove what can justify the charges of from 1d. to 3d. per mile for each passenger, when one-third of that amount must produce ample returns on the requisite capital, under sound and honest management: because if the present charges for the first class passengers is 3d. per mile, on a cost of £16,000,000, and 30 per cent. for working expenses, the same passengers could be conveyed at 1d. per mile on a cost of £6,000,000; and there can be no reasonable doubt the shareholders would receive a larger per centage of profit by the great increase of traffic, even if the working expenses amounted to 50 per cent.

In addition to the great influence of the railway managers' interests, there is the difficulty of preventing alarm amongst the shareholders,

* The charge of three millions does not include any branch except the short one to Shoreham.

who are generally induced to believe that reform in railway management would prove injurious to their property instead of protecting it; whereas the least reflection should convince them, that the effect of reform must be that of stamping their investments with fixed value instead of a fluctuating one, which must ever be the case under the present system.

With respect to the present Government Railway Board, it is one of the worst constituted in the kingdom for the purposes intended. At its head is a military engineer. Now what would be said, if Sir James M'Adam, or any other eminent road surveyor, had been appointed to superintend the fortifications of the country? The appointment of a military engineer is equally as absurd for the formation of highways, notwithstanding royal engineers may have superintended the making of a few roads in the colonies.

That a Government Railway Board, with extensive powers, is absolutely required to protect the public, is clear; but it should be composed of practical men only, qualified for the duties; for example:

Sir James M'Adam, and two or three experienced road and county bridge surveyors, well acquainted with earth and bridge works; assisted by two or three engineers practically acquainted with the construction and working of locomotive engines; two or three experienced miners, as inspectors of tunnels: all competent to report on the various new projects previous to their being submitted to Parliament, and during their construction.

In addition to the above, there should be inspectors and auditors to superintend the working lines, and examine the accounts—the whole under the control of three Commissioners, with power to make rules and orders from time to time as circumstances may require. A Government Railway Board so formed would protect the shareholders and the public against the present profligate expenditure in railway works, and their management. The mere fact of twenty millions annually being expended in railway works, materials, &c., and scarcely a contract advertised, is ample evidence of the jobbing and patronage. For if all were fair in the outlay, the daily newspapers would have pages of railway contract advertisements.

Shareholders in railways cannot better promote their interests, than by supporting the Government in reforming the present system, for the purpose of protecting their property against future fluctuations in

value, and thereby securing regular returns, instead of holding a stock used in many instances by scheming directors and engineers, for gambling purposes, which have in some cases caused a rise or fall of one million in a day or two in one stock.

Landowners have hitherto had the principal control of the highways of the country near their respective estates; but they are being superseded by Liverpool, Manchester and London Merchants. This is a just ground of complaint; for the interests of landowners are much affected by the removal of the traffic from the turnpike roads; and although the new highways may run through their land, they have no access; except at a station frequently placed two or three miles distant. It appears monstrous that a set of adventurers, without a shilling of local interest, should obtain an Act of Parliament to make a road through land, and prevent the owner from the benefit of its use at least once during the night or day for the conveyance (under proper regulations for the public safety) of produce, manures, &c.

The question of railway reform is not one for political parties to differ upon, as all classes are deeply interested in obtaining their rights in the use of the future principal highways, except a few directors connected with old lines and their friends.

A great fuss has been made, during the last ten years respecting the debt of eight or ten millions on turnpike roads. At the same time about £100,000,000 have been expended on the railway highways, for works which ought to have been executed for less than half the amount.

In addition to this enormous waste of money and charge on the public, there is the operation of the 10 per cent. clause to make the debt of £100,000,000 equal to £250,000,000. Incredible as this may appear, yet such is the fact: and if the Government neglect to put a stop to this monstrous system, the railway influence will very shortly have more power and patronage than will be found convenient to deal with by any government in the world.

As to the introduction of clauses in railway acts, to render railways liable to future legislation, it will prove a mere farce, if not acted upon directly; for the managers will very soon be able to set the legislature at defiance. When it is alleged, that one director connected with the management of railways realized £300,000 by one transaction, it must be obvious that the parties are armed with immense resources and power, which is greatly supported by their stand-

ing in society and the general ignorance of the shareholders and the public of the real value of railway works.

With respect to the Committees obtained by Mr. Morrison, Mr. Patten, and other gentlemen professing to be desirous of amending the system, very little good can be expected without general powers to investigate the evils, and consider the best remedies.

The good effects of special committees of the House of Commons are generally neutralized by the appointment of persons more or less interested in the abuses; and those hitherto appointed for the purpose of reporting on railway legislation, have been of that unfortunate description. Even the one recently appointed on the motion of Mr. Morrison has three persons who should have been excluded, upon the same principle that defendants are not permitted to sit on juries selected to decide on cases in which they are interested. It would be quite enough to examine Mr. Hudson, Mr. Russell, and Sir James Easthope, and print their evidence, without permitting them to select and examine witnesses, especially as each is connected with interests vigorously prosecuted against those of shareholders and the public. The circumstance of Sir John Easthope being connected with the management of a line of railway between London and Southampton, charging the shareholders £24,000 per annum for the surface repairs, which might be done by the company for one-sixth part of the amount, is sufficient to justify these remarks. Mr. Hudson, who is said to have realized £300,000 in one railway transaction, and Mr. Russell, being connected with the management of a line estimated at £2,500,000, and stated to have cost the shareholders the enormous sum of £7,000,000, must be considered disqualified, without imputing to them any thing of a disreputable character, because in two of the cases the faults may arise from want of experience, and the other by good luck or extraordinary tact and management. The shareholders and the public, however, require purely disinterested judges and advisers, and it would reflect credit on all who are not so, if they retired from that or any other committee appointed to investigate abuses in the management of railway highways.

The following leading article, in the "Times" of the 10th April, is so clearly applicable to the present state of projected railways, that it cannot be too attentively read, or too seriously considered:—

"The bill for promoting the spontaneous dissolution of railway projects will