

**TWO-CENT RAILROAD
FARE AND
OTHER RAILROAD
LEGISLATION IN OHIO**

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Two-cent railroad fare and other railroad legislation in Ohio by Henry Apthorp

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HENRY APHORP

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BY
HENRY APTHORP,
Ex-Railroad Commissioner.

COLUMBUS, OHIO, OCTOBER, 1892.

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TWO-CENT RAILROAD FARE.

Every year for the past six years, and nearly every year for the six years preceding, bills have been pending in the General Assembly of Ohio to reduce railroad fare from three to two cents per mile. During these years the bill—these bills have all been, substantially, alike—has been vigorously advocated, and as vigorously opposed, and in the end either defeated or postponed, only to be revived at the next session. Such a bill is now pending in the Senate. It applies to all railroads, and to all distances over eight miles.

I have no doubt that public opinion in this State, moved by honest purposes, sincerely favors the bill. Petitions to the General Assembly; resolutions and platforms of political conventions; editorials and contributed articles in newspapers; personal solicitations and appeals; resolutions of traveling men's associations—all addressed to members of the General Assembly, and all urging the passage of the bill, are proof that a great many people want it. It is to those persons who sincerely hold this position, and who are moved by honest purposes to advocate it, that I offer the pages of this pamphlet.

It has been often stated, and seems to be quite generally believed, that other States have, by law, established two-cent railroad fare, and the example of these States is cited as a reason for a two-cent rate in Ohio. The State of New York is more frequently mentioned than any other as having such a law. The following quotation from an Ohio daily newspaper, in reference to the Ohio bill and the New York law, fairly shows the general notion on this subject in this State:

New York has had a similar law for many years. It has not been the means of bankrupting railroads there, but traffic has increased more than enough to compensate for the decreased fare. We cannot see why it would not operate the same in Ohio. The people demand such a law and we hope to see it passed.

Quite likely those persons who say that New York has a similar law do not intend to mislead. They are more careless than dishonest; and those who believe it are more indifferent than ignorant. The statement is neither true in letter nor in spirit. New York has no such law. On the contrary, that State is, with one exception, more liberal to the railroads in fixing passenger fares than Ohio, and that exception, I am sure, will have no weight in favor of the proposed rate in this State when comparative conditions are examined and understood.

The statutes of New York permit, generally, a three-cent rate, although a much higher rate is allowed on hilly roads. Under such conditions this is a reasonable provision, and more liberal than Ohio. It costs more to the road, and is worth more to the passenger, to be carried up over hills than on level ground. There is one road in Ohio, to which the pending bill would apply, that has a hill of over one hundred and fifty feet elevation to the mile, but the extra cost to the road in hauling passengers over this hill and the extra benefit to the passengers is disregarded both by the present statutes and the pending bill.

The two-cent law in New York, which is the exception above referred to, and which has, moreover, been the foundation of many and oft-repeated arguments, applies only to way passengers on one part of one road, viz.: to that part of the New York Central and Hudson River Railroad which lies between Buffalo and Albany. Under the statute the fare is limited to two cents per mile from any intermediate station to Albany, or from any intermediate station to Buffalo, or from any one intermediate station to another between Albany and Buffalo. It does not apply to fare from Albany station to Buffalo station, nor from Buffalo station to Albany station. It applies to local fares only between these two cities. The law was passed over forty years ago, and the rate was fixed at two cents, in consideration of the fact that the consolidated road paralleled the Erie Canal, a then favorite State institution, and would, therefore, compete with the canal for freight traffic, on which the State then received tolls. So it was thought proper to impose a two-cent limitation upon the way passenger traffic of the railway company.

While the pretended purpose of the State in enacting the law was to benefit way passengers, the real purpose seems to have been to punish a rival that would take business the canal had helped build up. The State did not impose the two-cent restric-

tion on roads not rival to its canal, nor upon the through passenger traffic of this road. For three or four years the State required this road to pay the same tolls on freight it carried that were paid on freight carried by the canal.

Even a State can become so absorbed in the business of a common carrier, and interested in the profits, and desirous of keeping the property in repair, that it does not welcome the irritating competition of private capital and individual energy. Such competition is not regarded so healthful when the State loses as when the loss falls on individuals comprising private corporations.

It is the New York Central and Hudson River Railroad, the only four-track railway on the continent—the only railway which has its eastern terminus in the metropolis of the western hemisphere—which runs through the most populous cities, towns and neighborhoods of the Empire State; which receives from the West the immense streams of travel from four great trunk lines of railway; in short, with superior advantages of connections and unexcelled local conditions of profitable passenger traffic, this is the railway that is offered in comparison with each of the railways of Ohio, and the precedent of two-cent fare for way passengers on a part of that road is urged as a reason why two cents is enough for any passengers on any of the roads here.

Is it reasonable for the advocates of two-cent fare in Ohio to take no heed of the general three-cent law of New York, but appeal only to the exceptional two-cent law there and ask the General Assembly to measure the earning condition of every railway in Ohio with the earning condition of that one road, or a part of which only the two-cent rate applies, and there to a part of the business only, and to fix that rate here on the claim that it is the general law of New York applying to all passengers on all railroads?

Michigan is another State which is sometimes named as having a general two-cent rate, and its action is added to that of New York in support of the measure in Ohio. This is no less deceptive than the other. Michigan has what is called a graded law—*i. e.*, passenger rates are fixed according to the annual passenger earnings per mile of road on different classes of roads. If a railroad earns \$3,000 per mile from passengers the rate of fare must not exceed two cents per mile for each passenger; if a road earns less than \$3,000 per mile and more than \$2,000, the rate of fare

must not exceed two and one-half cents per mile; if a road earns less than \$2,000 per mile, it may charge three cents per mile for each passenger. These rates only apply to roads in the Lower Peninsula. Railroads in the Upper Peninsula are allowed to charge one-half cent per mile in addition to the above rates.

While the Michigan law has the mask of fairness it contains the mischief of a movement toward a general reduction of earnings on all the roads, and especially on the weak roads which it pretends to protect. The old strong roads are usually the ones which are paralleled by new, weak roads. With a lower rate on the strong roads, the weak, parallel roads will get no traffic to points in common unless they adopt the same rate. If both maintain legal rates—the strong road two cents and the weak road three or two and one-half—the former will get the traffic and the latter the statutory sympathy.

The result in Michigan was that the weak roads, which paralleled strong ones, in order to get business were forced to adopt the rate prevailing on their stronger competitors, though this did not happen in many instances.

The immediate effect of such a law is to discriminate against the weak and not against the strong, as was probably intended. The result is to reduce the earnings of all. In this general reduction the strong can stand the blow much better than the weak. The weak roads are too weak now. The tendency of such legislation will be to make the strong, stronger, and the weak, weaker.

Let me illustrate the Michigan principle in Ohio. The Lake Shore and the Wheeling and Lake Erie railroads parallel each other from Toledo to Norwalk, touching seven common points. Under the Michigan classification of passenger earnings per mile of road the Lake Shore could charge only two cents per mile, while the Wheeling and Lake Erie would be permitted to charge three cents per mile. With a two-cent rate on the Lake Shore, how much passenger traffic would the Wheeling and Lake Erie get if it charged three cents per mile? Such a law, if intended to help the Wheeling road and to hurt the Lake Shore, when observed, would hurt the Wheeling and help the Lake Shore. If the Wheeling did not observe it, wherein would it receive any benefit from the legislative favor?

According to the last report of the Railroad Commissioner of Ohio, giving annual passenger earnings per mile of road,

out of sixty-five roads reporting passenger earnings per mile of road, six roads earned over \$3,000; fourteen earned over \$2,000 and less than \$3,000, and forty-five earned less than \$2,000 per mile; so that if the Michigan law had been in force here and competition remained inoperative there would have been a two-cent rate on six roads out of sixty-five; a two-and-one-half-cent rate on fourteen, and a three-cent rate on forty-five.

The Michigan law is bad in principle. It offers a reward for bad management and exacts a penalty for good management and foresight. Instead of giving encouragement to railways to increase earnings and better their conditions and service, it discourages the best and pushes them down to the level of the worst.

What the final outcome will be in Michigan is yet in doubt, though the early experience of that State in railway affairs is more of a warning to avoid her example than a recommendation to follow it. About fifty years ago she started out to build, own and operate two railways. Finding them profitless she sold them. Since then they have been profitable.

It is claimed that England has a two-cent rate. This is true only in part. The average rates in England are: for first-class, per mile, 4.23 cents; second-class, 3 cents, and third-class, 2.11 cents.

The parliamentary trains of England, which are required to carry passengers at a two-cent rate (penny a mile), have no cushioned seats but hard boards; no water closets, no drinking water and no heating—a sort of box-car accommodations such as tramps in this country in stormy weather only prefer to steal rather than walk.

It is universally admitted that the railway service in the United States—and Ohio has as good as any—in station and train accommodations is greatly superior to any railway service in the world of the same class and price.

Hungary has adopted a rate of fare under what is called the "zone" system, which, though in some cases less, on the average about equals a two-cent rate. But the railways there charge extra for hauling baggage. Besides, the accommodations are scanty and the speed of the trains slow. Furthermore, the wages paid railway employes in Hungary are less than one-half what are paid for the same class of work in this State. I do not believe that the people of Ohio would accept Hungarian service and conditions, however tempting Hungarian prices.

U. S. M.