

A WISCONSIN RAILROAD FIGHT.

THE BILL TO DISFRANCHISE THE BOND-HOLDERS OF THE CHICAGO, MILWAUKEE AND ST. PAUL COMPANY—A MONOPOLY FOR FIFTEEN YEARS IN PUBLISHING PUBLIC SCHOOL TEXT-BOOKS.

From Our Own Correspondent.

MILWAUKEE, Monday, Feb. 19, 1877.

There is a bill now pending before the Legislature of this State in which Wall street has a lively interest—a bill to repeal so much of the law of 1869 in relation to the Chicago, Milwaukee and St. Paul Railroad Company as permits the holders of certain bonds to vote in the election of Directors. The common stock of the company varies in value from 17 to 19 cents; if the bill now pending should pass, the stock will reach par until enough to control the election has been secured by the Alexander Mitchell interest.

In 1869 a bill was passed by the Legislature providing for the election of one-third only of all the Directors of the Chicago, Milwaukee and St. Paul Company each year, and enfranchising some \$6,000,000 of the bonds. Last year I gave to THE TIMES a history of the legislation and the efforts of the Mitchell interest to secure the repeal of so much of the law as provided for the annual election of only a part of the Directors, the object being to secure a majority of the voting bonds, re-elect the entire Board of Directors last June, and overthrow the Russell Sage interest. The Legislature of last year was composed of anti-railroad Grangers, and it was impossible for Mitchell to secure any favors. In this emergency he negotiated with Angus Smith, who for years had controlled the elevators of the company, but who had been dismissed by Mitchell. Smith was known as an enemy to Mitchell, and any bill he might favor would be regarded by the Grangers as anti-Mitchell. Smith was promised the elevators again provided he would lobby the bill through. He did so, and Mitchell secured control of the voting bonds, sold off all common stock, elected a full board of Mitchell directors, and overthrew Russell Sage. But Smith failed to secure his reward, Mitchell himself taking charge of the elevators, in which there is large profit.

To secure revenge as well as to realize on the sale of common stock, Angus Smith has joined with Russell Sage in an effort to put through the present bill to repeal the remainder of the law of 1869, which makes bondholders voters. This repeal would compel Mitchell to buy the common stock, which is largely in the hands of Sage and Smith, in order to keep control of the directory. The fight is very bitter, Sage and Smith having issued a hot circular, which has been as hotly replied to by Mitchell. The stockholders, in their circular, recite the history of the company, which has already been published in THE TIMES. They state that when the act of 1869 was passed the whole stock of the company was \$22,000,000; the whole amount of bonds was \$18,000,000, a majority of \$4,000,000 in favor of the stock. Now the bonded debt is \$30,000,000, all of which they declare is entitled to vote upon the same terms with the stock. The stock amounts to \$27,000,000, leaving a majority of \$3,000,000 in favor of the bonds. "The result is that the bondholders will forever be able to maintain the control of the company." They hold that the system of electing Directors by bondholders who are interested only in keeping up the security of their bonds and in receiving their interest promptly, and not at all in the ultimate value of the property, nor in the profits to be derived beyond the payment of interest, would, ordinarily, result in a substantial disregard of anything except earning such interest and making it certain that such interest would be paid in the future, and "what is known among the gentlemen eggged therein as 'freezing out the stock;' " gradually, by one abuse and another, absorbing all the earnings of a road through construction companies, costly construction, fat ring contracts, &c., till finally the stockholder who has bought stock in a company which was then, and is still, earning dividends, surrenders at discretion. They show that the act of 1869, permitting additional bonds sufficient to constitute a majority over the stock to vote, has wrested the control of the property from the hands of its owners and placed it in the hands of creditors, notwithstanding the interest on the bonds has always been promptly met.

On the other hand, the bondholders state that by the original articles of association a certain proportion of bonds was permitted to vote. In 1867 the company bought the Prairie du Chien Railroad and the Western and Minnesota Central, "and being desirous to complete the unfinished portion of the line, determined to issue \$4,000,000 in bonds that would vote." Again, in 1869, another line was purchased and \$2,000,000 in bonds issued with the same provision; at various other times and for various purposes, other bonds with the same provision were issued. The bonds issued in 1868, however, were not allowed to vote. These amounted to \$6,000,000, and the Legislature of 1869 passed the bill conferring the right to vote. In round numbers the voting basis is as follows:

Bonds (with scrip stock).....	\$25,000,000
Common stock.....	15,000,000
Preferred stock.....	12,000,000
Bonds (without scrip).....	6,000,000

The bondholders declare that the present holders of the stock purchased it with the knowledge that the bonds were enfranchised; that the present movement is solely for speculative purposes, and that the passage of the bill disfranchising the bonds would be an act of bad faith on the part of the State.

The bill is now in the hands of the Railroad Committee of the Senate, and a report will probably be made this week. Both parties are represented by strong lobbies, but the general impression is that the bill will not pass.

A TEXT-BOOK BILL.

The Eastern publishers of school-books will be interested in a bill now before the Legislature. It is framed on the supposition that uniformity in text-books throughout the entire State is advisable. It provides that the State shall contract with David Atwood, of Madison, Wis., for text-books for all the schools of the State for a period of 15 years—no other books than those published by David Atwood to be used during that time under penalty. The Superintendent of Public Instruction shall secure the materials for the books. The price to be paid to David Atwood shall be 50 per cent. less per page than is now charged for certain school books, 10 per cent. to be added to the price when a less number than 10,000 books are ordered at a single time. From a careful reading of the bill, I find that the practical result will be something like this: One of the standards selected is the National Reader, No. 1, which has 80 pages, and sells for 25 cents. The bill permits David Atwood to put 160 pages in his book and sell it for 25 cents, or for 10 per cent. more if less than 10,000 are ordered at one time. The book will cost the publisher \$200 for the first thousand—composition, \$84; paper, \$20; electrotype plates, \$50; end-paper and printing, \$30; binding, \$30, and press-work, \$10. The first 1,000, then, would cost 20 cents per volume, and his profit would be but 5 cents per volume. But all the subsequent thousands, covering the period of 15 years, would cost him out 6 cents each, the only expense being paper, press-work, end-paper, and binding, and his profit would be 19 cents per volume. In the meantime the outcry against the high price of text-books will probably compel Eastern publishers to reduce the price of books to one-half, which would still allow them an enormous profit; but however great the reduction, if this bill becomes a law Wisconsin people will be compelled to pay the present price for 15 years. If labor should become cheaper or the cost of production decrease, the consumers in Wisconsin will not be relieved, but only the Wisconsin publisher.

Strange as it may seem, this bill is likely to pass, the contract ratified, and the State saddled with text-books by unknown authors selected by a person holding an elective office, and inflexible prices for 15 years. A majority of the printers and politicians at Madison, the capital, are interested in the bill, and an effort is being made to push it through hurriedly before it can attract the attention of educators. It is the first instance in which a bill compelling the State to close a contract with a specified person has ever been introduced in this State. It does not permit publishers to bid for a contract to supply the schools of the State with text-books; it distinctly declares that "David Atwood, of Madison, Wisconsin, is hereby appointed and designated the contractor hereinbefore named." It is not declared that the text-books shall be supplied at 50 per cent. less than the standards selected, but, the pages of the books shall be

the subject of the measurement. This is seen in the following paragraph:

"If the number of pages in any book ordered shall be the same as stated in said table for a like character of work, then the maximum contract price shall be the same per volume as stated opposite the work designated, and under the head of 50 per cent. off, subject to whatever excess may occur by fraction of one-tenth of a mill as aforesaid; but if the work ordered shall contain more or less pages than the corresponding work in the table, the price shall be fixed in proper ratio to the actual number of pages, whether more or less. On all works ordered in less numbers than 10,000 copies at one time, the contractor shall be entitled to 10 per cent. additional to the rates established herein."

Educators here hold that uniformity in text-books is not desirable—that the books fitted for the graded schools of the city are not adapted to the country school, where a majority of the pupils attend only during the Winter months, and must acquire whatever knowledge is possible in a brief time.