

the past week being 199,700 less than last year, notwithstanding the increase of 111,700 as compared with the previous week. Receipts of cattle last week increased 37,000, and sheep 27,600. A comparison with last year showed cattle receipts increased 5,000 and sheep 7,800.

Eastern roads are moving a good volume of miscellaneous freight, but aside from that there is a decrease in other classes, and the volume of business was somewhat disappointing, and so long as an increase in the number of idle cars continues to be shown by many lines, the outlook is not as encouraging as traffic officials expected in their forecast of the situation thirty days ago, although they are doing more business in a general way than last year. The movement to the Southwest and South is better than a year ago, although it is not by any means heavy.

#### **School Rates and the Pennsylvania Railroad**

In reference to newspaper dispatches from Washington to the effect that Chairman Knapp, of the Interstate Commerce Commission, had written to the president of the Pennsylvania Railroad, complaining of the company's announcement relative to the withdrawal of school tickets between points in different states, Vice-President Thayer, of the Pennsylvania Railroad, stated that President McCrea would, of course, reply promptly and fully to the letter when received, but stated that the following were the facts in the matter according to his understanding:

"The Commission issued a ruling that the sale of tickets to school children could not be continued without violating the provisions of the interstate commerce law; in other words, that the sale of such tickets to school children alone would be a discrimination in favor of a special class. The Commission did suggest that it would be lawful to sell the same ticket, which is a 46-trip monthly ticket, to all persons whether or not attending school, between the ages of 12 and 21 years. The company, however, did not feel that it could so extend its sale of such tickets: First, because the effect would be to reduce its revenue which was already low on such traffic; and, second, because it would be impossible to check the age of the user. In fact, the experience of the company had shown that such a ticket would actually place a premium upon dishonesty. Furthermore, the company felt that the sale of such a ticket, confined to the ages referred to, would in itself constitute discrimination.

"The problem confronting the company was further complicated by reason of the fact that the Public Service Commission of New York made a strong plea for the continuation of the sale of the school ticket between points entirely within the state of New York. We believed this also to be the desire of the commissions of the other states through which the lines of the company run. As the ruling of the Interstate Commerce Commission could only govern as to interstate passengers, it thus transpired that the sale of these tickets might be continued in the case of one family moving between two points in one state, and yet be withdrawn in the case of a family living a mile or two distant yet under the necessity of moving between points in different states.

"By reason, therefore, of the apparent inconsistency of this policy, and of the large number of families who would be affected thereby and who might misunderstand our attitude in the matter, the company felt it to be necessary to place clearly before its patrons the reasons for the action taken. It was with great regret that the company found it necessary to issue such notice, and the company further regrets that the Commission should assume that any disrespect or criticism to it was intended. On the contrary, the company's notice was framed so as to clearly indicate that the withdrawal of these tickets was merely in obedience to the provisions of the law by which the Commission itself must be governed.

"The Pennsylvania Railroad has endeavored to fully and heartily co-operate with the Commission in its very difficult task of interpreting and enforcing the provisions of the law, and would always wish to avoid any seeming criticism of the Commission. But the railroad company

also has a duty to perform in protecting itself from misunderstandings and unjust criticisms upon the part of the public."

#### **Burlington Reduces Rate for Alaska-Yukon Exposition**

Last week, the Chicago, Burlington and Quincy caused considerable surprise among Western roads by taking independent action and announcing a rate of \$62 for the round trip between Chicago and Seattle during the Alaska-Yukon Exposition to be held at the latter city this year.

Although there is no legal reason why the Burlington should not act independently and quote any rate it sees fit, its action is contrary to that customarily taken. In explanation of the action taken, a representative of the Burlington is reported to have said:

"The rate has not been agreed upon by the railroads in conference, but our northern connections were insisting that the question be settled so they could get out their advertising and begin working for business. That is the reason for the rate being quoted before an agreement of the lines interested. The rate is arrived at by adding a fare and a half between here and the Twin Cities to the rate from there to the coast and return."

Representatives of other Western roads appear to be of the opinion that if the Burlington purposes taking independent action before rate matters have been considered by the Association, it will eventually lead to a serious break in the harmonious relations existing among Western roads.

#### **No Agreement Reached with the New Haven**

A second meeting of the executive committee of the Trunk Line Railroad Association is to be held on January 19 to consider again the question of the differential lower freight rates made by agreement between the New York, New Haven and Hartford Railroad Company and the Canadian Pacific. At the first meeting last Tuesday, it is understood that no satisfactory agreement could be reached. The subject has a very important bearing upon the whole question of through freight rates to western points.

#### **Grain Rate Conference in St. Louis**

At a conference held last week between members of the Municipal Commission of St. Louis and members of the sub-committee of St. Louis Eastern lines further details in the adjustment of St. Louis grain rates were discussed and arranged for. It was stated that all lines were perfecting arrangements for adjustment of proportional rates on grain products from St. Louis to the Eastern seaboard. In the adjustment of grain rates from Illinois points to St. Louis the sub-committee will confer and arrange details with the Illinois Central. The question of adjusting grain rates for St. Louis and East St. Louis on through business which involves the transfer or arbitrary is a matter between the St. Louis Eastern and Western lines, and has not yet been disposed of.

General Traffic Manager Maxwell, of the Wabash; General Freight Agent Davis, of the Vandalia, and General Superintendent Fitzgerald, of the Louisville and Nashville, represented the Eastern lines in the conference. The Commission was fully represented.

#### **St. Paul after Orient Trade**

As predicted some weeks ago in the columns of the RAILWAY WORLD, official announcement has been made by the Chicago, Milwaukee and St. Paul that upon the completion of its Pacific Coast extension the company will make a special effort to secure Oriental traffic. It is said that a traffic alliance has been made with the Osaka Shosen Kaisha Steamship Company for semi-monthly sailings from the port of Seattle. This company is now constructing six modern, fast steamers for the trade to the Orient.

The St. Paul road is going to make a strenuous bid for traffic between the United States, Canada, Europe, China, the Philippines, Japan, Russia, Siberia, Australia, Formosa and the Indian Ocean ports. The steamship company with which the St. Paul has effected traffic alliance has a fleet of 106 boats, with a gross tonnage of 110,000 tons, and it now maintains a regular service along the Japanese, Chinese, Siberian and Korean coasts. It is understood that the St. Paul will be part owner of the six new steamships which are now being constructed in Japan, each of which will be of 7,200 tons burden, with guaranteed speed of fourteen knots an hour. The first of these boats will be launched at Kobe, Japan, this month.

#### Canadian Trans-Atlantic Passenger Traffic

With the closing of navigation on the River St. Lawrence for the season of 1908, the Canadian Government reports that the several steamship companies engaged in Canadian-European trade have completed their balance sheets for the year's business, showing the results to have been very unsatisfactory, the most serious decline occurring in the westbound passenger traffic.

Taking the passenger business of all Canadian steamship lines into consideration, there has been a decrease of 899,475 in the westbound traffic; from this number deduct the increase in eastbound steerage of 200,364 and there is a total net falling off of 699,111 passengers in third class (east and westbound) traffic.

#### St. Paul Merger Financed

The Chicago, Milwaukee and St. Paul has completed the merger into one company of the several companies which built the Pacific Coast extension, and the securities issued by the new company have been taken into the treasury of the St. Paul Railway. The mortgage which has been placed on the Pacific Coast extension authorizes a total issue of \$200,000,000 of bonds, of which \$100,000,000 has been issued to the treasury of the St. Paul in settlement of advances made to the several subsidiary companies which have now been merged into one corporation—the Chicago, Milwaukee and Puget Sound Railway of Washington.

This company has an authorized capital of \$100,000, and all of this stock, which represents control of the Pacific Coast extension, lies in the treasury of the Chicago, Milwaukee and St. Paul. There is no present purpose of placing any of these bonds. This move on the part of the St. Paul places the finances of its Pacific Coast extension in compact form and provides for possible capital expenditures for a long distance into the future.

#### Harmon Keeps Receivership

Although Judson Harmon, receiver of the Cincinnati, Hamilton and Dayton became Governor of Ohio this week, he has decided not to sever his connection with the railroad at present, believing that the best interests of the property are against any change with the natural unrest that would follow among the employes. The federal court, however, will be petitioned to appoint an assistant to help in the receivership proceedings. It is anticipated that the receivership will be lifted by July.

#### Alabama Road's Embarrassment Only Temporary

Hugh M. Atkinson, president of the Atlanta, Birmingham and Atlantic Railroad, and one of the receivers of that road, has issued a statement to the effect that the road is in the finest physical condition, that it will continue to operate as heretofore, and that its course of going into the hands of receivers was made necessary simply on account of the fact that the earnings have not been as great as was the original hope.

In railroad circles it is freely predicted that the Atlanta, Birmingham and Atlantic will be again on its feet within a year's time. It is stated that one of the reasons why the road was unable to meet on January 1 the interest of its bonds was the failure of the firm of W. H.

Poor and Company, of Boston and New York, which firm were the underwriters of the bonds of the Atlanta, Birmingham and Atlantic. It is pointed out that the bond and stockholders retain the most absolute confidence in the road's filling its original promise, which confidence, it is stated, is exemplified in the president and vice-president of the road having been appointed its receivers.

#### The Mexican Railway Merger Explained

In connection with an explanation of the governmental merger of Mexican railroads, President S. M. Felton, of the Mexican Central, denies that he had any intention of leaving the employ of the Central. It is known, although not so stated by Mr. Felton, that he holds a five-year contract with the road at an annual salary of \$40,000. This contract has four years yet to run.

That there is nothing in the Mexican railway merger, which would necessitate Mr. Felton leaving the Mexican Central is evident from the explanation he gives of the merger, which is as follows:

"The so-called merger of the Mexican railways was brought about through the formation by a group of bankers of a new company called the National Railways of Mexico; this company offering its securities in exchange for the securities of the Mexican Central and the present National Lines of Mexico in consideration of a guarantee of the general mortgage bonds of this new company by the Government of Mexico. In consideration of this guarantee the Government received a majority of the stock so that it absolutely controls the corporation. The lines embraced in the merger are as follows:

	Miles.
National Railroad Company of Mexico .....	1,710
Mexican Central Railway Company, Limited .....	3,490
The Mexican International Railroad Company .....	922
The Hidalgo and Northeastern Railroad Company .....	158
Interoceanic Railway of Mexico .....	732
Total .....	7,012

"In addition there are the Vera Cruz and Pacific, 265 miles, and the Tehuantepec National, 206 miles, both of which are controlled by the Mexican Government, but not in the merger. The total railway mileage of Mexico, not counting small branches to mines and industrial tracks, is approximately 10,105 miles. So it will be seen that the Government comes into control of a large percentage of the total railway mileage of Mexico. It is a new experiment in the direction of Government ownership and one that appeals to all thinking people, having very many advantages over the direct Government operation that exists abroad.

"In Mexico it is not the intention of the Government to attempt to operate the railroads, which will be operated by their officers and under the direction of a board of directors. The Government influence will only be felt in the direction of preventing unnecessary railroad construction and in using the resources of the company for the development of the republic and furnishing railroad facilities where they do not now exist.

"The start in Mexico has been made early enough to prevent a repetition of the enormous waste of money that was seen in this country through the construction of parallel and competing lines. The concentration of so large a mileage into one control should produce large economies in operation. The securities provided for in the organization of the new company take care of the necessary improvements, additions and extension of the existing properties and also the construction of new lines when desirable for many years to come.

"Mexico, as far as its railroads are concerned, is yet in its infancy, and the growth of traffic on existing lines is bound to result in great prosperity to the republic. When the concession for building any railway is secured from the Government, such concession, in most cases, provides for a subsidy for the building and also states the maximum rates that can be charged, and the control of such rates is then vested in a railway commission, which