

The Commonwealth of Massachusetts.

BOSTON CHAMBER OF COMMERCE, 177 MILK STREET,
May 9, 1913.

To the Honorable the Senate of the Commonwealth of Massachusetts.

The Boston Chamber of Commerce has been requested by your Honorable Body to present more in detail the reasons why the Directors of the Chamber in a recent report in reference to the railroad situation in New England expressed opposition to giving additional authority to railroads to acquire street railways in Massachusetts, and "especially in reference to that proposed in pending legislation."

What the Directors Said in Regard to Trolleys.

The only two paragraphs in the report which relate to this matter are, one in the body of the report under the heading "Trolleys," which reads —

The majority of your Board of Directors believes that it is unwise to permit our steam railroads to purchase trolley companies in the State of Massachusetts or acquire additional interest in other classes of property not necessary to the operation of railroads.

and the third recommendation in the summary at the end of the report, which reads —

3. We recommend that our railroads be given no power to acquire trolley lines in Massachusetts.

In the above paragraph and recommendation the Directors were endeavoring to state the policy which seemed advisable for the present, based upon the circumstances and conditions of today.

The Additional Legislation Now Proposed.

We understand the "pending legislation" referred to in the preambles and order passed by your Honorable Body to be the bill recommended by the majority of the Special Joint Recess Committee appointed by the Legislature in 1912 to investigate and report in what way adequate street railway transportation facilities might be provided for the western part of the Commonwealth, and particularly the hill towns thereof.

The bill recommended by the majority of the Recess Committee —

(1) Authorizes the New York, New Haven & Hartford Railroad, through the agency of the Berkshire Street Railway Company, to acquire and consolidate with that street railway company

- (a) the Springfield Street Railway Company,
- (b) the Worcester Consolidated Street Railway Company,
- (c) the Milford, Attleborough & Woonsocket Street Railway Company,
- (d) the Chester & Becket Railroad Corporation,

and, with the approval of the Board of Railroad Commissioners,

- (e) the Attleborough Branch Railroad Company,
- (f) the Interstate Consolidated Railway Company, and
- (g) "any street railway companies which are now leased to or operated by any one of the above-named street railway companies."

(2) Provides for the construction of a connection between the Berkshire Street Railway and the Springfield Street Railway, and for the construction of approximately 300 miles of additional street railways — or so much thereof as the Board of Railroad Commissioners may designate and as it may be possible to construct within the limit of expenditure to be specified in the Act.*

* No limit is specified in the draft of the Act submitted by the Recess Committee, but the report says, "It is the opinion of a majority of the committee that the work of development should go forward upon the basis of \$5,000,000 for present expenditure, if no larger amount can be secured."

(3) Authorizes the New York, New Haven & Hartford Railroad to hold the stock of the consolidated Berkshire Street Railway Company, and to guarantee principal and interest on its bonds and dividends on its stock.

Consideration of the provisions of the proposed Act therefore raises two questions —

(1) Whether the consolidation of these various street railways, covering a large portion of the State, is in the public interest.

(2) Whether it is in the public interest, with due regard to the interests of the people in the sections which will be served by the proposed trolley lines and to the interests of the citizens of the State as a whole, that the New Haven Railroad should at the present time undertake to expend the large amount of money necessary to construct the trolley lines enumerated by the Recess Committee.

As the giving of authority to consolidate the street railway lines referred to seems to be contingent upon the New Haven Railroad obligating itself to construct the trolley lines named in the report of the Recess Committee, it seems only necessary in this statement to discuss the second question.

Where Trolleys are Especially Needed.

The report of the Special Joint Recess Committee calls attention to two districts in western Massachusetts, each over three hundred square miles in extent, which are entirely without trolley or railroad transportation. It says:

West of the Connecticut River, and lying between the Fitchburg Railroad on the north, the Boston & Albany on the south, the Connecticut Valley Railroad at the east and the Pittsfield & North Adams Railroad at the west, is a solid area of 324.8 square miles, comprising the 11 towns of Savoy, Windsor, Peru, Hawley, Ashfield, Plainfield, Cummington, Goshen, Worthington, Chesterfield and Westhampton, without a mile of railroad or trolley in any of them.

Between the Connecticut River at the east and the Housatonic division of the New Haven Railroad at the west, the Boston & Albany at the north and the Connecticut boundary at the south, is another solid section of 315.9 square miles, comprising the 8 towns of Tyringham, Monterey, New Marlborough, Otis, Sandisfield, Blandford, Tol-

land and Granville, similarly at the present time without either railroad or trolley facilities of any kind.

The report of the Special Joint Committee shows how the population in the counties and towns having street railway and steam railway transportation facilities has increased, and points out by contrast, that —

The population of the 11 towns in the first area described above was,

| | |
|-------------------------------|------------|
| In 1820, | 11,769 and |
| In 1910 it was only | 5,377. |

The population of the 8 towns in the second area described above was,

| | |
|------------------------|-----------|
| In 1820, | 9,588 and |
| In 1910 only | 4,632. |

The inference is irresistible that the scanty and diminishing population of the towns in these two districts has been due chiefly to lack of transportation facilities.

This is a serious situation, and one which not only concerns the ten thousand inhabitants living in the towns in these two districts, but makes a strong appeal to every citizen of Massachusetts. It appeals to us all, not only because each of us would naturally like to see the prosperity and welfare of these two sections promoted, but because they constitute a substantial portion of the area of the State, and it is to the advantage of every person in the Commonwealth to have them developed, if a wise and practicable plan for accomplishing this can be devised.

As to Railroad-owned Trolleys.

Whether it is wise for the State to authorize railroads under any circumstances to own and operate trolley lines, the Directors of the Chamber did not in their report undertake to say. That did not seem to them to be the question to be settled at present.

It has been urged that trolleys may be utilized for feeders for steam railroads. It is true that street railways do to a certain extent operate as feeders for steam railroads; but it

is also true that by far the greater part of the passengers on street railway lines use them purely as a means of local conveyance, and not for the purpose of reaching a steam railroad.

It may be true, as has been urged, that in some cases the steam railroads can afford to construct and operate a feeder when private capital would not be warranted in doing so, on account of the profit from hauling the passengers and freight on the steam railroad from the point where they first reach it to their destination; but in New England this can only be true to a limited extent, for, as has often been pointed out by the railroad officials, New England's railroads are in many respects a great railroad terminal, and do not convey either passengers or freight a sufficiently long distance over their lines to afford a very substantial basis for building trolley feeders to be operated at a loss. If now and then an isolated case comes up which justifies them in doing this, it can be settled on its merits.

The Real Situation.

The Special Joint Recess Committee reported that the construction of approximately 300 miles of street railway would be necessary to satisfy the "reasonable requirements" of the trolley-less districts in the western part of Massachusetts. The Committee made no estimate of the cost of constructing 300 miles of street railway referred to. If \$40,000 per mile is a fair estimate, in order to build and equip these 300 miles of street railway, the New Haven Railroad would be obliged to expend, or to obligate itself to expend, \$12,000,000.

The report of the Recess Committee seems to contemplate the expenditure by the New Haven Railroad of approximately \$5,000,000; but if the New Haven Railroad is to be given authority to construct street railway lines in western Massachusetts, it should meet the "reasonable requirements" of the districts for which it undertakes to furnish these facilities. The expenditure which it will be necessary for it to assume is, therefore, not \$5,000,000, but approximately \$12,000,000.

Is it wise or practicable for the New Haven Railroad to spend at this time, or to incur at this time the liability for spending \$12,000,000 for the construction of trolleys to traverse this district? That is the real question — and the only question which was considered by the Directors in their report on the railroad situation in New England.

It is of vital importance to the people of New England that the railroads furnish adequate service and facilities. It is perhaps not putting it too strongly to say that the prosperity of New England is conditioned upon the ability of the railroads to extend their facilities so as properly to take care of the expanding industries which furnish the people of New England with their means of subsistence. That means the expenditure, not only of large sums of money to meet existing needs, but very considerable sums of money to provide additional facilities which will be required in the near future.

In order to be able to furnish the railroad facilities to which New England is entitled, the New Haven Railroad should be in a strong financial position. Whether it, as a competitor with many other enterprises for capital, is now and will be in the future able to attract the money of the investing public, is of great consequence to everybody in Massachusetts — not merely to the ten thousand people living in these towns, but to approximately two million people living in other parts of the State.

Since the report of the Special Joint Recess Committee was submitted, many facts which were not presented to the Recess Committee, and which have an important bearing upon the financial condition of the New Haven Railroad, have become known.

At the present time the New Haven Railroad has a floating debt of approximately \$45,000,000; and the Boston & Maine Railroad, for which the New Haven Railroad has assumed the responsibility of direction and control, has a floating debt of approximately \$20,000,000. The Directors of the Chamber stated in their report that they thought they were "well within bounds in saying that the Boston & Maine system will need within a comparatively short time — two or three,

or at the most four, years — the expenditure of at least \$25,000,000 to bring it into condition to handle efficiently its present traffic.” It may also be that the New Haven Railroad itself will be required to expend within the same period of time a substantial sum of money.

Under these circumstances, we regret to say that it seems to us not in the public interest to have the New Haven Railroad expend, or bind itself to expend \$5,000,000 or \$12,000,000 — or any substantial sum of money — for the construction of trolley lines which at best can only be expected to pay dividends on the capital invested after having long been a drain upon the New Haven company.

In our opinion the New Haven Railroad should at present conserve every dollar of available capital and earnings for the discharge of its obligation as a public carrier. The New Haven *system* ended the year 1911, after the payment of 8 per cent. dividends upon the New Haven Railroad capital stock with a deficit of \$313,288, and the year 1912 with a surplus of only \$305,835. The first nine months of the present fiscal year (from July 1, 1912, to March 31, 1913) show larger gross earnings, but substantially the same net earnings, as for the year 1912.

As stated in our report:

In order to secure the improvements most needed in our railroad service we believe that the attention of the railroad management should be centered directly on the projects and problems we have reviewed, and that there should be no diversion of thought or capital to those which are not so immediately pressing. Moreover, railroad skill should be utilized in the improvement of railroad service, and not in further experiment with other classes of transportation.

Respectfully submitted,

For the Board of Directors of the Boston Chamber of Commerce,

JAMES J. STORROW,
President.

JAMES A. McKIBBEN,
Secretary.

