

HOUSE No. 138.

Commonwealth of Massachusetts.

HOUSE OF REPRESENTATIVES, March 13, 1878.

The Committee on Railroads, to whom was referred the petition of the Directors of the Boston and Poughkeepsie Railroad Company for a loan of the credit of the State, to aid in the construction of said railroad, to the amount of one million dollars, the same to be secured by mortgage, and the several petitions in aid of the same from over seven hundred residents of the towns of Mt. Washington, Egremont, Great Barrington, Monterey, New Marlborough, Otis, Sandisfield, Tolland, and Granville, which petitions state that its construction will give satisfactory relief to the towns of Otis, Tolland, and Sandisfield, now petitioners for reimbursement of money loaned by them to the Lee and New-Haven Railroad, beg leave to submit the following

REPORT.

This proposed line of railroad, and the advantages to be derived from its construction, are described by H. F. Keith, Esq., the engineer and one of the directors, in the following language:—

“ BOSTON AND POUGHKEEPSIE RAILROAD.

“This line will connect, at its eastern end, with the Massachusetts Central at Belchertown, and thence extend westerly through the towns of Granby and South Hadley and the city of Holyoke to Westfield, one hundred and eleven miles from Boston by this line and the Massachusetts Central, and one hundred and eight and three-tenths by the Boston and Albany; or over the Springfield,

Athol, and Northeastern from Enfield, through Indian Orchard, Springfield, or Chicopee and West Springfield, to Westfield. From Westfield the line continues through the towns of Southwick, Granville, and Tolland, in Hampden County, rising west to the summit in Tolland, one thousand four hundred feet above the sea, by a maximum ascending grade west seventy-four feet per mile for six miles; thence crossing the Farmington Valley about one mile south of Cold Spring, by a high bridge, and through the north part of the town of Sandisfield, south part of Otis, and centre of Monterey, by a maximum descending grade of sixty-six feet per mile for five miles, to Great Barrington, one hundred and fifty-one miles from Boston, where connection is had with the Housatonic Railroad, which will give a large business from the southern section of Berkshire County. From Great Barrington the line passes southerly and westerly through the town of Egremont, crossing the New York State line north of the town of Mount Washington; thence westerly and southerly about six miles to a connection with the Harlem Railroad at Copake (and by a branch west from State line at Hillsdale, giving lines to Hudson and Albany by the construction of a short section of about ten miles). At Copake, connection is had with New York City over the Harlem Railroad; thence crossing said road it next intersects with the Rhinebeck and Connecticut for Rondout and Kingston, the terminus of the Delaware and Hudson Canal and Wallkill Valley branch of the Erie, and the Ulster and Delaware railroads; and at Ancram, about fourteen miles from the State line, with the Poughkeepsie, Hartford, and Boston Railroad, thirty miles to Poughkeepsie, two hundred and three miles from Boston; and at Pine Plains, five miles southward from Ancram, with the Newburg and Connecticut, leading to Fishkill, two hundred and eighteen miles from Boston by this line, and two hundred and twenty-seven by the New York and New England.

“POUGHKEEPSIE BRIDGE AND THE COAL TRADE.

“To make the Poughkeepsie Bridge of any use to Massachusetts in the cheapening of coal or other freights from the Erie and Pennsylvania or other railroads, it will be found that the construction of the proposed Boston and Poughkeepsie Railroad, from a connection with the Poughkeepsie, Hartford, and Boston Railroad, to the Connecticut Valley in Massachusetts, is an essential part. The route selected, one hundred and sixty miles, through Massachusetts, is the shortest possible, being but two hundred and three miles from Boston to Poughkeepsie, while the New York and New England and Connecticut Western, or the proposed line *via*

Waterbury, are both from two hundred and twenty-six to two hundred and twenty-seven miles between these points; and there is abundant testimony against the feasibility of any shorter route between those lines.

“The Connecticut Western, and New York and New England, do not reach any part of Massachusetts where they can compete with water transportation for coal, or western freights. The section of Massachusetts, Vermont, and New Hampshire, which the Boston and Poughkeepsie and Massachusetts Central can supply with coal at an average of fifty cents per ton less than any other line, consumes fifteen hundred thousand tons per annum. This will require nearly fifty trains every working day in the year to transport. The line will cost from Ancram to the Connecticut Valley, with equipment, about three million dollars. The average haul will be about seventy miles, for which it would be safe to say it would receive one dollar per ton. This would amount to seven hundred and fifty thousand dollars for half the business; thirty per cent of this would be net profit, or two hundred and twenty-five thousand dollars, or over seven per cent on its cost for one-half the coal traffic alone, and at an average saving to the consumer of fifty cents per ton.

“The line as a through passenger and general freight route to Philadelphia, Baltimore, Washington, and the South and Southwest, is destined to be unrivalled, as the distance to all points in Pennsylvania and to the South from Northern and Eastern Massachusetts is but little farther than through New York City in miles, and in time less, and no transfers on completion of the Poughkeepsie Bridge. As a line to the interior of Massachusetts, Boston, and the towns and cities northeast of Boston, for the Pennsylvania, Baltimore and Ohio and Erie railroads, it is unrivalled, being twelve per cent the shortest all-rail line south of Albany to all points in Massachusetts and Eastern New England.

“REASONS FOR ITS IMMEDIATE CONSTRUCTION.

“1. It is the shortest, cheapest, and best line possible from Boston to Albany, Hudson, Rondout, Poughkeepsie, and Fishkill.

“2. It shortens the distance from Boston to the Poughkeepsie Bridge, now under construction, twenty-four miles, or more than ten per cent over any other line, and will consequently cheapen the cost of transportation that per cent on all freight coming over said bridge to Massachusetts and the other New England States east of the Connecticut River.

“3. It can save in the one item of coal alone one-third the cost of

the railroad annually, in addition to paying seven per cent dividends to its owners.

“4. It will give local accommodation to a valuable and interesting section of the State, now from twelve to eighteen miles from the nearest railroad station, and renders valuable their unoccupied water-power, forests of timber, quarries of marble and granite, and mines of iron and other ores, and shortens the distance from all towns in Southern Berkshire to Boston and New York from twenty to twenty-five miles.

“5. It can be built now, with the low price of labor and materials, at a cost that will give it a decided advantage over those built at inflated prices, and give employment to many now needing it, and a useful investment for unemployed capital, with a good prospect of profitable dividends.”

The Committee have not given the probabilities or possibilities of the financial success of this projected railroad that careful consideration which would be necessary to entitle their judgment in regard to it to any particular weight, because the conclusion they reach is not in any way based upon the necessity or desirability of the proposed line, nor upon its chances of being a successful enterprise, or the reverse. That it would be a great benefit to the towns through which it is laid out there can be no doubt, and testimony to that effect was given to the Committee by residents in that locality; but whether it would realize the hopes and expectations of its projectors, can only be demonstrated by actual experience after the road shall have been completed and operated.

STATE AID TO NEW RAILROAD ENTERPRISES.

The Committee in this instance have confined themselves to considering what should be the present and future policy of the State with regard to loans to new railroad enterprises, and the answer to this question has determined the character of their Report.

The experience of the State in railroad building and in loaning its credit to others to build railroads has, in the main, been a bitter one, and to-day the tax-payers of the State are called upon to pay the annual interest on over twenty millions of dollars so expended, with absolutely no reduction of transportation charges as a consequence of the expenditure.

In the early days of railroad building the assistance of the State may, perhaps, have been necessary to induce private capital to enter an untried field of operations, but to-day no such necessity exists. Massachusetts capital has built railroads in the West with the inducement of, at best, a very moderate return in the shape of dividends, and if a railroad nearer home promises a like return there should be no difficulty in securing the funds necessary for its construction. If a railroad cannot be built to-day without aid from State, city, or town, it is, as a rule, sufficient evidence that it should not be built at all. The State has no money but what it raises by taxation from the people, and with the present railroad service of the State there would seem to be no reason why all the tax-payers of the State should be compelled to subscribe towards building a railroad to which, in their private capacity as citizens, they decline to contribute.

Most of the railroad loans so far made by the State have been justified on the ground of furnishing additional and competing lines to the West and South; and, by so doing, lessening the cost of transportation between the food and fuel producing States and our own manufacturing population and seaboard towns. But the development of the railway system of the country has brought about great changes, and exploded theories that but a few years ago were regarded as fixed and determined. Competition between rival lines, although an important element, by no means settles the rates of transportation even between competing points; and the length of railroad in Massachusetts is so small a portion of the distance to Chicago, which is the present competing point for western freight, that even if the State owned or controlled a line of railroad from one end of its territory to the other, it could not dictate, or to any great extent control, the freight-rates from and to the West. To operate the State railroad at a loss in competition with others would only mean the payment in taxes what is gained in rates, and the public would receive no benefit therefrom.

Experience has proved that cheap transportation can be more surely obtained by developing to the utmost a single line of railroad than by building parallel competing lines. Volume of business, and an equal movement of freight in opposite directions, will assure cheap rates where competing

lines will fail to give relief, and business will naturally seek the roads that furnish the best facilities for its transaction. If the Boston and Albany road to-day were furnished with four tracks, so that the movement of freight could be continuous, and the loss attendant upon moving freight and passenger cars, fast and slow trains, on the same track, could be avoided, lower rates could be obtained than will ever result from the competition between rival lines; and if the four tracks were extended to Lake Ontario a still greater benefit would be derived therefrom. Of course there is a local benefit to towns on the lines of the parallel roads, but so far as the commercial and manufacturing interests of the State are concerned, and so far as it is for the interest of the State to secure through rates of freight from distant points at the lowest possible figure, that policy is the wisest which devotes itself to the full and complete development of a single line of railroad.

What the State needs to-day, to develop and build up its commercial and business interests, is, not additional lines of railroad, but a more ample provision for handling and transshipping freight at tide-water.

Transportation rates are low, and cannot well be reduced; but a great saving can be made in terminal charges. The merchants of New York are aroused to the necessity of some more convenient method of receiving, handling, and transshipping the freight delivered in that city by the railroads; and within the present month a committee of the Chamber of Commerce has called upon the city government to grant permission to the merchants to lay a freight track connecting the railroads with the docks, or for permission to use one already laid called the Belt Railroad, and otherwise to improve their terminal facilities, realizing the fact that the present provision made for receiving merchandise is far behind that made for its transportation. We should be alive to that fact here, to-day, and should bend our energies to the complete development of our terminal facilities. The capabilities of Boston for such development are second to no city on the Atlantic seaboard. Let her merchants see to it that the opportunity for such improvement is not lost through their remissness or neglect.

The State, by its legislation, should encourage private cap-

ital not only to build new lines of railroad, but to more completely develop those already built, and furnish for them improved terminal facilities, and by the thorough development of existing lines hasten the reduction of local rates, and to this end should avoid too rigidly limiting the possible profits where the gains are so uncertain. It is wiser to allow private capital a somewhat larger percentage of gain as an inducement for investment than to so hedge it about, that, while assuming all the risk of the undertaking, it can, in any event, only hope for a very moderate return, whatever measure of success the enterprise may attain. Capital will not be attracted to seek investment where the profits are limited, unless there is an accompanying guarantee against loss.

Excessive taxation is the greatest danger of Massachusetts to-day. We have low rates of transportation with the West. So far as those rates are concerned, the contest is over. What we now need is better facilities and lighter burdens at home. In these times of close competition and narrow margins, it makes little difference for what purpose a debt was assumed; it is a dead weight all the same. To-day the State is annually raising out of its productive industry eight hundred thousand dollars on account of the Hoosac Tunnel, and one hundred and eighty thousand dollars on account of its investment in the Boston, Hartford and Erie Railroad. Surely this is load enough to carry in the name of cheap transportation. If we are to try another experiment in this direction, with a chance of adding still further to the already onerous burden of taxation now imposed upon the industry of the State, it may perhaps be time for those engaged in the difficult struggle of competition to look for an abiding place in a State where their efforts will be less encumbered by that well-meant but costly assistance which crushes where it means to foster.

Believing, therefore, that the time has arrived when new railroad projects should stand upon their own merits and not lean on the State for support, and that the State should refuse aid in all such cases, whatever may be the outlook for financial success, the Committee recommend that the petitioners have leave to withdraw.

For the Committee,

CHARLES S. OSGOOD.

