# REPORT

OF

# COMMITTEE ON RAILROADS

OF THE SENATE,

NINETEENTH GENERAL ASSEMBLY,

IOWA,

AS PER RESOLUTION OF SENATE NO. 4.

---

*PUBLISHED BY ORDER OF THE SENATE.*

---

HENRY W. ROTHERT, LEE COUNTY, *CHAIRMAN.*

DES MOINES:
F. M. MILLS, STATE PRINTER.
1882.

# REPORT.

*To the Honorable Senate of the Nineteenth General Assembly of Iowa:*

SENATOR ROTHERT, from the Committee on Railways, submitted the following report:

MR. PRESIDENT: Your Committee on Railways to whom was referred Senate Resolution No. Four; to-wit,

"*Resolved*, That the Railroad Committee of the Senate are instructed hereby to inquire:

"1st. If competing railroad corporations are in the habit of agreeing that one road shall take all the freight, or the greater portion thereof, to and from, or to or from, any one point or territory in the State, while the other companies with their railroad lines there located refuse to take freight, in order to carry out such an agreement.

"2d. That said committee make such inquiry concerning shipments at Cedar Rapids, Dubuque, Ottumwa, or any point where there are competing railroad lines, which to said committee shall seem proper, and to ascertain all about such agreements, if any exist; and said committee shall have the right to subpœna and compel the attendance of witnesses, and shall have any statement which any citizen may desire to make on said subject by written statement in affidavit form or by being personally present.

"3d. That said committee shall make any other inquiries which to them shall seem needed, concerning the working of the Railroad Comissioner law, and shall report fully and specifically to the Senate on the subject of this resolution on or before the 15th day of February, 1882, and, further, whether in the judgment of said committee any legislation is needed to provide against the abuses suggested in the resolution, if such exist, and to report a bill to correct the same, if practicable"; beg leave to report that they have had the same under consideration, and have instructed me to return the same to the Senate with the following report:

Your committee have given the subject-matter of the resolution as careful investigation as was practicable in the brief time which it was possible to give to the work, and have to say in answer to the

first matter of inquiry, that we are unable to learn of any agreement on the part of any railroad to refuse to take freight offered, that it might go over another line. The committee are satisfied that such agreements are neither habitual nor frequent. One case of that kind in the northeast part of the State came to the knowledge of the Railway Commissioners a year or two since, but upon the suggestion of the Commissioners the agreement was promptly abrogated by the parties in interest.

Your committee wish to state, however, that pooling arrangements exist at many if not all of the important competing points in the State, in regard to inter-State transportion whereby competition between the railways there existing for such transportation is practically prevented. While this is true, it is also true that the rates of transportation between such points and large commercial centers outside the State are less than between such centers and non-competing points on such railways nearer to such centers.

Your committee has inquired into the practical working of the Railroad Commissioners' law and find that it is working well and for the benefit of the State at large. While decisions of the Commissioners have not the legal force and effect of those of a court with full power to enforce its decrees, yet the aid of the Board is frequently requested by citizens of the State, and their decisions have been uniformly respected and obeyed by the railway companies with but two exceptions. In these two cases the railways were in the hands of federal authorities. No State legislation seems to be required to make the present commissioner law more effective to correct any existing abuse.

The pooling arrangements to which reference has been made, can not be controlled by State legislation, as they relate to inter-State traffic.

The committee acknowledge themselves indebted to the Board of Railroad Commissioners for much valuable information in regard to the matters involved in the resolution.

For more specific information with reference to above report and answers to interrogatories, your committee annex the following correspondence had in relation thereto.

Respectfully submitted, for the committee,

HENRY W. ROTHERT, *Chairman.*



ROOMS OF SENATE COMMITTEE ON RAILWAY,
DES MOINES, Jan. 26, 1882.

*To the Honorable Board of Railroad Commissioners of Iowa:*

GENTLEMEN—By action of the Railway Committee of the Senate, I have been instructed to refer enclosed resolution, passed by the Senate, to your Honorable Board, with the request to give said committee in writing all the information said Board may have as to the several points embodied in said resolutions. The committee would be pleased also to receive such personal information as any individual member of your Honorable Board may be able to give for the enlightenment and consideration of said committee.

Respectfully submitted,

HENRY W. ROTHERT,
*Chairman of Committee.*

REPORT OF THE RAILROAD COMMISSIONERS ON THE SENATE RESOLUTION.

*Hon. Henry W. Rothert, Chairman of the Railroad Committee of the Senate of the State of Iowa*—Your letter of January 26, with resolution of Senator Hutchison, which was referred by your committee to this Board, was duly received.

In reply to the resolution, the Board of Railroad Commissioners would respectfully state that they have received no complaints covering the matter stated in the first enquiry, but that they decided a case which they think involves the same general principles which is reported in full in their Third Annual Report for the year 1880, (a copy of the report we send you with this.) It is the case of *Samuel Lilburn v. The Chicago, Rock Island & Pacific Railroad Company*, beginning at page 77, and ending at page 108. The case was fully argued by able attorneys, and the decision mainly written by Judge McDill. In this connection we think it would be worthy of careful examination.

The Board have written to the various railroad companies that are running to all the competing points in the State, asking whether they are in "the habit of agreeing that one road shall take all the freight to or from any point or territory in the State, while the other roads with their railroad lines there located, refuse to take freight in order to carry out such agreement." When the answers are received they will be forwarded to you.

The field of enquiry has become so wide from complaints filed that the Board has comparatively little time to look up grievances to which their attention is not specially called.

Section 1297 of the Code of 1873 provides that parallel railroads shall not pool their earnings; this, however, the Board understands does not apply to inter-State traffic, and that under the holdings of the Supreme Court of the United States, that no State legislation could have any effect. A section might be added that it should be unlawful for any railroad companies doing business in this State to apportion at competing points the business of any section or territory in the State in such manner as to deprive the shipper of his choice of route to market.

The Board sends with this letters received from the General Manager of the Chicago, Burlington & Quincy road; the General Manager of the Chicago, Milwaukee & St. Paul Railway; the General Superintendent of the Burlington, Cedar Rapids & Northern Railway Company; the General Manager of the Chicago & Northwestern Railway Company; the President of the Chicago, Rock Island & Pacific Railway; and the Second Vice-President of the Wabash, St. Louis & Pacific Railway Company. They all deny the specific charge in the resolution; the Second Vice-President of the Wabash road admits the pooling at competitive points, and we are informed that all the other roads make the same arrangements that he admits his company makes.

The Board would respectfully refer the committee for valuable suggestions in regard to the Commissioners' law, to the letter of Charles Francis Adams, Jr., published on pages 73 to 78, in their Second Annual Report, a copy of which is sent you with this.

The second inquiry of the Committee asks information "concerning shipments at Cedar Rapids, Dubuque, Ottumwa, or any other point, and to ascertain all about such agreements, if any exist," etc. The Board are a little at sea as to the scope of this inquiry, the phrase, "such agreements" seeming to limit the inquiry to territorial divisions as to which answer is fully made in the reply to question one.

Having been informed by the Chairman of the Senate Committee, Hon. H. W. Rothert, that all arrangements of whatever kind, touching the subject of transportation as it affects the shipper, are



sought for under the resolution of inquiry, it is thought proper to mention such as are found to exist.

Beginning with the Chicago, Burlington & Quincy Road, it has an arrangement at Ottumwa, and indeed at all other competing points on its Iowa lines. These arrangements, as a rule, are upon a *minimum* charge, and the terms of the agreement are to divide the earnings on the basis of an agreed ratio. This in some cases is as 50 to 50 perhaps, or 60 to 40, or 70 to 30, or 75 to 25, or any other proportion—the ratio being ascertained by the relative gross receipts in some cases, and tonnage in others, on the business of both for a stated antecedent time, say of three, or six, or twelve months.

The Chicago & Northwestern has also such pooling arrangements with other lines at competing points, but no division of territory or of the volume of freight. At Cedar Rapids, for instance, the parties to the arrangement are the Chicago & Northwestern, the Chicago, Milwaukee & St. Paul, and the Burlington, Cedar Rapids & Northern, and the division of the gross receipts on an agreed ratio. It also has a like arrangement at Sioux City, Council Bluffs, Des Moines and other points of competition.

The Illinois Central has a similar arrangement at Dubuque, Charles City, Mona, Lyle and other points. In this arrangement the division is made on such a basis as this, for instance: A fixed percentage of the gross receipts of each company is reserved to each absolutely, and the remainder of each is divided on the basis agreed upon; the net balance being sometimes payable by the one, and sometimes by the other. The arrangement is understood to exist at all points of competition.

Like arrangements have been made by the Chicago, Milwaukee and St. Paul at all competing points, the terms in some cases covering the surplus gross earnings over a fixed reserve to each; and in others of an agreed proportion of the gross receipts. In a few cases these arrangements are as to all kinds of freight, and in others apply only to certain specified articles.

The same is true as to the Burlington, Cedar Rapids & Northern at Cedar Rapids and other competing points, and doubtless so as to all roads which transport on inter-State contracts.

It may be added that most, if not all, these engagements are believed to be applicable to inter-State business only, though it is pos-

sible that they may, in here and there an instance, apply to local business between competing points.

The Board is not aware of any other kind of arrangements existing between the railways operating in Iowa.

PETER A. DEY,
M. C. WOODRUFF,
A. R. ANDERSON,
*Commissioners.*

The above report was made in writing to the Senate Committee on Railways, and the Commissioners on invitation being present with the committee, the latter made a request that the Commissioners elucidate the subject of pooling in further detail—asking that the pool arrangement be particularly explained in its practical application. Replying, the Commissioners said:

On investigation we find that all of what are known as trunk lines, or lines extending into other States, have these pooling agreements at points of competition; as, for instance, at Burlington, Keokuk, Ottumwa, Albia, Eddyville, Council Bluffs, Des Moines, Grinnell, Iowa City, Davenport, Clinton, Cedar Rapids, Marshalltown, Sioux City, Fort Dodge, Webster City, Iowa Falls, Cedar Falls, Waterloo, Dubuque, McGregor, Charles City, Britt, Mona, Sheldon, etc. These and several other points are stations where competing lines intersect, each seeking to get all the business it can. The pool contract has no effect to limit the volume of business of the two, three, four or more lines; each struggles to obtain all it can get; each preferring in final settlement of pool receipts to pay balances to competitors, rather than receive such balances. By the pool, agreement is made by all the parties to it upon a minimum charge for the various classes of freight. Take the case of Cedar Rapids, for instance: Here the Chicago & Northwestern, the Chicago, Milwaukee & St. Paul, and the Burlington, Cedar Rapids & Northern companies are in competition. Each struggles for all the business it can get, each preferring to secure the larger proportion, and at settlement to pay rather than receive a balance. The pool is for a division of the gross receipts; the C. & N. W., for instance, taking 44 per cent, the C., M. & St. P., 32, and the B., C. R. & N., 24. At Dubuque, the Illinois Central and the Chicago, Milwaukee & St. Paul Railways meet in



competition. In this instance the terms of the pool are not for a division of the gross earnings, but each reserves say 60 per cent of its gross earnings, and the remaining 40 per cent of both is placed to to the credit of pool account and division made share by share alike. At other competing stations a reserve of a given percentage of gross earnings is made by each company, say 60 per cent by one and 55 by another—these proportions supposably representing the cost of handling and moving—and the balance over from both being divided on agreed terms, say 45 per cent to one and 55 to the other. All these arrangements are based upon the facilities, business, and earnings of the competing lines, ascertained by comparing past tonnage, or receipts, or both. From these facts it will be seen that the object of the pool agreement is to avoid cutting of rates in competition, and serious disturbance in business, occasioned by constantly fluctuating rates. To this end they agree upon a minimum rate.

As a rule this rate is alleged to be a low one. Certain it is, the pool rate is lower than at non-competing stations with a shorter mileage; as, for instance, the rate on the Chicago, Milwaukee & St. Paul from Sheldon (a competing station) to Milwaukee or Chicago, on 4th class merchandise, is 50 cents per 100 lbs., while the same rate is charged from half a dozen non-competing stations at various lesser distances up to 60 miles.

In defense of this system railway companies assert that it is done for the two-fold purpose of protecting themselves from the certain losses following unchecked competition, and of protecting shippers and patrons at all non-competing points. This reasoning may be stated thus: The railway carrier is entitled to a fair compensation for the service rendered. To be fair it must be reasonably profitable. If under the impulse of competition at junction points the cutting of rates is reduced below a profit, the loss must be made up at places where no competition exists. Otherwise not only the revenues of the company are lost, but the property itself is going in the direction of bankruptcy. If the pool agreement be not maintained in good faith, the cutting of rates goes lower and lower, until the price has fallen to a mere nominal sum, as in the case of the periodical rate wars between Chicago and the sea-board for the past year or two. In proportion as the "cut" rate under competition goes below

the paying point, in that proportion the loss must be made good upon non-competing points. If this be not done the road-bed, cars, locomotives and operating facilities are worn out, and the line must grow more and more valueless, until it is finally swallowed up in bankruptcy. A railway cannot be maintained by a non-paying business. If it be said that a *maximum* rate be fixed by law for all the roads at all stations, non-competing as well as competing, the answer is that this does not prohibit competition, or cutting of rates to a losing figure. If one road cuts the rate, the other must come down to it, or it must give up business at that point. Now, if one of two or more competing roads is stronger and richer than the others, by reason of its more fortunate location and great business, it must follow that the weaker of these competitors will be driven to the wall. This done, what are the people at all non-competing stations on its line to do? Such is the reasoning of the railways in defense of the pool system, as by it they are able to maintain a *minimum* rate at stations common to two or more roads, whereas by the open competition, or "cutting" system, they must assess what they thus lose upon intermediate points.

Competition, to be effectual, must first be free, and the competitors practically equal in respect of strength, facilities, and tributary business. If any of these conditions are wanting, the inequality makes successful competition in the long run impracticable if not impossible. Secondly, the competitors must have lines substantially parallel, and when this is the case the business of the tributary territory is divided between the two or more lines. By thus dividing the business between two or more lines which could be done by any one of them, paying rates must be greater on both in order to meet operating expenses and interest on the two or more lines instead of one. A third difficulty in the way of successful competition lies in the fact that all stations must have the parallel or competing lines, otherwise the competition is but partial and discriminative.

[At this point the Commissioners were cited to the fact that the rate between Sioux City and Chicago was but little if any more than the rate between Chicago and Fort Dodge—over a hundred miles less distance. The explanation and answer of the Commissioners was as follows:]



The Illinois Central line runs through Fort Dodge and connects Sioux City and Chicago. At both terminal points this line has powerful competitors in the Chicago, Milwaukee & St. Paul, and the Chicago & Northwestern. The latter does a business in Iowa which in volume and earnings is about double that of the Illinois Central. The practical question for the Illinois Central is, shall it have its fair share of the business at Sioux City? If it ought and must have it, its rates must be as low as the lowest competitor's. If it surrenders its proper share its road from Sioux City to the next station eastward is rendered practically worthless, the thousands of dollars invested in it being thrown away. If so much of its line be thus abandoned because by refusing to compete it has been shut out of business, the entire line is seriously crippled as a through route into the territories to the west of Sioux City. Thus that road is forced to accept one of two alternatives: Compete at such rates as it can get, and thus divert all through business from that route to other more wisely managed routes, or quit business at that point, or, it must agree upon a *minimum* rate under a pooling agreement. This low pool rate is not a voluntary but a forced one; the rates at non-competing points being free and unforced are held to be fair and reasonable under all circumstances. While there is no sound reason in abstract equity why a less charge is made for a longer distance—all other conditions being alike—the practical question arises, what else can be done? If legislation shall be able to answer this question successfully it will have done what has not yet anywhere been demonstrated.

[Here another case was put to the Commissioners. It was stated that Fort Dodge merchants desired to build up a jobbing or wholesale trade, but that it was impossible because nothing below the Sioux City rate from Chicago could be obtained. To this, answer was made as follows:]

Fort Dodge is a station over a hundred miles less in distance from Chicago than Sioux City. Its competition, if any, is with a class "B" road, and is therefore not very sharp, while at Sioux City it meets two of the strongest competing lines in the State. While the rates between Fort Dodge and Chicago are as high, perhaps, as to Sioux City, they are less than to many, if not all, the stations between Fort Dodge and Sioux City. The Fort Dodge rate is also as low or

lower than to several stations east of it—a shorter distance. In this way a general balancing is reached. What is wanted at Fort Dodge, under the case as put, is a better rate than it now has, and it already has a better rate than other stations having a shorter haul. And this affords a key to the whole question as expressed by the Senate Committee's resolution of inquiry; to-wit, Each station in the State would like a little lower rate than the next neighbor.

To sum up, it is a very intricate and difficult problem to solve. The Commissioners find that the railways do their business much as other business is done, and are governed by the same motives, interests, and rules. It is very probable that abuses exist, but how are they to be met and overcome is the question. Up to this time legislation has been unequal to the task. That correction will some time be reached is certain, but how does not yet appear.

To show the greatest difficulty of all, it must be understood that these pool arrangements are on inter-State business, the Commissioners knowing of none on business wholly within the State. Hence the Iowa legislature is without jurisdiction, its power extending only to contracts within the State limits. Besides, as between eighty and eighty-five per cent of the traffic is of inter-State character, and as the low or *minimum* pool rate at all pool points is on through or inter-State traffic, and as all these pool stations combined probably include a very large proportion of the whole traffic, the difficulties at the very threshold of the case seem to be beyond the range of local regulation.

### DISCRIMINATION.

As this inquiry has raised one form of the general subject of discrimination, the Commissioners cannot better meet it than by calling the committee's attention to their discussion of it on pages 179, 180, and 181 of their report for 180, as follows:

Section 13 of the Commissioner law wisely prohibits unjust discrimination. This, in the nature of the business, is absolutely necessary. The classification of articles carried is in most cases discriminatory in its character and governed by the value. The freight tariffs are governed less by the cost of carriage in most articles than the amount they will bear and not prevent production or use. The more valuable goods always pay first-class rates, and this is not a question of risk or cost of carriage. This principle is carried still further, and, we think, properly, in the rates at competing points. A road at competitive points, if it secures any



business, must get it at a rate lower than would be fixed did not competition determine it. The shipper at a non-competitive point believes that he is greatly injured if his rates are higher, and yet it is not true that if the business of the competitive points furnishes any profit to the carrier, he can by that much less afford to carry his freight at intermediate points. If he was compelled to carry all his business at the rate of the competitive point, he would of necessity be compelled to abandon it and confine himself to his local business. The local would necessarily be higher by the amount of profit that might accrue from competitive points. It was a favorite theory of the Commissioners, and only abandoned after a careful study of its effect, that the State should pass some law prohibiting the roads from charging higher rates for a shorter than a longer distance. Coupled with this was the idea that some such enactment might prevent the fluctuating and ruinous rates at competing points, and place part of the burden of operating and maintaining the roads on the through traffic. One of the oldest railway managers in the West, in reviewing this subject, says:

"Nobody deplores foolish and reckless competition like that carried on from Missouri River points in the Southwest, more than the thoughtful railway manager, and if a law applicable to all the States could be enacted that would prohibit such ruinously low rates, and punish severely the parties making them, I feel sure that the railway managers would welcome it. But if the Iowa roads are prohibited from making any higher charge than their proportion of a through rate from New York to California—rates varying from time to time to meet the requirements of commerce, and sometimes made without the knowledge or consent of the managers of the Iowa lines—they must either do all their business at rates that will yield insufficient revenue to pay interest and dividends, or maintain high rates on local and allow through business to be mainly carried through States where no such prohibition exists. A loss of the through business, so long as it yields any net revenue, lessens the ability of the railway companies to reduce local transportation. It is evident that any profit derived from competitive business must be a benefit to local shippers, because it lessens local charges."

It may be a question whether the State has the power to fix this limit, and whether it might not be considered a regulation of inter-State commerce. The Supreme Court of the United States, in deciding the Pennsylvania case, says:

"If the power to fix tolls upon inter-State commerce is allowed, it would be in the power of the Eastern States to exclude entirely the products of the West from the sea-board by fixing a local rate that would prevent any through business being carried."

Should the States of Iowa, Missouri, and Illinois order that the local and through rates be the same, it might effectually prevent Kansas and Nebraska products reaching an Eastern market. Again, the same court held that "The State may, at its discretion, tax its own internal commerce, so that inter-State intercourse, commerce, or trade be not embarrassed or restricted." Whether a tax on gross receipts of a railroad is constitutional, has been affirmed by the Supreme Court of the United States, Judges Miller, Field, and Hunt dissenting. Judge Miller, in writing the dissenting opinion, uses this language:

"I lay down the broad proposition that by no device or evasion, by no form of statutory words, can a State compel citizens of another State to pay to it a tax, contribution, or toll, for the privilege of having their goods transported through that State by the ordinary channels of commerce. The inter-State commerce of to-day far exceeds in value that which is foreign, and it is of immense importance, and it should not be shackled by restrictions imposed by any State."

In both their former reports this Board has endeavored to give prominence to the idea that people situated as we are, almost in the center of the continent, and dependent mainly on all rail transportation to the sea-board for our bulky surplus products whose final market was Liverpool or London, could not afford to give too much prominence to short rates; that our interest is in the long haul, and if this is reduced to the *minimum* we can afford to pay a reasonable profit on our short hauls. Our fears have been that legislative interference in the States east of us might in some way affect unfavorably the through business.

PETER A. DEY,
M. C. WOODRUFF,
A. R. ANDERSON,
*Railroad Commissioners.*

RAILROAD COMMITTEE OF THE SENATE.

Henry W. Rothert, Lee county (chairman).
E. J. Hartshorn, Palo Alto county.
E. D. Nichols, Guthrie county.
A. Hebard, Montgomery county.
J. K. Graves, Dubuque county.
J. C. Schrader, Johnson county.
Delos Arnold, Marshall county.
A. N. Poyncer, Tama county.
H. A. Baker, Winneshiek county.
T. E. Clark, Page county.
J. L. Kamrar, Hamilton county.
J. W. Henderson, Linn county.
G. S. Robinson, Buena Vista county.

---

CHICAGO, BURLINGTON & QUINCY RAILROAD CO.,
T. J. POTTER, GENERAL MANAGER,
CHICAGO, February 3, 1882.

E. G. MORGAN, ESQ., *Secretary Board R. R. Com'rs, Des Moines, Iowa:*

DEAR SIR—Yours of the 1st inst. to C. E. Perkins, President, is referred to this office for reply.

You ask, "Whether your company is in the habit of agreeing with other roads at Burlington, Fairfield, Ottumwa, Albia, Knoxville, Des Moines, Indianola, Griswold, Carson, Humeston, Shenandoah, Malvern, Clarinda, or Council Bluffs, that one road shall take all the freight or the greater portion thereof, to or from any one point or territory in the State, while the other companies with their railroad lines there located refuse to take freight in order to carry out such agreement?"

I would say we are not in the habit of making any such agreement at the points named, but give the parties the privilege of shipping upon any line they choose to patronize.

Yours truly,

T. J. POTTER.



CHICAGO, MILWAUKEE AND ST. PAUL RAILWAY,
GENERAL MANAGER'S OFFICE,
MILWAUKEE, February 3, 1882.

E. G. MORGAN, ESQ., *Secretary Commissioners, Des Moines:*

DEAR SIR—I have received your favor of first inst., asking whether this company is in the habit of agreeing with other roads at various points in Iowa that one road shall take all the business, and the other refuse to take it, in order to carry out such agreement.

This company has no agreement with any other road of the nature described, neither has it ever made any such agreement. On the contrary, it aims to carry its full share of the business to and from all common or competing points in Iowa.

Yours truly,

S. S. MERRILL, *General Manager.*

---

MILWAUKEE, CEDAR RAPIDS & NORTHERN RAILWAY COMPANY,
CEDAR RAPIDS, IOWA, February 3, 1882.

E. G. MORGAN, ESQ, *Secretary Railroad Commissioners, Des Moines, Iowa:*

DEAR SIR—I am in receipt of yours of February first, in regard to inquiry of the Railway Committee of the Senate, and in reply would say, that we have no arrangement at either of the points named, in regard to either taking all the business or most of it by our line, neither of allowing most of the business to go by any other line, but we work actively for all the business we can get at agreed rates, which would naturally go over our road.

Trusting this information is sufficient, and answers the inquiry fully, I am,

Yours truly,

C. J. IVES, *General Superintendent.*

---

CHICAGO & NORTHWESTERN RAILWAY COMPANY,
OFFICE OF SECOND VICE-PRESDENT AND GENERAL MANAGER,
CHICAGO, January 6, 1882.

E. G. MORGAN, ESQ., *Secretary Railroad Commission:*

DEAR SIR—On my return to-day to the city, I am in receipt of yours of February 1st, inquiring whether the Chicago & Northwestern Railway Company "is in the habit of agreeing with other roads at Clinton, Cedar Rapids, Marshalltown, Grand Junction, Jefferson, Council Bluffs, and Sioux City, that one road shall take all the freight, or the greatest portion thereof, to and from any one point or territory in the State, while the other companies with their railroad lines there located, refuse to take freight in order to carry out such agreement."

In answer to the foregoing inquiry, permit me to say the C. & N. W. R. R. Co. has no agreement or understanding with other railroad companies whereby it will refuse to take any or all freights offered for transportation, in order that any other transportation company may carry such freights.

Very truly,

MARVIN HUGHITT.

CHICAGO, ROCK ISLAND & PACIFIC RAILWAY,
OFFICE OF THE PRESIDENT,
CHICAGO, February, 1882.

E. G. MORGAN, ESQ., *Sec'y B'd R. R. Commissioners of Iowa:*

DEAR SIR—In reply to the inquiry by the Railroad Committee of the Senate, "whether your Company (Rock Island) is in the habit of agreeing with other roads at Davenport, West Liberty, Columbus Junction, Iowa City, Fairfield, Grinnell, Keokuk, Ottumwa, Knoxville, Des Moines, Indianola, Griswold, Carson, or Council Bluffs, that one road shall take all the freight or the greatest portion thereof to or from any one point or territory in the State, while the other companies, with their railroad lines there located, refuse to take freight in order to carry out such agreement, I answer: this company are not in the habit of making such agreements, and that no such agreement exists on the part of this company to the best of my knowledge and belief. Respectfully yours,

HUGH RIDDLE, *President.*

---

WABASH, ST. LOUIS & PACIFIC RAILWAY COMPANY,
OFFICE OF SECOND VICE-PRESIDENT,
SAINT LOUIS, February 6, 1882.

E. G. MORGAN, ESQ., *Secretary Railroad Commissioners, Des Moines, Iowa:*

DEAR SIR—Your letter of February 1st to Col. Haw, Third Vice-President, has been handed to me for reply, and I wish to say that we have no agreement or understanding with any neighboring road which debars us from doing our share of the business.

It has been found necessary, in order to avoid undue competition, to agree fairly upon rates to points reached by either road, and also to agree on a fair division of the business. In other words: We have an arrangement with some of our neighbors in Iowa, whereby the business of certain stations is pooled, and, whichever road carries more than its percentage, pays over the difference to the road which is in arrears in its earnings.

Each road has business located on its track; each road has grain houses, stock yards, etc., at or near the junction points, and owned and operated by people who are anxious to do business for any person who is engaged in the shipping business.

Your inquiry leads me to think that misrepresentations have been made to the Senate Committee. I need only add that I can assure you there is no arrangement, so far as I know, which renders it necessary for either of the roads to decline taking business. Yours truly, IRA C. GAULT, *Second Vice-President.*

---

ILLINOIS CENTRAL RAILROAD COMPANY,
CHICAGO, February 10, 1882.

E. G. MORGAN, ESQ., *Secretary Railroad Commissioners, Des Moines, Iowa:*

DEAR SIR—I beg to acknowledge receipt of your favor of the 1st inst. received during my absence East.

This company has no agreement with any other roads at Dubuque, Delaware, Independence, Waterloo, Cedar Falls, Charles City, Ackley, Webster City, Fort Dodge, Lemars or Sioux City, that one road shall take all the freight or the greatest portion thereof to or from any other point or territory in the State.

This company and the Chicago, Milwaukee & St. Paul Railroad Company did endeavor to induce shipments of freight from that point by the shortest line to its point of destination. This was done principally to meet the requirements of the shippers in the matter of the supply of cars that could run through to destination without change, thus ensuring prompt movement of business. We consider this arrangement for shipment by the shortest route the best for the shippers as well as the most desirable for the road. It is, however, entirely optional with the shipper or consignee to select his own route.

Yours truly, W. K. ACKERMAN, *President.*

# ASSESSED VALUATION

OF

# RAILROAD PROPERTY

IN THE

## STATE OF IOWA,

AS FIXED BY THE

## EXECUTIVE COUNCIL OF THE STATE,

MARCH 3, 1881,

UNDER PROVISIONS OF CHAPTER 5, TITLE 10 OF THE CODE, AND CHAPTER 114, ACTS OF THE 17TH GENERAL ASSEMBLY.

---

COMPILED BY THE SECRETARY OF STATE.

---

PUBLISHED BY ORDER OF THE EXECUTIVE COUNCIL.

---

DES MOINES:
F. M. MILLS, STATE PRINTER.
1881.