Hannibal and St. Joseph R.R.
Facts and Considerations.
1861.
FACTS AND CONSIDERATIONS.
HANNIBAL & ST. JO. RAILROAD.

As a great many statements are put in circulation, intended to prejudice the interests of the Hannibal & St. Joseph Railroad, allow me to call your attention to a few facts and considerations:

**Objects of its Projection.**

In projecting this Road, as a part of the Railroad system of the State, in extending it across the State, from the Missouri to the Mississippi River, it is apparent that it was intended to secure two prominent points. First, a direct Eastern connection by means of Roads to be built through Illinois, and, second, the advantages of cheap water transportation to St. Louis, by the Mississippi—probably the best navigable stream in the world.

The magnificent steamers of the Keokuk Packet Company (a Missouri institution, principally owned and controlled in St. Louis) furnish a means of transit at once agreeable and economical which precludes successful competition by any Railroad route.

That this was well understood is apparent from the fact that the North Missouri Road was chartered to the line of Iowa—which is still held to be the paying point—where it was expected to connect with Roads in that State. It was required to be built of a different gauge, passing over the Hannibal & St. Joseph Road, in these ways making any transfer from one to the other difficult and expensive. So correct is this view that you find the President of that Road, in his Annual Report for 1859, referring to the traffic drawn from the Hannibal & St. Joseph Road, as extra and outside of their legitimate business. The practical working of the Hannibal & St. Joseph Road has secured both these results so manifestly aimed at by its projectors.

**Advantages to Trade.**

Most of the Traders through the country visit the Eastern cities once or twice a year to purchase goods. Freight is brought from Eastern cities to Hannibal as cheap as to St. Louis, even though it come by the way of St. Louis. Through contracts are made to all points of destination reached by our Road, without expenses of commissions, storage, drayage and the like. This is a large saving.
River Transportation

The difficulties of navigating the Missouri are well known, and none who have been "bled" have forgotten the enormous rates of transportation frequently charged, and it was because the people of Missouri were not willing to suffer these inconveniences and high rates that they projected their Roads—one of them nearly parallel to the river—and pledged their credit to the amount of $25,000,000.

If it were expected that business should pursue its old channels, why were Roads chartered? If the River Interests were to remain unimpaired, why were Roads built to accommodate the same business by cheaper and more expeditious transit, and why is it deemed so important to push the Pacific Road to its completion?

Market for Produce.

Nearly all the produce of the country, tributary to this Road, finds the best market in St. Louis. This is shown by the immense preponderance of tonnage to that city. St. Louis draws most of the trade of Quincy, and nothing but her own folly can divert the trade of Hannibal and the country drained by the H. & St Jo. Road.

Amount Transported in 1860.

During the year 1860 there was transported over our Road of freight received from St. Louis 33,005 tons—5,331 tons were sent to local stations, and 27,674 tons passed over the whole Road. There also passed over our Road for St. Louis, of dead freight 12,893 tons, while for Chicago and points further east there was but 1,515 tons.

Cost of Transportation.

The amount received for transportation the past year on St. Louis freight, bound west, averages 3.6 cents per ton per mile on way freight, and 2.9 cents per ton per mile on through freight, and on eastward bound freight 1.7 cents per ton per mile, while the amount received on through business coming from Chicago is six cents per 100 lbs. more than on the freight from St. Louis. There has been but little variation on local rates while the through rates have fluctuated according to competition from other sources; but it will be noticed that, when averaged, the difference is not unreasonable when we take into account the use of cars, loading and unloading and other expenses which do not depend on the distance freight is carried.

Freight from Chicago has paid within a small fraction of the average local rates.

It will also be observed that the rate on produce sent to market has been very low. As the preponderance of our tonnage is westward, we
have made low rates on eastward bound freight, as tending to load our empty cars and also enabling the country selling more produce at better profits to purchase more in return.

**Former Rates on the Missouri River.**

Previous to 1858 rates on the Missouri river averaged high, both on freight and passengers; seldom a year passing without ranging as high as two dollars per hundred from St. Louis to St. Joseph, and forty and fifty cents per hundred being considered low rates. It is a moderate estimate to set the average rates from St. Louis to St. Joseph at seventy-five cents per hundred pounds on freight, and fifteen dollars on passengers. In 1858 competition from the line of boats put on the river by the Pacific Railroad reduced rates part of the season to ruinous prices. This was an exception, not the rule.

**Saving to the People.**

Let us estimate from this data what has been saved to the public in the last year by our Road, the rate from St. Louis to Hannibal being about ten cents per hundred:

- 27,674 tons of westward bound freight at a saving of 35 cents per hundred, $193,718
- 5,331 tons of local freight at same, 37,317
- 12,893 tons eastward bound freight at a saving of 20 cents per hundred, 51,562

The saving of insurance will amount to ten cents per hundred on all this freight which equals 91,796

Not less than 15,000 tons annually, previously passed from eastern points through St. Louis, on which commissions and expenses were charged equal to 15 cents per hundred, all of which is saved by through contracts, 45,000

Total $419,393

To this we must add the amount saved on freight shipped from other points than St. Louis, at least $100,000 more.

On hogs and cattle the farmer has been enabled to find a market at his own door, and no well-informed man will place the increased value at less than two dollars on each hog and four dollars each on cattle. This will apply at least to 80,000 hogs and 15,000 cattle, resulting in placing $205,000 extra in the pockets of the producers. I might enumerate other items, such as the fact of our moderate rates forcing the river boats to reduce their rates, thereby saving to the people many thousands more, but we already have shown a saving of about $725,000 on freight alone, and on passengers it has equaled a
saving of four dollars each on 65,000, which is $260,000, making a total of 985,000.

Investments in Railroads.

It is the reasonable expectation of all who invest money in Railroads that they shall receive a fair return for the money so invested. To secure this they look first to the local business which they naturally control. It is usually, however, the case, if they were to charge such rates on this business as to afford the desired income, it would be exceedingly burdensome, and prevent the rapid development of the country in which no one can have a greater interest than the owners of a Railroad passing through it.

Reasons for Competition.

In order to avoid extreme local rates, and at the same time secure a reasonable income, all roads seek to draw business from points off their line, and often in competition with other lines or modes of conveyance, where the profits on the business secured are small; still it is uniformly acknowledged as good policy to secure all such business as pays even a small profit, as it enables the Road to reduce the otherwise high rates for local business. The complaint that is often made that local rates are higher than those to points of great competition, is therefore unreasonable for two reasons: first, you do NOT CONFER THE SAME ADVANTAGE on a place which has already other desirable means of transportation, and, second, this business which pays but a small profit, still enables the Road to make the local rates less than they would otherwise be. The inevitable result of cutting a Road off from doing a business where competition requires low rates to secure it, is an increased rate on local business to make up, if possible, for the loss.

Discrimination Against Chicago.

The difference of six cents per hundred between freight from St. Louis and that from Chicago may be accounted for by the fact that St. Louis is the point of competition with the Missouri river, and were we to make our rates uniform she would lose this advantage over Chicago, amounting last year to over $40,000.

Results to Owners of the Road.

We have seen that this Road, the past year, has saved the people nearly $1,000,000. Let us now enquire into the results to its owners. The annual interest on the State loan and the bonded debt of the Road is about $700,000—six per cent. on its stock would make this
$800,000. To meet this the net income has been about $530,000, leaving a balance of $279,000—a contribution made by the owners of the Road to extend Railroad facilities to Northern Missouri.

With these facts before us, it is evident that the managers of this Road must practice the utmost economy and seek in all legitimate ways to increase their income in order to meet their obligations to the State and to discharge their other liabilities and at the same time keep the Road and its equipment in such condition as to meet promptly and efficiently any business demands of the public. Persons outside of the State have been led to make large investments in this Road, trusting to a liberal charter and a liberal policy on the part of the State. It has resulted as was expected on your part, in rapidly developing Northern Missouri, peopling her towns, and saving her people annually nearly $1,000,000, while, so far, it has been only loss to them. They have met promptly their liabilities to the State, standing almost alone in this respect. This they must do in the future and soon will have to share the additional burden thrown upon the State by the failure of other Roads.

Enemies.

We have enemies, selfish and envious, who misrepresent both our character and our acts. They would have you "crush us out." It is easy to apply the epithets "soulless monopoly" and "Abolitionist." We fling them both back with scorn, and ask at your hands simple justice, that we may enjoy the privileges conferred upon us and in peace labor for the advancement of our State, knowing that by so doing we shall best promote our own interest.

Internal Improvements.

Our noble State has dealt with a liberal hand in aiding internal improvements. She can go no further. Shall she now pursue a course to invite capitalists from abroad to carry forward these enterprises to completion, or will she by unfriendly legislation, give them notice to seek other fields for investment?

North Missouri Road.

As much has been said about our transactions with the North Missouri Road, I will give a few facts. On the 1st December, 1859, the two Roads entered into a contract for conducting their joint business for one year. This we endeavored scrupulously to observe, and during its continuance the officers of that Road never brought to my knowledge any breach of it. If any occurred it was through the inadvertence of subordinate agents, and in rare cases, which would
have been corrected at once if brought to my knowledge. On the other hand, men in the employ of the North Missouri Road commenced their breach of contract by "cutting" rates of freight and in other ways, on the opening of navigation, and though this was often represented to the proper officers, it was continued through the summer, until it became so outrageous as to be insufferable, and led to acts of retaliation otherwise open to objection. All efforts to secure any satisfactory and reasonable arrangement for the present year have been without avail. To save ourselves from great loss, and at the same time to protect our patrons, we secured a route to St. Louis via Springfield, by which travel is taken at rates as low as by River in the summer. So far from seeking by this course to turn travel from St. Louis, it was the only means by which we could prevent such a discrimination in rates against that city as would most effectually divert travel, and as no moneys received by the North Missouri Road ever found their way into the State Treasury, we could not suppose it was any loss to the public or to St. Louis to have two routes with the consequent reduction of rates. Besides this route is actually the shortest from the eastern portion of our line to St. Louis and best accommodates all travel east of Hudson. We still continued to sell tickets by the North Missouri Road at the rates they gave us until forbidden by them. Desiring still to harmonize our interests, I have made them the following proposition, which is strictly a "pro rata" arrangement:

"HANNIBAL & ST. JOSEPH RAILROAD, {
SUPERINTENDENT'S OFFICE, {
HANNIBAL, Jan. 3, 1861. {

J. B. MOULTON, Esq., Supt. N. M. R. R., St. Louis:

DEAR SIR:—As some dissatisfaction exists, in consequence of the want of harmony between us in the transaction of the joint business of our respective Roads, and in the hope that an arrangement may be made that will be just and fair in itself, and entirely satisfactory to the public, in behalf of our Road, I now make the following proposition:

We will make the fare between all points on our Road and St. Louis and whatever rate per mile we receive on the passenger by Hannibal shall be charged from the point of starting to Hudson, and the same rate per mile shall also be charged from Hudson to St. Louis by your Road. This through fare we will divide with you "pro rata" on the distance traveled on each road; thus: if the fare is four cents per mile on a St. Joseph passenger, we would get, on 136 miles, $5.44. You would get, on 168 miles, $6.72. If the fare was less per mile, as it would probably be, the same proportion shall be regarded in the division, and the same rule shall apply in making the through rate and division from all local stations. Tickets shall be sold by the
several routes with strict impartiality by both parties, and neither party shall employ runners, or, by changing rates or making local rates less per mile than through rates, do anything to prevent the fair working of this arrangement.

You are aware that the travel from points on the Missouri river, above and below St. Joseph, is secured to our line by supporting a line of packets which has heretofore been somewhat expensive. To enable us to meet this expense, other lines working with us have made an allowance to us either in money or on division of fares; and the same was true of your road under the contract of last year. As you do not like that arrangement, we will take out the proportion allowed the boats and stages, and from what our road receives on the fare a through rate shall be made by your road on the same principle as before provided, and tickets by your road shall be sold impartially at all offices where we sell our own, and all fares shall be so arranged and divided that each Road shall receive the same rate per mile for the distance traveled over it, whether the passenger goes by one route or another; and, in consideration of the advantages thus received by your Road, should there be a loss in sustaining the packets and necessary river agencies, a fair proportion of such loss (say one-fifth) shall be paid by your Road.

Your Road shall fix the rates of freight between St. Louis and Hudson in the winter, and our road the rest of the year, and neither party shall carry for less than such established rates. This arrangement shall remain in force for two years, and each party shall give bond, with good security, in the sum of $20,000 for the faithful performance of the contract, both in its letter and spirit.

Should you accept this proposal, I will attend at once to the arrangement of details and making the contract.

I trust you will favor me with a prompt and decisive answer.

Yours, very respectfully,

J. T. K. HAYWARD, Gen. Supt."

This proposal was taken to St. Louis by me, and presented to Mr. Moulton in connection with the following:

"St. Louis, Jan. 5. 1861.

J. B. Moulton, Esq., Supt., &c., St. Louis:—

Dear Sir:—In handing you my proposal of a basis for conducting the joint business of our respective Roads, under date of January 3d, 1861, I wish further to say that I intend to make a broad proposal of a uniform rate of fare per mile, and a "pro rata" division, the details in all respects to be made equitable and all points properly guarded. As to your participation in tickets from points on the Missouri River and sharing a part of the expenses of the boat lines, I am willing either to drop that part of the arrangement entirely or to put the allowance you shall make towards our river expenses on some other basis which may be more satisfactory.

Yours, very respectfully,

J. T. K. HAYWARD.

On the 8th of January I received a reply from the Superintendent
of the Road, covering ten pages, making many complaints which I consider groundless, and refusing positively to accept my proposition. This reply is too long to be inserted here, and, consequently I omit from my next letter, that portion which was intended to meet its complaints.

On the 9th of January I submitted the following proposition, with a view, if possible, to avoid that hostility which could only result in loss to both. Its terms I consider more favorable to them than justice requires, and its form is shorn of objections urged against the first proposal.

St. Louis, January 9, 1861.

J. B. Moulton, Esq., Gen. Supt. N. Mo. R. R.:

Dear Sir:—Your communication of yesterday is received and contents noted.

The simple truth is that, to a certain extent, our respective Roads are competing for the same business. You aiming to draw as much as possible from us, to our loss, and we seeking to protect ourselves, as best we may. I fully believe this course pursued will result in loss to us both with no corresponding advantage to the public. It is with this view that I am seeking an amicable and fair adjustment of our joint business.

The proposition of your Board is now transmitted to me for the first time. I should be very willing to agree to the division proposed if other details could be arranged in a satisfactory manner. From what I know of your views I have little reason to expect this could be done, as I know you desire the through rate should be the same by your route, all rail, as by Hannibal and the river. I do not think this is right, and it is contrary to the universal usage throughout the country, so far as I know. Take, for instance, the routes between Chicago and the East, between Boston and Portland, New York and Boston, New York and Albany, New York and Philadelphia, and St. Louis and Cincinnati, by all these routes there is an agreed upon difference between all rail and water and rail.

I have also other important points to make in that connection which I need not now present.

I have, however another proposition to make your Road which, as it does away with some of your objections, I trust you will find satisfactory.

Each party shall fix their own local fare on the basis of a uniform rate per mile which shall not be more than four cents, or less than three cents. On all travel ticketed from points on our Road to St. Louis, or via St. Louis to other points, w e will charge full local rates, and the same shall be charged on return tickets. You shall do the same. Tickets shall be sold impartially by both Roads and each party receive their regular fare and no more. We shall be permitted to vary from this rule to discriminate to protect Hannibal as against Quincy, but not in a way to affect your interest. Should 2d or 3d class tickets be sold, an arrangement shall be made on a similar basis for them. You shall fix winter rates on freight to Hudson and we the summer rates, and such arrangement of details shall be made as will be equitable and shall provide against competition, prevent
unnecessary expenses and give suitable guarantees for the fulfilment of the contract.

You will perceive at once that this is intended to allow each party to fix its own fare within certain reasonable limits, make it a uniform rate per mile, give each party all the advantages they possess, and their full fare on all travel, while it avoids distorted rates and all expenses incurred by competition.

I will further say that, in order to cover the extra expense of crossing the Missouri river, an allowance of two miles shall be made to the length of your Road in fixing the rates and divisions.

I am yours, very respectfully,


To this I have received no reply. I appeal to honest, intelligent men to say if more can reasonably be asked than is here offered? If it is right for them to commit depredations on our business, it is right for us to defend our interests.

With reliance upon the intelligence of our Representatives and their disposition to render equal justice to all, these statements and considerations are respectfully submitted in behalf of the Corporation.

J. T. K. HAYWARD,