

Electric Railway Trust

Of the 41,000 miles of electric street and interurban railways in operation in the United States, nearly 12,000, or more than one-fourth of the total, is linked together through holding companies, interlocking leases and interlocking directorates, according to Carl Henry Mote, in June Pearson's. When the House of Morgan withdrew from a number of directorates not long ago the press of the country shouted in glee over the regeneration of business. The story of concentration should be of intense interest to every worker in the country. Part of Mr. Mote's article is quoted by the Labor Press.

Among the big systems that comprise this fellowship of trolley lines are the United Railways Investment Company, the North American Company, the United Gas and Electric Corporation, the Stone & Webster Management Association, American Cities Company, the Puget Sound Traction, Light and Power Company, the Michigan United Traction Company, the Public Service Corporation of New Jersey, the Terre Haute, Indianapolis and Eastern Traction Company, the Indiana Union Traction Company, the Ohio Electric Railway Company, Twin City Rapid Transit Company, Brooklyn Rapid Transit Company and the New York Railways. These are the principal suits.

The United Railways Investment Company has Pat Calhoun as its guiding genius. Pat Calhoun is the grandson of John C. Calhoun, vice-president of the United States between 1825 and 1829, and long a United States Senator from South Carolina. Pat Calhoun began his career as a lawyer in Georgia.

Acting altogether within the law, Pat Calhoun, lawyer, soon got his hands into the treasuries of several steam railroads, notably the Central Railroad of Georgia, the Richmond and Danville and the Richmond and West Point Terminal Railway and Warehouse Company. Then he turned his attention to electric railways. He had an open field and no competition in manipulating the physical property of electric railways.

The street railway systems of Pittsburgh, St. Louis, Baltimore and San Francisco, in turn, yielded up millions to Pat Calhoun. The Pittsburgh lines are now struggling along with a debt of \$184,000 a mile. The St. Louis lines have liabilities of \$219,000 a mile, and the Baltimore railways, more than a third of which is interurban mileage, have interest and dividend charges of \$24,000 a mile. In San Francisco, Calhoun outdid himself. He has managed to retain his hold on the United Railroads after piling up a debt of \$323,000 a mile. This debt does not include a power house, the power being leased of another company, which is a subsidiary of the United Railways Investment Company.

Calhoun narrowly escaped a term in the penitentiary in 1909, when he was tried for bribing a member of the San Francisco board of supervisors to vote for an overhead trolley franchise. Fifteen of the eighteen members of the board confessed to having accepted the bribes for their votes for this franchise, and the books of the United Railroads showed the payment of \$209,000 to somebody for an unexplained purpose about the time the bribes were received. Yet the jury in the trial of Calhoun disagreed and the chief attorney of the company had been indicted with Calhoun.

Calhoun retained his hold on the United Railways until the fall of 1913, when he resigned, according to one authority, because of the many other interests in which he was engaged. He did not find his other interests pressing, however, until the debt of the United Railroads had reached \$323,000 a mile. Calhoun is listed in the 1913 directory, published by John Moddy, as a director of the United Railroads of San Francisco, the United Railways Investment Company and the Philadelphia Company. The United Railways Investment Company is a holding company for the two others and the Philadelphia Company controls the Pittsburgh Railways Company, in which Calhoun is likewise a director.

Nor has he indicated in any manner whatsoever an intention of yielding his preference in honorable surrender and resigning from any of these directorates.

George W. Bacon, a second director in the United Railways Investment Company, is a director in the Kansas City Railway and Light Company, which owns or leases 265 miles of street and interurban railways in and near Kansas City, Mo. He is also a director in the American Cities Company, controlling 546 miles of street railway in Birmingham, New Orleans, Knoxville, Little Rock, Houston and Memphis. Bacon has given the public no assurance that he proposes to yield his preference in honorable surrender.

F. S. Smithers, a third director in the United Railways Investment Company, is also a director in the North American Company, a holding company of St. Louis, the Milwaukee Light, Heat and Traction Company, and the Milwaukee Electric Railway and Light Company. The companies own or operate under lease the street railway lines of both Milwaukee and St. Louis. Smithers has not authorized any one to say that he expects

to yield his preference and get off any of these boards.

Mason B. Starring, another director of the United Railways Investment Company, is a director of the Northwestern Elevated Railroad Company of Chicago and president of the Chicago and Oak Park Elevated Railway Company.

Henry A. Blair, a director in the Northwestern Elevated Railroad Company of Chicago with Mason B. Starring, is a director in both the Chicago Railways Company, controlling practically all the surface lines of Chicago, and the Chicago Elevated Railways, controlling the overhead lines. Also he is a director in the Commonwealth Edison Company, controlling the entire electric lighting and power business of Chicago. There are no signs of honorable surrender from this quarter.

Samuel Insull, president of the Commonwealth Edison Company and director in the Chicago Elevated Railways, with Henry A. Blair, is the controlling factor in the Middle West Public Utilities Company, a stupendous corporation, chartered in 1912, in Delaware. The Middle West Public Utilities Company owns or controls gas, light, water and street railway companies in Illinois, Indiana, Kentucky, Oklahoma, Missouri, Michigan, New York, Vermont, New Hampshire and Maine. Insull is a director in the United Gas and Electric Corporation, which owns the stock of the Lancaster County Railway and Light Company; the United Light and Railways Company controlling 266 miles of street railway, gas and lighting plants in Davenport, Muscatine, Rock Island, Moline and other towns. He is also a director in the Pacific Gas and Electric Company, which owns the street railway lines of Sacramento, Cal.

Shortly after coming to America from England, where he was born in 1859, Insull became private secretary to Thomas A. Edison. It is fair to say that Insull has fully justified his expatriation, for it is certain that he could not have found 80,000,000 people anywhere so willing to be fleeced as they are this side of Ellis Island.

"A spritely boy," according to the late Petroleum V. Nasby, "wanst put 200 eggs in a nest for a hen to set on, and on being asked why he had put so many eggs under one hen, replied that he wanted to see her 'spread herself.'"

A gentleman who signs himself C. M. Clark, of Philadelphia, and who is a director in nine traction companies, with a total of more than 2200 miles, could give the hen that tried to cover eggs on opposite sides of the nest, 200 eggs away, some helpful lessons. He has "spread" himself from the Pacific Coast to the Gulf, and northward to the Middle Western States.

Clark is a director in the Portland (Ore.) Railway and Light Company, with 283 miles of street railway in Portland. He is a director in the Denver and Northwestern Railway Company, controlling 230 miles of street railway in Denver, and the Commonwealth Power, Railway and Light Company, controlling sixty-four miles of street railway in Grand Rapids. He is a director in the Michigan United Traction Company, operating 372 miles of electric railway. He is a director of the Tennessee Railway, Light and Power Company, which controls 146 miles of street railway in Nashville and Chattanooga. Likewise, he is a director in the Columbus (Ohio) Railway and Light Company, and the Union Railway, Gas and Electric Company, which owns or operates 175 miles of street railway in Evansville, Springfield and Rockford, Ill., and Janesville and Beloit, Wis. Also he is a director in the East St. Louis and Suburban Railway, 188 miles, which has on its board David R. Francis, a director in the United Railways of St. Louis, controlled by the North American Company, in which F. S. Smithers, already referred to, is a director. Again, Clark is a director in the Evansville Light Company, which controls the Evansville Public Utilities Company, in which C. M. Murdock is a director.

If there is to be any yielding of preference, and honorable surrender, among electric railway magnates, Clark would be a very proper person to set the example for the rest of the magnates. He has not indicated that he expects to be any such example.

C. M. Murdock, director in the Public Utilities Company, of Evansville, controlled by the Evansville Light Company, of which C. M. Clark is a director, is himself a director in the Chicago, South End and Northern Indiana Traction Company, 115 miles of interurban lines.

Robert I. Todd, another director in the Chicago, South End and Northern Indiana Traction Company, is president and director of the Terre Haute, Indianapolis and Eastern Traction Company, a system of 558 miles, including the street railway lines of Indianapolis, Terre Haute and Richmond, Ind. He is also a director in the Fort Wayne and Northern Indiana Traction Company, a system of 220 miles.

As manager of the Indianapolis city lines it was Todd who made such strenuous objections during the Indianapolis street railway strike to the interference of "foreign labor agitators." The company he manages is owned and operated in the interests of capitalists who live in Philadelphia.

The chief genius of the Terre Haute, Indianapolis and Eastern Traction Company is Randal Morgan, of Philadelphia, who is a director also in the Indiana Union Traction Company, a system of 423 miles; the Ohio Traction Company, a system of 227 miles, and the Fort Wayne and Northern In-

diana Traction Company. But he also is a director in the Public Service Corporation of New Jersey.

The Public Service Corporation of New Jersey operates practically all the gas, electric light and street railway companies in the larger cities of New Jersey, except Trenton and Elizabeth. Its outstanding securities, subsidiaries included, amount approximately to \$225,000,000. It operates 810 miles of electric railways. Besides Randal Morgan, other directors in the Public Service Corporation of New Jersey are Frank Bergen and J. H. Harding.

Bergen is a director in the Twin City Rapid Transit Company, owning or controlling by lease the 402 miles of street railway in St. Paul and Minneapolis.

J. H. Harding is a director in the Brooklyn Rapid Transit Company, 273 miles of electric railway.

With Frank Bergen on the board of directors of the Twin City Rapid Transit Company is W. A. Read, who is also a director in the Interborough Rapid Transit Company, a constituent part of the Interborough Metropolitan Company, operator of the New York subway, owned by the City of New York, and lessee or owner of several suburban and overhead companies. Read is a director in the "Cloverleaf" railroad, the Central Trust Company, and more than twenty other corporations. If he proposes to yield his preference for interlocking directorates he is keeping his purpose to himself.

August Belmont, E. J. Berwind and Theodore P. Shonts, directors of the Interborough Rapid Transit Company, are also directors in the New York Railways Company, operating 165 miles of underground railway and horse railroads. Belmont is a director in the Louisville and Nashville Railroad, the Long Island Railroad and the American-Asiatic Steamship Company. His firm, August Belmont & Co., is the American representative of the foreign banking house of Rothschild & Co.

With Samuel Insull on the board of directors of the United Gas and Electric Corporation are R. E. Griscorn and S. R. Bertron. Both Griscorn and Bertron are directors in the International Traction Company, which controls 378 miles of street and interurban railway in and between Buffalo, Niagara Falls, Lockport and Ontario, Canada. Fifty per cent of the stock of the International Traction Company is owned by the United Gas and Electric Corporation as an additional guaranty that the Gentlemen Who Fry Fat will all get the grease.

The Stone & Webster Management Association controls the Puget Sound Traction, Light and Power Company. The Stone & Webster Management Association has under its control 1225 miles of electric railroad, including the street railway system of Dallas, El Paso, Galveston, Savannah, Jacksonville, Key West, Pensacola, Seattle, Tacoma, Bellingham and Everett, Wash.

Both George Bullock, director in the United Gas and Electric Corporation, and S. Z. Mitchell, director in the American Cities Company, with George W. Bacon, are directors in the Buffalo and Lake Erie Traction Company, controlling 133 miles of interurban railway. Both S. R. Bertron and Randal Morgan are also directors in this latter enterprise.

George R. Sheldon, director in the North American Company, with F. S. Smithers, is a director in the Washington, Baltimore and Annapolis Electric Railroad, sixty-two miles long.

W. Kelsey Schoepf, director in the Terre Haute, Indianapolis and Eastern Traction Company, with Randal Morgan and Robert I. Todd, and in the Indiana Union Traction Company, with Randal Morgan, is a director in the Ohio Electric Railway Company, 601 miles, and the Ohio Traction Company, which controls the Cincinnati Traction Company, owner or lessee of the street railway lines of Cincinnati. Fourteen years ago Schoepf was general manager of the Consolidated Traction Company of Pittsburgh, later taken under the wing of the executive committee of the Cincinnati Car Company, which manufactures all the cars used on several thousand miles of electric railroad, including those miles in which Schoepf is interested as a director and stockholder.

J. Levering Jones, director in the Indiana Union Traction Company and Fort Wayne and Northern Indiana Traction Company, is also a director in the Kentucky Securities Company, controlling ninety-three miles of street railway securities in Lexington and Frankfort, Ky.

With W. A. Read and Frank Bergen on the board of directors of the Twin City Rapid Transit Company is Sir Henry M. Pellatt. Sir Henry is a director in the Toronto Railways Company and the Brazilian Traction, Light and Power Company, Ltd., organized to consolidate the tramways of Rio de Janeiro and Sao Paulo and the Sao Paulo Electric Company. The liabilities of this company obviously are limited by law. Certainly the ambitious desire for profits is not, for it is capitalized at \$120,000,000 by its promoters.

The country was startled several years ago to learn that a hundred men controlled the railroads of the country. It got a further shock when it was found that the number was less than a hundred, and a panic almost ensued when it developed finally that the railroads were controlled by less than twenty men.

Within twenty years twenty men have gained, not control, but possession, of more than one-fourth of the electric railroads of the United States. If the relationships could be completely set forth, including the silent interests of a few powerful banks, without doubt it would reveal a close confederacy of at least half the mileage of the country.

President Wilson may be moved to the use of ecstatic rhetoric because one firm was all but compelled to capitulate in honorable surrender, but there does not appear any reason, present or remote, for the country to get unduly merry, merely because the politicians are seeking cover.

In the language of Aristophanes, "you cannot make a crab walk straight," and the president will find it a far call to the honorable surrender of men who scrambled business for the express purpose of making private fortunes out of it. It is a far call to the honorable surrender of the twenty men who have in their control more than one-fourth of the electric railroads of the country, the names of whom are herewith set out:

W. A. Read, Frank Bergen, Patrick Calhoun, George W. Bacon, F. S. Smithers, Henry A. Blair, Samuel Insull, C. M. Murdock, C. M. Clark, Robert I. Todd, Randal Morgan, J. H. Harding, August Belmont, S. R. Bertron, George Bullock, George R. Sheldon, E. S. Webster (Stone & Webster), W. Kelsey Schoepf, J. Levering Jones and Mason R. Starring.

Some of these twenty men are "dummies" for others included in the list, but they make the personal connection between the several companies.

Given a few more years of uninterrupted license and the electric railroads of the country—all of them—will be completely under the control of these twenty men, or the survivors of the twenty. There is no doubt about it. It is a fact.

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