hereafter to be perfected,) under the style of the "Decatur Branch Railroad Company," with a view of extending a line of railroad in connection with the New Orleans, Jackson and Great Northern Railroad nothward to the Tennessee river, and to give such other aid and assistance as can be afforded without detriment to this company to such company, and take pay for the same in full paid capital stock.

To show in what favorable light the masters in chancery, appointed by the United States Circuit Court, looked upon this proposed extension, they state as follows in their report herewith accompanying, marked "B:"

"When the road is extended by the way of Aberdeen to the Tennessee river, thus forming a connection with Memphis and Charleston and the Nashville and Selma roads, as originally designed, the company will have one of the most valuable roads in the South. Traversing, as it would a country of immense fertility and inexhaustible resources, it would bring new fields into cultivation, increase the commerce of the South and vastly augument the trade of this city. We have no doubt that as soon as the political difficulties which now paralyze every branch of industry in this section are settled, capitalists will take hold of this great enterprise and see that it is accomplished."

The cost of the extension from Canton to Aberdeen (122½ miles) is roughly estimated by the engineer, Major B. H. Greene, in charge of the survey at about $2,760,000, and from Aberdeen to Decatur (119½ miles) at about $3,240,000, or about $6,000,000, for the whole distance.

The decrease of business on the road in 1867 is accounted for very correctly, in my opinion, by the general superintendent in his report of that year, as follows:

"First—To the extraordinary prostration of trade which pervades the entire country.

"Second—During three months of the past year the fever prevailed with considerable violence in New Orleans, during which time the business of the road was impeded by the establishment of quarantine at Brookhaven, Jackson, Canton and Vicksburg.

"Third—By reference to tabular statements it will be seen that we have brought to market ten thousand two hundred and seventy-seven (10,277) bales of cotton, and have carried twenty-three thousand one hundred and eleven (23,111) passengers in excess of last year, notwithstanding which our gross earnings from freight and passage have fallen short two hundred and eighty-two thousand nine hundred and ninety-eight dollars and seventy-two cents (282,998 72), caused by the necessary reductions on our freight and passenger tariffs. This deficit is more than equaled by the reduction of the expenses of operating the road.

"The average travel has paid us but (4 7-10) four and seven-tenths per mile, whilst the previous year we received five and seven tenth (5 7-10) cents per mile, say a reduction of one cent per mile. This reduction of fare was made with the view to facilitate those locating along the line of road and more particularly those whose business connections in the city made it necessary for frequent travel; but by the statement herein referred to, the fact is revealed that whilst the increase of travel has been considerable, it has not yielded the receipts paid last year by eighty thousand six hundred and sixty-four dollars and twenty cents (80,664 20)."

The general superintendent states as follows, in his report herewith marked "I:"

"Statement No. 2—Shows we have brought from connecting roads 55,647 bales cotton, against 52,263 during the year ending February 29, 1868, making an increase from connecting roads of 3384 bales.

"The receipts from local stations fall short 6700 bales. This decrease in the number of bales from local stations is attributable to an unusually rainy season, making the roads almost impassable, thereby preventing planters from hauling to or from the stations. From the best information obtained, I think there are upwards of twenty thousand bales of cotton yet to come over the road from the present crops.

"Statement No. 3, Passage Department—Exhibits the earnings at four hundred and twenty-eight thousand three hundred and five dollars and sixty-two cents, against four hundred and sixty-five thousand five hundred and forty-four dollars and eighty cents from the previous year, making a deficit of thirty-seven thousand two hundred and thirty-nine dollars and eighteen cents.

"Statement No. 4—Is a comparative statement of the earnings for the three past years, and exhibits a decrease in the earnings of four hundred and eleven thousand two hundred and twenty dollars and eighty-four cents.

"This decrease is attributable to a great extent to reductions made in the passage of freight tariffs as authorized by the board of directors in their effort to meet the demands of commerce and benefit the patrons of the road, confidently anticipating an increase in the amount of business offered, which would prove an equivalent for the reduction. This statement shows that we have been disappointed in our calculations, and I can but think that there are influences beyond our control operating against the commerce of the city.

The decrease of the earnings from freight and passage ($159,721 81) of 1868 and 1869, compared with those of the year preceding, must be attributed partly to the unusually wet weather of the past winter, which greatly affected the business of the whole city and State.

Moreover, fears of political troubles in the South during the presidential election in November last deterred strangers from coming here until very late in the year—too late to give much impetus to the fall business, and many planters and country merchants who were in the habit of coming to New Orleans annually, in October or November, to purchase their supplies, resorted to Northern markets, where greater credit facilities were offered, which has made some of them give the preference since to those markets.

The list of arrivals this winter at our principal hotels show consequently a very great falling off from that of last year and the year preceding.

With regard to the tariff rates of the company on freight and passengers, a judicious system of annual reductions has been carried out since 1866 to meet the demands of commerce and satisfy the just reclamations of the patrons of the road, but at the same time the receipts and expenditures had to be watched closely to prevent the road from falling suddenly into the hands of the bondholders and other creditors by not meeting at maturity all its pressing liabilities. The track, rolling stock and other assets of the company, which are fully worth $8,000,000, sold by order of court, would not bring probably more than the amount of its bonds and liabilities, say about $4,750,000, by which operation the States of Louisiana and Mississippi, the city of New Orleans and private stockholders would lose their entire amount of stock, say over $4,500,000, and the management of this important branch of our State improvements would pass irrevocably into foreign and Northern hands.

To show more clearly what reductions have been made in the tariff rates of the road, I will state those made in cotton and passengers:

In 1865 the freight on cotton from Canton (the northern terminus of the road) to New Orleans was $7 per bale. In 1866, $6 per bale. In 1867 and 1868, $4 50 per bale. In 1869, $3 50 per bale.

During that period the total receipts of cotton per the road were as follows:

In 1866-7, 99,030 bales—$407,906 02; average rate per bale, $4 12.

In 1867-8, 109,307 bales—$367,788 81; average rate per bale, $3 37.

In 1868-9, 105,991 bales—$286,116 13; average rate per bale, $2 70.

The decrease in the rate of freight per bale, between 1866-7 and 1867-8 is $0 75.

The decrease in amount earned same period is $39,907 21.

The decrease in rate of freight per bale between 1867-8 and 1868-9 is $0 67.

The decrease in amount earned same period is $81,882 68, showing clearly that a decrease in freight rates only produced a greater decrease in the earnings.

On the 1st of April, 1869, the rates of 1868 and 1869 will be reduced still more, as follows:

First class, from $2 to $1 40 per 100 pounds.
Second class, from $1 50 to 92c. per 100 pounds.
Third class, from $1 to 72c. per 100 pounds.
Fourth class, from 80c. to 35c. per 100 pounds.

The reduction of passenger rates produced about the same results as the change of freight rates, as follows:

Year	Passengers	Average Miles Traveled	Amount Paid	Average Rate Per Mile
1866-7	90,394	9,317,344	$515,681 26	5 535c.
1867-8	113,505	9,394,076	439,889 44	4 68 3c.
1868-9	88,313	8,535,162	400,725 29	4.69[illegible]

It will be seen that reduction in the rates per mile between 1866-7 and 1867-8 is 847-1000c., and that while the increase in the number of miles traveled for the same period is very small, the decrease of the earnings is $75,800 82.

The subsequent year shows a still greater falling off, compared with 1867-8—say decrease in passengers, 25,192; in miles, 848,914, and in earnings, $39,155 15.

It should be observed, also, that to encourage settlement on the road, commutation tickets at 2c. per mile were furnished to heads of families in business in New Orleans whose families reside along the line of road, and at 3c. per mile to any applicant who desired to purchase ten tickets at a time. This rate was established in 1867, and in July, 1868, free tickets for five years from that time were allowed to heads of families locating on the road and putting up a residence, worth at least $1000.

Moreover, to encourage the establishment of gardens and cultivation of soil along the road, guano and other manures are transported at actual cost. Thus it is seen that the board of directors have spared no efforts to stimulate trade and settlements along the road, and they feel confident that, had peace and tranquility been restored to the South, and had the crops of 1865, 1866 and 1867 not been either entire or partial failures, the monetary condition of this company would have realized more than the highest expectations of its warmest friends. In proof of which I call your attention to the following statements of the general receipts and expenditures from June, 1865, to February 28, 1869:

General receipts from the following sources (omitting items of minor importance) to-wit:

Freight	$3,288,989 33	
Passage	1,502,670 35	
	$4,791,659 68	
Received for transportation for mail	72,092 21	
		$4,863,751 89
Second mortgage bonds		1,169,009 00
Real Estate		64,905 20
Currency and gold loan account		58,642 14
Sales of cotton		28,804 79
		$6,176,193 99

General expenditures (exclusive of other items of minor importance) as follows:

Locomotive engines	$ 111,258 40	
Railroad cars	429,109 38	
Machine and carpenter shop tools	47,952 34	
		$ 588,320 12
Bridging	30,068 48	
Levees	12,586,58	
		$ 42,655 06
Division Houses	$ 594 82	
Depot buildings and grounds	42,297 27	
Way stations' buildings	66,914 95	
Wood sheds and water stations	15,985 87	
		$ 125,792 91
Bills payable	$ 217,745 86	
Redemption of small notes	105,954 10	
		$ 323,699 96
Coupons on bonds	$1,756,360 00	
Discount on do. second mortgage	30,131 36	
Taxes, expenses, interest, discount and exchange	276,703 10	
		$2,063,194 96
Law charges and legal expenses		$ 37,223 31
Road expenses		2,955,984 35
		$6,137,281 67

After the last meeting of the stockholders of this company, held the 13th of April, 1868, they unanimously approved the acts of the Legislatures of Louisiana and Mississippi, denying the governors of those States and the mayor of New Orleans the right of voting for directors on the State and city stocks, and authorizing them in lieu thereof to appoint three directors each, to represent in the board the interests of those States and of the city. This act has, therefore, become now a part of the charter of the company, and can only be changed in the manner indicated therein.

We have now settled favorably, or compomised with the several bondholders, (Mr. D. D. Withers excepted) who had refused to enter into the arrangement made with the English bondholders in 1866. Mr. Withers is still pressing his suit in the United States Fifth Circuit Court for the amount ($69,000 and interest) which he claims to be due him.

The case is still pending, but the company is prepared to satisfy the judgment of the court should its decision be adverse to them.

In july last the honorable judge of said court appointed two masters in chancery, Messrs. Cohen and Weller, to examine and report upon the management and condition of the affairs of this company.

Its books and papers were gladly submitted to their examination, and a train was placed at their disposal to make a close inspection of the whole road, from New Orleans to Canton, which was done by these gentlemen in a thorough and conscientious manner. I take pleasure in calling your attention to their very favorable report, which is herewith annexed, marked "B," and to make the following extracts therefrom, to show what these experts of the United States Circuit Court think of the management of the affairs of the company by the present board of directors:

"Nearly all their pecuniary embarrassments have grown out of the disastrous civil war, which was recently waged on this section of the Union. The road was the victim of both armies. * * * During the years 1863 and 1864 the locomotives and rolling stock, with very few exceptions, were destroyed or damaged to such an extent by the contending forces as to render them wholly unfit for service.

"On the 24th of June, 1865, under the order of Major General Canby, commanding this department, the company was placed in full possession of the road, and they proceeded at once to repair the damages and put it in running order. At this time it was in pretty good condition as far as Pontchatoula, 47 miles north of this city, and from that point to Brookhaven, distant 81 miles, most of the bridges had been destroyed and the road had not been used since the spring of 1863. In the meanwhile the luxuriant vegetation of that section of the country, with its shades and moisture, rotted the pine timber used in its construction and three-fourths of the ties had to be replaced in order to render it safe for the transit of locomotives and cars."

"From Brookhaven to Jackson, 55 miles, the road, although much dilapidated, was still being used, with the exception of two and a half miles immediately south of Jackson; from this point to Canton, 23 miles, although much out of repair, having been repeatedly torn up and seriously injured, was still used.

"The amount of rolling stock turned over at the termination of the war was as follows: 3 locomotives, two of them damaged and partly burned, 2 second class passenger cars, 1 first class passenger car, 1 baggage car, 1 provision car, 4 box cars, 2 stock cars, 11 flat cars.

"The amount of rolling stock turned over by the military authorities of New Orleans, consisted of 1 locomotive, 1 passenger car, 4 box cars, 10 flat cars, 1 baggage car, 2 cattle cars.

"Of all the depot buildings and platforms attached, wood sheds, water-stations, and division houses, which were in complete repair in 1862, there remained only the buildings at Osyka, Magnolia and Summit, the remainder having all, from time to time, been destroyed by the armed forces in their vicinity. Compare this with the stock on hand in 1861 and it will be seen how much the company has suffered by the war: 45 locomotives, 7 of which had never been attached to a train, 37 passenger cars, 21 having never been used, 10 baggage and express cars, 503 freight and hand cars.

"Under these disastrous circumstances, with not a dollar in the treasury, the directors proceeded, with commendable energy, to put the road into complete repair, and on the 30th of October, being four months after they had received it, their trains commenced making regular daily trips over the whole road.

"To rebuild and repair seventy-eight bridges,* construct sixteen drains, measuring 3100 lineal feet, place on the road-bed four thousand two hundred ties, build depots and stations, purchase the necessary rolling stock, tools, etc., with nothing but their individual credit and earning of the road to depend upon, and without increasing the debt of the corporation, entitle them to the highest degree of praise.

"Having made these general remarks, we proceed to speak of the these principal losses which have embarrassed the board and prevented them from extending the road.

"They expended on the road north of Canton the sum of $607,964 10. The grading and bridging were complete and ready for the rails. These rails had been purchased and were in New Orleans, where some of them were stolen and others seized and appropriated to the use of the federal government. The value of these rails was $199,640.

"At the end of the war they found in their treasury Confederate money or obligations, which were, of course, entirely valueless, to the amount of $983,602 52.

"In consequence of the destruction of their rolling stock, they were compelled to expend for locomotives and cars alone, to replace them, the sum of $523,264 41.† During the war they had purchased five hundred bales of cotton, which were destroyed by the Confederates when they were driven out of Canton. This cotton was of the value of $90,000. The aggregate amount of these losses is $2,404,471 03, quite sufficient to embarrass any company.

"The general superintendent, Mr. Williams, is pre-eminently qualified for the position which he occupies, and the president and directors are laboring earnestly for the permanent success of the work.

"This is a railroad 206 miles in length, and is the principal link in the chain connecting New Orleans with the great cities of the North and West, and we are satisfied that the interest of neither bondholders nor stockholders would be promoted by the appointment of a receiver. The present directors and officers are practical men of high character and standing, and well qualified to manage the affairs of the corporation.

"The road is now in fine order, and with sufficient stock to meet all the demands of the public and we cannot well see how the charge that their finances are crippled" can be sustained. If there were any danger of the company becoming insolvent because of the bad management of the officers, we have no doubt that the members of the board who were appointed by the State of Louisiana and city of New Orleans would sound the alarm, and take the necessary legal steps to protect the $3,600,000 stock which they represent.

"Since the war several manufactories have been established, and others are in course of construction on the line of the road, which will add much to the receipts of the company. It passes through some of the richest and most productive cotton lands of the South, and it cannot be doubted that before many years elapse large manufactories will be established to consume that staple.

"We are under many obligations to the president and directors for the facilities which they afforded us in discharging the duties imposed upon us. In the course of our examination into the financial affairs of the company, we were compelled to verify the correctness of the annual reports, and obtained a great amount of information not found in them; and to the able and faithful secretary and treasurer, Mr. R. S. Charles, who has been identified with the road from its organization, we are especially indebted. The company is certainly fortunate in having the books and papers kept in the most excellent order.

As the *speed* and *pro rates* of the railroads are matters which exercise a great influence on the success or failure of railroad companies, I trust I will be excused for inserting in this report the following extracts from reliable sources, which explain very clearly those two important items in the management of railroads. [illegible] Hammond, the well informed late superintendent of the Chicago, Burlington and Quincy Railroad, said lately very correctly before a committee of the Illinois Senate:

"A well established law of railroad economies is that 'speed is the essence of railroad expenses.' This rule, as generally stated, is 'that the cost of moving increases as the square of the velocity.' Thus a speed of ten miles per hour would be equal to 100, twenty equal to 400, forty equal to 1600. This tremendous difference in the cost of moving trains being as *sixteen* dollars to *four* dollars between an express train and the ordinary speed of mail and accommodation trains, is entirely lost sight of in the principle of *pro rata* rates. The exigencies of trade will require greater differences in speed as the business of the country becomes developed. It has been proven that a coal road, (on a double track, so as to avoid delaying and endangering other trains,) having little other business, and having to return its cars empty, and to freight at a very low rate per mile under a sharp competition, was enabled to realize a fair living profit when it reduced its trains to seven miles per hour, and not at higher speed. Ten miles per hour is considered the greatest average speed of through freight trains.

"But certain things may be considered settled in railway management. Among them I mention a few: It is fundamental that every road must be managed with a view to its earnings, expenses, repairs and adequate remuneration for the capital invested. This is necessary to all parties. All thinking men concede that unprofitable roads do not satisfactorily respond to the just expectations of their patrons. It is the interest of all parties that they should pay. Especially is it for the interest of the community directly reaping the advantages of a good, safe, well managed road; or rather reaping the inconveniences and discomforts of an unsafe, unreliable one for the transaction of their daily business. Hence it is seen that it is for the interest of all concerned that every road should do all the business it can procure from which any profit can be realized, although the rates may be far below the average rate charged. It is also well settled that it is the duty and the interest of every railroad to foster and develop its local business, by which I mean the business arising on its line and not divertible therefrom by rival routes. From this local business it derives its chief support, and to it it must primarily look for the income needful for its success. The local interests of the people upon a line cannot be antagonistic to the road so long as the rates charged are just and proper. They most certainly are just and proper so long as they will no more than yield a fair income upon the capital invested in the enterprise and show a reasonable deduction from the cost of *teaming*. It has been suggested that it is unfair to charge rates for local business higher for distances carried than for through business. This is found to be a fallacy. From the railroad the community receives all the advantages derived from the difference between railroad charges and the cost of teaming in all its local business, which we have seen in the case of the farmer living ten miles away from the market saving, at a low estimate, of two-thirds its cost. It is not wrong or unjust to the farmer living ten miles away from the market that the farmer living one hundred miles away should have his traffic done at a lower rate per mile, provided it is not done at less than cost, for just to the extent of the profit made on the hundred mile business is the company able to carry the less mile business at a lower rate, and still act justly towards its stockholders.

"Another thing has been proven by experience—that the rates on all through and contingent business, by which I mean all of which the road is liable to be deprived by competing lines, must be alike over all routes which would compete for it, irrespective of their length.

"As no two of these competing roads are of the same length, the prices charged on any article of freight between the two competing points must be at a different rate per mile upon each of the routes—less per mile on the longer and more per mile on the shorter. Each road, therefore, will get more per mile on some of its traffic than its rival lines, and less upon other of its traffic. For example, Ottumwa is a competing point for produce to Chicago, and the Chicago, Burlington and Quincy line, made such by its connection with the Burlington and Missouri, will get more per mile than its rival, the Des Moines Valley, because it is the shortest line, while the total is the same in either case. Another thing is settled beyond controversy or dispute among the railroad experts—that the through business of a road, made up generally, as it is, of full trains, is done at a less cost than local business picked up as it comes to the line. This difference is large and must enter into the calculation of rates made by the managers of the roads. A train starting from the Mississippi river, partly loaded and partly empty, stopping to leave empty and pick up loaded cars between the starting point and Chicago, may cost more money to the company and earn less than if it had started with a full train, although the through freight is at less rates per mile than local freights from intermediate points. This is the more marked when the train starts entirely empty. Beside there enters into the estimate certain depreciation and expenses which do not depend upon the amount of business done. The natural decay of the superstructure bridges, ties, fences, station buildings, wood part of cars, abrasion of the banks and certain station expenses are neither increased nor diminished by the through or contingent business. This has been estimated at fully one third of the whole expenses of a road, including its equipment, proving beyond doubt, cavil or dispute, that contingent or through business may be done at two-thirds the average rate per mile of other business, and afford as large a profit as he local business, which, without the aid of this log business, would have all this expense to bear.

"The most troublesome and difficult part of the railroad business has been the adaptation of the capacities of the road to the endless variety of circumstances and conditions which daily present themselves. If a dead level of rates were possible, railroad managers would have seized with the greatest avidity upon the pro rata principle, and their work were then well nigh done. It is because of the utter impossibility of this system that the great necessity exists; that men of much experience and capacity to judge of the course of trade, and to foresee the wants of the country and wisely meet all the varied wants of the community consistent with the interests committed to them, should be selected as managers of our roads.

"A pro rata rate on passengers is equally unjust as on freight, although the injustice may not be so apparent. It ignores the difference between the cost of doing business by wholesale and retail. Can a passenger be carried through a line of road, being taken on and off, with his baggage, at every station, as cheaply and with as little risk as he can be carried through at one sitting? Who pays the station-man for handling and caring for his baggage, for warming and lighting the passenger-house? Who guarantees that he will not break his limbs, or otherwise injure himself at the forty or fifty stations where he gets off? And the least that can be said is, that the company runs forty or fifty chances to one of the through passenger. And shall this passenger demand all this at the same rate of the wholesale or through passenger?

"If the matters herein stated are true, it follows:

"First—that pro rata or uniform rates would be both unjust and impracticable. Unjust to railroads and their patrons, and altogether impracticable in their adoption.

"Second—That the varied increasing wants of this new country could not be developed and changed to meet the demand of a denser population of various industrial pursuits.

"Third—That through, long or contingent business may now be done, and that it is now done by the roads of Illinois, at a large and remunerating profit—even at two-thirds the average rate of local business.

"Fourth—That with any bill establishing equal rates per mile per ton of freight, or per head of passengers, all this business would be lost to the roads of Illinois that run only within the State. I know not of a single exception.

"Fifth—That the profits thus lost to the roads from extraneous business would have to be charged on local business, thus adding to the local rates and greatly increasing the burdens of the people.

"Sixth—No tariff of rates can be adopted that does not look to a just remuneration for capital invested, and if not attainable from long business, it must come from short or local business.

"Seventh—That the adoption of the measure will reduce the city of Chicago from its position as the metropolis of the great Northwest, having an empire for its constituency, to one having only a moiety of the State of Illinois from which to derive its trade and to which it will contribute supplies and development for all business subject to the completion of other routes would have to be abandoned. The greatest railroad center of the world would thus be paralyzed at a single blow, and the lie given to the commercial sagacity which made it such.

"Eighth—That a uniform or pro rata rate will greatly unsettle values. Enlarging the value of farms and all producing industries near market in a ratio that will greatly astonish the unthinking, and reduce in a like proportion the value of the more distant ones.

"Ninth—Probably while a farm within ten miles of a given market can have its grain transported for three and one-quarter to four cents per bushel, the farm 165 miles from the same market would pay forty cents per bushel. Difference per acre in a yield of thirty bushels to the acre of ten dollars, being the interest on a difference in value of the farms of over one hundred and fifty dollars per acre. This would utterly annihilate all values in the distant farms as a competition in the same market with the near-by farmer.

Mr. Albert Fink, the able general superintendent of the Louisville and Nashville Railroad, says in his 1st annual report:

"The revenue derived from through business is nearly 37 per cent. of the total revenue, and over 64 per cent of the local earnings. Although it is generally conceded that the transaction of a large through business over the road must prove remunerative to the company, the fact that local interests are thereby also greatly benefited is hardly ever appreciated. It is no doubt for this reason that local shippers consider it an act of injustice to them—the builders of the road—that the railroad company transports freight coming from a distance, or, in other words, 'through freight,' at lower rates than is charged for local freight. They argue—and to those who are ignorant of the principles which govern the case their arguments must appear plausible enough—that the people who contributed their means towards the building of the road should have the preference over those who never furnished a dollar for its construction. Were it merely a question of preference, this should certainly be the case. But in reality the question is this: Shall the through business be secured to the road, or shall it be permitted to pass over other routes? It is evident that if the rates are not made to meet competing lines of transportation, this class of business must be lost to the company altogether.

"During the past year this company realized from through business alone the sum of $812,836 76, of which, 58 76-100 per cent. was expended in operating the road, leaving a net profit of $335,213 87, equal to 36 47-100 per cent. of the entire net revenue. Thus, people living at a distance, who had nothing to do with the building of the road, contributed largely toward making it a successful enterprise. Nor are the owners of the road alone benefited by this business. The sum of $477,622 89, operating expenses, was nearly all expended along the line of the road, thus stimulating trade by increasing the wealth of the States through which the road passes. Now if this business had not been secured to the road at such rates as could be obtained, it would have been necessary either to have increased the local rates 36 47-100 per cent., or to have reduced the annual dividend 4 3-10 per cent., leaving it at 1 7-10 instead of 6 per cent. on the capital stock. But as long is the road is operated in the interest of all the stockholders, and not for the benefit of a certain class of shippers, the main object must always be to secure a sufficient revenue to pay a reasonable dividend on the capital invested. Hence, if the through business is neglected, or is forced over rival routes on account of high rates, the local shipper must either contribute the whole amount of the loss, or the owners of the road lose the interest on their capital, in which latter case the local shippers must still furnish the entire operating expenses, as otherwise the road could not be kept in running order for any length of time. The unavoidable result, therefore, would be to raise the local tariff, while on the other hand, with a large through business, the company would be enabled to lower it.

"In view of these facts, it is apparent that the opposition so frequently made by local interests to the efforts of railroad companies to secure through business, by judicious extensions or close connections of their road with existing lines, whereby they might reach sections of country otherwise inaccessible, or be put in condition to compete with rival routes, must, if successful, invariably prove detrimental both to local interests as well as to the interest of the railroad companies.

"The larger the business of a road the cheaper will be the cost of transportation.

"The Baltimore and Ohio Railroad Company, for instance, with receipts amounting to about $1,000,000 per month, and operating about the same number of miles as the Louisville and Nashville Railroad Company (when the leased roads are included), carries freight at a cost of less than one cent per ton per mile, while it costs the Louisville and Nashville Railroad Company, whose monthly revenue is only about $250,000, 2 28-100 cents per ton per mile.

The American Railway Times, in the course of an article on "Pro Rates," writes as follows:

"That a pro rata freight tariff will not be a benefit either to the railway or the public, we have heretofore demonstrated, and we propose to restate some of the figures and facts which prove this. The interests of the railway and the public are identical, or should be, and any deviation from this in practice for any length of time is hurtful to both. There are many elements to be considered in the question, as the physical features of the line differ as much as the amount of the traffic and the distance to which each ton is to be carried. That a correct tariff should be graduated and not pro rated for the different distances is admitted by all who know anything whatever of railway matters, but the exact scale or rate of graduation is a nice matter to settle. To be fair with long distances, we should not extract therefrom a greater profit per ton per mile than upon short ones, and how much less we may charge per ton per mile and yet get as much profit from the long as from the short distances, will be seen approximately by the following figures:

"Taking the fact from a railway report which classifies the working expenses into the parts which are dependent upon the amount of traffic moved, we find that the average distance traveled by a ton of freight was 120 miles; that the average cost of transport per ton per mile was 0.95c., and that the ratio of what is called the constant expense, to the whole, is 24.71 or 34 per cent.

"The distance, 120 miles, at 0.96 of a cent per mile, gives as a cost of moving a ton of freight 120 miles 115.2 cents; of which 34 per cent. or 39 cents are constant, while the remaining 76 cents are to be divided by the distance 120 miles, giving as the actual cost of moving the load 0.63 cents per ton per mile; whence, for different distances, we form the following table:

Miles.	Constant.	Variable.	Total.	Per Mile.
Ten	39	10x0.63	45.30	4.52
Twenty	39	20x0.63	51.60	2.58
Thirty	39	30x0.63	57.90	1.93
Forty	39	40x0.63	64.20	1.60
Fifty	39	50x0.63	70.50	1 41
Sixty	39	60x0.63	76.80	1.28

And from the last column we deduce:

Miles	Cost Per Ton Per Mile	Profit Per Ton Per Mile at a Uniform pro rata Charge of Four Cents	Charge Per Ton Per Mile to Secure Same Profit for All Distances of Lo[illegible]
Ten	4.52	0.53	5.53
Twenty	2.58	1.42	3.58
Thirty	1.93	2.07	2.93
Forty	1.60	2.40	2.60
Fifty	1.41	2.59	2.41
Sixty	1.28	2.72	2.28

"That is, if we charge pro rata to the distance, we draw nearly six times larger profit per ton per mile from a person who labors under the disadvantage of living at a long distance from market (sixty miles) than we do from a man living at a short distance (ten miles). Column four shows us that even extracting the *same profit per ton per mile* from a person at sixty miles as from one at ten miles, we should charge him only 41 per cent. as much per ton per mile as we do a person at ten miles. Upon a railway sixty miles long the relative areas of territory accommodated by a uniform and by a graduated tariff are, respectively, 2 616 and 8.577 square miles. And here it is that a graduated tariff not only benefits the public and the railway company by extending carrying facilities to a wider territory without loss, but by constantly attracting business, so that it can be carried in gross in such amounts as greatly to reduce the train expenses per ton, and thus, if the railway deal fairly with the public, allow a general reduction of charges."

"In the management of the passenger traffic, the pro rata per mile policy is not so troublesome nor likely to work unfairly, because the difference in cost between long and short passage per mile is not so wide, from the fact that it costs nothing to handle passengers, while it does cost something to load and unload freight. As a matter of fact the great majority of managers think it policy to commute the fares on short routes, charging from one and one quarter of a cent to two cents per mile for 'season' passengers, while for a transient passage the rate averages four cents per mile. For a through passage of some hundred miles, the rate is about three cents per mile."

The distinguished editor of that able periodical, De Bow's Review, remarks as follows in a late number of the New Orleans Bulletin:

"There are very few roads whose freights balance—that is, which carry as much freight one way as the other. We may mention a road not a thousand miles from New Orleans which does not carry twenty per cent. of the tonnage up the road that it brings down. It is, however, obvious that it costs within an imperceptible amount to run the trains up a road that it does down. It may surprise those to whom the subject is not familiar that it costs almost as much to run a train empty as if it were full. The cost of running a train consists of certain constant and contingent quantities. The constant charges are: Interest on capital stock, deterioration and insurance of perishable structures, salaries and wages. These charges go on if the road stops. The contingent expenses are: Wear and tear, insurance and cost of running engine and cars, abrasion of rails, etc.

"We have seen these constant charges estimated at nearly eighty per cent. of the whole expenses of a road. There are very few roads on which every train is loaded to the full capacity of the engine, and hence there is more or less loss of power, which it is the interest of the company to utilize. It follows, therefore, that if a freight train be made up to run over a road with less tonnage than the engine can draw, it will be economy to put on more cars up to the full capacity of the engine. If a train is to depart with only seventy-five tons of freight, when the engine could draw a hundred, it is obviously better to take on twenty-five tons of through freight, especially if it comes ready loaded on the cars of another company at a lower rate per ton per mile than that at which it carries its own local or way freight.

"We say safely, go further. If a company takes through freight which it could not otherwise get at anything more than the contingent or running expenses, such excess is clearly a net gain, which would be lost to the company if refused. So far, therefore, from the local and way shipper being injured by such accession to the trade of the road, it enables the company better to comply with its chartered contract. It moreover improves the dividends of the community locally interested in the road by bringing foreign money into the company's treasury."

In conformity with the facts stated in the above extracts and the views expressed, which coincide fully with those of the board, we have endeavored persistently for some time back (notwithstanding some discouraging failures owing to the number of routes which had to be brought into the arrangement) to build up as already stated a through freight line over several connecting roads. We have every reason to believe that our efforts will now be crowned with success.

In concluding this report I desire to tender my thanks to the members of the board, especially the chairman of the executive committee, Mr. W. Henderson, for the assistance they have afforded me in conducting the affairs of the company, and I take pleasure in calling your attention to the able and faithful manner in which the general superintendent, Mr. T. S. Williams, and the other officers of the company, have discharged their laborious duties.

Respectfully submitted,

G. T. BEAUREGARD, President.

* From June, 1865, to 28th February, 1869, we put in the road-bed over 300,000 cross-ties costing between $155,000 and $160,000.

To March 1st, 1866, 78 bridges and 16 drains were built and repaired. See 11th annual report, p. 12 and 13.

During the year ending 1st of March, 1867, 109 bridges and 3 bridge crossings were rebuilt, and 25 bridges repaired. See 12th annual report, p. 25.

During the year ending 1st of March, 1868, 26 bridges were rebuilt and 20 repaired. See 13th annual report, p. 26.

During the year ending March 1st, 1869, 29 bridges have been rebuilt, and all others have been put in good repair. 57,230 lineal feet of timber have been used, over 9 miles of road have been ballasted with gravel, 400 feet side track have been put in, 4 new section houses have been erected, 7 new cotton platforms at various stations, large cattle pen at Canton and a 5400 gallon tank at Byram.

† Rolling stock February 28, 1861—engines 45, passenger cars 37, box, flat and other cars 570. Rolling stock June 24, 1865—3 engines, 3 passenger cars, 19 box, flat and other cars, all in bad condition. Rolling stock February 28, 1869—31 engines, 26 passenger cars, 455 box, flat and other cars, 30 timber trucks.

Velocipedist to His Machine.

Speed on, my peerless, swift paced steed,
Show forth thy utmost powers of speed.
(Why will it wobble?)
Fair damsels note the bird-like flight,
And praise thy form, compact and light.
(Jerked o'er the cobble.)
E'en fools who scorn the iron horse,
Admire thy arrow darting course.
(I fear I'll fall!)
Thy wheels, like chariot of the sun,
Revolve as driven by Ixion.
(I'm sure I shall.)
No eye can trace the speeding spokes,
Responsive to my trained foot's strokes.
("Sprained," it should be.)
Like blood-hound bounding to the fray,
Swift as the eagle for the prey.
(The boys pass me.)
We skim along the wondering earth,
And distance steeds of vulgar birth,
(When they stand still.)
We rush through plodding, dusting streets,
The swarming, choking town retreats.
(I've had my fill.)
We gain the open, well kept road,
Sparks rim thy wheels with iron shod.
(I'm soaked in sweat.)
Firm poised, I feel no fear, no trace,
The freshening breezes flush my face.
(My boots are worn.)
My every nerve the motion thrills,
And happiness my bosom fills.
(My pants are torn.)
Past lake, o'er hill, through wood, down vale,
I skim, like bark before the gale.
(I'm saddle-sore.)
My blood within my veins flows free,
I feel of spirit birth with thee.
(I'll ride no more.)

[Harper's Bazar.

Visitors to the State Fair will find it to their interest to read the advertisement of Messrs. J. A. Braselman & Co., on the fourth page of this day's CRESCENT.

DIAMOND BONE GRINDING MILL.—This mill is constructed expressly for grinding, pulverizing and granulating bones for fertilizing purposes, and grinding or granulating bone coal for refining sugar, syrup, liquors, etc. Mr. N. D. Levitt, 166 Gravier street, is the agent and patentee.

NEW ORLEANS CRESCENT.

THE NEW ORLEANS CRESCENT.

Office 94 Camp Street, New Orleans.

O. NIXON, EDITOR AND PROPRIETOR.

Official Journal of the City of New Orleans.

To promote the social, material and political well-being of the city of New Orleans, the State of Louisiana and the great Southwest, will be in the future, as it has been in the past, the purpose of this journal. The columns of each day's issue are referred to as an earnest of the faithfulness and success with which this design is executed.

While the stand-point of the CRESCENT is an independent one with reference to all the subjects of newspaper comment and discussion, its opinions will always be found to be candidly, definitely and fearlessly expressed.

A carefully selected corps of

Correspondents, Home and Foreign,

Add to the usefulness of the CRESCENT, by impartial letters upon topics of moment to the people of this section. Its letters from the people form not the least interesting and valuable feature of its well filled columns.

In the selection, preparation and arrangement of News and other Reading Matter, it is claimed that the CRESCENT is not surpassed by any other daily journal in the United States. The

Commercial and Monetary Reviews,

Will bear the severest scrutiny as to the fidelity and judgment with which this important branch of newspaper duty is performed for the CRESCENT.

In brief, the Proprietor of the CRESCENT proposes to continue to present to the Public a LIVE, and in every respect A FIRST CLASS PAPER, properly supplying the imperative need of the BUSINESS COMMUNITY AND FAMILY CIRCLE. It will be in the future, as in the past, influenced by the spirit of true progress, aiming at its own continual improvement for the benefit of its patrons.

The CRESCENT'S circulation and its line of advertisements are sufficient testimony as to the favor with which its efforts for the public have been appreciated and rewarded.

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A LARGER CIRCULATION THAN ANY OTHER WEEKLY PUBLISHED IN THIS CITY.

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