THE RAILROAD RATES WAR.

MR. VANDERBILT ON THE IMPOSSIBILITY OF PLEASING EVERYBODY.

Staying Out of the Conference and Striving to Please Himself—An Agreement Among those Assembled as to East-Bound Freights—No Truce in the Passenger Rates Strife.

The joint Executive Committee of the Trunk Line railroads and their Western connections met in Commissioner Fink's office, 346 Broadway, yesterday. Thirty-three railroads were represented directly or by proxies, the whole number of gentlemen present being about twenty. Among the railroads represented were the Baltimore and Ohio, Canada Southern, Chicago and Alton, Chicago and Grand Trunk, Chicago, Burlington and Quincy, Cleveland, Columbus, Cincinnati and Indianapolis, Grand Trunk, Lake Erie and Western, Vandalia line, Louisville and Nashville, New York, Lake Erie and Western, Pennsylvania and Ohio, Wabash, St. Louis and Pacific, and the Pennsylvania. Neither the New York Central, Lake Shore, Boston and Albany, Troy and Boston, nor any other of Mr. Vanderbilt's interests were represented. As far as could be learned from Commissioner Fink the only actual business accomplished was the unanimous resolution of those present that the open rate of 20c. on east-bound freight from Chicago to New York, under which the roads have been cutting, should, on and after Aug. 22, be strictly maintained. Mr. Blanchard and Mr. Vilas represented the Erie road in the joint committee.

Commissioner Fink first made a statement of the causes of the railroad war and suggested some measures to prevent a recurrence. He said that it was understood that the Erie had made time contracts at from five to ten cents on a hundred pounds under what the other roads were supposed to be charging for freight. The result was that the New York Central and Pennsylvania roads brought less freight to New York than during a corresponding period of the year before. He read some figures to show this. In May, 1881, the Erie brought to New York 2,312,607 bushels of grain more than in May, 1880. The business of the New York Central is a comparison for the same months showed a falling off of 52,794 bushels. In June and July the figures were correspondingly high and low.

Mr. Blanchard replied with some asperity to Commissioner Fink's statement, and then, without waiting for the committee to adjourn, he quitted the office. He refused afterward to speak of the occurrence.

Without touching the question of passenger rates, the meeting adjourned at 2 o'clock.

After the meeting, when the decision to adhere to the rate of 20 cents on east-bound freight had been made known, a prominent Broadway dry goods house made a contract for August for west-bound freight at 25 cents per hundred with a rebate, leaving a net rate of 18½.

The action of the committee, it is said, does not bind Mr. Vanderbilt, and he was at liberty to bid for the shipment at a reduced rate of any freight from Chicago to New York. He is also in a position to underbid any competitors for the 400 boat loads of grain now lying in Buffalo, and one of the largest amounts ever had at one time there. It is said also that the roads entering in the agreement to maintain the rate of 22 cents are still not debarred by that agreement from paying rebate to any amount.

In answer to inquiries at the railroad offices yesterday it was said that no steps toward a settlement of hostilities between the trunk lines had been taken, and that for some time to come there would be no concert of action between the roads in regard to passenger rates. The heads of the trunk roads are now all out of town at leisure. President Garrett of the Baltimore and Ohio road is at Deer Park, in the Allegheny Mountains. Vice-President Robert Garrett is at Newport. President Roberts of the Pennsylvania road is at Saratoga. President Jewett of the Erie is at Saratoga. Mr. Vanderbilt was in the city yesterday morning, but is expected to go away soon. Some of the leading executive officers of the roads are also on their summer vacations. Vice-President Rutter of the New York Central, under whose immediate attention such matters come, is at Saratoga.

One of the officers of the New York Central road, speaking yesterday about the war, said that it would probably last until all parties were sick of it and until business was large enough to keep all the roads busy. "You doubtless recollect," he said, "that for years past there have been periods of active cutting of rates followed by periods during which agreements were lived up to and rates maintained. There is no trouble about maintaining rates when business is brisk and the full equipment of the roads is called into action by the demand. But when business is slack during the summer agents get to scrambling for what business there is, undercutting rates to get it, and tickets are sold to outside ticket offices at cut rates. The consequence is that rates are forced down, business is demoralized, and the roads lose money."

"How does the cutting of the rates affect the business of the roads? Does any of them get a larger share proportionately than it would otherwise?"

"No; it remains about the same because no one road can monopolize the cutting of rates. It may gain more than its fair share of business for a little while, until the patience of competing roads is exhausted, and then they make lower rates also, and restore the rates to what is a bad business all around. It does no good to business men to have variable rates, and the railroads in the season's average do no more business, and lose money by it. Still it seems to be an evil that cannot be cured."

"And a war that will be waged that will crush out some of the roads?"

"No; when a road loses its status as a dividend paying concern it is freed from all responsibility, and becomes the most dangerous of competitors. If they earn operating expenses they can hold on, but the solvent roads must make enough to pay their dividends. If the Grand Trunk and the Erie were eliminated the problem would probably be easier. But then you must recollect that roads are not built for direct profit alone, but for the benefit of localities, and they control traffic for long distances thereby. The problem is a very heated one, but I think it will receive a pretty thorough discussion before the next agreement between the roads is made. There are a great many questions connected with the subject that will have to be met and decided."

Vice-President Blanchard of the Erie road refused to say anything upon the matter or in regard to Mr. Vanderbilt's declarations.

Rates to the West were quoted yesterday as follows: Chicago, $7; Cincinnati, $7; Louisville, $10.50; St. Louis, $12.75; direct, or via Chicago, $11. The roads running from Chicago to points on the Mississippi and beyond have cut their rates so that the rate to Kansas City via Chicago is reduced from $19 to $12. The other roads yesterday met that rate. The cut will affect all points west of the Mississippi, and will lower the rate to St. Louis. So sensitive are all the roads in their traffic relations that cutting of rates in any direction is felt in every direction, and now that the Western roads have begun cutting, rates to points west of Chicago have been rather steady lately, are expected to begin dropping again. An officer of the Erie road said yesterday that the rate to St. Louis would come down to $8.25.

Mr. Vanderbilt on the Situation.

From the New York Tribune.

"What need is there of a conference? There is nothing to confer about. The war in rates? I know of no war; I am fighting nobody. Some of the trunk lines were stealing the business of the Central, and then they 'honey-fugled' around us, and pretended that they were maintaining rates. They knew they were not, and I knew it, too. They said that the rates were made by some of their Western connections that they could not control. I have simply followed their rates. I did not begin the cutting, but I do say now that their rates are our rates, and by some one we will get sick and tired of the war, and I am perfectly well satisfied. To be sure, the Central is doing a vast deal of work for the same money it received last year, but it is getting about the same amount of money; there is some satisfaction in that. There is no so retaliate tit-for-tat. When there is peace and profits for the roads it is easy enough to maintain rates; when there is little traffic there is sure to be a scramble for that little; when it comes to that, pools and pooling agreements amount to nothing. But I repeat that I did not begin the cutting of rates. Recently our Western friends whatever the other lines may do. They found that they were losing their business through the low rates made by some of their competitors; they resolved to regain it by making similar rates, and they did this without orders from us.

"By the way, how impossible it is to please everybody! I maintain rates, and I am a monopolist who gradually is absorbing the wealth of the country by exorbitant charges; I reduce rates to save my business, and I am blamed because I am ruining the property in my charge and the whole railroad property of the country. I am depriving innocent stockholders of the fruits of their investment. Why, I think Thursday that the rest of us ought to put the on the back and call me as a public benefactor. Those men who ask for free cattle, and by and by will want to tax the railroads to raise money to repair the canals. Don't they see that by free cattle they strike a blow directly at the railroads themselves? I am in favor of canals because they bring traffic to New York, but by abolishing the tolls they put money into the pocket of the boatmen, whom I am charged with ruining, which not be be nefited; they would not receive one cent more for carrying grain. It is impossible, certainly, to please everybody.

"Before we are through there will be a great many things to be settled. Take the Baltimore and Ohio, for instance, which was allowed eight per cent. of the New York business. That road cut on every hundred pounds of freight it carried in order to get even that eight per cent. of the business. What right has the Baltimore and Ohio to any New York business at all? It is not a New York road, and is not entitled to any of the business. The roads to Baltimore and to Philadelphia have built up those ports at the expense of this city. It is about time that an end was put to it. They have been allowed differential rates to those cities. If they can cut rates to New York they have no need of the differentials. I do not say these will be abolished; I do not know; and I have no propositions to make to anybody. But a good many serious questions have got to be settled, and I guess the present is just as good a time as any. When railroads can carry goods around by Baltimore and Philadelphia and New York to Boston at ten cents less than to New York, then all I have to say is that the New York rate is too high; that's all there is about it—the New York rate is too high.

"The Central road is perfectly satisfied with things as they are. Some of the companies have lots of idle cars. I do not say that we have none. We are doing a great deal of work, and we are getting our money and recovering our business. Why, this passenger business is a good thing for us, notwithstanding the low rates. The passenger earnings of the Central increased $75,000 last month, and those of the Lake Shore increased $45,000. My attention was called the other day to the Grand Trunk's rates of $5 between Boston and Chicago, and some of my officers wanted to meet the rate. I said it would be foolish to do so. Our trains were running full all the time, and if any one was willing to go around through the woods 150 miles further to save a couple of dollars I was perfectly willing that the Grand Trunk should get ten or a dozen more passengers. Of course I paid no attention to the Grand Trunk's rate. The Central can afford its own in both freight and passenger business for a little while, anyway. I am perfectly satisfied, and when people get tired of this thing they can come to me. I have no propositions to offer. I meet the others' rates, and that is all there is about it."

READING RAILROAD FINANCES.

President Bond's Scheme for Extricating his Company from Bankruptcy.

PHILADELPHIA, Aug. 10.—According to promise, President Bond's scheme for reorganizing, financially, the Reading Railroad Company and the Reading Coal and Iron Company was made public to-day. His propositions are:

First—To increase the capital stock of the company one-third, say $13,000,000, the stock to be placed in the treasury for use at par in liquidating indebtedness of the company. This is practically a reduction of the shareholder's interest equal to $12.50. The additional shares will be used in the payment of debts under the readjustment plan.

Second—It is proposed to create a general consolidated mortgage covering all the property of the companies, and upon the interest of both companies, all coal lands, coal works and properties, whether owned or controlled by lease or otherwise, the general mortgage and the income mortgage being both subject to redemption at option of the company. This mortgage will be junior to the consolidated mortgage and to the improvement mortgage, but it will contain a provision by which, as bonds under these senior mortgages shall be retired, additional bonds may be issued under the new mortgage, so that eventually it will become a first lien upon all the properties of both companies.

The bonds to be issued under this mortgage are to be of two classes.

Class A will carry 4½ per cent. interest per annum, and will have a prior lien over the others for this interest.

Class B to carry 3 per cent. interest per annum.

The mortgage will provide that holders of the 3 per cent. bonds shall receive from current net revenues applicable to dividends 1½ per cent. additional interest before any dividend shall be paid to the stock of the company. That after that 3 per cent. may be paid on the capital stock of the company. Then 1½ per cent. additional to be paid to the 3 per cent. bondholders, bringing their interest up to 6 per cent.—it being understood that the interest in excess of 3 per cent. is to be cumulative, but is to be paid only from current net revenues of the company otherwise applicable to dividends.

Both classes of bonds to be issued with coupons payable half yearly, to be subject to registry at the option of the holder, and to be secured upon all the property of the company. They are to be payable 75 years from date; are to have the additional security of a cumulative sinking fund equal to ¼ per cent. per annum on outstanding bonds, which amount from and after January, 1885, is to be paid to the trustee of the mortgage.

It is proposed to dispose of enough of the 4½ per cents at par to retire the general mortgage and the income mortgage, the general mortgage scrip, the receivers' indebtedness, and the floating indebtedness of both companies secured by collaterals, and also for such reduction of the consolidated and improvement and underlying mortgages as can be made under their several sinking funds. They will also be used in exchange for or to provide for the purchase of outstanding bonds on leased or other properties as it shall be for the interest of the company to take up.

The 3 per cent. bonds are to be used in exchange for debenture and convertible loans, and for the outstanding scrip issued for arrearages of interest, to provide for the payment of indebtedness of leased properties, and for such other debts as can be satisfied with that class of security.

As the various issues of bonds have different market values, it is proposed in such exchanges to equalize these variations when necessary, by placing one or more shares of the capital stock at par with a 3 per cent. bond at a discount, each creditor to receive at least the face value of his debt in 3 per cent. bonds.

The debenture, convertible, guaranteed, and other obligations to be received in exchange will, of course, be held by the trustees of the new mortgage as additional security, to protect the new bonds, until all contemplated exchanges shall have been made and the liens satisfied of record. This will fully protect the rights of all parties making the exchange, without impairing their present legal status as creditors of the corporation.

Mr. Bond, in his statement to the Board, says that the capital stock, the mortgage, and other indebtedness of the railroad and the coal and iron companies, as shown by the public records, are as follows: Common stock, $32,726,375.28; preferred stock, $1,551,800. Total capital stock, $34,278,175.28. Indebtedness: Fixed interest charges or rental, $11,265,666.02; amount of principal, $166,861,170.34. By his plan Mr. Bond expects to reduce the fixed charges by a reduction of interest, rentals, and of sinking fund requirements so as to bring them within the present revenue producing capacity of the road, which he estimates to be about $8,418,068.65, or about $2,847,597.37 more than now. In reviewing the working condition of the road Mr. Bond says that the main line between Philadelphia and Pottsville is not in good condition, or the business done on it the plant being old style, and much worn and badly in need of renewal. The condition of some of the leased lines is better, but is not up to the standard necessary.

THE RAILWAY WAR IN THE WEST.

The Rate to New York from Indianapolis Cut Down from $14 to 95 Cents.

From the Indianapolis Journal of Aug. 8.

The war on passenger rates which broke out in this city last week has spread to the Atlantic coast, and during the day showed signs of increasing fury. Among the latest agents the excitement has reached are those of the Erie. Although great trouble received of late in the Erie office, it was clear and decisive in its action in most emphatic and unmistakable terms. From $14, the rate to New York, the various agents cut the rate down to the extremely low figure of 95 cents was reached. At 2 o'clock in the afternoon the Kansaskee office circulated bitter wrath by the attempt of which it was the victim. The Erie agent announced tickets for New York via the Baltimore and Ohio road on sale at that price, and the scalper had no trouble in selling his legitimate brethren, and thereby for a share of these ill-gotten profits, keeped into the arena with tickets at the same rate via the New York Central and Erie roads. For the sake of the Erie it is to be hoped not, the Kansaskee agent reports the sale of 42 tickets and the scalper of 52. These tickets were what is known as "base tickets" the latter paying full fare and having his money refunded, less 5 or 10 cents, upon his arrival in New York. As they were only good for the afternoon train, the chief ticket agent, who knew of the cut, and discharged the ticket agent, who knew of the cut, and discharged the ticket agent, who knew of the cut, and discharged the